



An Rialálaí
Carthanas

Charities
Regulator

Guidance Note for Registered Charities on Fundraising through Clothing Label Collections and Clothing Bank Collections



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Legal Disclaimer

This document sets out guidance of a general nature only. It is not, nor is it intended to be, a definitive statement of the law in this area and it is recommended that any charity or charity trustee should take appropriate advice on its, his or her own account before undertaking any action which may have significant legal, tax and/or other consequences.

1. Introduction

The Charities Regulator's functions under the Charities Act 2009 include ensuring the accountability of each charity to its donors, beneficiaries and the public and to increase public trust and confidence in the management and administration of charities. In line with these functions, in 2017 the Charities Regulator published 'Guidelines for Charitable Organisations on Fundraising from the Public' ('fundraising guidelines') which sets out best practice for charities who engage in fundraising from the public.

One of the most frequent concerns raised by members of the public with the Charities Regulator is in relation to whether certain clothing label collections and clothing bank collections are organised by, or for the benefit of, registered charities. This guidance note is aimed at assisting charity trustees whose charities use clothing collections as a method of fundraising.

Any donor wishing to ensure that a clothing donation goes to a charity, is encouraged by the Charities Regulator to check the Register of Charities at www.charitiesregulator.ie to confirm that an organisation is a registered charity before donating. Further information for donors is available in our public notice document 'Clothing Collections Public Notice for Donors'. Charity trustees should ensure that the information appearing for their charity on the Register of Charities is accurate and up-to-date.

Not all organisations that solicit clothing donations are registered charities. Some organisations carry on the trade of clothing collections on a commercial basis for profit. This guidance document is only aimed at registered charities who use clothing collections as a method of fundraising.

Charity trustees have control over, and are responsible for, the management of their charity and this includes

the fundraising activities of the charity. Charity trustees should be able to explain and justify their approach to fundraising from the public. Sufficient information should be provided on promotional material such as leaflets and stickers so that a potential donor can make an informed decision as to whether or not to donate. This is in line with the principles of 'Honesty and Integrity' and 'Transparency and Accountability' as set out in the fundraising guidelines.

Clothing collections in aid of charities generally fall within one of two categories; clothing label collections or clothing bank collections.

1.2 Clothing Label Collections

This type of collection typically involves a leaflet or label being hand delivered to a home or business, sometimes attaching a collection bag. The label appeals for a donation of clothing to be left outside the home or business for collection on a specified date. These collections may be organised directly by a registered charity, or a registered charity may outsource clothing collections to a service provider in return for a fee or a share of the profit.

1.3 Clothing Bank Collections

This type of collection typically involves a large container being placed in a prominent location where members of the public can deposit clothing donations. The labelling on the clothing bank will normally include some detail regarding the appeal being made, and set out the type of clothing that should be deposited. Again, these collections may be organised directly by a registered charity, or a registered charity may outsource the clothing bank collection to a service provider in return for a fee or a share of the profit.



2. Clothing Collections Organised Directly by a Registered Charity

Promotional material for clothing label and clothing bank collections organised directly by a registered charity should include the following information:

- The registered charity's name, logo, Registered Charity Number (RCN) and contact details (including phone, email and website address).
- A short description detailing what will happen to any donation, i.e. if it is not intended that the clothing donations will be sent directly to the clients or beneficiaries of the registered charity but for example, donated items are to be sold or recycled instead, this should be made clear to donors.
- The benefit the registered charity will receive from the donation.

3. Clothing Collections Outsourced to a Service Provider

Registered charities must promote a charitable purpose only and that purpose must confer a public benefit. Therefore, a registered charity should not enter into any agreement which delivers disproportionate private benefit to a clothing label collection service provider or clothing bank collection service provider compared to the benefit receivable by the charity.

As is the case for any agreement being entered in to by a registered charity, the charity trustees should satisfy themselves that they are receiving value for money. For example, if it is proposed to use the services of a third party collection service provider, it would be advisable to seek at least three different quotations from organisations providing this type of service. Charity trustees would be expected to receive all relevant information in the quotations. Tenders should clearly set out how charitable donations will be valued and what percentage of the realised value will be paid to the registered charity. The service provider should be able to provide evidence of the value they have realised from particular collections by way of copies of receipts from third parties or by some

other appropriate method.

The registered charity should be able to verify the income derived by the service provider from charity clothing collections and charity clothing bank collections so as to ensure that the charity receives the agreed share of the income from the donations. Potential donors may request information from a registered charity regarding their clothing donation. Registered charities should be in a position to provide such information in accordance with the principle of transparency and accountability.

Charity trustees should be mindful that the charity's logo and branding are assets that are required to be used effectively. Charity trustees should therefore be careful to ensure that the charity's assets are used to advance its charitable purpose only and in doing so that they confer a public benefit. By allowing a third party to use the charity's name and logo, charity trustees are permitting the third party to use their branding as a registered charity and so it is important that charity trustees retain full control as to when and how the charity's branding is used.

Charity trustees are responsible for ensuring that there is a formal written contract in place with any clothing collection service provider. The contract should –

- be clear and specific as to the cost of the fundraising collection service,
- set out the proportion of charitable donations collected under the agreement that will be paid by the service provider to the registered charity and the methodology for determining the amount to be paid,



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- ensure that the registered charity has control over the use of promotional leaflets and labels, and the areas in which they are to be promoted,
 - specify where clothing banks are to be located and for what period of time,
 - ensure that the registered charity retains full control over the use of its brand and logo by containing clear rules about how and when the charity's brand or logo can be used,
 - entitle the registered charity to terminate the agreement where the charity's branding is used in a manner that is contrary to or outside the terms of the agreement, or in other circumstances where the arrangements are operated in a manner adverse to the interests of the charity,
 - require the service provider to transfer any unused labelling, leaflets, stickers and promotional material to the registered charity at the end of the agreed term or upon termination of the agreement.
- The name and contact details for the service provider (including phone, email and website address).
 - The registered charity's name, logo, Registered Charity Number (RCN) and contact details (including phone, email and website address).
 - A short description detailing what will happen to any donation, i.e. if it is not intended that the clothing donations will be sent directly to the clients or beneficiaries of the registered charity but for example, donated items are to be sold or recycled instead, this should be made clear to donors.
 - The benefit the registered charity will receive from the donation.

Promotional material for clothing label and clothing bank collections which are organised by a third party on behalf of a registered charity or as part of a contractual arrangement, should include the following information:

Where a registered charity has outsourced clothing collections to a service provider in return for a fee or share of the profit, the charity should ensure that the way in which its logo is displayed, i.e. the size or placement in relation to the service provider's logo, would not cause a person to reasonably believe that they are making a donation directly to the registered charity if that is not the case. Good practice would be for any promotional material to state the nature and amount of the benefit that the registered charity will receive so that there is full transparency for potential donors in relation to the nature of the arrangement between the charity and the third party service provider.

It is a matter for charity trustees to ensure that they are fulfilling their duties with regard to acting in the best interests of their charity and managing the charity's assets, and also ensuring accountability to donors and the public, whilst controlling the use of their charity's public identity and branding. **Where necessary, charity trustees should seek professional advice before entering into any agreement with third parties in relation to clothing collections or other forms of fundraising.**



4. Property Owner

If you are a property owner and an approach is made to you from an individual or organisation seeking permission to place a clothing bank on your property for the benefit of a charity, you should check the Register of Charities, which is available online at www.charitiesregulator.ie, to ensure that the charity is registered. You should also contact the charity directly to confirm that they are aware that clothing donations are being sought on their behalf.

- approve text for inclusion on a clothing collection label or approve the design of stickers or other notices to be affixed or otherwise included on clothing banks.

Further information is available in our 'Guidelines for Charitable Organisations on Fundraising from the Public' which is available on www.charitiesregulator.ie

This guidance is issued by the Charities Regulator pursuant to section 14(1) of the Charities Act 2009.

5. Misleading Promotional Material

Under section 41 of the Charities Act 2009, it is an offence for any person to advertise on behalf of, to invite members of the public to give money or property to, or to accept such money or property on behalf of a charitable organisation that is not registered, or for an unregistered charitable organisation to carry out such activities.

Under section 46(2) of the Charities Act 2009, it is an offence for an organisation that is not a registered charity, in any notice, advertisement, promotional literature or any other published material, to describe itself or its activities in such terms as would cause members of the public to reasonably believe that it is a charitable organisation.

If you wish to complain about a misleading leaflet or advertisement appealing for clothing donations, you can raise a concern with the Charities Regulator by completing our online concerns form which is available at www.charitiesregulator.ie. If you have an immediate concern that a clothing collection may not be genuine, the Charities Regulator would urge you to make contact with An Garda Síochána. The Charities Regulator liaises with An Garda Síochána in respect of these matters on an ongoing basis.

6. Other

The Charities Regulator does not –

- provide guidance to commercial clothing collection service providers,
- advise on individual contractual agreements between a registered charity and a third party collection service provider, or