

CHAPTER 3:**PUBLIC COLLECTIONS****1. Title of proposal**

- 1.1 Public Charitable Collection Regulation - the reform of public charitable collection legislation.

2. Purpose and intended effect of measure**2.1 The objective**

- 2.1.1 To create a fair and cost effective system of licensing for public charitable collections which strikes an appropriate balance between facilitating responsible fundraising and charitable work, removing the existing confusion for charities and fundraising organisations, and restricting inappropriate fundraising, for example, excessive or bogus appeals and limiting public nuisance.

2.2 Devolution

- 2.2.1 The scheme, if implemented, would apply in England and Wales only.

2.3 The background**Existing legislation**

- 2.3.1 Under existing legislation the following arrangements apply to public collections:

- **Street collections** - these are licensed locally under section 5 of the Police, Factories Etc (Miscellaneous Provisions) Act 1916. A model for local regulations, which are confirmed by the Home Secretary, is contained in the Charitable Collections (Transitional Provisions) Order 1974. Although it is not obligatory for local authorities to introduce such a system of licensing in their area, the majority have them in place.
- **House to house collections** - these are licensed locally in accordance with the House to House Collections Act 1939 and the House to House Collections Regulations 1947, as amended in 1963 and 1974. In accordance with the 1939 Act, it is possible for organisations conducting house to house collections over a substantial part of England and Wales to obtain an Exemption Order from the Home Secretary which exempts them from control locally and subjects them to central supervision by the Home Office. In addition, small-scale, local house to house collections (for example for carol singing) may be granted a local police exemption.

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- The Local Government Act 1972 transferred responsibility for both forms of licensing to local authorities from the police, except in London where they continue to be the responsibility of the Metropolitan Police. The Common Council of the City of London has responsibility for licensing in the City of London.

2.3.2 The legislation was intended to offer the public a degree of protection against dishonest appeals and to prevent public nuisance. The relevant provisions were introduced at a time when the bulk of fundraising for charity was carried out by way of public collections for cash and property.

Strategy Unit Review

2.3.3 In September 2002 the Strategy Unit (SU) issued for consultation a report, *“Private Action, Public Benefit – A Review of Charities and the Wider Not-For-Profit Sector”* in response to a request from the Prime Minister to look at the law and regulatory structures which govern the whole sector. One of the issues the report considered was the regulation of public charitable collections. It concluded that the existing legislation covering public collections in the street and house to house is inconsistent, outdated and unnecessarily complex. It therefore recommended that legislation be brought forward to establish a new integrated local authority licensing scheme.

2.3.4 Almost 1,100 responses were received to the SU consultation. A small number commented on the proposal for a new integrated licensing scheme. The majority of respondents agreed that there should be a unified statutory licensing scheme, administered by local authorities, for all public collections.

2.3.5 The Government is aware that the last attempt to introduce a similar scheme through Part III of the Charities Act 1992 was unsuccessful. Part III was enacted but never brought into force because it was believed that the licensing scheme had flaws in the detail of its procedures. In order to ensure that the new scheme is practicable, the Government carried out a further detailed consultation with the sector, local authorities and other interested parties. The consultation document *“Public Collections for charitable, philanthropic and benevolent organisations”* was published on 9 September 2003. The consultation period closed on 2 December and over 250 responses have been received.

2.3.6 The consultation document recommended that an application for a permit to collect should be subject to a two stage test. Firstly, an organisation would have to satisfy the lead local authority that they were fit to collect and, if satisfied, the lead authority would issue a

certificate of fitness that would be valid for up to five years¹. Secondly, local authorities would issue a permit to collect once they had satisfied themselves that there was capacity in their area for the collection. While there was not agreement amongst the respondents to the consultation over the application of the lead authority proposal, the concept of separating decisions on eligibility and capacity had more support. That is evidenced by the 151 respondents that suggested amendments to or an alternative to the lead authority approach.

2.3.7 The draft Charities Bill, which was published on 27 May 2004 provided that the consideration of an application for a certificate of fitness would be undertaken by the lead local authority only. The lead local authority for registered charities would be the local authority covering the address entered on the Commission's register (hereafter referred to as the registered address). In all other cases it would be the local authority of the area in which the promoter's principal address is situated.

2.3.8 The draft Charities Bill was subject to pre-legislative scrutiny by a Joint Committee of both Houses. The Joint Committee recommended that while local authorities should retain powers of enforcement, the Charity Commission, rather than local authorities, should be the lead authority for granting certificates of fitness to carry out public collections. The Government accepted that recommendation and has amended the draft Bill accordingly.

The charitable and wider not-for-profit sector

2.3.9 As at 31 March 2003 there were 187,316 charities on the Charity Commission's Register (of which 163,013 were "main" charities; the remainder were subsidiaries or branches of other charities). There is an estimated similar number of charities which are currently either exempt or excepted from registration with the Charity Commission (the Commission). In addition, there are voluntary organisations which would qualify as benevolent or philanthropic but because most of them are informally constituted and not registered with any authority, their numbers are unknown but they could run into several tens of thousands.

2.4 Risk assessment

2.4.1 The main risk that the scheme is designed to guard against is the possibility of a depression of collection revenues through a decline in public trust and confidence in public collections.

2.4.2 Individual donations are an important source of income for charities and are an indication of the level of trust that the general public has in

¹ In the consultation document the certificate of fitness was referred to as the certificate of eligibility. Since the publication of the consultation document the references to eligibility have been changed to fitness.

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charities. Because no records are kept centrally of the total amount of revenue raised by house to house and street collections it is impossible to state exactly how much income is raised by those methods of fundraising and none of the research breaks it down in this way. Notwithstanding that, NCVO/NOP surveys indicate that in 1995 individual charitable giving in general was well over £11 per person per month from over 70% of the population, which equated to £5.7 billion worth of donations². However by 2002, while the average monthly donation had surpassed its 1995 level to £12.93 per person per month the proportion of the population giving to charity had fallen to 67.3%, although that equated to £7.3 billion worth of donations³.

2.4.3 Of those sampled in 2002, 20.9% gave to collections in the street and 15.6% to house to house appeals. However, this accounted for only 2.9% and 3.5% respectively, of the total individual charitable donations received. The Voluntary Sector Almanac commented that while this accounted for a relatively small proportion of the total amount given to charity, the need for little or no commitment, planning and money on the part of the donor meant that those ways of giving are crucial if charities are to continue to engage with a large proportion of the public⁴.

2.4.4 Collections in the street and from house to house appeals, therefore, generate a comparatively small share of the money donated to charity overall. However, collections undertaken in those ways are important as some donors might not respond to other fundraising methods. These collecting techniques also help to raise the profile of charitable organisations. Collectors often represent the public face of charities to many people who might not encounter the organisation in any other situation.

Specific risks

2.4.5 That the implementation of the existing legislation is inconsistent and there is an absence of policies with transparent rationally grounded criteria. As a result, collecting revenues are depressed because some local authorities do not provide maximum opportunity for eligible, well conducted collections consistent with local capacity. For example, feedback received from the consultation events and at various meetings attended, showed that local authorities adopted different approaches when assessing the capacity of their areas. In some areas one street collection would be allowed per week while in other areas licensing officers had taken action to divide town centres into zones, thereby offering more opportunities for collecting activity.

² NCVO UK Voluntary Sector Almanac 2002

³ NCVO UK Voluntary Sector Almanac 2004

⁴ NCVO UK Voluntary Sector Almanac 2004

- 2.4.6 A decline in public trust and confidence in the collection of direct debit solicitations (also called face to face fundraising) because of 'saturation' with some collection sites being over-used. There is a lack of clarity in the legislation in terms of the current need for licensing and the absence of relevant case law has meant that there has been inconsistency in practice. The results of the consultation exercise showed general acceptance that this area of fundraising activity required regulation. 92% of the 222 respondents who commented on the recommendation supported its inclusion within the new scheme. Of the 37 local authorities who expanded on their reasons for favouring its inclusion, 16% reported that they had received complaints about that collection method and 13.5% felt that it gave rise to a public nuisance. Some reported that members of the public avoided areas frequented by those collectors. Charities felt that its inclusion would promote public trust and confidence in this collecting method.
- 2.4.7 National exemption orders granted by the Home Office to organisations collecting in a significant number of local licensing authority areas throughout England and Wales provides an unfair advantage to national organisations engaged in large-scale house to house fundraising activity over smaller organisations which do not collect so extensively. Currently, the 43 exemption order holders are able to undertake collections house to house without applying to local authorities for a permit, although they should notify local authorities of the dates and locations of their collections. As a result of the operation of the exemption order regime, the costs incurred by a regional charity wishing to undertake a region wide house to house collection would be more than for a national exemption order charity wishing to undertake the same collection in the same area.

3. Options

- 3.1 Option 1: Retain the status quo
- 3.2 Option 2: Rely on a voluntary code of practice/self-regulation by the sector.
- 3.3 Option 3: Require local authorities to operate a licensing scheme for public collections which is risk focused and proportionate to the collection method employed.
- 3.4 Option 4: Require the Charity Commission with local authorities to operate a licensing scheme for public collections which is also risk focused and proportionate to the collection method employed.

4. Benefits

- 4.1 Option 1: Limited. The current legislation is hopelessly out of date and the extent of its application is not clear. For example, it is not clear whether the regulations currently extend to direct debit solicitations and local authorities are not obliged to have street regulations, although the

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majority (80%) of them do. However, even though the legislation governing public collections is both outdated and complex local authorities and charities would be familiar with the operation of the current scheme and have developed ways of working with it.

- 4.2 Option 2: Limited. The Government accepts that self-regulation should be the first resort in improving fundraising standards and practices. The advantage of self-regulation in that area is that fundraising organisations would be centrally involved in devising and implementing regulation and would be more committed to it. That would also apply in part to the licensing of public collections. However, the Government recognises that existing charitable collection law provides a level of protection against bogus collections, fraud and public nuisance. A total absence of regulation in this area might harm public confidence in charitable giving through the risk of non-compliance. Self-regulation would be concerned with maximising collecting revenues where statutory regulation would be concerned with maximising collecting revenues and improving public attitudes to fundraising.
- 4.3 Option 3: For the most part, this option would build on existing provision, simplifying and rationalising it to provide a single regime which should be easier to understand than the current legislation. This would significantly reduce the confusion which exists currently among charities, local authorities, professional fundraising organisations and the public. It would also promote greater uniformity in the application of the law. It has the additional advantages of being a risk focussed and proportionate approach to licensing. It would promote an increase in public confidence in public collections without imposing a licensing requirement on the smallest collections or stifling fundraising activity. Collections on a house to house basis would be subject only to a check on the fitness of the charity, philanthropic or benevolent organisation to undertake a collection and then required to notify the local authorities about the collection. Local authorities would not be required to monitor collection returns as the costs of the collection and the amounts used for charitable purposes are matters for the trustees of the charity or similar body of a philanthropic or benevolent organisation. That would reduce charities' costs and might well free up time for local authorities to take enforcement action. It would extend to many organisations the benefits reserved at present to Exemption Order holders only.
- 4.4 Option 3 would preserve local authority control over the public nuisance aspects of fundraising (such as too many fundraisers working in a high street) and set basic requirements for the conduct of collections. Option 3 would sit alongside the self-regulatory initiative which is currently being taken forward by the sector and aims to encourage and promote good practice in respect of all methods of fundraising. The Government accepts that self-regulation should be the first resort in improving fundraising standards and practice. Organisations are more likely to be fully committed to it and it is likely that self-regulation would be able to adapt quicker than statutory regulation to changes in fundraising practices. However, the Government believes that the

removal of all existing statutory regulation and reliance in future solely on self-regulatory mechanisms would be likely to have a negative effect on public confidence with a possible resultant drop in charitable giving. The Home Secretary would have the power to introduce statutory regulation should self-regulation fail.

- 4.6 Option 4: This has the benefits identified for option 3 but it has the additional benefit of placing responsibility for determining certificates of fitness with one body, the Commission. That would ensure consistency in the decision-making process.
- 4.7 The responses to the consultation exercise showed that local authorities do not operate a consistent approach to the regulation of public collections. For example, respondents who opposed the lead local authority proposal (in the form put forward in the consultation document) typically felt that it would result in swamping of certain local authorities who were either seen as efficient or a soft touch. Placing responsibility for determining the certificate of fitness with a central body, such as the Charity Commission, would ensure consistency of approach in the assessment process. It would further ensure consistency where conditions are attached to the certificate of fitness.
- 4.8 There are also other practical benefits to the certificate of fitness being issued by a central body. For example, while details have not been finalised the Commission might operate a database, available on its website, containing up to date information about the certificates of fitness currently in force. When considering an application for a permit or when recording a notifiable collection it would then be open to the local authority to undertake a quick database check to ensure that the collection a certificate of fitness in force. It would also be helpful for local authorities to have one central body to approach for that information as opposed to contacting various lead local authorities.

5. Principal elements of the proposed scheme

- 5.1 The table at Annex A provides a breakdown of the different types of collections and the processes an organiser would have to go through in order to undertake those collections.

5.2 The new Scheme

Generally the provisions of the new scheme (option 4) are very similar to the provisions of option 3. The main difference being that the certificate of fitness would be issued by the Charity Commission as opposed to the lead local authority.

Under the new scheme the granting of a permit to collect would be subject to a two stage test. Firstly, an organisation would have to satisfy the Commission that they were fit to collect and, if satisfied, the Commission would issue a certificate of fitness that would be valid for up to five years. Secondly, local authorities would issue a permit to

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collect once they had satisfied themselves that there was capacity in their area for the collection. Existing permits would be allowed to expire but new permits would be granted under the new scheme.

Where the Commission had concerns about an organisation or where the organisation was not known to them it would be open to the Commission to take action to attach conditions to the certificate of fitness. For example, the Commission might request the submission of a collection return or require notification of relevant changes in circumstances.

The new scheme would cover all types of public charitable collections, albeit that different types of collections would be subject to different requirements. A description of the operation of the new scheme is provided in the table below.

Type of collection	Application for a certificate of fitness (to Charity Commission)	Local authority requirement
Short-term local collections	Application not required	Notification to the relevant local authority
Collections on a house to house basis (in one local authority area)	Yes	Notification to the relevant local authority
Collections on a house to house basis (in more than one local authority area)	Yes	Notification to the relevant local authorities
Collections undertaken in a public place (in one local authority only)	Yes	Application to the relevant local authority for a permit to collect.
Collections undertaken in a public place (in more than one local authority area)	Yes	Applications to the relevant local authorities for a permit to collect.

5.3 The definition of public place

Currently, local authorities do not generally license charitable collections on private property such as supermarket forecourts and railway station concourses. This provides a potential loophole for those who wish to avoid the checks and controls of the licensing system. Under the new scheme the definition of public place would be extended so that collections would be licensed if they took place in areas where the public have unrestricted access, that includes land commonly used by the public as a highway or to which they have regular access. However, that would be an additional burden for charities who would be

required to obtain the permission of site owners as well as a permit from the local authorities. The Government does not believe that fundraisers should be given a permit to collect on private property in contravention of the wishes of the site owner.

The National Trust and similar organisations occupy land which the public may walk on without payment or barrier and it would be disproportionate to expect those organisations to apply for a permit to collect on their own land. Under the new scheme those organisations would not be required to apply for a permit in order to carry out a collection on their own land and those collections would be specifically excluded from the scope of the scheme. However, other organisations that might wish to undertake a collection on land owned by organisations, such as the National Trust, to which the public has unrestricted access would be required to apply for a permit in the usual way. That would also include obtaining the organisation's permission to undertake the collection.

- 5.4 Replacing National Exemption Orders with a 'certificate of fitness'
National Exemption Orders issued by the Home Office to large organisations conducting house to house collections in a significant area of England and Wales would be replaced by a new 'certificate of fitness'. The 'certificate of fitness' system would be extended to apply to street collections. In that way it should reduce the overall burden for those wishing to collect both house to house and in the street in more than one local authority area.

- 5.5 Collections on a house to house basis
Collections undertaken on a house to house basis would be subject to the test of fitness and, if successful, organisers would be required only to notify the local authorities of the dates and locations of collections. Organisers would not be required to obtain a permit to collect as it is not considered that collections on a house to house basis would impact on the capacity of an area, in the same way as a street collection. The timing of the notification and the content of it would be prescribed by subsequent regulations, which would be the subject of a further consultation exercise. However, it is likely that the notification requirements for the house to house collection of goods by charity shops would be less onerous than for other types of collections undertaken on a house to house basis.

However, feedback received during the consultation events suggested that some people would consider that the collection of cash or direct debits on a door to door basis constitutes a public nuisance. They appeared more concerned about collectors calling at their homes than collecting in the street. The proposal to remove the test of capacity from collections undertaken on a house to house basis would probably increase their concerns. The Government recognises that but figures received show that the number of collectors calling at households is not as significant as people believe. For example, based on the number of collections for direct debit solicitations currently undertaken on a house

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to house basis in the central London area it has been estimated that households would be visited no more than 4-6 times per year by a collector seeking a direct debit solicitation⁵.

5.6 Local, short-term collections

Local, short-term collections such as carol singing or one-off spontaneous appeals would not be required to apply for a certificate of fitness or a permit to collect. However, the organisers of those collections would be required to inform the local authority about the collection. The timing of the notification and the content of it would be prescribed by subsequent regulations, which would be the subject of a further consultation exercise. However, it is likely to include details about where the proceeds are to be applied; the date or dates on which the collection is to be conducted; and the place at which, or the locality within which, the collection is to be conducted. On submission of that notification it would be open to local authorities to take action to require a full application where it appeared to them that the collection was not of a local, short-term nature. Guidance would specify the circumstances where it would be appropriate for local authorities to take that course of action. However, the decision to require a full application would be subject to appeal to the Magistrates' court.

5.7 Appeals against the refusal of certificates of fitness or permits

At present there is a right of appeal to the Home Secretary against the refusal of a house to house collection permit but not against the refusal of a street collection permit. Under the new scheme there would be a right of appeal against refusal of both. Appeals in relation to the certificate of fitness would be considered by the new charity appeals tribunal and appeals relating to a permit would be considered by the Magistrates' court.

5.8 Responsibility for licensing in London

Currently in London the Metropolitan Police are responsible for the licensing of both street and house to house collections. The Common Council of the City of London administer the licensing regime within the City of London. Under the new scheme responsibility for issuing permits and recording notifiable collections would transfer to the London boroughs. That would result in a consistent approach to the licensing of public collections, throughout the country, but would represent an additional burden to the London boroughs.

5.9 The scope of charitable, philanthropic and benevolent purposes/causes

The new scheme would, as at present, cover collections for charitable, philanthropic and benevolent purposes. A number of respondents to the consultation exercise acknowledge that it was difficult to identify a clear definition for philanthropic and benevolent and there was no consensus on an actual definition. Some respondents felt that for the purposes of the scheme a broad definition should be adopted. They argued that it was for members of the public to decide which

⁵ Taken from the response to the consultation provided by the PFRA.

organisations they wished to donate to, provided they had been subject to the appropriate checks. Local authorities have experienced difficulties in determining whether particular non charitable causes qualify as philanthropic and benevolent. The Commission currently has little experience in dealing with non charitable organisations and this would represent an entire new area of work for them. It is intended that the central guidance would address the matter of the definition of philanthropic and benevolent and that would be consulted upon. While the Government recognises that this is a difficult area it believes that a workable definition could be attained. Responsibility for issuing certificates of fitness falling to one central body, the Commission, would ensure that once the definition had been formulated it would be applied consistently.

5.10 Capacity

The scope for inconsistency in the operation of the new scheme would be limited by the provision of clear central published guidance. The guidance would set out those matters which should or should not be taken into account when decisions about capacity are being made. However, the Government recognises that local areas, because of their differing circumstances, can sustain different levels of collecting activity. The level at which collections would generate a viable return, referred to as the capacity of an area, would not be decided on the basis of arbitrary criteria.

5.11 Accounting for collections and returns

The Government believes that the costs associated with undertaking a collection and the funds raised are a matter for the trustees of the charity or similar body for a philanthropic or benevolent organisation. It is the trustee body which retains legal responsibility for the collection and the proceeds of it. For that reason, the Government does not believe that it is appropriate for organisations to routinely submit returns / accounts for each collection.

In any event many public collections are organised by registered charities and those organisations already report and account to the Commission the collation of further returns to be submitted to the Commission would be excessive. Under the new scheme organisations would not be required to submit specific collection returns to the Commission, although the Commission would have the power to ask for the submission of accounts where they considered that to be appropriate. That power might be used, for example, where the Commission had concerns about a collection or where the organisation was not known to them.

However, routine monitoring of collection returns would be a useful tool in ensuring that organisations are mindful of the costs incurred when undertaking a collection. It would enable the Commission to readily take action where costs appeared excessive or the amount donated to charity appeared inadequate.

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The Government recognises that there are advantages in continuing to routinely monitor collection returns but on balance believes that they would not justify the time and expense incurred by the Commission in chasing and examining those returns. Under the new scheme organisations would be required to retain accounts for their collections, which could be examined by the Commission where concerns have been raised. The regulations would specify which accounts should be retained. The Commission would also have the power to ask for returns where they had concerns.

5.12 Fitness

The table attached at Annex B, sets out those areas on which local authorities could currently refuse an application for a house to house permit on the grounds of fitness; the matters it was proposed that they would have considered under Part III of the Charities Act 1992 and the matters to be considered by the Commission under the new scheme.

In the majority of cases fitness to collect under the new scheme would focus on whether the applicant had been convicted of a relevant offence; whether the person promoting the collection (if different from the applicant) had been duly authorised by the applicant to do so; whether the applicant had exercised due diligence to ensure that the collectors were fit and proper persons, who complied with the provisions of the regulations made in relation to this matter; and whether the applicant had taken action to prevent badges or certificates of authority being obtained by persons other than those he had authorised. Applicants would need to satisfy the Commission that due diligence would be exercised in relation to future collections as well as their record from previous collections.

However, the Government recognises that in some cases the Commission might wish to take action to consider the efficiency of a collection before issuing a certificate of fitness. For that reason the Commission would be able to consider efficiency and to refuse an application on the basis of inefficiency, for example, where the cost of the collection was disproportionate to the amount to be applied to charitable purposes. The Commission would be placed in an untenable position if they could not refuse to issue a certificate of fitness to a charity, even where they were investigating that charity for misappropriation of funds.

6. **What the new scheme is designed to achieve.**

- 6.1 Increase public trust and confidence in public charitable collections. That increase would be achieved by extending the definition of public place to cover areas to which the public has unrestricted access and which are not currently regulated and enlarging the scope of the regime to cover face to face fundraising. It would also be achieved by local authorities being made aware of all the legitimate collecting activity being undertaken in their areas.

- 6.2 Ensures consistency in the operation of the scheme by the transfer of the consideration of the fitness of an organisation to a single centralised body, the Commission. The provision of Home Office guidance to the local authorities would provide a guide on the assessment of the capacity of an area. That guidance would be subject to further consultation.
- 6.3 Reduce the administrative burden placed on all organisations wishing to undertake a street collection in more than one local authority area. Currently organisations would be required to submit separate full applications to each of the local authorities in whose areas they wished to collect. Under the new scheme those charities would make one application for a certificate of fitness to the Commission, which could be in force for up to five years, and then apply to the relevant local authorities for a permit, which would be assessed on the grounds of capacity only.
- 6.4 However, the Government recognises that for collections undertaken in one local authority area the new scheme could present an additional burden, as those organisers may need to apply to the Commission for a certificate of fitness and then to the local authority for a permit. Previously, they would have applied to the local authority only. The impact of that would be kept to a minimum because the certificate of fitness could be in force for up to five years and some of those collections would fall into the category of short-term, local collections, which would not be required to obtain a certificate of fitness, or a permit to collect.
- 6.5 In terms of organisations wishing to undertake house to house collections in more than one local authority area there would be a reduction in the administrative burden placed on regional and smaller organisations. Under the new scheme those organisations would be required to obtain a certificate of fitness only and then to notify the relevant local authorities about the collections. As with street collections, currently, they are required to submit an application to all the local authorities in whose areas the collection was to take place. Each local authority would consider whether it was a fit collection and whether the area had capacity for it.
- 6.6 The removal of National Exemption Orders would increase the administrative burden for the current exemption holders, but that should be kept to a minimum. Collections on a house to house basis would be subject to a fitness assessment only and then required to notify the local authorities about the collection in the same way as they should do now. In that way, the additional burden for them would be providing the information for the fitness test. Again the impact here would be minimal, organisations are already required to provide information to the Home Office in order to obtain an exemption order and to alter the details on the order. They are also required to prepare and submit accounts to the Home Office, which they would not be required to do as a general rule under the new scheme.

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- 6.7 Reduce the administrative burden for those organising local, short-term collections such as carol singing or one-off spontaneous appeals in the street. At present, such activity has to be licensed as no local exemption is currently available for such collections in the street in the way that there is for house to house collections.
- 6.8 Significantly reduce the amount of time that individual local authorities spend on the administration of the scheme, with the transfer of the consideration of fitness from the local authorities to the Commission. Local authorities would remain responsible only for the considering of applications for permits to undertake street collections on the basis of capacity and the recording of notifiable collections.
- 6.9 Reduce the administrative burden on professional fundraising organisations who organise collections on behalf of charities and other voluntary organisations as they would no longer be required to make a return for each collection. Due to the complex nature of direct debit solicitations (including lead in times) some respondents to the consultation commented that estimates / returns submitted covering this type of collection are of limited value.

7. Business sectors affected

- 7.1 The standardisation of the licensing system for charitable fundraising would impact primarily on the charitable sector. Secondary sectors affected would be professional fundraisers.
- 7.2 More effective regulatory controls particularly over face to face fundraising would be welcomed by businesses some of whom complain that saturation cover by face to face collectors adversely impacts on their businesses.

8. Issues of equity and fairness

- 8.1 The objective of the new licensing scheme for public charitable collections is to correct the current inconsistent, outdated and unnecessarily complicated legislation governing such collections. The aim is to create a fair and cost effective system to replace the existing system. It would achieve that by introducing a system that is proportionate and risk focussed, which seeks to facilitate responsible fundraising activity while providing protection to the public from bogus collectors. It also ensures greater consistency as a result of the Commission undertaking the role of issuing certificates of fitness. Under the new scheme, local authorities would be aware of all the legitimate organisations collecting in their area (even though they would not all have been subject to the licensing regime). In that way any collections undertaken without a permit or without prior notification might not be legitimate and might warrant further investigation by the local authority.
- 8.2 As outlined above, the current system of exemption orders provides an advantage to the large national organisations over regional and smaller

ones. Under the new scheme all organisations would apply to the Commission for a certificate of fitness, which for house to house collections would operate in much the same way as the current exemption order scheme. In that way, all organisations would be placed on a level playing field.

- 8.3 Consideration has been given to the impact these proposals on minority groups. It is not considered that these proposals would have a disproportionate impact on such groups.

9. Costs for businesses, charities and voluntary organisations

9.1 Option1: Retain the status quo - no additional costs

9.1.1 We have limited information on the costs to the local authorities of administering the current system of licensing. Following the consultation exercise Home Office officials spoke with a number of local authorities who provided some information in relation to the actual costs of administering the current scheme of licensing. Where local authorities had provided sufficient information in response to the consultation exercise or where they had provided no information in relation to the actual costs of operating the current scheme, no further contact was made. The table attached at Annex C outlines the costs to the local authorities of administering the current system of licensing, this reflects the information provided by 37 local authorities.

9.1.2 Using the figures provided at Annex C as a guide (which should be treated with caution) it is estimated that the average cost to a local authority of administering the current scheme of licensing would be somewhere in the region of £7,067.50 per annum. The average cost of processing an application was £47.92.

9.1.3 The estimated costs of operating the current system of licensing vary considerably from one local authority to the next, it ranged from £4.36 per permit application to £316.94. The majority of local authorities spoken to had been unable to undertake active enforcement work, although some of those did in response to complaints. That pattern would probably be repeated throughout the country and, therefore, the differing cost levels are likely to be due to the differing levels of checks undertaken at application stage and on the returns submitted.

9.1.4 The Metropolitan Police are responsible for operating the current licensing regime in the London boroughs. However, in terms of face to face fundraising the Public Fundraising Regulatory Association (PFRA) also manages over 100 locations in London. The table below outlines the costs incurred by the Metropolitan Police in administering the licensing regime across the London boroughs. It does not include the costs of bringing any prosecutions.

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No of permit applications per annum	Cost per permit	Total costs per annum
Street – 164 House to house – 62 Total – 226	£143.80	£32,500 (£30,000 - £35,000)

9.1.5 Currently, there is also a cost to the Home Office in terms of the operation of the exemption order regime and confirming street collection regulations. The costs are outlined in the table below.

Type of work	Costs per annum
exemption order applications / examining accounts	£8,250
Appeals against a refusal to issue a house to house collection permit	£3,050
Processing street regulations	£780

9.1.6 We do not have any significant information in relation to the actual cost to charities in operating the current licensing scheme. Some respondents to the consultation exercise provided a breakdown of the types of expenditure associated with the current system but did not provide an actual costs figure. Only one large charity provided an estimate as to costs but it would not reflect the costs incurred by the sector as a whole.

9.1.7 However, there is a cost to charities and fundraising organisations as a result of the inconsistent application of the current legislation. Evidence shows that some local authorities have adopted somewhat arbitrary criteria for denying access to collecting slots. For example, some local authorities would only grant permits to charities based within a specified area, at the exclusion of all other charities. Others would require in-depth information about the costs associated with the collection method adopted.

9.1.8 There is also a negative financial impact for the sector in terms of lost revenue due to the different treatment afforded to direct debit solicitations. For example, face to face fundraising has been prohibited in certain areas, where the local authorities are opposed to that collecting method. The PFRA estimated that that costs the sector millions of pounds in lost revenue each year⁶. However, local authorities operate their licensing regimes in order to reflect the views of local people and there would be a risk for them if their ability to operate such a scheme was removed.

⁶ The Public Fundraising Regulatory Association's response to "Public collections for charitable, philanthropic and benevolent purposes".

9.2 Option 2: Rely on a voluntary code of practice/self-regulation by the sector.

9.2.1 The main cost would be a loss of public confidence in fundraising. The public’s main interface with charities, except for those who receive services from the sector, is via public collections. That being so, how that activity is conducted plays an important part in determining the public perception of the integrity of the sector.

9.2.2 Removal of all existing statutory regulation and reliance in future solely on self-regulatory mechanisms would be likely to have a negative effect on public confidence with a possible resultant drop in charitable giving. There might also be an impact on public trust and confidence in collections if licensing was carried out solely by a self-regulatory body.

9.2.3 There is also a general risk with self-regulatory initiatives in that they could represent the interests of a small group of more powerful stakeholders rather than the interest of the entire sector.

9.2.4 It is unlikely to have a significant financial cost impact for the sector, although any self-regulatory scheme would have to be financed through what, in effect, would amount to a levy on donations in addition to the self-regulatory initiative which is currently being taken forward in relation to promoting good practice in fundraising. Self-regulation would sit alongside the statutory regulatory framework for public collections. Its focus would be to drive up standards in respect of all methods of fundraising. It will deal with issues of broad principle rather than detail.

9.3 Option 3: Require local authorities to operate a licensing scheme for public collections which is risk focussed and proportionate to the collection method employed - negligible cost implications.

Local authorities

9.3.1 There would be an initial cost to local authorities in terms of familiarising themselves with the requirements of the new scheme, which is considered in the following section.

9.3.2 We have estimated (rough guide) that the current licensing scheme costs local authorities, on average £7,067.50 per annum to administer. The table below outlines the requirements placed on local authorities in the operation of the current scheme and the requirements of Option 3.

Requirements of the Licensing Regime	
Current Scheme	Option 3
Each local authority would consider full applications for permits to undertake street collections. While not identified as such, in practice that would usually involve consideration of	Consideration by the lead authority only of the fitness of a collection and consideration by subsequent local authorities only on the basis of capacity.

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<p>the fitness of an application as well as a local authority's assessment as to whether they had capacity for the collection.</p>	
<p>Each local authority would consider full applications for permits to undertake house to house collections (with the exception of the exemption order holders). While not identified as such, in practice that would usually involve consideration of the fitness of an application as well as a local authority's assessment as to whether they had capacity for the collection.</p>	<p>Consideration by the lead authority only of the fitness of a collection, organisations would then notify local authorities about the collections but local authorities would not undertake an assessment as to capacity.</p>
<p>43 organisations hold Home Office Exemption Orders and are exempt from local authority licensing when they undertake collections house to house. Those organisations should notify local authorities of the dates and locations of their collections.</p>	<p>The lead authority system would replace the exemption order approach and local authorities would issue certificates of fitness to organisations for a period up to 5 years and it would extend to street collections.</p>
<p>Local authorities have the option of preparing street regulations for their areas, which are confirmed with the Home Office.</p>	<p>Under the unified scheme there would no longer be the need for street collection regulations.</p>
<p>Fitness tests consider whether the amount to be applied for charitable, benevolent or philanthropic purposes in consequence of the collection was adequate and whether the level of remuneration to be received was excessive.</p>	<p>Local authorities would not be required to consider those matters.</p>
<p>Each local authority scrutinises the returns received from the collections undertaken in their areas.</p>	<p>Local authorities would not monitor or scrutinise returns, except where it was considered appropriate, for example, where concerns had been raised.</p>
<p>There is uncertainty as to whether the current licensing regime extends to direct debit solicitation. Of the 97 local authorities who commented on the recommendation to include direct debit solicitation within the scope of the new scheme, 5 specifically commented that they already licensed it. Using that as a guide (albeit a cautious guide) it is estimated that approximately 5% of local authorities currently license the collection of direct debit solicitations.</p>	<p>Local authorities would be required to license the collection of direct debit solicitations subject to the conditions outlined above in terms of the different approaches for street and house to house collections.</p>

Local authorities are not required to license collections on private property to which the public has unrestricted access.	Local authorities would be required to license collections in those areas, including supermarket forecourts, railway station concourses and the common parts of shopping centres.
There is a right of appeal to the Home Secretary against a local authority's decision to refuse a house to house collection permit.	There would be a right of appeal to the Magistrates' court against a decision to refuse or withdraw a certificate of fitness for street and house to house collections and a decision to refuse or withdraw a street collection permit. As discussed below it is unlikely that the number of appeals would be significant.

- 9.3.3 There would be a slight increase in the number of permit applications received due to the removal of the Home Office Exemption Orders, the extension of the definition of public place and clarification that direct debit solicitation would fall within the scope of Option 3. However, under Option 3 the application process would be somewhat streamlined in that fitness would be considered only by the lead authority; fitness checks would not look into the costs of the collection or the remuneration received and local authorities would no longer monitor collection returns. Therefore, on balance, even with the inclusion of direct debit solicitations and the extension of the definition of public place the Government believes that the costs to the local authorities the Government in the operation of Option 3 would be reduced.
- 9.3.4 However, the Government received representations from the local government associations that the conclusion reached in the draft Regulatory Impact Assessment was incorrect and that the scheme as outlined under Option 3 would result in a significant increase in costs for some local authorities. For example, currently local authorities are not obliged to have street regulations in place and there are no prescribed reasons for refusal. During the summer the Government provided questionnaires to the Institute of Licensing for them to send to local licensing officers requesting more detailed information from them about the operation of the current licensing regime. Only 10 responses were received and regrettably that does not provide a sufficient sample size to be representative of all 410 local licensing authorities.
- 9.3.5 Notwithstanding that, the responses showed that the local authorities that responded to the questionnaire undertook checks on applications for street collections in the same way as they did for house to house collections. Of the 6 matters currently considered in relation to

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eligibility ⁷ the local authorities surveyed took action to check on average 4.5 of those 6 matters. Some local authorities reported that they undertook additional checks, such as contacting the Charity Commission or undertaking random police checks.

9.3.6 The Local Government Association have suggested that nationally it would cost £12 million for each local authority to develop and consult upon the guidelines for the capacity of their area. The intention is that the Government would prepare central guidelines on the determination of capacity which each local authority could apply to their areas. The Government would consult on those guidelines at a national level.

London Boroughs

9.3.7 Under the current scheme the Metropolitan Police have responsibility for licensing in London. The Government does not believe that the licensing of public collections is an appropriate function for the police service to undertake. The transfer of that function to the London boroughs would have a cost implication for the 32 boroughs. However, that is not to say that the London boroughs do not have a role to play in the current system of licensing. For example, applicants to the Metropolitan Police for a non flag day street collection are required to supply a letter from the Mayor of the relevant borough in support of the application. Flag day collections are allocated annually and local authorities are provided with a schedule of the collections for them to record, if they considered that appropriate.

9.3.8 The Commission have undertaken a search of the register of charities to identify the number of charities where the addresses entered onto the register falls within London. The Commission have identified 19,819 charities with a registered correspondence in areas which have London based postcodes. That does not mean that all of those charities are actually a) based in London or b) operating solely in London. Charities are also able to classify their areas of operation as part of the returns they send to the Commission and from interrogating that data the Commission has identified 13,557 "local" charities classified as operating in Greater London. However, we do not have information about how many of those charities will fundraise. There is no central record of the number of philanthropic or benevolent organisations in England and Wales.

9.3.8 The Metropolitan Police have estimated that the costs of operating the licensing regime in London is approximately £32,500 per annum, however, due to the operation of the lead authority proposal it would not be appropriate to estimate costs by dividing that sum by the 32 London boroughs. The lead authority principle would operate on the

⁷ The 6 matters are: whether the organisation is eligible to undertake the collection; whether the cost/benefit ratio is adequate; whether the level of remuneration is not excessive; whether the grant of a licence would facilitate an offence under the Vagrancy Act 1824; whether the applicant has taken steps to ensure that the collectors are fit and proper and ensure compliance; and whether the applicant has taken steps to prevent badges being obtained by persons other than the collectors.

basis that organisations apply for a certificate of fitness to the local authority in which the registered address of the charity falls. It is likely, therefore, that a number of London boroughs would receive a large number of applications.

9.3.9 The Metropolitan Police issued 164 street collection and 62 house to house collection permits in the last financial year. They estimate that the permits were issued to approximately 44 major charities and 95 individual charities. However, during the Christmas period from 1 to 24 December carol singing is licensed by the London boroughs on behalf of the OCU Commander of the area in which the collection is to take place. We have been unable to attain information in relation to the sites most commonly used in the London area as street collection permits are not designated to certain areas. Although all the London boroughs currently have street collections in their areas⁸. The PFRA currently manages, separately from the Metropolitan Police, 148 sites specifically for face to face fundraising in the London area and they estimate that those sites were used by 45 voluntary and community organisations in the last year. The table at Annex D outlines the number of sites managed by the PFRA in each of the London boroughs. Westminster currently has the largest number of sites (31) followed by Camden (13) and Kensington and Chelsea (11). The PFRA also manages house to house direct debit solicitation and they estimated that 35-40 postcodes are visited each week. They believed that the majority of those were carried out on behalf of exemption order holders⁹.

9.3.10 The Metropolitan Police currently restricts street collections to two days per week (usually Tuesday and Saturday) and so the implementation of the new regime might result in a rise in the number of collections per week. However, the rise would only be in line with the capacity of each London borough.

9.3.11 It is likely that the costs of operating the scheme would increase with the transfer of functions from the Metropolitan Police to the London boroughs. Costs would increase due to the operation of the lead authority proposal, the inclusion of face to face fundraising within the scope of the scheme which is not currently licensed by the Metropolitan Police and the extension of the definition of public place to include railway station concourses.

9.3.12 With the focus of collecting activities falling within the central London region, especially in Westminster, it is likely that the cost implications for those boroughs would be greater for than for those in outer London.

9.3.13 The figures we have received from the Metropolitan Police and the PFRA indicate that 184 organisations currently apply for licences to fundraise in the London area. There would be some duplication here in

⁸ Information received direct from the Metropolitan Police.

⁹ Information received direct from the PFRA.

that a number of those organisations would have applied to the Metropolitan Police and used the PFRA. We estimate that the cost to the London boroughs of administering the new scheme would be somewhere in the region of £32,500 to £104,000 per annum. We have calculated that using the current cost of administering the system to the Metropolitan Police as a baseline. We arrived at the upper figure by estimating that 184 applications for a certificate of fitness would be submitted subject to an 11% increase which would result in 204 applications. We have allowed for an 11% increase to reflect the fact that 11% of registered charities have their registered correspondence address in the London area. The average cost of processing an application is currently £47.92. That would mean that the cost of processing the applications for certificates of fitness would be in the region of £9,775.68. However, once granted a certificate of fitness an organisation might be required to approach each London borough for a permit on capacity grounds. We estimate that the consideration of an application for a permit would cost no more than 20% of the cost of a full application as it should involve no more than a diary check, that equates to £9.58 per application. The total cost would equate to £62,538.24 (£9.58 x 204 (no of applicants) x 32 (no of London boroughs)). We have allowed for a 50% increase in order to cover the increase in the number of days collections might be permitted under the new regime. That equates to £93,807.36 (£62,538.24 + 50%). Together with the cost of processing the certificates of fitness we estimate the maximum costs of administering the new scheme by the London boroughs would be approximately £103,583.04 per annum (£93,807.36 + £9,775.68). However, the Government is aware of the concerns of the London boroughs who have suggested that the level of licensed collecting activity in the London area is not representative of the level of collecting activity that actually takes place. One London borough has suggested that the ratio of unlicensed to licensed street collections might be as high as 4 – 1.

Charities, Philanthropic and Benevolent organisations

- 9.3.15 For the majority of fundraising organisations, charities and philanthropic and benevolent organisations, (other than current Exemption Order holders), wishing to undertake collections in more than one local authority area Option 3 would result in an overall reduction in costs. It would have negligible impact on those organisations wishing to collect in only one local authority area.
- 9.3.16 There might be some organisations that have, to date, undertaken collections only in public places, which are excluded under the current scheme but would fall under the scope of Option 3 by virtue of the extension of the definition of public place. For those organisations, there would be additional costs as a result of the licensing requirement extending to areas such as supermarket forecourts and railway station concourses and having to obtain dual permission from the site owner and the local authority. However, the Government believes that the extension of the definition of public place in Option 3 and Option 4 is important in acting as a deterrent against bogus collectors, who might

currently collect in areas such as supermarket forecourts and railway station concourses.

- 9.3.17 For organisations that undertake street collections in the London area there would be an impact in terms of the transfer of functions from the Metropolitan Police to the London boroughs. Under Options 3 and 4, once they had been granted a certificate of fitness, they would be required to apply for a permit to each local authority in whose areas they wished to collect. Currently, for flag day collections a permit would be issued by the Metropolitan Police and no contact would be required with the individual local authorities.

Exemption order holders

- 9.3.18 The 43 organisations currently holding Home Office Exemption Orders for house to house collections throughout England and Wales would need to adapt their policies to ensure compliance with Options 3 and 4 as Home Office Exemption Orders would be abolished. The cost implications of that would be kept to a minimum as collections on a house to house would not require a permit to collect under Option 3 or Option 4, although organisations would be required to notify local authorities about the collection. That reflects broadly the operation of the exemption order system currently in place, albeit that a certificate of fitness would be issued for up to five years and the exemption orders are issued on an indefinite basis.

- 9.3.19 Like other organisations under Options 3 and 4 there would be a decrease in administration for the current Exemption Order holders in terms of the extension of the lead authority approach to street collections. Currently, Exemption Order holders are required to apply for street collection permits to each area local authority in whose area they wished to collect.

Local, short-term collections

- 9.3.20 Organisers of house to house collections are currently required to obtain permission from the local police for those collections. There is currently no exemption for local short-term street collections, which need to make a full application to the relevant local authority. The removal of these types of local short-term collections from the scope of the scheme would result in decreased costs for organisers. Although, organisers would be required to notify the local authority about the collection.

- 9.4 Option 4:** Require the Charity Commission with local authorities to operate a licensing scheme for public collections which is also risk focused and proportionate to the collection method employed.

Charity Commission

- 9.4.1 There would be a significant resource implication to the Charity Commission in terms of the transfer of the licensing function to them.

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- 9.4.2 As this is a relatively recent proposal, resulting from the Government's acceptance of the Joint Committee's recommendation, the resource implications for the Charity Commission are necessarily based on preliminary research to establish the likely number of applicants and the proportions of straightforward and complex work involved in establishing and operating the system.
- 9.4.3 The Commission has looked at two scenarios at what it estimates to be either end of the potential scale, the first looking at both the lower end of the volume of applicants and assuming a largely simple, smooth-running operation of the scheme, and the second scenario combining both high numbers of applicants and a higher level of complexity in terms of types of applicants and levels of complaints etc. The extent of the range highlights the need for more detailed research before a more accurate estimate can be reached.
- 9.4.4 The estimated number of organisations that would require a certificate of fitness is based on research carried out by the Scottish Executive Central Research Unit, and published in 2000 in the report "Scottish Charity Legislation: An Evaluation". This research identified the proportion of recognised charities from different income bands that were involved in public charitable collections in Scotland. The Charity Commission has applied the same proportions by income band to the total number of charities in England and Wales, comprised of 164,781 main charities registered with the Commission, and the estimated 100,000 unregistered charities. Several assumptions underpin the low and high estimates, as follows:
- a) unregistered charities are distributed across the income bands in the same way as registered charities. This assumption is consistent with the estimate of the number of exempt and excepted charities with incomes over £100,000 per annum.
 - b) The Scottish research included analysis of two different relevant types of public collection; door to door / street collections, and shopping precinct / supermarket collections. It identified the proportion of charities engaged in these collection activities within each income band, although it did acknowledge that there would be duplication, with a number of charities using both methods of collection. For the low volume estimate, the method of collection with higher percentage figure for that income band has been used (thus assuming that these charities include all of the charities undertaking the other type of collection). For the high estimate, for each income band the higher percentage figure has been used, with an additional 50% of the other percentage (thus assuming less duplication between the collection methods).
 - c) It is not known how many applications are to be expected from philanthropic and benevolent organisations, other organisations, or individuals, in addition to those undertaken by charities. For the low estimate, 10% of the total number of charities has been

assumed. For the high estimate, 30% of the total number of charities has been assumed.

- d) Figures provided to the Home Office from ten local authorities in summer 2004 suggest that 35 applications were refused last year on the grounds of eligibility. If that were repeated across 410 local authorities, without allowing for duplication, it would give an approximate number of 1,400 refusals on the grounds of eligibility.
- e) Allowance has also been made for local short-term collections, which would be exempted from the need for a certificate of fitness. For both the low and high estimates, it has been assumed that all charities in the £0-£1,000 income band would only conduct exempted collections, and therefore not require a certificate of fitness. For charities with an income of between £1,000 and £10,000 it has been assumed for the low estimate that 50% would only conduct exempt collections, and for the high estimate that 25% would only conduct exempt collections. For the other income bands it has been assumed that no charities would be conducting exempt collections.

Charity Income band	Charities Within Income Band	Low volume assumptions		High volume assumptions	
		Collecting Charities	Charities Requiring PCC	Collecting Charities	Charities Requiring PCC
£0 - £1,000	60,650	1,820 (3%)	0	2,425 (4%)	0
£1001 - £10,000	98,800	6,920 (7%)	3,460	9,880 (10%)	7,410
£10,001 - £250,000	87,200	6,100 (7%)	6,100	8,720 (10%)	8,720
£250,001 and above	18,100	2,350 (13%)	2,350	3,165 (17.5%)	3,165
Total (Charities only)*	264,750	17,190	11,910	24,190	19,295
Additional Collections (e.g. philanthropic / benevolent, or professional fundraisers)			1,190 (10% of number of charities)		5,790 (30% of number of charities)
Ineligible Applications			1,400		1,400
Overall Total			14,500		26,485

* The total number of charities comprises 164,781 main charities registered with the Charity Commission, and the estimated 100,000 unregistered charities.

- 9.4.5 The certificate of fitness would have validity of up to five years. There will need to be transitional provisions to prevent the Commission being swamped with applications in the first year, and every subsequent fifth year.

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9.4.6 The Commission has provided cost estimates based on the low and high estimates of the number of certificates required, detailed above, and on unit costs of similar types of work it currently undertakes. For both scenarios there are some constants – the scheme development costs (including producing guidance, setting up IT infrastructure, training staff, publicising the scheme) and the IT running costs. The Commission has used approximate comparisons with existing work it undertakes to reach unit costs for the different elements of the scheme. For example, handling a basic enquiry from a member of the public is allocated a unit cost based on its current contact centre costs, and a basic status check for a registered charity applicant is given a unit cost equivalent to half the cost of determining small charity registration.

9.4.7 The low volume and complexity estimate assumes:

- a) Lower volume of applicants totaling 4,000 per annum, with overall number of certificate holders at any given time of 14,500
- b) Low level of complexity, queries, complaints, investigations
- c) 90% of applications from registered and non-registered charities
- d) 8% of applications from philanthropic and benevolent organisations
- e) 1% of applications each from commercial and individual promoters
- f) 80% of applications granted straight away
- g) 10% of applications result in a request more information
- h) 10% of applications are refused
- i) 1% of applications go to appeal, 2.5% are issued with conditions which need supervising, and spot checks undertaken on 1% of certificates
- j) Complaints and general queries each at 5%, and investigations at 2.5%

Low Volume and Complexity Estimate				
	Yr 0	Yr1	Yr 2	Yr 3+
	Infrastructure development	Voluntary certification ¹⁰	Statutory implementation ¹¹	Rolling programme
Yr 0	£650,000			
Yr1		£3,619,500		
Yr2			£2,728,000	
Yr 3+				£2,728,000

9.4.8 The high volume and complexity estimate assumes:

- a) Higher volume of applicants totaling 7,000 per annum, with overall number of certificate holders at any given time of 26,500
- b) Higher level of complexity, queries, complaints, investigations

¹⁰ This represents the cost of getting all 14,500 certified before the scheme comes into effect. There are no 'maintenance' costs in this period, just dealing with all 14,500 applications

¹¹ Assuming that all collectors have been certified for staggered periods of time to allow for rolling renewals on a 5yr basis. This figure includes 4,000 applications, plus 'maintenance' costs for all 14,500 certificate holders.

- c) 70% of applications from registered and non-registered charities
- d) 20% of applications from philanthropic and benevolent organisations
- e) 5% of applications each from commercial and individual promoters
- f) 60% of applications granted straight away
- g) 30% of applications result in a request more information
- h) 10% of applications refused
- i) 1% of applications go to appeal, 5% are issued with conditions which need supervising, and spot checks undertaken on 2.5% of certificates
- j) Complaints and general queries each at 10% of applications, and investigations at 5% of applications

High Volume and Complexity Estimate				
	Yr 0	Yr1	Yr 2	Yr 3+
	Infrastructure development	Voluntary certification ¹²	Statutory implementation ¹³	Rolling programme
Yr 0	£650,000			
Yr1		£6,710,100		
Yr2			£8,519,800	
Yr 3+				£8,519,800

9.4.9 If these costs were divided amongst the 410 local authorities, it would represent a cost per local authority of £6,654 (low estimate) to £20,780 (high estimate) per annum.

9.4.10 These initial estimates present a broad range of potential cost, and the true cost should lie between the low and high estimates. Further research will be undertaken to arrive at a more accurate cost estimate, prior to implementation.

Local authorities

9.4.11 For the vast majority of local authorities the operation of the new licensing regime would result in significant cost savings. That is because responsibility for the licensing regime would pass in part to the Commission and because the checks undertaken would be greatly reduced from those undertaken currently. The following areas have been identified as ones which would result in cost savings to the local authorities:

- transfer of the consideration of the fitness of an organisation to collect to the Commission;
- removal of the requirement to consider applications for permits to undertake collections on a house to house basis and replaced by the requirement to record the notification of the collection;

¹² This represents the cost of getting all 14,500 certified before the scheme comes into effect. There are no 'maintenance' costs in this period, just dealing with all 14,500 applications

¹³ Assuming that all collectors have been certified for staggered periods of time to allow for rolling renewals on a 5yr basis. This figure includes 4,000 applications, plus 'maintenance' costs for all 14,500 certificate holders.

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- consideration of applications for a permit to undertake street collections on the basis of capacity only;
- removal of the requirement to monitor returns for collections; and
- removal of the need to formulate street collection regulations.

9.4.12 In some respects there would be extensions to the current licensing regime in terms of the extension of the definition of public place and the specific inclusion of direct debit solicitation within the scope of the new regime. However, even with the extension in those areas there would be a significant reduction in the administrative burden on the local authorities.

London boroughs

9.4.13 Currently the London boroughs have a very limited role to play in the regulation of public collections and the Government recognises that the transfer of the licensing function, albeit in a limited way, would have a cost implication for them.

9.4.14 Under the new scheme the London boroughs would take on responsibility for issuing permits to undertake street collections and for recording the notifiable collections. Using the figures already provided at paragraph 9.3.13 as a guide, the estimated costs to the London boroughs of taking on this role would be in the range of £32,500 to £93,807 per annum. The Government expects the costs to the London boroughs to be near the maximum for that range as this would represent a new area of work for them, in an area where they have little or no expertise. The Government also recognises that there are concerns relating to the number of unlicensed collections undertaken in the London area.

Exemption order holders

9.4.15 The costs to the exemption order holders in complying with the new system of licensing would be the same as outlined for option 3 (paragraphs 9.3.18 – 19).

Local, short-term collections

9.4.16 The costs to the organisers of local, short-term collections in complying with the new system of licensing would be the same as outlined for option 3 (paragraph 9.3.20).

9.4.17 However, there would be increased costs for the organisers of collections taking place in one local authority area that would not be classified as a local, short-term collection. Under the new scheme organisers of those collections would be required to apply separately to the Commission for a certificate of fitness and then either to notify the local authority about the collection (house to house) or to apply to the local authority for a permit to collect (street). Due to the limited information received in response to the consultation exercise the Government has not been able to quantify the additional costs here. However, it believes that additional costs (if any) would be kept to a

minimum as a certificate of fitness could be in force for up to five years. In the majority of cases the information required from an applicant for a certificate of fitness would be less than is required currently by local authorities and applicants would no longer be routinely required to submit returns.

Other costs

Familiarisation

- 9.5.1 **Option 3:** There would be a cost to local authorities in terms of familiarising themselves with the requirements of the new licensing scheme as well as staff time in the development of new policies and procedures to secure compliance with Option 3. Setting up costs would be greater for the London boroughs where currently no expertise exists in the administering of a licence scheme for public charitable collections.
- 9.5.2 We estimate that it would take 3 hours to train a licensing officer already familiar with the current licensing regime to understand the workings of Option 3. However, for the London boroughs that would be increased to 1 full day.
- 9.5.3 **Option 4:** There would be costs to the Commission in terms of training staff about the licensing regime and the process for considering certificates of fitness. These are included in the Commission's estimates in paragraphs 9.4.8 and 9.4.9 above.
- 9.5.4 As with Option 3 there would be costs to the local authorities in terms of familiarising themselves with the new licensing scheme as well as staff time in the development of new policies and procedures to ensure compliance. We estimate that it would take 3 hours to train a licensing officer already familiar with the current licensing regime to understand the workings of Option 4. However, for the London boroughs that would be increased to 1 full day.

Appeals

- 9.5.5 Currently there is a right of appeal to the Home Secretary against a decision to refuse a house to house collection licence but there is no right of appeal against a decision to refuse a street collection licence. However, in some areas, where decisions are delegated to licensing officers, organisations might have been able to appeal in the first instance to the licensing committee of that area. The table attached at Annex E outlines the number of appeals to the Home Secretary that have been received from 1 March 2001 to 29 February 2004, it also provides details of the grounds on which the applications were originally refused.
- 9.5.6 In all but one of the cases outlined at Annex E the grounds on which the application had originally been refused would not be relevant under Option 3. Most would be grounds for refusal under Option 4, but the Commission would only consider those grounds where necessary, and

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would publish guidance on its approach to determining certificate applications, to ensure consistency.

- 9.5.7 **Option 3.** In terms of house to house collection licences in the last 3 years only one appeal has been raised on grounds that would be relevant under Option 3. Using that as a guide the Government estimates that the number of appeals against a decision to refuse a certificate of fitness to undertake a house to house collection under the new scheme would be between 3 and 5 per year. That would take into account the fact that under Option 3 the current Exemption Order holders would be required to apply for a certificate of fitness to undertake a house to house collection of property other than goods.
- 9.5.8 In terms of street collection permits we estimate that there are currently between 6 and 11 street collection permits granted for every house to house collection permit granted¹⁴. There were 18 appeals lodged in 3 years against decisions to refuse a house to house collections permit and only one of those was on grounds which would be applicable under Option 3. Therefore, one could estimate that there would be between 6 and 11 street collection appeals on the basis of fitness in a 3 year period. That would equate to an additional 2 to 3.66 appeals per year. For the purposes of costings we have estimated that there would be an additional 6 to 18.3 appeals per annum. That increase would take into account the fact that the figures for the current level of house to house appeals would not reflect any appeals the current Exemption Order holders might instigate.
- 9.5.9 However, we would expect additional appeals under Option 3 due to the extension of the definition of public place and the specific inclusion of face to face fundraising. In that way, the number of organisations requiring a street collection permit would increase. That might result in an extra 15-25 appeals per annum.
- 9.5.10 Applications for a street collection permit, unlike applications for a certificate of fitness to undertake a house to house collection, could be refused on the basis that an area did not have capacity for the collection. It is difficult to provide an estimate as to the number of additional appeals there might be in relation to capacity. On the one hand the number of organisations applying for a street collection permit is likely to increase because of the inclusion of face to face fundraising within the scope of the new scheme and the extension of the definition of public place. However, on the other hand the extension of the definition of public place would also result in there being more areas than currently available for allocation, provided the owner had given their permission. The refusal of an application for a permit on the basis of capacity would sensibly be addressed by the applicant seeking

¹⁴ Figures based on information provided by 13 local authorities and the Metropolitan Police - in total there were 1818.5 street permits compared with 310.5 house to house permits issued, when calculating the overall figure but using the individual ratio of each individual local authority that equates to 150.5 street permits compared with 14 house to house permits or 11 to 1.

an alternative date/dates for the collection rather than using the appeals process. It is unlikely, therefore, that there would be any more than 15-25 additional appeals on the basis of capacity per annum.

9.5.11 Under Option 3 the local authorities would retain the power to revoke certificates of fitness and the subsequent permits and to decide whether a collection satisfied the test as a local, short-term collection. Those decisions would be subject to appeal to the Magistrates' courts but it is unlikely that there would be any more than a handful of such cases.

9.5.12 While we cannot say with any certainty the length of time it would take to deal with appeals of the nature envisaged here, for the purposes of this document we have worked with the average length of time currently taken for appeals, which is three hours, at an average cost to the Magistrates' court of £328. The table below incorporates the figures provided above and provides an estimate as to the cost to the Magistrates' court of dealing with appeals in this area of licensing.

Decisions subject to appeal	No of appeals	Total cost (no of appeals x £328)
Certificate of fitness to undertake a house to house collection	3 - 5	£984 - £1,640
Certificate of fitness to undertake a street collection permit	6 - 18.5	£1,968 - £6,068
Permit to undertake a street collection	15 - 25	£4,920 - £8,200
Additional appeals due to the extension of the scheme	15 - 25	£4,920 - £8,200
Decisions to withdraw a certificate of fitness	4 - 7	£1,312 - £2,296
Total	43 - 80.5	£14,104 - £26,404

9.5.13 There would be an additional cost to the Magistrates' court in terms of familiarisation with the new scheme governing the licensing of public collections. However, that should be kept to a minimum provided that comprehensive guidance is provided that would be available to Magistrates' legal advisers.

9.5.14 Currently there is no fee attached to an appeal to the Home Secretary against a decision to refuse a house to house collection permit. Under the new scheme an appeal to the Magistrates' court would attract a fee and while we cannot give a clear indication as to what the actual fee would be, for the purposes of this document we have worked with a fee of £50. The cost of the application to the Magistrates' court would be dealt with by the award of costs at the court.

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9.5.15 Voluntary and community organisations and local authorities would incur costs as a result of progressing a case to appeal stage. While we are not able to quantify those costs the Government recognises that there would be a risk that any costs would deter both parties from progressing matters to appeal. However, that risk is no greater than currently exists in the operation of the right of appeal to the Home Secretary against a decision to refuse a House to House collection licence.

9.5.16 **Option 4:** There would be a right of appeal to the Charity Appeal Tribunal against the following decisions of the Charity Commission in respect of Certificates of Fitness:

- a decision to refuse to issue a certificate;
- a decision to suspend a certificate;
- a decision to withdraw a certificate;
- a decision to impose, add, or vary conditions on a certificate.

9.5.17 The Charity Commission estimates that 1% of applications would result in an appeal against refusal. In addition, allowance for appeals has been made for 10% of the applications which are estimated will be granted with conditions attached. The number of appeals would be dependent on the number of applications, as follows:

- Low estimate: 50 appeals
- High estimate: 105 appeals

9.5.18 The costs to the Charity Appeals Tribunal of dealing with these appeals are set out in chapter 2 of this Regulatory Impact Assessment.

9.5.19 However, there would still be a route of appeal to the Magistrates' court against a decision on the part of a local authority not to issue a permit to collect and against a decision to require a full application from an applicant that had considered the collection fell into the exemption for local, short-term collections. The figures are provided in the table below.

Decisions subject to appeal	No of appeals	Total cost (no of appeals x £328)
Permit to undertake a street collection	15 - 25	£4,920 - £8,200
Definition of local, short-term collections.	4 – 7	£1,312 - £2,296
Total	19 – 32	£6,232 - £10, 496

Costs for a typical business

9.5.18 The standardisation of the licensing system for public charitable collections will impact primarily on the charitable sector and the professional fundraisers and commercial participators they have agreements with. It aims to create a fair and cost effective system for the licensing of all public charitable collections.

10. Consultation with small businesses: the “Litmus Test”

10.1 We have spoken to three businesses, which the Small Business Service is satisfied represents a cross-section of small businesses for the purposes of this Regulatory Impact Assessment, to confirm that nothing in these proposals would represent a burden to them. They said that they would welcome clearer regulation of charitable fundraising because of their concerns about collectors who position themselves outside their retail outlets and have a negative impact on their trade. That view was endorsed by written representations received from other small businesses.

11. Competition Assessment

11.1 We have applied the competition filter test in accordance with the Office of Fair Trading’s guidelines for competition assessment. In doing so we have considered the effect of the proposed regulatory framework across business sectors in England and Wales.

11.2 The new scheme would impact primarily on the charities sector. We have no evidence to suggest that the new scheme would have any significant effect on competition in any related commercial sector.

11.3 Whilst charities do compete with each other for revenue from the general public in the ‘traditional’ sense of the meaning of the word competition, such competition arguably differs from that between commercial businesses which compete on products and services. It is the latter form of competition which the competition filter seeks to determine in considering market shares, entry barriers and whether the effect of a proposal is proportionate on the size of a business.

12. Enforcement and Sanctions

12.1 The Commission with local authorities would be responsible for administering the new licensing scheme, but the Home Office will provide clear guidance on how it should be operated. The guidance will be published and will therefore be available to charities.

12.3 The new scheme would impose sanctions for non compliance – the sanctions build on those already provided by the House to House Collections Act 1939 and Part III of the Charities Act 1992¹⁵, with the exception of (ii) and (vi) below, which would be new offences.

12.4 The offences and related penalties are:

- (i). Organising a collection without obtaining a permit from the local authority (Section 1(2) of the 1939 Act and Section 66 of the 1992 Act). *A fine not exceeding level 5 on the standard scale (max £5,000).*
- (ii) Organising a collection, exempt from the requirement to obtain a permit, without notifying the local authority (this is a new offence).

¹⁵ Part III of the Charities Act 1992 has not been brought into force.

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A fine not exceeding level 3 on the standard scale (max £1,000).

- (iii). Unauthorised use of documents / badges (Section 5 of the 1939 Act and Section 74(1) of the 1992 Act).
A fine not exceeding level 5 (max £5,000).
- (iv). Giving false information for the purposes of the Act (Section 8(6) of the 1939 Act and Section 74(3) of the 1992 Act).
A fine not exceeding level 5 (max £5,000).
- (v). Breaching the requirements on: use of badges in the prescribed form; presentation of badges, certificates on request; not allowing people under a certain age to collect (Section 73(2)&(3) of the 1992 Act).
A fine not exceeding level 2 on the standard scale (max £500).
- (vi). Breaching the requirements on the keeping of specified records (this is a new offence).
A fine not exceeding level 3 on the standard scale (max £1,000).

12.5 The successful operation of the new scheme would depend, in part, on organisations notifying local authorities of the collections they intend to undertake that would not be subject to the full licensing regime, that is, collections undertaken on a house to house basis or local, short-term collections. To ensure that local authorities are aware of all the collections taking place in their area the Government has introduced an offence for organising a collection without notifying the local authority about it.

12.6 Under the new scheme organisations would not routinely be required to submit returns to the Commission, although the Commission would have the power to require the submission of returns where they considered that to be appropriate. Regulations would specify the records which organisations would be required to prepare and retain. To ensure that the relevant records are kept the Government has introduced an offence for breaching those requirements.

Other measures

12.7 The introduction of a unified licensing scheme for public charitable collections would go some way to establishing better fundraising practice. However, the Strategy Unit review found that where fundraising organisations did not comply with the current system that was largely because of a lack of awareness of their duties. The review concluded that it would be of benefit to have a single point of contact for information about the regulatory requirements for fundraising. It recommended, therefore, that a self-regulatory initiative should be established based on a new voluntary Code of Practice which would promote and raise awareness of good practice in fundraising. The Institute of Fundraising sponsored an independent Commission ("The Buse Commission") to explore different models for a system of self-regulation, to consult and recommend a preferred model. Proposals for

the scheme are expected to be published in late 2004, with the scheme being introduced in 2005.

13. Monitoring and Review

- 13.1 It is the Government's intention that the Charity Commission, with advice from the Cabinet Office's Regulatory Impact Unit, will quantify the impact of regulation on charities and other not-for-profit organisations, monitor it over time, publish the results and highlight areas where regulation appears excessive. That would include the impact of the regulation of fundraising.

14. Consultation

Departmental consultation

- 14.1 The proposals for reform, as outlined in the consultation on public collections, were developed in conjunction with the Fundraising Advisory Group set up by the Home Office. The group included representatives from the Charity Commission, Home Office, Institute of Fundraising, National Council for Voluntary Organisations, Public Fundraising Regulatory Association, Charity Law Association, National Consumer Council, Welsh Assembly and Local Government Licensing Forum. We have also been in contact with the Office of the Deputy Prime Minister and the Department for Constitutional Affairs.

Public Consultation

- 14.2 The Government consulted on the proposals outlined in the consultation document "Public Collections for charitable, philanthropic and benevolent purposes" with charities and other not-for-profit organisations, local authorities and others affected by the regulation of public charitable collections. The consultation document was published on the Home Office website and copies of it were sent to representatives from the charitable sector as well as all local authorities. The document was translated into Welsh and copies were sent to the Welsh Assembly for onward distribution.
- 14.3 In order to further publicise the proposals 12 consultation events were held across England and Wales. Over 250 responses to the consultation exercise have been received. The proposals outlined above have been formulated in the light of the responses received to the consultation.

15. Summary and recommendation

Option	Benefits	Costs
1. Do nothing	Limited. <ul style="list-style-type: none"> ▪ Local authorities and the sector are familiar with the operation of the scheme. 	<ul style="list-style-type: none"> ▪ Legislation outdated and complex. ▪ Application and the extent of the legislation not clear.
2. Self-regulation	Limited <ul style="list-style-type: none"> ▪ Voluntary organisations likely to be more committed to a scheme 	<ul style="list-style-type: none"> ▪ Might harm public trust and confidence in fundraising. ▪ Does not offer a level of

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	<p>they had been involved in devising.</p>	<p>protection against bogus collections, fraud or public nuisance.</p>
<p>3. Risk focused licensing regime operated by the local authorities.</p>	<ul style="list-style-type: none"> ▪ Builds on existing provision and reduces confusion. ▪ Increases public trust and confidence in collections. ▪ Proportionate to the risks involved with different collecting methods. ▪ Preserves local authority control over capacity and public nuisance. ▪ Introduces the lead authority concept which would be fairer than the current exemption order system. ▪ Sits alongside the self-regulatory initiative being taken forward by the sector to improve standards in practice. ▪ Introduces an effective appeals mechanism in relation to all collections. ▪ Addresses the concerns of small businesses in relation to excessive fundraising. 	<ul style="list-style-type: none"> ▪ Increased costs to the Magistrates' courts as a result of the introduction of an appeals mechanism. ▪ Increased costs to the London boroughs as a result of the transfer of functions from the Metropolitan Police. ▪ Might give rise to concerns about public nuisance in terms of collections undertaken on a house to house basis. ▪ Risk of inconsistency in the consideration of the application for a certificate of fitness, with the role remaining with the individual local authorities.
<p>4. Risk focussed licensing regime operated by the Charity Commission in conjunction with the local authorities.</p>	<ul style="list-style-type: none"> ▪ Same as for Option 3 but under Option 4 the certificate of fitness would be issued by the Commission. That would ensure consistency in the decision making process. ▪ It greatly reduces the administrative burden on the vast majority of local authorities in terms of the transfer of the consideration of applications for a certificate of fitness to them. 	<ul style="list-style-type: none"> ▪ Increased costs to the Charity Commission as a result of the transfer of the consideration of the certificate of fitness to them. ▪ Increased costs to the Magistrates' courts as a result of the introduction of an appeals mechanism in relation to permits. ▪ Increased costs to the Charity Appeals Tribunal, in terms of dealing with appeals in relation to certificates of fitness. ▪ Increased costs to the London boroughs as a result of the transfer of functions from the Metropolitan Police. ▪ Might give rise to concerns about public nuisance in terms of collections undertaken on a house to house basis.

- 15.1 Option 4 builds on existing provision, but simplifies and rationalises it to provide a scheme, which should be easier to understand than the current system. The new scheme would be proportionate to the risks associated with different collecting methods and the consideration of the applications for a certificate of fitness by the Commission would ensure that the new scheme is applied with more consistency than the current regime.
- 15.2 It also maximises the benefits to small businesses in terms of their concerns about excessive fundraising. The new licensing scheme for public collections, including face to face fundraising, would deter excessive appeals and prevent nuisance to the public, while encouraging legitimate collecting activity.
- 15.3 Option 4 represents the recommendation of the Home Office.

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Proposed Public Collections Licensing Process

ANNEX A

Types of collection	Application for a certificate of fitness	Application for a permit	Notification to local authority of the collections in their areas.
Temporary local collection in one local authority area	No	No	Yes (notification requirements to be prescribed in Regulations following consultation).
Collection of goods house to house in one local authority area	Yes – application to the Charity Commission (application time limits to be specified in Regulations).	No	Yes (notification requirements to be prescribed in Regulations following consultation).
Collection of goods on a house to house basis in more than one local authority area.	Yes – application to the Charity Commission (application time limits to be specified in Regulations).	No	Yes (notification requirements to be prescribed in Regulations following consultation).
Collection of property other than goods on a house to house basis in one local authority area.	Yes – application to the Charity Commission (application time limits to be specified in Regulations).	No	Yes (notification requirements to be prescribed in Regulations following consultation).
Collection of property other than goods on a house to house basis in more than one local authority area.	Yes – application to the Charity Commission (application time limits to be specified in Regulations).	No	Yes (notification requirements to be prescribed in Regulations following consultation).
Collections undertaken in the street (including areas to which the public has unrestricted access) in one local authority area.	Yes – application to the Charity Commission (application time limits to be specified in Regulations).	Yes - application to Local Authority considered on basis of section 69(1)(a)&(b) of 1992 Act. Applications to be submitted 14 days before date of the first collection but not more than 6 mths before.	No - date allocated when application for a permit is considered.
Collections undertaken in the street (including areas to which the public has unrestricted access) in more than one local authority area.	Yes – application to the Charity Commission (application time limits to be specified in Regulations).	Yes - applications for a permit to be made to all of the areas in which the collections are to take place. Applications considered on basis of section 69(1)(a)&(b) of 1992 Act. Applications to be submitted 14 days before date of the first collection but not more than 6 mths before.	No - date allocated when application for a permit is considered.

ANNEX B

House to House Collections Act 1939	Charities Act 1992	Charities Bill
<p>3(a) - the total amount likely to be applied for charitable purposes as the result of the collection (including any amount already so applied) is inadequate in proportion to the value of the proceeds likely to be received (including any proceeds already received).</p> <p>3(b) - that remuneration is excessive in relation to the total amount likely to be applied for charitable purposes.</p> <p>3(c) - that the grant of a permit would be likely to facilitate the commission of an offence under section 3 of the Vagrancy Act 1824 or that an offence under that section has been committed in connection with the collection.</p> <p>3(d) - that the applicant or the holder of the permit is not a fit and proper person to hold a permit because he has been convicted in the UK of any of the offences in the Schedule to the Act, or any offence involving a finding that he had acted fraudulently or dishonestly, or of an offence of a kind which would be likely to be facilitated by the grant of a permit.</p> <p>3(e) - that the applicant or holder of a permit has failed to exercise due diligence to ensure that the that collectors for the purposes of the collection were fit and proper persons, to ensure compliance on the part of the collectors with the provisions of regulations made under this Act, or to prevent prescribed badges or prescribed certificates of authority being obtained by persons other than the authorised collectors.</p> <p>3(f) - that the applicant or holder of a permit had refused or neglected to furnish information as they may have reasonably required for the purposes of informing themselves as to any of the matters specified in paragraphs 3(a) to 3(e).</p>	<p>67(4) - before determining an application a local authority shall consult the chief officer of police for the police area which comprises or includes their area and may make other inquiries as they think fit.</p> <p>69 (1)(c) - if it appears to the local authority that the amount likely to be applied for charitable, benevolent or philanthropic purposes in consequence of the collection would be inadequate, having regard to the likely amount of the proceeds of the collection.</p> <p>69 (1)(d) - that it appears that the applicant or any other person would be likely to receive an excessive amount by way of remuneration in connection with the collection.</p> <p>69 (1)(e) - that the applicant has been convicted of a relevant offence (as specified in the Act).</p> <p>69 (1)(f) - where the applicant is a person other than a charitable, benevolent or philanthropic institution for whose benefit the collection is proposed to be conducted, that they are not satisfied that the applicant is authorised (whether by any such institution or by any person acting on behalf of any such institution) to promote the collection.</p> <p>69 (1)(g) - that the applicant failed to exercise due diligence to secure collectors were fit and proper persons; to secure that such persons complied with the provisions of regulations under section 73 or section 119 of the 1982 Act; or to prevent badges or certificates of authority being obtained by persons other than those he had so authorised.</p>	<p>Under the new scheme the Charity Commission could consider those matters outlined in 69(1) (c), (d), (e), (f) or (g) of the 1992 Act.</p> <p>There would be further grounds for refusal of a certificate of fitness:</p> <p>That the applicant has failed to supply relevant information requested or has supplied false or misleading information.</p> <p>That conditions of a previous public charitable collections certificate have been breached, or the conditions of a local authority permit have been consistently breached.</p>

**Costs to local authorities of administering the current system of
licensing**

Number of applications/ permits granted	Costs per application (£s)	Total annual cost (£s)
240	50.00	12000
56	316.94	17750
141	24.82	3500
312	14.00	4368
100	40.00	4000
400	37.50	15000
71	70.42	5000
450	17.77	8000
211	28.43	6000
109.5	22.83	2500
100	100.00	10000
60	25.00	1500
74	33.78	2500
160	24.25	3880
140	37.50	5250
104.5	23.92	2500
312	14.00	4368
174	46.15	8030
120	121.00	14520
135	35.55	4800
55	13.64	750
203	7.98	1620
229	4.36	1000
150	16.66	2500
70	142.85	10000
62	100.65	6240
212	141.50	30000
90	15.00	1350
246	19.25	4735.75
429	18.18	7800
124	21.97	2724
375	50.00	18750
260	81.11	21090
312	14.00	4368
312	14.00	4368
312	14.00	4368
312	14.00	4368
Total - 7223	1773.01	261497.75

Annex D

Number of sites managed by the PFRA by London Boroughs

LONDON BOROUGH	NUMBER OF COLLECTION SITES
Barking and Dagenham	3
Barnet	9
Bexley	3
Brent	7
Bromley	3
Camden	13
Croyden	3
Ealing	5
Enfield	5
Greenwich	5
Hackney	4
Hammersmith and Fulham	2
Haringey	3
Harrow	4
Havering	2
Hillingdon	2
Hounslow	3
Islington	8
Kensington and Chelsea	11
Kingston upon Thames	3
Lambeth	8
Lewisham	5
Merton	4
Newham	5
Redbridge	3
Richmond upon Thames	9
Southwark	8
Sutton	3
Tower Hamlets	6
Waltham Forest	3
Wandsworth	4
Westminster	31
City Corporation	1 (Liverpool Street Station)

Grounds for appeals from 1 March 2001 to 29 February 2004

Appeal Number	Grounds for refusal subject to appeal
01	Amount to charity is inadequate in proportion to the value of the proceeds of the collection.
02	Unable to supply sufficient information on the returns. Appeal upheld by Home Sec but on different grounds, that is, remuneration excessive in relation to the total amount likely to be applied for charitable purposes.
03	Remuneration is excessive in relation to the total amount (likely to be applied for charitable purposes) as the result of the collection.
04	Did not provide sufficient information to satisfy the council as to the ratio of the costs to the proceeds.
05	That the amount donated to the charity is inadequate in proportion to the money collected.
06	That the returns for the collection cannot be made and they were concerned about the percentage of money to be given to the nominated charities.
07	Remuneration was excessive.
08	Not supplied enough detailed information regarding remuneration.
09	That the amount donated to the charity is inadequate in proportion to the money collected & remuneration is excessive.
10	Only collections for goods and not money can be licensed for a whole year, direct debits cannot be collected house to house, direct debit collections must be for one named charity only, excessive remuneration.
11	Failure to exercise due diligence to secure that persons authorised to act as collectors were fit and proper & had failed to furnish such information as the local authority had required.
12	Remuneration is excessive in relation to the total amount likely to be applied for charitable purposes.
13	Remuneration is excessive in relation to the total amount (likely to be applied for charitable purposes).
14	Insufficient information as to satisfy the Council with regard to the ratio of costs to proceeds.
15	That amount likely to be applied for charitable purposes is inadequate in proportion to the money collected.
16	Financial requirements could not be met in terms of furnishing information on the costs ratio.
17	Collecting method would have a negative impact on vulnerable people (grounds not specified in the Act).
18	Total amount likely to be donated to charitable purposes was inadequate; that remuneration was excessive and the organisation had neglected or refused to furnish information.