



The Fundraising Regulator's decision following an investigation into Neet Feet Ltd and eight charities

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Executive Summary

1. This decision sets out the findings of the Fundraising Regulator's investigation into Neet Feet (a third-party fundraising agency) and eight charities that contracted with Neet Feet to fundraise on their behalf. As part of our investigation we have considered the actions of the fundraisers employed by Neet Feet, how each of Neet Feet's eight charity clients managed their relationship with the agency and how they monitored Neet Feet's compliance with the Code of Fundraising Practice (the Code).
2. We were established in 2015 following the Cross-Party Review of fundraising chaired by Sir Stuart Etherington to strengthen the system of charity regulation and restore public trust in fundraising¹. A key part of our role is to investigate cases where fundraising practices have led to significant public concern.
3. This investigation was prompted by allegations published in The Sun in July 2016 regarding the actions of a number of fundraisers working for Neet Feet in the Bristol area. Three charities were named in the article. However, upon reviewing the facts, we identified a further five charities who held contracts with Neet Feet that we considered should form part of our investigation. Neet Feet's eight charity clients were: Action for Children; Home Farm Trust; Royal National Institute of the Blind (RNIB); Save the Children; Smile Train; The Children's Trust; United Nations Children's Fund (UNICEF); and World Animal Protection.
4. Charities are responsible for their fundraisers' activities and bound by the Code to make all reasonable efforts to ensure their agents comply with the requirements set out in that document. It is clear from our investigation that the culture and practices of some of the fundraisers working for Neet Feet in Bristol fell significantly short of the requirements of the Code (for example, by using disrespectful language whilst referring to individuals or encouraging fundraisers to adopt specific fundraising techniques in order to pressurise householders into donating). This was reprehensible and responsibility for it lay with Neet Feet in the first instance.
5. It is clear that, while the charities involved made some efforts, all but one of the eight concerned failed to make all reasonable efforts to assure themselves (and in doing so the public) that the agency they had employed was complying with the requirements of the Code. In particular, we have found that a majority of the charities involved exercised insufficient oversight from the outset not only of training materials regarding compliance with the Code but also of performance on the ground, with too few mystery shopping and/or shadowing exercises undertaken and inadequate oversight of welcome calls. Overall, we consider that the failure by a majority of the charities involved to assure themselves that standards were being set (and met) increased the risk that the unacceptable behaviours reported in The Sun could develop undetected.

¹ https://www.ncvo.org.uk/images/documents/policy_and_research/giving_and_philanthropy/fundraising-review-report-2015.pdf

6. The monitoring of Neet Feet's work that was conducted by the charities appeared, in most cases, to be largely focused on how much money was raised. While we are aware of the financial pressures on the sector, we consider that more attention could, and should, have been paid to the experience of the donor. Charities who contract with third party agencies must demonstrate to those agencies the equal priority they attach to the way in which funds are raised and the assurance they require from those agencies that they and their fundraising staff are complying with the Code.
7. It is particularly important for all charities to consider the way in which contracted agents raise funds by assuring themselves of the training fundraisers undergo regarding the Code and how compliance with the Code is monitored. We recommend that charities consult the relevant guidance provided by the Institute of Fundraising (IoF) and that they ensure that contracts with third parties allow for adequate monitoring arrangements. We consider that this is a key part of setting and maintaining a positive fundraising culture and plays an important role in mitigating the risk that performance management may focus on how much is raised, rather than how it is raised, which may in turn erode public trust and confidence in the charitable sector.
8. As the new regulator we are committed to working towards improving the standards of fundraising organisations and, by doing so, the experience of those donating to charity. We have made recommendations to help both the charities involved and the sector more generally to learn from this case, in particular when working with third parties, and we have asked that the Chief Executives of the charities concerned write to us within three months to confirm what action they have taken in response to our findings and recommendations.

Background

9. On 11 July 2016, The Sun published an article with the headline *“HE LITERALLY MUGS THEM” – Charity firm hires drugged up ex-criminals to “squash” old and vulnerable for donations.* The focus of the article was on a four-week investigation that had been undertaken by one of the newspaper’s undercover reporters at the Bristol office of face-to-face fundraising agency Neet Feet.
10. Neet Feet was founded in 2013, starting with one office in Bristol, then expanding to offices in Cardiff and London. Neet Feet employed 130 people across those three cities. Following the suspension or cancellation of a number of contracts after the publication of The Sun’s article, Neet Feet ceased to trade in July 2016.
11. Neet Feet was a member of the Public Fundraising Association (PRFA). It was not a member of the Fundraising Standards Board (FRSB) or the Institute of Fundraising (IoF) at the time of The Sun’s undercover investigation.
12. The article alleged that a number of fundraisers employed by the agency had criminal records and were adopting high-pressure fundraising tactics in order to secure donations from the elderly and vulnerable.
13. The Sun made reference to a number of Neet Feet’s charity clients, three of whom supplied statements to the newspaper, confirming that they had either suspended or cancelled their contracts with Neet Feet. All of the charities involved in this investigation have confirmed that they no longer hold contracts with Neet Feet.
14. Having reviewed the article, we launched an investigation to consider the allegations and to determine whether there was any evidence of a breach, or breaches, of the Code of Fundraising Practice (the Code).

The Complaint

15. We have investigated how each of Neet Feet’s eight charity clients managed their relationship with the agency and how they monitored Neet Feet’s compliance with the Code. We have also considered the specific allegations made in the media about Neet Feet’s fundraising practices.
16. The allegations made by The Sun regarding Neet Feet’s approach to face-to-face fundraising were that:
 - Neet Feet fundraisers spoke disrespectfully about members of the public and, in particular, about individuals living on council estates or in lower income areas;
 - Neet Feet fundraisers were knowingly signing up vulnerable people on the doorstep;

- Neet Feet fundraisers were prepared to use pressure and misleading information to secure donations from the public;
- Neet Feet fundraisers had been using illegal drugs before, during and after fundraising shifts;
- Neet Feet had been securing regular direct debit donations from those who were too young to donate;
- Neet Feet fundraisers were encouraged to visit households displaying 'No Cold Calling' stickers; and
- Neet Feet had a payment structure in place that negatively impacted on its fundraisers' behaviour and led to the adoption of unacceptable practices in order to secure additional payments.

17. The article also alleged that a number of fundraisers employed by the agency had criminal records and were adopting high-pressure fundraising tactics in order to secure donations from the elderly and vulnerable.

18. As part of our investigation we have also considered the actions of the eight charities involved. We have investigated each of those charities in relation to:

- the nature and scope of the contract that each charity had in place with Neet Feet;
- the monitoring procedures that each charity had in place to ensure that Neet Feet was complying with both the Code and its contractual commitments;
- the policies that each charity had in place to safeguard vulnerable people; and
- the level of trustee oversight at each charity into its fundraising strategies.

Our Role

19. The Fundraising Regulator is the independent regulator of charitable fundraising. We were established in 2015 following the Cross-Party Review of fundraising chaired by Sir Stuart Etherington (*Regulating Fundraising For the Future*) to strengthen the system of charity regulation and restore public trust in fundraising.

20. A key part of our role is to investigate cases where fundraising practices have led to significant public concern and to adjudicate on complaints from members of the public about fundraising practice where these cannot be resolved by the charities themselves. Where poor fundraising practice is judged to have taken place, we can recommend best practice guidance and, if appropriate, remedial action.

The Relevant Standards

The Code of Fundraising Practice (the Code)

21. The Code outlines the legal requirements and best practice expected of all charitable fundraising organisations across the UK. As part of our role, we can recommend and implement changes to the Code.

22. The areas of the Code relevant to this investigation are:

- Section 1.0 – Key Principles and Behaviours
- Section 4.0 – Working with Third Parties
- Section 5.0 – Fundraising Communications and Techniques
- Section 16.0 – Public Collections
- Section 19.0 – Payment of Fundraisers.

Charity Commission Guidance – CC20

23. The Charity Commission recently published guidance entitled '*Charity fundraising: a guide to trustee duties*', otherwise known as CC20². This guidance outlines what charities and trustees should consider when fundraising from the public.

The evidence we have considered

24. As part of our investigation we have obtained video footage from The Sun. We have offered all of the organisations involved in the investigation the opportunity to view the footage upon which we have relied. We have also sought evidence from the eight charities involved and from Neet Feet and received written responses from them.

25. We have specifically considered the actions taken by each charity in deciding that Neet Feet was a suitable agency to work with and to conduct face-to-face campaigns on their behalf. We have also considered the eight charities' contractual arrangements with Neet Feet and any efforts each charity made to monitor Neet Feet's compliance with the Code. We have also considered the level of oversight exercised by each of the charity's Board of Trustees.

² <https://www.gov.uk/government/publications/charities-and-fundraising-cc20/charities-and-fundraising>

Our Findings

26. We have set out below our findings. We have identified which areas of the Code we consider to be relevant and whether there have been breaches. Some areas of our decision focus on the actions of Neet Feet as the agent acting on behalf of the eight charities. Other areas focus on the actions of those charities when employing Neet Feet as their agent.

Section 1 of the Code – Key Principles and Behaviours

27. Section 1 of the Code sets out the key principles and behaviours that should be adhered to when fundraising. Most importantly, it states that the work of all fundraising organisations must be *'legal, open, honest and respectful'*.

28. Section 1.2(b) of the Code states that *'Fundraisers MUST NOT denigrate other individuals or organisations'*. This part of our decision is focused on the actions of the Neet Feet fundraisers.

29. The Sun alleged that Neet Feet fundraisers had been using disrespectful language "off shift" while referring to members of the public (in particular, those who lived on council estates or in low-income areas). Having reviewed the video footage supplied by the newspaper, we have seen that The Sun's undercover reporter sought clarification from a team leader at Neet Feet as to why Neet Feet staff were referring to people as "Jeremies". The footage clearly shows that the team leader responded: *"They look they're off Jeremy Kyle [pause] all these people just going off to f***ing Iceland [unclear] Jeremy shop. Trash [pause] I love squashing Jeremies in trash."*

30. It is clear from this that a Neet Feet team leader was describing members of the public in derogatory terms. Furthermore, given his position as a team leader, he had the ability to influence the behaviour of fundraisers reporting to him who could reasonably assume such language was acceptable. **We have, therefore, concluded that the team leader's comments constitute a breach of Section 1.2(b) of the Code and, in particular, the 'Respectful' principle.**

31. Section 1.2(e)(iii) of the Code states that *'[i]f a fundraiser knows, or has reasonable grounds for believing that an individual lacks capacity to make a decision to donate, a donation MUST NOT be taken.'* The Sun alleged that Neet Feet fundraisers had been knowingly taking donations from vulnerable people and that senior members of staff working at the agency's Bristol offices had been proactively encouraging fundraisers to sign up *"oldies living in clearly marked elderly residents' bungalows."*

32. We note in this context that Neet Feet had a vulnerable people's policy. This policy largely followed the IoF's "Treating Donors Fairly" guidance which, as a standalone document, outlines the steps and level of care to be undertaken by fundraisers whilst conducting conversations with people in vulnerable circumstances.

33. Footage captured by The Sun which we have viewed showed the newspaper's undercover reporter being formally briefed on the agency's vulnerable people's policy, with the trainer in question confirming that it would be "*illegal for us [Neet Feet] to not recognise and not act when you realise that a donor could be vulnerable.*" In addition to its vulnerable people's policy, we have also seen that Neet Feet's training materials demonstrate steps were taken to ensure that fundraisers were aware of signs of vulnerability and how to manage conversations sensitively with vulnerable people.
34. However, further footage showed a Neet Feet team leader describing how one fundraiser had signed up a "*disabled, old, vulnerable woman*". In the footage, the team leader relaying the anecdote clarifies that the donation should not have been accepted. The fundraiser in question responded "*I wanted to get paid*" which is met with laughter from the team leader. This evidence demonstrates that a Neet Feet fundraiser was willing to accept a donation from someone who was recognised as vulnerable. Furthermore, the team leader's reaction was not one of condemnation or disapproval. **On that basis, we have found that both staff members' actions in relation to this incident constituted a breach of section 1.2(e)(iii) of the Code.**
35. Section 1.2(f) of the Code states that '*Organisations MUST NOT engage in fundraising which: is an unreasonable intrusion on a person's privacy; is unreasonably persistent; or places undue pressure on a person to donate.*' The Sun alleged that there was a culture within Neet Feet that encouraged fundraisers to adopt a "*brutal*" approach to fundraising and to use pressure to obtain donations from members of the public.
36. We note that some steps were taken by Neet Feet to ensure that fundraisers were aware of the need to avoid exerting pressure on the public to donate. The Sun's undercover reporter was told that using pressure to obtain a donation was unacceptable and we note that Neet Feet's training materials clearly stated: "*We refuse to bully, harass or cajole people into becoming donors if they're uncomfortable with commitment.*"
37. However, in spite of this, there is clear evidence in the footage provided by The Sun that fundraisers were actively encouraged to incorporate pressure into their fundraising pitches in order to obtain donations. The footage we have seen, which was filmed over a six-week period, demonstrates a number of unacceptable behaviours that were used by some Neet Feet staff to acquire donations.
38. In one instance, a senior fundraiser was filmed speaking about a tactic referred to as the so-called '*Golden Silence*'. The senior fundraiser described this in the context of increasing the undercover reporter's 'sign up' rate, claiming that he told a householder that they "*were doing everyone [signing up individuals] for a tenner – is that alright with you?*". The fundraiser described staying silent while beginning to fill in the donation form, saying to the undercover reporter, "*I started writing it [the amount] before she [the donor] said yes*".

39. Having reviewed the footage we are satisfied that the silence on the part of the fundraiser while filling in the donation form before the householder had agreed to the donation was an attempt to make the householder feel obliged to make a donation. Further footage shows a Neet Feet trainer managing an additional training session for fundraisers who were not meeting their targets. In that session, the trainer described the ‘Golden Silence’ technique in more detail, referring to it as “*a nasty sales technique*” which was “*not really what we’re here about*”. He advised fundraisers that “*you don’t really have to go into the Golden Silence*” but he also indicated that it works.
40. We have seen from the evidence that the trainer was clearly aware that the technique was being used and that he recognised (and discussed openly) the fact that it was an unpleasant and undesirable way to secure donations. At the same time he confirmed to staff that it worked and, in doing so, failed credibly to discourage fundraisers from employing the technique to meet their targets.
41. Another instance captured on film shows fundraisers being encouraged by trainers to use the so-called ‘Jones effect’, after being prompted by the undercover reporter to outline the technique in more detail. The technique involved sharing with householders the news that their neighbours had already made a donation, “*making them feel that the whole community is giving it [donating] a go.*” In the footage the technique was described as a way of giving people “*that little push in the right direction*”. Furthermore, we have seen that Neet Feet’s training materials advised fundraisers to incorporate the following statement into their pitches: “*most of your neighbours are helping us as soon as they can with something small and manageable off their entire monthly spending.*”
42. We also reviewed footage which showed a team leader speaking to a group of fundraisers about the approach of one particular fundraiser, saying “[*h*]*e’s a beast. He’s a proper beast man. He literally squashes them. Walks over to them with his iPad and just mugs them.*” In the footage, the team leader did not challenge such behaviour, nor indicate that it was unnecessarily forceful or that he was deliberately exaggerating the fundraiser’s behaviour for effect. Rather, the tone in which the fundraiser’s approach was described suggested that the team leader admired this behaviour and that it demonstrated to his team an example of how they should approach donors in order to meet their required targets.
43. **As outlined above, the evidence we have seen demonstrates clear breaches of Section 1.2(f) of the Code. Fundraisers were encouraged to adopt behaviours and techniques that we consider to have been unreasonably persistent or misleading and which placed undue pressure on householders to donate. We regard these practices as wholly unacceptable.**

Section 4 of the Code – Working with third parties – the charities

44. Section 4 of the Code sets out how charities should behave when working with third parties, including fundraising agencies such as Neet Feet. Section 4.2(b) states that '[o]rganisations *MUST* check, and make all reasonable efforts to ensure, the on-going compliance of third parties with the Code and their legal requirements'. Given the breaches of the Code that we have identified above, we have gone on to consider whether the charities involved complied with the requirements of the Code when managing their contracts with Neet Feet.
45. The Code as written clearly requires charities to make "all reasonable efforts" to ensure on-going compliance with the Code. We take the view that "all reasonable efforts" means that charities should do their best to be practicable, proportionate and consistent in their monitoring of third parties, taking into account all the circumstances. With that in mind, we have set out below our findings in relation to each of the charities in turn.

Action for Children

46. Action for Children informed us that they conducted weekly teleconferences with Neet Feet to review results (for example, the number of donors that had been recruited and attrition rates³) and individual key performance indicators (KPI's) and also to identify (and subsequently remedy) any training issues that needed to be addressed. The charity met with Neet Feet face-to-face on a quarterly basis to discuss campaign performance, recruitment volumes, attrition and the planning of future campaigns. Action for Children also told us that it met with other Neet Feet charity clients so that it could compare results and discuss attrition rates as well as any other issues arising from the way in which the campaigns were being conducted.
47. We also note that Action for Children reviewed around 9% of the welcome calls that were being made to new donors (that is 1,020 of 11,889 calls) and we have seen that, between 23 March 2015 and 22 May 2016, Action for Children attended nine training sessions with Neet Feet to talk to fundraisers about the charity's work. However, the charity does not appear to have monitored the training that was delivered by Neet Feet on compliance with the Code.
48. We also note that, during the course of its relationship with Neet Feet, Action for Children conducted mystery shopping exercises⁴ on three randomly selected Neet Feet fundraisers every six months. We have reviewed the outcomes of the mystery shopping activity and note that one fundraiser was found to be using what was termed by the mystery shopper as "overly aggressive" techniques and therefore was in breach of the Code. We note that

³ Attrition means those instances where donors have been recruited but cancel their donations shortly afterwards after changing their minds.

⁴ Mystery shopping exercises are conducted on private site locations (such as supermarkets or shopping centres) and involve 'shoppers' speaking to fundraisers to ascertain whether the way in which they were initiating and delivering fundraising pitches was compliant with the Code.

immediate action was taken to retrain the individual concerned. That said, we do not regard the mystery shopping exercises as sufficiently frequent.

- 49. We recognise the efforts made by Action for Children to oversee the actions of Neet Feet, including systematic monitoring of welcome calls and complaints. However, we consider those efforts fell short of making 'all reasonable efforts', given that Action for Children did not monitor the training delivered. Nor did they conduct a sufficient number of mystery shopping exercises. On that basis, we consider they were in breach of Section 4.2(b) of the Code.**

Home Farm Trust (HfT)

50. Hft informed us that it received weekly reports from Neet Feet focusing on KPI's, fundraiser performance and the percentages of new supporters who had received a welcome call. The charity also confirmed that it was in regular contact with Neet Feet via telephone, face-to-face meetings and email. However, HfT has not been able to confirm the frequency of that contact or how many face-to-face visits were made to the agency during the course of its relationship with Neet Feet.
51. Hft also told us that, while it provided training materials relating to the charity's work, it did not sign off or attend any training sessions conducted by Neet Feet to ensure compliance with the Code. HfT told us that it trusted the agency to deal with this.
52. Hft confirmed that, between November 2015 and July 2016, it conducted mystery shopping exercises on four occasions to monitor Neet Feet's conduct. Although we have seen that some information was passed back to HfT informally as a result of those exercises, HfT was not able to provide details regarding the results of those exercises. HfT has also confirmed that it did not review any of the welcome calls made to new donors by Neet Feet.
- 53. We are not persuaded that Hft undertook sufficient activity to assure itself of Neet Feet's level of adherence to the Code. We note the lack of involvement in the training sessions Neet Feet conducted as well as the failure to review welcome calls. Although four mystery shopping exercises were completed, we do not consider this number to be sufficient. Those that were undertaken were not recorded in a manner which allowed HfT or us to review the details and be assured of the level of scrutiny those exercises involved. We have, therefore, concluded that Hft failed to make all reasonable efforts to assure itself that Neet Feet were fully compliant with the Code. We, therefore, consider Hft were in breach of Section 4.2(b) of the Code.**

Royal National Institute of the Blind (RNIB)

54. RNIB informed us that it received weekly campaign updates and performance reports from Neet Feet summarising any complaints that had been received and associated outcomes, lists of where Neet Feet was operating on the charity's behalf and outlines of any additional training needs. RNIB has also pointed out that the Neet Feet fundraisers

that it engaged were based in London and not in Bristol, where the footage featured in The Sun was filmed.

55. RNIB told us that, since 9 November 2015, it had held six training sessions with Neet Feet fundraisers to tell them more about the charity's work and provide further information on the rules and regulations of its "Weekly Lottery" campaign. However, the charity did not participate in the training of fundraisers on the compliance-related aspects of the campaign. RNIB told us it monitored the complaints received regarding Neet Feet and that none of those complaints was considered necessary for escalation as they did not, in RNIB's view, raise any concerns. However, it also told us that, in the nine months it was working with Neet Feet, it did not conduct any mystery shopping or shadowing exercises of its fundraisers, nor did it review any of the welcome calls conducted by Neet Feet on the charity's behalf.
- 56. RNIB did not review Neet Feet's compliance training and did not conduct any shadowing or mystery shopping exercises; nor did it review any of the agency's welcome calls. We have therefore concluded that RNIB failed to make all reasonable efforts to ensure that Neet Feet was complying with the Code. We accept that the fundraisers filmed by The Sun were not acting for RNIB, as RNIB's contract with Neet Feet was with their office in London and not Bristol. However, we do not consider that this displaces the Code's requirement that charities ensure the on-going compliance of third parties with the Code. On that basis, we find that RNIB failed to comply with section 4.2(b) of the Code.**

Save the Children

57. Save the Children told us that it met with Neet Feet on ten occasions over an eleven-month period to discuss KPI's, complaints received and questions from fundraisers regarding the charity's work. Save the Children also told us that it conducted weekly teleconference calls with the agency.
58. Furthermore, as part of Save the Children's aim to increase the level of scrutiny it had over its fundraising suppliers, it recruited a Supplier Manager to improve its third-party monitoring strategy. We note that Neet Feet fundraisers were directly trained by Save the Children on the charity's ethos, values, fundraising standards and "Supporter Promise" on seven occasions over a ten-month period.
59. Save the Children also carried out its own mystery shopping exercises to monitor Neet Feet's conduct between February 2015 and May 2016. However, it has only been able to provide us with the results of four of those exercises. Overall, we do not consider the level of mystery shopping conducted by Save the Children to have been sufficient. Save the Children also told us that it requested that Neet Feet record welcome calls so that they could be reviewed for quality monitoring purposes. However, despite this request, prior to the publication of The Sun's article, the agency did not record its welcome calls. Save the Children has said that it was reviewing weekly reports which summarised the outcome of the welcome calls but from the evidence we have seen this did not include

the content of those calls. We also note that the charity did not seek confirmation from Neet Feet that the calls were being recorded.

- 60. Although we accept that Save the Children took some steps in an effort to scrutinise the work of its agent, we cannot conclude that it made all reasonable efforts to ensure Neet Feet's compliance with the Code. Therefore, we have found Save the Children breached Section 4.2(b) of the Code.**

Smile Train

61. Smile Train advised us that it conducted weekly meetings with Neet Feet by telephone to discuss its face-to-face fundraising campaign results, any additional fundraiser training needs, sites due to be booked for fundraising purposes and complaints. During the three months that Smile Train was working with Neet Feet, no face-to-face meetings were conducted with the agency. Smile Train also explained that the Neet Feet office that they were working with fundraised in London and not in Bristol, where the footage featured in The Sun was filmed.
62. Smile Train told us that it conducted initial training with Neet Feet fundraisers to provide information on the charity's work, its ethos and the intended purpose of its face-to-face campaign. In addition, Smile Train told us that it conducted refresher training for new fundraisers on an *ad hoc* basis. However, Smile Train told us that Neet Feet was contractually responsible for training its fundraisers on compliance-related topics and monitoring ongoing performance. In effect, the charity delegated responsibility to the agency to deliver compliance training.
63. Smile Train informed us that it conducted three mystery shopping visits in three months to monitor Neet Feet's conduct. We have considered the results of the mystery shopping and found no evidence of poor fundraising practice. However, we note that the charity did not review any of the welcome calls delivered by Neet Feet to new donors, with the result that it did not have sufficient insight into how fundraising pitches were being delivered in practice.
- 64. Given Smile Train's failure to review the welcome calls and, it would appear, to review Neet Feet's training materials, we have concluded that the charity did not make all reasonable efforts to monitor Neet Feet's conduct. We accept that Smile Train's particular fundraising agents operated in London and not Bristol, where The Sun footage was taken, but this does not displace our findings that Smile Train's monitoring and supervision of Neet Feet was not what it should have been. We, therefore, consider that Smile Train did not make 'all reasonable efforts' to ensure compliance with the Code. On that basis, we have found that Smile Train did not comply with section 4.2(b) of the Code.**

The Children's Trust

65. The Children's Trust told us that it conducted weekly teleconference calls with Neet Feet to review campaign performance, specific queries and complaints, any training issues identified and performance against KPI's. Between April and June 2016, the charity also met with the agency face-to-face on three occasions to review progress.
66. The charity told us that it took responsibility for training Neet Feet's fundraisers on the work of the charity and expected the agency to deliver training related to compliance with the Code. The Children's Trust also confirmed that its Face-to-Face Campaign Manager discussed Neet Feet's compliance training with the agency prior to the training being delivered to fundraisers and conducted mystery shopping exercises with Neet Feet before the start of the campaign. Furthermore, we note that the charity had reviewed associated training materials before signing the charity's contract with Neet Feet, thus satisfying itself that the agency was complying with the Code.
67. The Children's Trust told us that it did not conduct any shadowing of Neet Feet's doorstep fundraisers during the three-month trial period with the agency. However, the charity did review all of the welcome calls made by Neet Feet on its behalf, receiving weekly reports and reviewing the outcomes of the calls. We have reviewed the report of the welcome calls supplied by Neet Feet to The Children's Trust and we are satisfied that the information provided did not raise any concerns.
68. **Overall, we are satisfied that The Children's Trust did make all reasonable efforts to ensure Neet Feet were complying with the Code. In particular, we note that the charity reviewed all of the welcome calls made by the agency on its behalf and satisfied itself prior to signing a contract that the agency's training materials complied with the Code. On that basis, we have found that The Children's Trust was not in breach of Section 4.2(b) of the Code.**

UNICEF

69. UNICEF told us that it conducted weekly telephone calls with Neet Feet to discuss results, KPI's, complaints and subsequent outcomes. In addition, the charity confirmed that it conducted monthly face-to-face meetings with the agency to focus on a wider review of year-to-date results against targets and campaign processes. UNICEF also told us that it supplied Neet Feet with training materials designed to provide clarity on the charity's work and that the Training and Quality Co-ordinator delivered three bespoke training sessions to Neet Feet fundraisers during 2016.
70. UNICEF confirmed that these sessions were held with the intention of updating fundraisers on the charity's projects and ethos. UNICEF told us that, while it reviews and participates in compliance training for agencies on an *ad hoc* basis, it did not review or sit in on the compliance training delivered by Neet Feet before the commencement of the campaign. UNICEF also told us that it conducted six mystery shopping visits over a

six-month period during 2016. We have reviewed the results of those mystery shopping exercises and are satisfied that they do not reveal any regulatory concerns. We also note that UNICEF told us that it undertook a mystery shopping exercise in the test phase of the campaign in November 2015.

71. UNICEF told us that it requested that Neet Feet record the welcome calls made so that the charity could review them for quality monitoring purposes. We note that the agency was going through the process of obtaining the necessary technology to record calls when The Sun's story appeared. In the meantime, however, it is clear that UNICEF did not request reports from Neet Feet summarising the outcomes of the welcome calls that had been made.
72. While we note that UNICEF took some steps to ensure compliance on the part of Neet Feet, its supervision was inadequate in other respects and we consider that UNICEF did not conduct sufficient mystery shopping visits. Furthermore, we note that UNICEF did not review the outcomes of any of Neet Feet's welcome calls, nor did it take steps to ensure that Neet Feet's compliance training was sufficiently robust at the start of the campaign.
73. **We have found that, despite taking a number of measures to monitor and supervise Neet Feet, UNICEF did not make all reasonable efforts to ensure that Neet Feet were complying with the Code. We therefore find that UNICEF breached Section 4.2(b) of the Code.**

World Animal Protection (WAP)

74. WAP told us that, in line with its contract, it held weekly conference calls with Neet Feet as well as a face-to-face monthly review. These meetings would cover an analysis of donor recruitment, performance by postcode and an overview of campaign performance in terms of what was going right and what could be improved.
75. WAP also told us that the charity's Acquisition Manager attended the first training session run by Neet Feet on 2 May 2016, which included compliance messaging, and was satisfied that its contents were sufficiently robust. WAP subsequently delivered three training sessions in the space of a nine-week period, during which it worked with Neet Feet to update fundraisers on the work of the charity.
76. WAP informed us that, due to the relatively short length of time that it had been working with Neet Feet, it had not shadowed the agency's doorstep fundraisers, but that a session was booked for 11 July 2016 – the day The Sun published the article. This session was cancelled. The charity also told us that it had not reviewed any of the welcome calls delivered by Neet Feet on its behalf.
77. **We note that WAP took some steps to monitor compliance with the Code; however, its failure to monitor welcome calls while working with Neet Feet meant that it had not**

made all reasonable efforts to confirm that the agency was complying with the Code. On that basis, we find that WAP had not complied with section 4.2(b) of the Code.

Section 5 of the Code – Fundraising Communications and Techniques

78. Section 5.2(h) of the Code states that *‘[f]undraising communications MUST NOT mislead, or be clearly likely to mislead, by inaccuracy, ambiguity, exaggeration, omission or otherwise’*. The Sun alleged that Neet Feet fundraisers were being told to mislead the public to secure donations and therefore meet the agency’s target of signing up one person each day. In this section of our decision we have therefore considered the actions of the Neet Feet fundraisers acting on behalf of the relevant charities.
79. Video footage provided to us by The Sun captured a number of instances where Neet Feet fundraisers were misleadingly advised by individual trainers to suggest that charity campaigns had a regional focus and that donations would be restricted to local communities, when in reality the campaigns were run on a nationwide basis. During one particular training session, a Neet Feet fundraiser advised The Sun’s undercover reporter that, because attrition rates had been poor, some fundraisers were claiming that campaigns were being run for local purposes. The footage showed him giving an example of a fellow Neet Feet trainer who *“gets away”* with telling householders that the charity he was representing was building a local centre in an attempt to improve his attrition rates.
80. The trainer was seen advising the undercover reporter to make it clear that the charities the agency were representing were doing nationwide work. However, he went on to encourage the reporter to suggest in future pitches that they were fundraising in particular postcode areas to *“get that support here [locally]”* and *“trying to narrow it [funding charitable work] down to one particular location.”*
81. **We consider that such tactics have significant potential to mislead prospective donors to think they are contributing to a local campaign or service. The tactic of incorporating localism in a way that could be considered misleading in order to secure donations was not isolated to one or two fundraisers at Neet Feet; rather, it was supported and promoted by two Neet Feet trainers. With that in mind, we conclude that Neet Feet failed to comply with Section 5.2(h) of the Code.**

Section 16 of the Code – Public Collections

82. Specific areas of Section 16 that are relevant are: Section 16.5 - Working with Third Parties; Section 16.8 – Training and Instructions; and Section 16.10 – Conduct of Collections. We have looked at each section in turn and set out our findings regarding Neet Feet and the eight charities involved.

83. Section 16.5(a) of the Code requires that *'fundraising organisations MUST have contracts in place with fundraising agencies'*. Section 16.5(d) requires that *'fundraising organisations MUST NOT undertake fundraising activity using third parties without instigating a training programme for all collectors'*.
- 84. We are satisfied that all eight charities did have contracts in place and instigated training. On that basis, we have not found them to be in breach of Section 16.5(a) or Section 16.5(d) of the Code.**
85. We have reviewed the contracts that each charity had in place with Neet Feet. They bear similarities but, perhaps not surprisingly, are not the same. In every case, Neet Feet was contractually required not to conduct itself in a way that would bring its clients into disrepute. Each contract also made it clear that Neet Feet was expected to comply in full with all applicable regulations and standards and train its fundraisers on that basis. Each contract stated that both the agency and relevant charity should take equal responsibility for complaint management, with the charity being given sight of all complaints as well as an opportunity to ensure that it was satisfied with any investigation and subsequent outcome.
86. All of the charities, except one, stipulated contractually that Neet Feet must maintain membership of the IoF, PRFA and/or the FRSB. Similarly, seven of the eight charities required that Neet Feet ensure that fundraisers made it clear to prospective donors that they were working for a third-party fundraising agency on behalf of the relevant charity. Five of the eight charities contractually required that Neet Feet's fundraisers be polite and respectful to the public while fundraising. One charity stated in its contract with Neet Feet that the agency must comply with the IoF's "Treating Donors Fairly" guidance.
87. It is notable that none of the contracts outlined how Neet Feet's compliance with the Code was to be monitored or prescribed how frequently or in what form that monitoring would take place. Furthermore, none of the contracts we reviewed specifically stated that the charities involved might make unannounced visits to Neet Feet's offices or designated fundraising sites in order to undertake spot checks. Whilst each contract contained a formal commitment that the campaigns managed by Neet Feet must comply with all applicable regulations and standards, it would have been clearer if the contracts had made a specific reference to the Code.
88. Section 16.10(l) of the Code states that *'[c]ollectors MUST NOT smoke or fundraise under the influence of alcohol or illegal drugs.'* The Sun alleged that Neet Feet fundraisers were using recreational drugs and alcohol before, during and after shifts.
89. We note that Neet Feet had a drugs and alcohol policy in place which made it clear to fundraisers that they *"must ensure that they are not intoxicated by alcohol and are free of any illegal drugs when they report for work and that they remain so whenever they are at work."* However, evidence provided by The Sun suggested that this policy was not

consistently adhered to at the agency's offices in Bristol and some individual fundraisers working for the agency were filmed smoking cannabis immediately prior to fundraising.

90. A Neet Feet fundraiser was filmed explaining to The Sun's undercover reporter that certain staff often smoked cannabis before starting a shift. The fundraiser then states: *"if I have a little joint, I tend to fundraise a little bit better."* Moreover, a Neet Feet team leader who was supervising the undercover reporter's team at that time and had been listening into the conversation then states: *"you didn't have one yesterday (a joint) and you're on zero today - do you need a little joint?"*. The footage then shows three of the team (including the team leader) apparently going into a nearby field to smoke what appears to be cannabis before (as verified by The Sun's video footage) fundraising.
91. On a separate occasion, the same team leader claims that, on one particular road trip to a designated fundraising site, his team drank approximately *"20 cans of Stella [lager], 10 cans of Henry Weston's [cider]"* smoked half an ounce of cannabis whilst on that trip and had *"still banged out 20 sign ups."*
92. **Having reviewed the footage we conclude that a number of Neet Feet's Bristol-based staff breached section 16.10(l) of the Code.**
93. Section 16.10(n) of the code states that *'[o]rganisations MUST employ all best efforts to avoid soliciting regular donations, such as Direct Debits, from under 18's'*. The Sun alleged that Neet Feet fundraisers had been lying about the age of donors who were too young to contribute and that they had been securing regular direct debit donations from those who were too young to contribute.
94. From the video evidence that we have seen it appears that Neet Feet fundraisers were breaching the agency's internal policy by recruiting people below the age of 25. In one instance, a Neet Feet trainer is filmed stating that, were they to speak to an individual who was below the minimum age (as defined by the agency's policy) but who wanted to donate, they would obtain the personal details of someone in the household who was over the age limit, whilst using the bank details of the under-age individual to set up the donation.
95. **We have seen evidence that a Neet Feet trainer referred to finding a way around Neet Feet's internal policy relating to the age limit of donors, thus breaching its own internal policy. Furthermore, although we have not seen evidence to suggest that Neet Feet signed up any donors who were under the age of 18, we have seen that Neet Feet did not follow their own policy, which was designed to protect donors who may be under age. On this basis, we are not persuaded that they made all best efforts and therefore we consider they were in breach of Section 16.10(n) of the Code.**
96. Section 16.10(s) of the Code states that *'[f]undraisers MUST NOT knock on any door of a property that displays a sticker or sign which includes the words 'No Cold Calling'.'* The Sun

alleged that a Neet Feet Campaign Manager had approached an 80-year old woman who had a 'No Cold Calling' sticker displayed on her door.

97. We have reviewed the footage provided by The Sun and we note that a Campaign Manager was filmed telling the undercover reporter that he spent an hour with an 80-year old lady who had a 'No Cold Calling' sticker on her door. The Campaign Manager went on to confirm that households displaying such notices "*are perfect, they're best*" because they do not get approached as frequently by other fundraisers.

98. We note that this kind of incident was not isolated to one Campaign Manager. Additional footage showed the undercover reporter confirming to a fellow fundraiser that he did not visit a particular household because it displayed a sticker requesting no cold callers. The footage showed the fundraiser responding, saying that he "*would have just ignored it [the sticker].*"

99. In light of the footage, we consider that Neet Feet were in breach of section 16.10(s) of the Code.

Section 19 of the Code – Payment of Fundraisers

100. Section 19 of the Code outlines how fundraisers should be paid, in particular dealing with issues such as excessive remuneration, commission payments and performance management systems. The Sun alleged that Neet Feet fundraisers were using "*aggressive sales techniques...to win over unwilling targets in return for commission to boost their basic pay*". Section 19.6(a) of the Code notes specifically that the IoF opposes commission payments in principle and sets out three conditions that must be met in order for commission payments to be used. This includes a requirement that safeguards should be in place to ensure excessive remuneration is not permitted.

101. We have seen from its employee handbook that Neet Feet did have an incentive structure in place called 'Rewards for Excellence' which allowed for fundraisers to receive additional payments if they reached certain levels of performance. Fundraisers were informed that they could acquire a certain number of 'units' which would translate into additional payments based on the age of each new donor they acquired. For example, donors in the 45 to 74 age bracket were "worth" three units. Fundraisers were encouraged to "*pitch [their] hearts out*" to this age group as they were considered likely to be more generous than those under the age of 30. However, we also note that additional payments would not be made to fundraisers in cases where welcome calls had identified "*inappropriate conduct*" on the part of the fundraisers when attempting to obtain a donation.

102. We note that Neet Feet did have some safeguards in place to identify cases where pressure was exerted in order to secure a higher donation. Taking this into account, Neet Feet's payment structure was not in itself in breach of section 19.6(a) of the Code

because it had safeguards in place to ensure that excessive remuneration was not permitted.

103. Nevertheless, conduct adopted by Neet Feet fundraisers to secure additional payments has highlighted the fact that payment structures such as the one Neet Feet had in place have the potential to encourage poor fundraising practices. If agencies (and indeed charities) are not careful to ensure that all appropriate safeguards are in place, including the monitoring of compliance with the Code and the quality of the experience of donors, such arrangements have the potential to promote or encourage the use of aggressive or misleading fundraising tactics.

Compliance with the Charity Commission's CC20 guidance

104. As part of our investigation, we have also considered the actions of the charities in relation to the Charity Commission's guidance '*Charity fundraising: a guide to trustee duties*', otherwise known as CC20. The guidance sets out six key principles that charity trustees should follow to help them meet their responsibility for charity fundraising. Those principles are headed as follows: Planning effectively; Supervising your fundraisers; Protecting your charity's reputation, money and other assets; Identifying and ensuring compliance with the laws or regulations that apply specifically to your charity's fundraising; Identifying and following any recognised standards that apply to your charity's fundraising; and Being open and accountable.

105. We consider that certain of the principles set out in the Charity Commission's CC20 guidance might usefully be reflected in the Code of Fundraising Practice. With that in mind, we have summarised below the information provided to us by the charities regarding trustee involvement in their fundraising activity, so far as relevant to this decision.

Action for Children

106. Action for Children informed us that it has a Fundraising, Communications and Campaigns Sub-committee, separate from its Board, which is responsible for overseeing the charity's general fundraising strategy. Its Trustees delegated responsibility for reviewing and signing the Neet Feet contract to Action for Children's Managing Director for Fundraising, Communications and Policy. Prior to the agreement being signed, the contract was reviewed and approved by the charity's legal team. We also understand that, at an operational level, Action for Children's Trustees meet quarterly to review the performance of the agencies that the charity works with, both within the context of financial performance as well as suitability.

Home Farm Trust (HfT)

107. Hft confirmed that its fundraising strategy was reviewed and approved by the charity's Board of Trustees. It also told us that monthly executive and business reports are used by its fundraising team to highlight important information about Hft's fundraising strategy and to inform the content of trustee and executive-level meetings.

108. Hft also told us that it has a Fundraising Trustee Committee which meets three times a year to consider and discuss current and future plans for fundraising and to review practices. Hft's Trustees have ultimate responsibility for agreeing the charity's annual risk register, which includes elements relating to reputation and income. This register is reviewed on a monthly basis at meetings. Specific risks relating to fundraising and compliance with fundraising regulations are reviewed once a year with outcomes reported to the charity's Council, which is comprised of Trustees.

RNIB

109. RNIB informed us that its fundraising strategy is a standing item on every Board agenda. The charity has a fundraising committee which has a more detailed oversight of the campaigns being operated through third-party fundraising suppliers. RNIB also told us that it holds quarterly all-day sessions with Trustees which include 'deep dives' into each aspect of the charity's fundraising portfolio, including past, current and future activities and an analysis of agency-led fundraising.

Save the Children

110. Save the Children told us that its Board has overall scrutiny of the charity's annual fundraising strategy. It has an Audit Committee in place responsible for overseeing Save the Children's fundraising control systems – this includes monitoring the charity's compliance with the Code as well as a full-scale review of the changes that have been made to the charity's overall fundraising strategy since the summer of 2015.

111. Save the Children also has a Donation Acceptance Committee in place that is responsible for overseeing its commercial partnership arrangements. This includes assessing the risk of working with a particular agency.

Smile Train

112. Smile Train has confirmed that fundraising is a standing item on each Board meeting agenda. The charity's Trustees recently agreed a three-year fundraising strategy with the aim of increasing its income whilst improving relationships with donors and supporters. Smile Train also told us that its Trustees play an active role in selecting agencies for the charity and, earlier in the year, it was agreed that all third-party contracts would be reviewed by lawyers to ensure that they provide protections for the charity and give sufficient flexibility to monitor agency conduct. The charity informed us that its trustees have received training which, according to the charity, included guidance on fundraising law and regulation.

The Children's Trust

113. The Children's Trust told us that its Board of Trustees approve the charity's "donor recruitment investment plan" each year. This outlines how the charity intends to fundraise during that year. The charity's Board of Trustees are kept informed of The Children's Trust's planned activity on an ongoing basis by its Director of Fundraising

and Communications. The charity has a separate Finance and General Purposes Sub-committee specifically established to oversee The Children's Trust's fundraising function and the management of such activities.

UNICEF

114. UNICEF has told us that its Board of Trustees meets every two months and it has oversight of and involvement in the charity's over-arching fundraising strategy. A sub-committee of Trustees meet between Board meetings to discuss operational planning and direction-setting, which includes reviewing a report summarising financial and fundraising performance. Potential risks are then identified and discussed in order to mitigate that risk.

115. UNICEF told us that a KPI report is subsequently shared with the main Board which contains supporter satisfaction and complaint indicators. In addition, Trustees receive at each Board meeting regular updates on sector-wide issues, changes to the Code and associated practices and presentations to provide them with reassurance that the activities delegated to management are compliant and in the best interests of the charity and donors.

WAP

116. WAP has confirmed that its International Board of Trustees oversees the charity's fundraising practices with the aim of ensuring that they are compliant with all relevant policies and procedures. The charity has told us that compliance with these policies and procedures is assured through what WAP calls a "robust internal audit programme", the results of which are communicated through quarterly reports on progress and performance which are subsequently shared with trustees.

Additional observations

117. We have noted above that section 4.2(b) of the Code requires charities to take all reasonable steps to monitor the '*ongoing compliance*' of the third-party agencies that they work with. We have outlined our findings in detail regarding the eight charities concerned. In this area of our decision we make additional observations about lessons learnt as a result of this investigation.

Checks undertaken by the charities when employing Neet Feet

118. The Code does not provide any standards for charities regarding the kind of checks that should be undertaken when employing external fundraising agencies. We have based our decision in respect of each charity on what we consider the requirement to take 'all reasonable efforts' to mean within the context of the Neet Feet case. We note that, prior to signing contracts with Neet Feet, the eight charities involved undertook varying levels of checks, including seeking information on staffing levels, payment structures for fundraisers and in some cases references.

119. We consider that the standards set out in the Code and supporting guidance should be developed, outlining what basic checks charities should undertake before signing a

contract with a third-party agency. This should assist charities in assuring themselves (as well as us) that the agencies they are employing are complying with the Code.

Approach to safeguarding vulnerable people

120. Five of the eight charities under investigation did not have their own bespoke vulnerable people's policy at the time they were working with Neet Feet. We accept that each of these organisations did take steps to ensure that the agency had such a policy in place.

121. However, we consider the fact that three of the charities did have a policy in place relating to the protection of vulnerable people demonstrates that those charities were keen to take responsibility to ensure that vulnerable donors were being suitably protected. We would encourage the charity sector to learn from this.

Recruitment of people with criminal records to fundraise

122. The Sun alleged that Neet Feet had recruited fundraisers with criminal records to conduct face-to-face fundraising campaigns and that those individuals were continuing to commit crimes whilst working for the agency.

123. One fundraiser was filmed telling The Sun's undercover reporter that he sold an ounce of cannabis while on a Neet Feet fundraising-related road trip. A day later, two other fundraisers are filmed agreeing to buy drugs from this individual. In another instance, while driving to a doorstep fundraising site, a Neet Feet trainer points out a shop called "Loans 2 Go" to the undercover reporter whilst saying: *"That's where X (a second fundraiser with a criminal record) goes. He nicks s*** around town and then flogs it there. He's a standard criminal."*

124. Neet Feet told us it was open with its charity clients about the fact that its ethos was to *"create positive change for others"* by working with local back-to-work schemes to recruit people not in employment, education or training to work in local communities. Neet Feet has told us that its clients supported this ethos and that charities were given the choice to request that fundraisers with criminal records were not allocated to work on their campaigns.

125. Neet Feet also told us that it ran a buddying system for fundraisers (including those with criminal records) which meant that those members of staff would be supervised by team leaders whilst conducting pitches, with the intention of ensuring that they were complying with agreed standards. Neet Feet explained that it would maintain telephone contact with probation officers to discuss the individual cases of fundraisers with criminal records to ensure that those individuals did not represent a risk to the agency or the wider public.

126. It is clear that Neet Feet undertook some steps to monitor the conduct of their fundraisers. However, more could and should have been done to ensure the individuals working for Neet Feet were complying with the Code and acting within the law, given that

in this case there were individuals undertaking fundraising activities for Neet Feet who were taking illegal drugs.

Neet Feet's mystery shopping exercises

127. Neet Feet told us that it trained fundraisers both on the PFRA rulebook and the Code. However, Neet Feet have not been able to supply us with evidence to support this. As such, we are not assured regarding the level of training Neet Feet provided to its fundraisers. Neet Feet informed us that it conducted a minimum of three unplanned visits to fundraising sites per week to monitor fundraiser conduct and that these visits were conducted by Neet Feet Campaign Managers and Coaches. Neet Feet told us that it employed the services of an external mystery shopper who would conduct visits when the agency "felt that something needed attention" or "there might have been specific issues".

128. We recognise that Neet Feet did have some arrangements in place for training and quality assurance. However, we question whether the *ad hoc* nature of the external mystery shopper monitoring was sufficient to provide the necessary level of assurance regarding fundraiser behaviour.

Action taken by the charities since publication of The Sun's article

129. As part of this investigation, the charities involved have told us the steps they have taken following the publication of the article in The Sun in order to put matters right.

Action for Children

130. Action for Children has told us that it has taken the following steps to improve its service:

- increased the "visibility of compliance elements" to Action for Children's current training pack;
- implemented a policy that allows the charity to approve agency trainers to ensure any agency is training fundraisers to Action for Children's standards and that training is fully compliant;
- increased the level of mystery shopping being conducted, ensuring that fundraisers will be "mystery shopped" every week at a minimum of four visits per month;
- ensured that it will be shadowing doorstep fundraising teams every four weeks; and
- ensured that it will be present during fundraising agency compliance training sessions on how messages and rules and regulations are being communicated.

Home Farm Trust (HfT)

131. Hft has told us that it has conducted an internal investigation into the allegations made by The Sun, which included a review of all performance data, KPI's, attrition and

complaints. It confirmed that its investigation highlighted “shortcomings” in its processes which included a lack of documentation relating to third-party due diligence processes, insufficiently robust contracts and insufficient training materials. Hft has also told us that, “*in light of the allegations and the current external environment*”, it has made the decision not to conduct face-to-face fundraising campaigns for the foreseeable future.

RNIB

132. RNIB told us that it took immediate action to review and suspend its contract with Neet Feet and considers it took timely and appropriate action. RNIB also told us that it has undertaken further work with an external contractor to conduct a compliance audit and create a new compliance framework for fundraising and that this work was well underway with the audit complete and the framework under development. RNIB also told us that it was reviewing and increasing its mystery shopping programme.

Save the Children

133. Save the Children told us that a paper was submitted to its Audit Committee outlining the findings of its own internal investigation into The Sun’s allegations. Save the Children also told us that it had subsequently introduced enhanced quality assurance which includes:

- further training for face-to-face fundraising agencies to highlight and re-emphasise Save the Children’s expectations of third-party fundraising suppliers, including the recording of future “in house” training sessions conducted by agencies in order to determine whether they have met requirements;
- significantly increasing independent mystery shopping by conducting one mystery shopping visit per agency, per week, leading to a weekly mystery shopping report to be shared with the charity’s senior management team; and
- enhancing reporting mechanisms for supporter feedback.

Smile Train

134. Smile Train told us that it conducted an internal investigation following publication of The Sun’s article. It also suspended activities with Neet Feet which, at that time, was the only face-to-face agency with which the charity was working. Smile Train has confirmed that it will not be conducting future face-to-face campaigns until the outcome of our investigation is published.

The Children’s Trust

135. The Children’s Trust has told us that it is undertaking a full review of its approach to face-to-face fundraising and making recommendations to its Board of Trustees on a proposed way forward. Once the charity’s review and subsequent recommendations have been discussed at Board level, remedial actions will be confirmed. The Children’s Trust has confirmed that it will not be conducting face-to-face fundraising “*until a way forward has been agreed*”.

UNICEF

136. UNICEF has told us that, in response to the publication of The Sun's article, it made welcome calls to all individuals signed up by Neet Feet to ensure that they were happy to donate to the charity. It has also confirmed that it is in the process of conducting a wider review into its execution of face-to-face fundraising campaigns, with particular attention being paid to fundraiser recruitment, staff culture within agencies, mystery shopping frequency and assessments of the efficacy of the charity's approach to training.

WAP

137. WAP has told us that, since publication of The Sun's article, it has suspended face-to-face fundraising. The charity has also told us that it is in the process of reviewing its compliance messaging, its vulnerable person's policy and its approach to fundraising best practice, both at World Animal Protection's HQ and with any new suppliers, before it starts to fundraise using face-to-face channels again.

Recommendations and wider learning

138. Charities are responsible for the actions of the third parties that they use to fundraise. On that basis, we recommend that, when working with third parties, charities make sure that their contractual arrangements underline the importance of compliance with the Code and provide specifically for adequate oversight arrangements.

139. We also recommend that charities, when working with third party agencies, should:

- consult the IoF's "Successful Partnerships for Sustainable Fundraising: a practical guide for charities" (published in August 2016) when reviewing their approach to contract management and training;
- undertake to review the compliance training materials of any third party that they decide to work with, prior to signing any agreement and to continue to monitor that training;
- conduct mystery shopping and/or shadowing of fundraisers regularly as appropriate regarding the particular fundraising method, in order to reassure themselves that any campaign is being delivered effectively in practice; and
- regularly review the welcome calls conducted by their third-party fundraising agencies so that the charities gain a better understanding of how their campaigns are being delivered in practice.

140. We have also noted the varying nature of the reviews undertaken by the different charities involved in relation to this matter following the publication of the article in The Sun. We have written to the Chief Executives of the charities involved to ask them to assure themselves (and their Boards of Trustees) that the reviews that the charities undertook were thorough and robust and identified all possible learning. We also recommend that the Chief Executives write to us within three months of this decision to confirm that this assurance has been obtained and to confirm how the charities have

responded to the content of our decision and what further action they have taken in response to our recommendations.

Proposed changes to the Code of Fundraising Practice

141. There are two key areas of the Code relevant to this decision that we think may usefully be amended and where supporting guidance may also be helpful. Those relate to contractual arrangements between charities and third parties – such as agencies like Neet Feet – and whether further steps should be required of third-party agencies who employ people with criminal records.
142. Regarding the contractual agreements with third parties, it is clear that there was a great deal of variation between the contracts that the different charities had in place with Neet Feet. To help both charities and agencies, as well as improve the experience of donors, we consider that these matters should be addressed in the Code and that there is also a need for guidance, pursuant to the Code, that outlines the minimum requirements of an agency contract. This could helpfully include confirmation that the charity and the agency carry joint responsibility for ensuring that fundraising activities comply with the Code. We also consider the Code and supporting guidance should set out what the expectations of charities and agencies should be in relation to making “all reasonable efforts” to monitor the ongoing compliance of the third-party fundraising agencies that they work with.
143. Regarding the employment of people with criminal records, in its response to us Neet Feet told us: *‘NEET Feet Ltd employed some people that when we met them they were not in employment, education or training. We employed great people, and one or two not so great people. Our clients were well aware of our approach and were complicit in our NEET programme, the clue was in the company name. We believe in rehabilitation and giving people an opportunity, as did many of our clients until The Sun printed their story.’*
144. We recognise Neet Feet’s ethos to help young people on the path to employability. However, it is also clear that two of the charities told us that they were not informed by Neet Feet that members of staff were ex-offenders. Neet Feet have produced no evidence to challenge this.
145. It would not be appropriate for us to recommend that no fundraising agency should ever employ ex-offenders. To do so would risk undermining the rehabilitation work undertaken by many charities and agencies (including Neet Feet). However, we do think that in this case more could, and should, have been done to ensure the monitoring and oversight of employees at Neet Feet.

Conclusions

146. As a new regulator we are committed to working with the sector to raise the standards of fundraising. This includes adjudicating on breaches of the code, improving the Code where necessary and providing supporting guidance so that charities understand better what we expect of them.
147. In this decision we have identified a number of breaches of the Code. We have found several breaches in relation to the actions of Neet Feet. We have also found that seven of the eight charities did not make 'all reasonable efforts' to ensure Neet Feet's compliance with the Code.
148. As part of our work on this case we have seen how the monitoring of Neet Feet's work conducted by the charities concerned seemed in most cases to be largely focused on financial performance – how much money was raised. More attention could, and should, have been paid to the experience of the donor. Irrespective of what policies and procedures the agency had in place, from what we have seen there was a firm focus by the charities on the financial outputs of the fundraising campaigns. It is, therefore, perhaps not surprising if Neet Feet in turn focused more on the financial results than on how those results were achieved.
149. We are aware of the financial pressures on the sector. We accept and agree that sustainable fundraising campaigns are a priority for charities. However, one key lesson to be drawn from this investigation is that charities who contract with third-party agencies need to demonstrate to the agencies the equal priority they attach to the way in which funds are raised and the assurance they require from those agencies that they and their fundraising staff are complying with the Code. It is particularly important for charities to consider the way in which contracted agents raise funds by assuring themselves of the training agents undergo regarding the Code and monitoring compliance with the Code, for example, by monitoring complaints and welcome calls. We consider that this is a key part of setting and maintaining a positive fundraising culture and plays an important role in mitigating the risk that performance management may focus on how much is raised, rather than how it is raised, potentially leading to unintended adverse consequences.