



Select Committee on Charities

Corrected oral evidence: Charities

Tuesday 15 November 2016

5 pm

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Members present: Baroness Pitkeathley (The Chairman); Lord Bichard; Lord Chadlington; Lord Foulkes of Cumnock; Lord Harries of Pentregarth; Baroness Jenkin of Kennington; Lord Lupton; Lord Rooker; Baroness Scott of Needham Market; Baroness Stedman-Scott.

Evidence Session No. 14

Heard in Public

Questions 133 - 139

Witnesses

Helen Milner OBE, Executive, Tinder Foundation, and Chester Mojay-Sinclare, Founder, Charity Checkout.

Examination of witnesses

Helen Milner and Chester Mojay-Sinclare.

Q133 The Chairman: Good afternoon to Helen Milner and Chester Mojay-Sinclare. You were in the room when other witnesses were present, so you know I have to make some declarations at the beginning. The session is open to the public and is being broadcast on the parliamentary website. A transcript will be taken of your evidence. You will be sent a copy of the transcript to check it for accuracy and to advise us of any corrections. If, after this session, you wish to clarify or amplify any points you have made or you have any additional points you want to make, you are welcome to submit supplementary written evidence to us. As you have heard me say, we have no votes so we do not expect any interruptions, although we do have a time limit. You also heard me say that you do not both have to answer every question, if you do not think it is appropriate. Would you introduce yourselves and then we will begin with questions?

Helen Milner: Good afternoon. I am Helen Milner. I am the chief executive of the Tinder Foundation. We are a social and digital inclusion charity, working with community organisations across the country, around 1,700 of whom are small charities.

Chester Mojay-Sinclare: Good afternoon. I am Chester Mojay-Sinclare. I am the founder and CEO of Charity Checkout. For those of you who are not familiar with us, we are one of the UK's leading providers of digital fundraising tools for UK charities. We work with over 1,200 charities, most of which are small charities that are new to digital fundraising. I am a digital entrepreneur myself and an advocate for the digital and charity sector.

The Chairman: You are obviously both experts on digital innovation. My questions are about that. How can digital innovation help charities to function? What opportunities might be created in future for sustaining the charity sector through such digital innovation?

Helen Milner: In case you think I am some kind of digital zealot, because I am and you will feel that from me this afternoon, I am more passionate about helping people who need help—helping the hardest to reach to realise their opportunities and to function in society. I truly believe that digital is the best way to make sure that they can do that.

There are three main reasons why digital is so important to the charity sector. One is relevance. Most people will be going outside, after we finish this afternoon, and checking on their phone to tell them when the next bus is coming. Therefore, if the device in our pocket is helping most of us, most of the time, to make our lives better—although there are 10 million people in this country who do not do that, who are digitally excluded—we expect to run our life digitally. Therefore, if charities are

going to talk to either donors or end beneficiaries, they need to understand that digital makes them relevant to those people. It helps them with reach. Most people in this country are online; it will help them to reach end beneficiaries and to deliver services for them. It is also important that we recognise that digital will help new entrants into the charitable sector. So we will now see charities starting up because they can use digital to be relevant and to find that reach.

It is important that we understand the continuum that charities are on. This concerns digitally immature charities that have no skills whatsoever, no confidence and no awareness. I recommend you look at the Lloyds Bank UK Business Digital Index, which is about charities' digital skills, if you have not seen that. It says that 49% of charities are digitally immature. That is a huge number. There is a real skills shortage within charities. The second category is those who are digitally aware. They have a website and they have some skills. Being digitally mature means that they have a website, use social media and have staff who are confident and are using digital. According to Lloyds, 28% of charities that are digitally mature say that they think that increases their funding and fundraising. The third is digitally innovative, which is where they are able to reach their end beneficiaries through digital.

Chester Mojay-Sinclare: Digital helps charities function in two primary ways, which are service delivery and fundraising. The question leans slightly towards the future sustainability of charities. Fundraising is one of the key aspects and the aspect in which we work. There is a huge opportunity, particularly among small and local charities, to engage with their donors, using digital methods. Local charities are often a big part of the community in which they work. That also means that they have a potential committed donor base. To a large extent, that donor base is currently untapped. It is potentially a huge source of new income to the sector. I also reference the Lloyds report, which says that 59% of small charities do not accept donations online. This is a clear and obvious opportunity where local charities can massively boost their funding, which will inevitably help with their sustainability.

55% of the charities that we work with had never received online donations or taken part in online fundraising before working with us. We have seen examples of charities increase their overall giving from donors by up to 600% purely through adopting digital fundraising methods, the basic and essential fundraising methods being a mobile-optimised website, an embedded payment system within their site enabling them to accept online credit and debit card payments, direct debits and various methods such as those. Digital can play a huge part in helping charities to be more sustainable, to raise more income from their local communities, but also in service delivery.

The Chairman: Thank you very much.

Q134 Baroness Scott of Needham Market: The question that we asked in our call for evidence was around digital developments generally. Quite a lot of the responses came down to risk in one way or another, particularly

at the more established level, at higher levels, among the trustees or worries about reputational damages, such as somebody putting something unfortunate on Twitter. Everyone has those sorts of horror stories. What do you think the real risks are as opposed to the ones that people quote?

Chester Mojay-Sinclare: There certainly are risks. By far the biggest risk that is posed, if we continue the way we are with the lack of digital adoption in the charity sector, is to small charities, which potentially could become obsolete without the funding and the ability to access the funding that they need through their supporters. I would urge charities not to be too cautious, although I understand why they are. There is a lack of knowledge and skills when it comes to digital. We have touched on that already with the evidence from the Lloyds report with regard to digital skills among charities.

As to the real risks, sometimes technology or innovation can be pursued for its own sake rather than being used as a means to an end. It is certainly very important that charities bear in mind that sometimes innovation or new technology can be used as a pursuit of a trend rather than as a way of delivering a certain impact. That is something we need to focus on. That can be addressed through better training, better education and ultimately a focus on the benefits of technology. In our application of technology in the charity sector, if we always have the benefits at the forefront, we are much less likely to make mistakes when it comes to the types of technology that we adopt and the way that we use them. For example, when it comes to Twitter or social media, if a charity always has the viewpoint of using it to make their donors feel good about giving, to explain the great work that they are doing, and to communicate the benefit of their good work, they are much less likely to make mistakes.

Helen Milner: The main problem they have is thinking that digital is something different from what they are already doing. They have to start with their strategy, and say, "Who are we helping? Why are we helping them? What is our end goal? What problems are we going to overcome, and how can tools, including digital, help us to overcome those?" If they are saying, "Digital feels like a risk", they are asking themselves the wrong question. They should be saying, "What is our strategy? Where do we want to be in three years' time? How are we going to get there? Do we want to help more people and how are we going to reach them?" Digital ought then, naturally, to become part of that solution. Rather than asking, "Should we invest in X?" the answer to that question is, "What else do you have to invest in and what else is important to you?"

Another risk is that, if charities have a knee-jerk reaction to digital, they outsource. Quite often, two things happen. One is that they may get overcharged for something, such as building a new website, but it is not embedded into their organisation. So, really good leadership is needed in the charity sector, and that good leadership needs to include digital.

Lord Bichard: I am, like you, a great proponent of digital. You have

already mentioned two things that should cause us to stop and think. One is knowledge and skills. I have seen examples of quite substantial charities being, as I would put it, ripped off by large suppliers because they did not have the knowledge and the skills to be skilled procurers. How are we going to develop the knowledge and skill base within charities?

The other issue that you touched upon, Helen, was that there are 10 million people out there who do not have the skills to access digital. Is there a danger that charities, which often deal with the most disadvantaged people in our society, could become digitised at a quicker rate than some of the clients they are dealing with? Do charities have a responsibility or a role in developing the skill base of recipients of charitable work?

Helen Milner: Absolutely. As I said in my introduction, we work with 5,000 community organisations and public libraries, 1,700 of whom are local charities. We have just passed the 2 million mark, so the group of local partners and ourselves have just helped 2 million people to learn how to use digital. It is a function for those charities to help those people to be part of the digital society.

Lord Bichard: Is that a function of government as well? I know it is not fashionable to say that. Do you think that government could be and should be investing a bit more in developing the digital skills, for example, of older people?

Helen Milner: Absolutely. The funding that we get as a foundation is from government, private companies, trusts and foundations. We look at that mix of funding, but we very much look at government as funding some of that. In fact, they have just recently announced—hopefully, it will be passed through the Digital Economy Bill—new legislation to make basic digital skills a free entitlement in the same way that maths and English are. That Bill is now working its way through the legislative process.

Lord Bichard: Are you talking about this being in schools?

Helen Milner: No. This is for adults. This is equivalent to maths and English for adults. If you do not have a level 2, it is now an entitlement. Going back to the risk—it comes back to the strategy point—they are probably also badly procuring accommodation. They are also badly training volunteers. We do not say, “Oh dear, shall we protect them because they cannot procure properly?” We definitely should be looking at upskilling the leaders in our charity sector, but not making digital scarier, more expensive or a new set of skills.

The other thing that charities can do is to employ people who have digital skills and can help the organisation with their culture change. I do not mean just employing some young people who can do the social media for them. I mean absolutely bringing people in who understand the

transformational effect of digital within helping them to achieve their strategic goals and strategic vision.

Lord Bichard: The good ones are in short supply.

Helen Milner: They are.

Lord Bichard: And expensive.

Helen Milner: No, they are not expensive. You just have to know where to find them.

The Chairman: That is a point that we will take on board.

Chester Mojay-Sinclare: I would like to see that every new charity has a technology trustee or a digital trustee, much in the same way that the majority of them have a treasurer or something like that. That would do several things. It would bring a focus to digital. It would create a role to which younger people would be drawn, and younger people would lean towards trusteeship more. That could be quite a simple way of attracting more of these skills, because there are a lot of digitally savvy people out there and, if the path into charity was clear and open, we would see many more such people taking leadership roles.

The Chairman: Thank you very much. Lord Chadlington.

Q135 Lord Chadlington: To a large degree, you have answered my point. Maybe we could try to gather it together. My point was about the challenges associated with innovation for smaller charities and how they might be overcome. You have raised a number of points. Are there others or could you produce a portmanteau of points? That would be very helpful to us.

Chester Mojay-Sinclare: When it comes to smaller charities—this is an area where we have done some research—we found that 45% of newly registered charities have a website that is not mobile optimised¹.

Lord Foulkes of Cumnock: What do you mean by “mobile optimised”?

Chester Mojay-Sinclare: By “mobile optimised”, I mean that the website can be accessed and viewed comfortably on a mobile phone. The layout of the site is adapted so that it can be viewed easily. More than 50% of web traffic now is via mobile phones. If your website is not mobile optimised, for the majority of your users it is very difficult to navigate. In some circumstances it is almost as bad as not having a website at all, depending on how badly it converts to a mobile screen. So it is a very important issue. Small charities, unfortunately, are lagging behind in this. We are not planning ahead here. We are playing a game of catch-up.

¹ Note by witness: And 40% do not have a website at all within a few months of incorporation.

Another thing that I would like to see, although in some respects I consider the technology trustee to form a part of this, is a process of government-supported, government-sponsored, digital transformation for smaller charities. The area where we can see the most gains are those organisations that are furthest away from digital transformation. These are the 45% of new charities who have a website which is not mobile-optimised, or have no website at all. Our research also found that 60% of charities do not process gift aid via their online donation system. Of the charities that we looked at, 62% do not have a regular form of giving by their online donation system and accept only one-off payments. These are basic ways for charities to improve their income through offering recurring giving, collecting gift aid and ensuring their website is easy to access across all devices. Small charities, unfortunately, in many cases are falling short on these basic essential points. We have seen ourselves that there are huge gains to be had for those organisations.

Baroness Scott of Needham Market: How much of a problem do you pick up about rural broadband issues?

Helen Milner: Less than 1% of people are fully digitally excluded because of rural broadband. Broadband is a quality issue; it is not an inclusion issue. It is very frustrating, when you are trying to use the internet, if the internet is very slow. The quality of your use is really poor but it is not so bad that it keeps people offline. In fact, much of our research shows that people in rural areas understand the benefits of the internet, which many digitally excluded people do not, because they are isolated. That makes it worse because, then, the broadband is not good enough. It is a quality issue, not an exclusion issue.

The Chairman: Yes, many of us have that problem.

Helen Milner: On how to overcome the challenges, we have talked about leadership, skills and hiring. There is also an understanding that you can start small, start with one area of your business, be it fundraising, reaching out to beneficiaries, communicating, collaborating and partnership. We help all the small charities that are our partners with their own basic digital skills and the basic digital skills of their volunteers. We want them to be upskilled so they can then help the beneficiaries to understand. They need to understand that there are quite a lot of free tools available on the internet, so by not using the internet you are then keeping yourself away from all those wonderful resources, such as NCVOs and Funding Central, which helps you to find funding. We have a website called Community How To, where we have aggregated a range of different free or low-cost online resources to help with project management, fundraising, volunteer organising and communicating.

They are all free, and they have been recommended by other small charities. We also have an online learning platform called Learn My Way, which is for individuals to learn how to use the internet. It starts with the basics of very simple English. That is all free. This is not about getting in a consultant to tell you how to digitise your charity. In 2016, this is about recognising that you are a part of a digital ecosystem and then working

out what you want to do next. It involves leadership skills but also making sure that you do not need to rush into a massive investment.

The Chairman: Lord Chadlington wants to come back.

Lord Chadlington: If the people you want to change are not using the internet to the full, how do you market yourselves to them about these particular courses and things like it?

Helen Milner: The Tinder Foundation works with community organisations on the ground and public libraries. We strategically focus on the ones in the more socially disadvantaged parts of the country. This is not the only thing that they do. They also do English language classes, running a community garden or an old-age pensioner befriending programme. They are putting in digital inclusion as part of their overall offer. Much of the work that we do is by word-of-mouth, so someone who came and now understands the wonders of the internet brings their friend along the following week. We also have 68,000 people referred to us from Jobcentre Plus every year and DWP does not pay for any of that.

Lord Foulkes of Cumnock: I have been looking at your websites while you have been talking; both are very good. Helen, you mentioned public libraries many times. They are being closed around the country. Is this creating problems for you? Would you like to comment?

Helen Milner: Half the 5,000 local organisations we work with are public libraries. Yes, funding is an issue. It is not just closures but the fact that they are living and working in an environment where their services are being cut. It is not just the libraries but the staff within them that are being cut.

However, the other half—the community organisations and small charities—are also suffering significantly. Lord Rooker mentioned earlier cuts in local government funding, and many of those small organisations have had their funding cut significantly. Across the whole landscape we work in, everybody is suffering from cuts to local government, not just libraries.

Lord Foulkes of Cumnock: I do not want to anticipate question 7 on our list, but if we made a recommendation about that, it would help you, would it?

Lord Bichard: Just before you answer that, I might flip the coin a little. It has always seemed to me that libraries have not been radical enough or imaginative enough in their role to skill disadvantaged people, who are excluded in society, and charities. They could by now have become the focal point for digital training in communities, but they have not. Is that a fair criticism? I know there are good examples out there.

Helen Milner: The thing to understand about libraries is that they are not homogeneous. We understand what a library brand means: it is where we can go and get free books, and they are safe and open spaces, but that is it. That is the only commonality between a local library and

the Manchester Central Library, this huge amazing library, which is open late into the evening, with an amazing music library, which is different from a smaller library, or even a library within a local authority where they are not investing and do not have a vision about what those libraries could provide.

Lord Bichard: But, in a way, that is their choice. They could by now have become the recognised centre for digital training in every community in the country; some have.

Helen Milner: They could, yes. Most libraries are suffering because of the huge number of people who go to the libraries to use computers who do not have access. They are not the digitally excluded people whom we would see in the community centres, who really know absolutely nothing and have a range of real, complicated and complex issues. In a library, it is much more about a place where people have access to computers and the demand for that access is very high.

The library sector could do more to help small charities and small businesses in digital skills. Your challenge is appropriate.

Chester Mojay-Sinclare: The issue, to some extent, is slightly broader than just libraries. Charities, in general, could have a huge part to play in the role of digital exclusion. That just adds further to the reason why it is so important that, as a sector, we upskill when it comes to digital. Libraries are just one example.

The Chairman: We will now move on to Baroness Stedman-Scott.

Q136 **Baroness Stedman-Scott:** One of the recurring themes in the written evidence we have received is that the move towards contracts for charities has limited scope for investment in development areas such as digital innovation. This is a long question, and it is in three parts. First, how might the funders of charities better take account of the need for innovation? Should there be explicit support, for example through grant and contract stipulations, or more general encouragement through investment in charity development?

Helen Milner: That is a multi-part question.

The Chairman: I must ask you to be as brief as you can.

Helen Milner: There are charities and funders who are funding innovation. We should make sure that we recognise that. There is Comic Relief's Tech for Good fund, for example, Nominet Trust's Social Tech Seed Fund or Nesta Impact Investments. It feels very much to me as though there are two different kinds of funders. The ones that like technology very much understand innovation but at the far end—that digital-innovation end of the continuum. I do not think there is much understanding from funders about having to upskill the basic skills. As Chester said earlier, those are some of the ones that need more support. There is money for innovation at the shiny innovation end, but it is more about how you take charities along this continuum from having no digital

skills themselves, to using it a bit, to being more mature, to being ready to innovate. That is the bit that is not being funded.

Chester Mojay-Sinclare: I completely agree on that point as well. The greatest gains in digital transformation, as I said, are to be had for those furthest away from it. There is far less explicit support for that than there is on the innovation side. Some refocusing may be needed there.

The Chairman: Thank you very much. We will go on to Lord Bichard's question.

Q137 **Lord Bichard:** Chester has already answered my question; more to the point, he answered it in a way that I approved of. So I do not need to go back to it. I was going to ask you what role trustee boards should have in supporting digital innovation. Helen, I will give you an opportunity to add to your answer. Chester can also add to his answer.

Helen Milner: I agree. Trustees are key to recruiting trustees to help you understand digital. It is quite important that you do not have one token trustee who gets digital and thinks that nobody else has to. I also agree with Chester about age. The average age of a trustee is 57, and less than 3% of trustees are aged under 30. Again, it is back to how you get the next generation, who understand the power of the device in their pocket.

Lord Bichard: It is a real double win, is it not, in bringing younger people on to trustee boards?

Helen Milner: Absolutely.

Chester Mojay-Sinclare: From our perspective—we speak to tens or sometimes hundreds of charities every day—unfortunately, although trustees have a huge part to play in supporting the adoption of digital, they are often a barrier. That is a real issue. I notice recently that the Charity Commission published *Making Digital Work: 12 Questions for Trustees to Consider*. I thought that was a great step forward in the direction that we need to go and to focus on that area. However, many charities have trustees who are just not equipped to answer those questions. For example, "Are our IT systems secure?" and "Are our data secure?" are questions that a lot of trustee boards are not able to answer.

They are often very risk-averse. They take decisions by committee. Technology moves very fast. Committee decisions move very slowly. You get a clash there. As we have heard already, the basic digital skills are not within the organisations that are trying to make decisions on these things. Although having a technology trustee has the risk of sending the message that other trustees do not need to educate themselves in this matter—and we have made that clear—by having a position such as a technology trustee, it will bring more young people in. You see lots of accountants and lawyers take up treasurer roles in charities. Hopefully, you would see lots of young people and digital entrepreneurs take up technology trustee roles, if there were such a thing.

Lord Bichard: There is a danger, is there not, that the increasing emphasis in recent times on governance—I see people who have made a career out of governance—veers towards having old fogies like me, when the issues that you have talked about, such as data security, are as important for charities as anything else? This is an opportunity to bring in younger people. It is a really important point that we could develop. In one of the charities that I chair at the moment, we have two criteria for the next trustee we appoint. They are going to be young and black, because that is what we lack. We want to give someone a chance to nurture their skills.

The Chairman: We must move on to Lord Lupton, unless you have a very brief comment.

Helen Milner: I will be brief. It is important not to bring young trustees in without training them or nurturing them, but do not nurture them into the culture that you already have, because part of what you want is a culture change. Make sure you upskill them but also give them the space to breathe, to challenge and to be different.

Q138 **Lord Lupton:** This question has been largely answered, which was going to be: how can digital innovation help charities overcome other challenges, such as changes to funding? Perhaps we could concentrate on how it can help on two things that we have not really touched on. They are the requirements, which are growing, to show impact—the benefit to the beneficiaries—and can it be used to help those beneficiaries more, to create more of a relationship between the trust, its funders and the beneficiaries?

Helen Milner: On impact, at Tinder Foundation we measure what we do a lot. We have an online learning platform. The reason why we built it in the first place was because many of the small, local charities that we work with did not want to keep telling us what they were doing by filling in returns. As a result, we built an online platform so that we did all that heavy lifting and collected those data ourselves. As long as people were learning by using the system, we could get all the data around that impact. We then put in online surveys and the collection of data, so that we got permission to telephone people to do progression and longitudinal surveys to make sure that we were not just relying on data—that is what the computer was telling us—but making sure that we got the evidence from those individuals as well. Being able to collect those data and to use digital to help you to do that, so not just collecting the data but analysing the data, is massively important.

Chester Mojay-Sinclare: Social problems are vast. One of the things that digital allows is organisations to collaborate better through smoother co-ordination, connection and the sharing of information. That is certainly an area where, as we become more digitally advanced, we will see benefits.

The Chairman: You have already given us a lot of ideas, but I am still going to ask Lord Harries to ask you for us.

Q139 **Lord Harries of Pentregarth:** This is a question that we are asking everyone. Is there any one recommendation that you particularly think the Committee should make in the field of digital innovation?

Helen Milner: I am not quite sure if you were inviting me earlier to say that there should be fewer cuts. Having fewer cuts would be fine, but I am not quite sure I am going to get that for Christmas, am I? Investing in digital leadership, creating a digital leadership network for charities, but understanding that it is this continuum, is very important. It is encouraging those who are very much at the foothills, who know very little about digital, to be part of that digital leadership network and that collaboration between charities that have been down this journey, because often they will have the answers that the other charities will need.

I wanted to mention the Charity Commission, which I have not mentioned yet. We have been doing some work with the Charity Commission to help it to think about how it has a responsibility to upskill the sector. It is putting a lot more of what it is doing online and it wants to support the smaller charities to use its services. This is a real opportunity because it interfaces with many of the charities. We have also provided it with the opportunity to go out and meet a lot of digitally excluded people to help it with usability testing around its websites and tools so that those people are not digitally excluded any more—they have very low basic digital skills—from being able to use the Charity Commission's digital offer to make sure that it then meets the needs and that everyone can organise it. That is a really positive step.

The Chairman: Thank you very much. Chester, what is your one suggestion?

Chester Mojay-Sinclare: I would like to see the Government launch a digital transformation fund focusing specifically on the digital essentials for small or local charities. As a part of that, I would like to see at least every new charity appoint a technology trustee.

The Chairman: Thank you very much. As you will have seen from the reactions and responses of my colleagues, we have enjoyed your session very much and found it extremely informative.