



Reciprocal Charity Mailings Code of Fundraising Practice

Check-list: key questions to ask

- Is the list owner a member of the Mail Preference Service? (2.0)
- Is there a clear understanding of content and character of the lists to be exchanged? (3.1, 3.3.2)
- Are full details available outlining any variations if lists are used more than once? (3.1)
- Are lists exchanged with appropriate parties? (3.1)
- Is at least one unique sleeper included in the exchanged list? (3.3)
- Is the other charity informed if the dates agreed cannot be honoured? (3.3.4)
- Are the terms and conditions of the mailings agreed in writing? (3.3.5)
- Has it been agreed whether donors will be informed of the reciprocal relationship? (4.0)
- Have agreements been reached as to the sharing of results from the mailings? (3.3.6)
- Are effective complaints procedures in place? (3.3.7)
- Are all returned 'non-deliverable' items passed back to the list owner promptly? (3.3.8)
- Are data protection regulations followed? (4.0, 5.1)
- Can supporters opt-out of communications? (5.1)
- Has any VAT liability been clarified? (5.2)

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1.0 The Codes of Fundraising Practice Explained

The Institute of Fundraising's **Codes of Fundraising Practice** are structured in order to highlight what is mandatory at law, what the Institute regards as a mandatory requirement for its members and what constitutes advice on best practice.

In this Code a phrase where the word:

MUST is in bold indicates a requirement that is mandatory at law.

OUGHT in bold indicates a requirement that is mandatory for members and affiliated organisations of the Institute.

SHOULD in bold indicates a course of action that is recommended as best practice.

Organisations engaged in fundraising **SHOULD** join the Fundraising Standards Board and **SHOULD** follow their complaints procedure.

This **Code of Fundraising Practice** is intended to address fundraising

activity throughout the UK. Legal requirements can vary between different jurisdictions (England & Wales; Northern Ireland; Scotland).

In this Code, **MUST*** in bold indicates a legal requirement within one jurisdiction but not in others.

The Institute recommends that organisations adhere to the most rigorous interpretation of the law applicable to an activity.

Users should be aware that this Code addresses the law as it stands at the date of publication throughout the UK.

Reviews of the law relating to fundraising and fundraising activities, governance and charitable status are ongoing in Scotland, England and Wales.

This **Code** will be revised to take into account any developments or changes in the law that may result from these initiatives.

2.0 Introduction

This Code of Fundraising Practice presents a series of criteria under which charities can engage in reciprocal mailings. The purpose of the Code is to enable reciprocal mailings to take place in a professional manner, which is conducive to the best interests of both parties and their supporters.

This Code is prepared as a guide and any charity considering undertaking reciprocal mailing is strongly advised to consult their own professional advisers in the creation of the written terms of agreement.

The Institute of Fundraising recommends that all list owners engaging in reciprocal mailing **MUST** be members of the Mailing Preference Service as a protection to their supporters' rights to privacy.

3.0 Procedure

3.1 Basis of Exchange

- There **OUGHT** to be a clear understanding of the content and character of the lists to be exchanged.
- Precise definition of the file **SHOULD** include:
 - quantities - numbers of names and addresses to be mailed (on a one-for-one basis). Agreement **SHOULD** be reached between parties as to whether these quantities indicate gross names (total names before and de-duplication/file cleaning) or net names (names left after de-duplication/ file cleaning); and
 - statistical information showing:
 - how recently the supporters listed made a donation;
 - how frequently supporters gave on average, within a defined period of time;
 - the average value of the donations received within a defined period of time and/or the value of the last gift; and
 - the frequency with which that part of the list which is available to be mailed has previously been mailed with fundraising and other materials, and the frequency with which the particular section within that list to be mailed, has been mailed with fundraising and other material.

Standard reciprocal mailings are to be used only once.

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- If this is not the case, full details outlining any variation in type of use **MUST** be defined, including:
 - details of which part of the list were exchanged on all similar reciprocal mailings with other charities or other organisations within a mutually agreed period of time; and
 - the type and number of supporters on the list - i.e. those paying by direct debit, cash, bankers order, covenant etc.
- Charities **SHOULD** be mindful of the potential risks in entering into reciprocal arrangements with organisations other than registered charities.

The following represents an advice note from the Charity Commission regarding reciprocal mailings undertaken with organisations that are politically structured:

“The Charity Commission strongly advise, because of the obvious risks of misunderstanding, that charities **SHOULD NOT** engage in reciprocal mailing with any political party or with any organisation which is politically motivated.”

- In cases of test reciprocal mailings, those donors mailed in the test **SHOULD** be flagged to avoid duplication, or re-selection in any follow-up mailings.
- The initial discussions **SHOULD** be used when applicable to discuss the potential availability and timing of roll out numbers.
- Because of the diversity of storage and individual recording formats, it may not be possible to satisfy all the above requirements.
- However, each party **SHOULD** be confident that they are exchanging ‘like with like’ and that the list they are receiving is equal in value to their own and fit for the purposes intended.

3.2 Methodology of Exchange

- Data **SHOULD** be supplied in an agreed format and delivered on an agreed date.

3.3 General

3.3.1 Material

Each party is entitled to see a copy of the other’s mailing material for approval before the swap is agreed.

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3.3.2 List Standards

- Because standards of donor file maintenance (in a computer processing context) will vary, the parties **SHOULD** each declare what they know of the level of cleanliness of their file including such items as the level of post coding and known level of duplicates.
- Charities holding a manual index **MUST** satisfy their reciprocal mailing partner as to the standard and quality of their list.

3.3.3 Unique Sleepers (Seeds)

- Each charity **OUGHT** to enter at least one unique sleeper into each segment of the list for the mailing.

This action provides even further security against misuse and the uniqueness of the sleepers will avoid blame being wrongly apportioned should the file be misused in the future.

3.3.4 Mailing Date

- The parties concerned **SHOULD** agree mailing dates and, if requested, some evidence provided that the mailing took place within the appointed timeframe.
- If at any time during the lead up to the mailing, it becomes clear that the dates agreed cannot be honoured, the charity concerned **OUGHT** to inform the other party immediately.

3.3.5 Written Terms of Agreement

- Charities engaging in reciprocal mailing **OUGHT** to exchange written agreement of the terms and conditions of the mailings, setting out the agreement reached under each item of this Code of Fundraising Practice.

This can be done by exchange of letters or contracts at the discretion of the parties concerned. It is suggested that each party might seek legal advice on this area of the exchange. (Please refer to the Model Terms of Reference for Charity Reciprocal Mailing in Section 6.3).

3.3.6 Results

- If requested, both parties **SHOULD** agree to the mutual exchange of results obtained from the reciprocal mailing.

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- Each party **SHOULD** ensure that the other party understands its precise requirements concerning timing and details of reports before the mailing takes place in order that adequate resources are available to carry out the analysis.

3.3.7 Supporter Response - Fulfilment/Complaints

- A complaints policy **SHOULD** be agreed between the two parties which covers the letters and any other material that may be used when dealing with complaints of a defined standard nature.
- Non-standard complaints **SHOULD** be the subject of discussion between the two parties before being dealt with.
- Any complaints handled **OUGHT NOT** to be at the detriment of the on-going relationship between the list owner and the donor.

3.3.8 File Maintenance

- All returned 'non-deliverable' items and information concerning changes to the supporter file **OUGHT** to be passed back promptly to the list owner for file maintenance purposes.

4.0 Relations with Donors

- It **SHOULD** be made clear between the two partners whether it is their intention to inform their supporters that they are engaged in reciprocal mailings.
- If the list user intends to inform donors (other than in response to a complaint) then they **OUGHT** to have the permission of the list owner.

Each charity has the right to refuse permission for that to happen or insist that it does and this will become a condition of the exchange.

- Charities **MUST** observe the provisions of the Data Protection Act 1998.

If the supporters are to be informed, the list owner will decide the method by which they will be told and the timing, i.e. before, during or after the mailing. The other list owner has the right to see, for approval, any such communication before the mailing.

5.0 Key Legal Points

5.1 Data Protection Act 1998

It is a legal requirement for charities engaged in this activity to register under the Data Protection Act.

- Each party **SHOULD** provide the other with a copy of its registration before the mailing takes place.

The registration can be checked on-line at www.informationcommissioner.gov.uk.

- Any charity wishing to participate in reciprocal mailings **MUST** be fully aware of their responsibilities under the Data Protection Act 1998.

Compliance with the Data Protection Act is not merely a matter of registration but also requires observance of the Data Protection principles. Of these, the first principle, which states that personal data should be obtained and processed fairly and lawfully, is of particular importance and imposes certain standards of notification when personal data is collected.

- To ensure compliance with the law, both with regard to registration and observance of the Data Protection Act, charities considering reciprocal mailings **SHOULD** obtain advice from the Information Commissioner.
- Any charity wishing to participate in reciprocal mailings **MUST** include the following 3 purposes in its application for registration:
 - advertising, marketing and public relations;
 - fundraising; and
 - trading/sharing in personal information.
- All recruitment devices **MUST** carry a suitable opt-out.
- Supporters **MUST** be given the opportunity to opt-out of not just reciprocal mailings, but also further communication from your own charity.

5.2 The Fiscal Treatment of Reciprocal Mailings

It is doubtful that HM Revenue and Customs (HMRC) would be concerned with any reciprocal mailing transaction since for Income or Corporation Tax purposes there is likely to be no profit derived directly from the transaction.

HMRC might well take a different view regarding VAT, as reciprocal mailing might well be seen as a trading activity involving bartering services.

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Each charity is supplying the other with services for non-monetary consideration. Technically such a supply should be valued on the basis of the open market value, i.e. the price that the customer would pay for the service on the commercial market. In this situation it would be up to the charities to decide between themselves what valuation to use for the purposes of their VAT accounting.

Even though a charity is registered for VAT it is unlikely that it will be able to make a full recovery of VAT it is charged. As the mailing is likely to relate to potential donors, the VAT incurred on the deemed open market value would be wholly irrecoverable as it is wholly attributable to a non business income (i.e. a donation). It would be fully recoverable if it related to attracting new members/subscribers where the subscription was taxable (vatable) at the zero rate or standard rate.

6.0 Appendices

6.1 Definitions

Reciprocal Charity Mailing

A reciprocal charity mailing takes place when, by mutual agreement, each of two charities allows a direct mail package of the charity to be sent to a previously agreed part of its own supporters' list.

Net Names

Net names are deliverable names and addresses, minus duplicates and other exclusions.

Sleepers

Sleepers are often called seeds. These are names and addresses that the charity includes in their file for the reciprocal mailing so they receive a copy of the mailing.

6.2 Useful Contacts

- For further information on the Data Protection Act contact:
The Information Commissioner
 Wycliff House
 Water Lane
 Wilmslow
 Cheshire, SK9 5AF
 Phone: 01625 545 745
 Email: mail@ico.gsi.gov.uk
 Website: www.ico.gov.uk
- For information concerning the **Mail Preference Service (MPS)**, contact:
 Mail Preference Service
 DMA House
 70 Margaret Street

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London
 W1W 8SS
 Phone: 020 7291 3310
 Fax: 020 7323 4226
 Email: mps@dma.org.uk
 Website: www.mpsonline.org.uk

- HM Revenue and Customs
www.hmrc.gov.uk

6.3 Model Terms of Reference

Agreement has been reached that ABC charity may send its materials to individuals on XYZ charity’s supporter list and that, in return, XYZ charity may send its materials to individuals on ABC charity’s supporter list.

The terms under which agreement has been reached are as follows:

- 1) The number of names and addresses (net or gross as agreed by both parties) to be mailed by each charity will be.....

- 2) a) The characteristics of the names to be supplied by ABC charity are as follows:

Type of supporter (e.g. member, donor, lapsed etc.)

Other selective criteria (e.g. geographic)

Payment method (e.g. covenant, direct debit, cash etc.).

Recency of last support (within a specified time).

Value of last donation (over a given period).

The names will not have been mailed by XYZ charity or any other organisation within an agreed period, for example four weeks either side of the mailing.

Usage of data. This will be one time only unless agreed otherwise.

- b)The characteristics of the names to be supplied by the XYZ charity are as follows:

Type of supporter etc. (As in 2) a) above).

- 3) All supporters’ names selected by each party under this agreement will be flagged to avoid subsequent duplication or reselection.

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- a) ABC charity
- b) XYZ charity

A brief statement on behalf of each charity stating that their proposed responses to standard complaints or issues are in line with standard best practice of supporter care and the Donors' Charter and that the communications will not be in any way defamatory of the other organisation involved in the exchange.

- 12) Any item returned as non-deliverable will be returned to the charity from whose list the name and address was originated, to facilitate file cleaning.
- 13) This agreement is subject to each party being registered under the Data Protection Act in order to engage in this activity.