FUNDRAISING REGULATOR

Annual Report and Accounts

(1 September 2019 – 31 August 2020)

Company Registration No. 10016446 (England and Wales)

Contents

1. Introduction

A message from the Chair

As the Fundraising Regulator approaches its fifth year of operation, it is worth reflecting on the significant strides forward the sector has made since 2016. The issues once endemic in fundraising no longer hang over us and our regime of fundraising self-regulation continues to be met with wide support across our diverse sector – from small charities and community groups to universities, galleries and large household name charities. The evolution in fundraising practice we have seen in just five years is a credit to the progressive nature of the fundraising sector, and proves our regulatory model is working to raise standards.

It is this agility and willingness to evolve that has enabled fundraising organisations to rise to the unprecedented challenges that faced us all in 2020. Because of the Coronavirus pandemic, this reporting year was like no other, yet it was a year in which we saw true innovation from fundraisers. Restrictions to social contact meant that many took to digital fundraising for the first time, while others completely overhauled how they interacted with people when carrying out face-to-face methods. Changes to ways of working which can take some industries decades to effect have become firmly embedded in fundraising in just six months, as fundraisers readily took on board our guidance and advice from Governments across the UK. Fundraisers have ensured public protection is at the forefront of their activity, and the sector should be incredibly proud of its achievements. This will go a long way to protect public trust in fundraising and the reputation of our sector that we have all worked so hard to build.

Nonetheless, organisations' ability to fundraise throughout 2020 was significantly hampered. Despite the hard work to remain resilient, lack of funds forced many organisations to make tough decisions; some charities cut their operations, while others closed entirely. It is against this stark backdrop that this report is set, and we are not yet out of the woods. The sector must build flexibility into their planning, while the future remains largely unknown.

In a year where our primary focus was to support the sector to meet the challenges of the pandemic through guidance and resources, we also made sure we engaged with members of the public to raise the profile of what good fundraising looks like. Our public research published last year found that many people were unaware of the fundraising standards that organisations are expected to meet. As a result, in this reporting year, we acted on these findings by raising public awareness of our work, with the ultimate objective of driving trust in fundraising. Through the production of more public-facing content, media outreach and charity advocacy work, we are building our relationship with the public so that they know that fundraising is principled. It is encouraging to see the growing presence of the Fundraising Badge – the logo that shows organisations are registered with us – on fundraising materials, as more organisations recognise the importance of demonstrating to the public and donors that they are committed to the fundraising standards.

Looking forward to the year ahead, we will continue to respond to the pandemic and challenges that presents, while prioritising engagement with stakeholders, the sector and members of the public to make sure our regulation remains effective. I would like to personally congratulate the team at the Fundraising Regulator for forging the extremely successful relationships with DCMS, Public Health England, the Health and Safety Executive and Cabinet Office in the production of our Coronavirus guidance. I look forward to continuing this close work.

Lord Toby Harris
Chair

A message from the Chief Executive

This report is a tale of two halves. Our reporting period falls six months before the Coronavirus pandemic began, and six months after. This report tells our story of the work we did to regulate charitable fundraising throughout our financial year, and how we responded to the challenges of 2020.

We began our financial year with a few significant firsts: the new Code of Fundraising Practice came into effect, which was the most comprehensive overhaul of the fundraising standards in more than a decade. We also began naming organisations publicly if they were subject to our investigation process, to help share learning among the sector and for greater transparency of our work. In addition, we held our largest in-person event at Westminster Central Hall, in which many fundraisers and stakeholders joined us to hear about our impact and hold us to account for our decision making. We also saw the highest payment rate of our annual Fundraising Levy in our history, with 97% of the total being collected. Together, these achievements represent our maturity as a regulator, the charity sector's support of self-regulation, and our commitment to reviewing and improving the services we provide.

We entered 2020 with continued momentum. The new year saw the publication of our analysis of charity annual reports which assessed compliance against fundraising reporting requirements in the Charities (Protection and Social Investment) Act 2016. This analysis found the sector needed more support to report comprehensively on its fundraising activity, and we issued guidance alongside this so that improvements could be made in the next reporting year. We also published our first external review of our casework, which led to changes in our complaints process, and our fourth Annual Complaints Report, which highlighted learning to help organisations improve the way they handle complaints. We also announced the results of our first registrant survey, which found high engagement with the new and improved code.

Our strategic priorities were realigned in March 2020, when it became clear that the fundraising sector was facing unprecedented challenges. We urged charities to reflect seriously on whether to carry out public fundraising during the pandemic, when the public was likely to be feeling anxious about contact with people outside of their household. Our aim was to provide both fundraisers and the public with the information they needed so that they could continue to fundraise and donate safely. We teamed up with central Government, other regulators and sector bodies to ensure our message was consistent, strong and widely publicised.

I would like to thank colleagues at the Chartered Institute of Fundraising, National Council for Voluntary Organisations, Association of Chief Executives of Voluntary Organisations, Charity Commission for England and Wales, Charity Commission for Northern Ireland, Wales Council for Voluntary Action, Office of the Scottish Charity Regulator, Northern Ireland Council for Voluntary Action, National Trading Standards and Action Fraud for partnering with us on our Coronavirus guidance and publicity campaigns to spread the message about safe and responsible fundraising during the pandemic. Visit page 5 of this report to find out more about how we responded to the pandemic.

This year was certainly a year to remember. A year of upheaval, but one which led us to reflect on how we carry out our work. At the regulator, we transitioned to homeworking and a digital-first events programme, which was a learning curve for us all. I'd like to thank our team for working hard to maintain the quality, reliable services the fundraising sector has come to expect from us. I'd also like to thank charities and other fundraising organisations for their continued support of self-regulation.

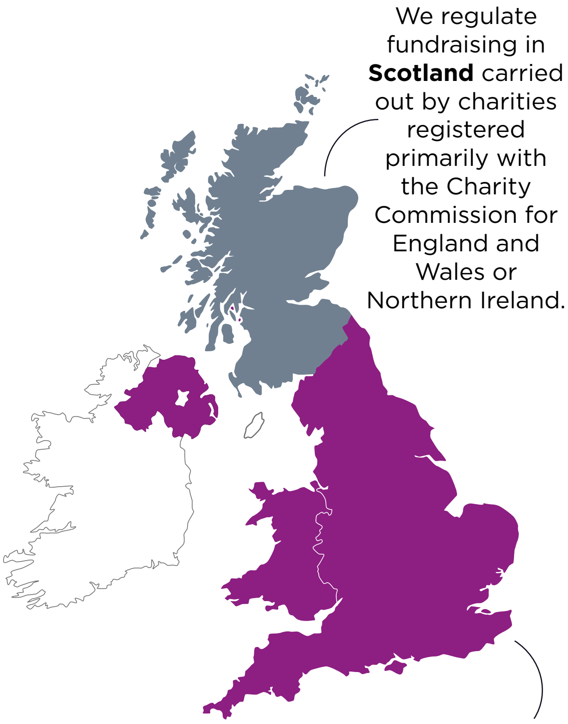
Gerald Oppenheim
Chief Executive

About the Fundraising Regulator

Background and scope

The Fundraising Regulator is the independent regulator of charitable fundraising in England, Wales and Northern Ireland. We were set up on 7 July 2016, following the cross-party review of fundraising, chaired by Sir Stuart Etherington in 2015. We stand up for best practice in fundraising, to protect donors and support the vital work of fundraisers.

Through the Code of Fundraising Practice (the code), our regulation extends to all charitable fundraising organisations in the UK, whether they are charities registered with the Charity Commission for England and Wales or Northern Ireland; exempt charities (mainly in higher education or some of the large national cultural institutions); philanthropic and benevolent organisations; or third-party fundraisers. Complaints about charitable fundraising in Scotland is regulated by the Scottish Fundraising Standards Panel, however, where fundraising in Scotland is carried out by a charity primarily registered with the Charity Commission in England and Wales or Northern Ireland, it is regulated by the Fundraising Regulator.



The Fundraising Regulator is the independent regulator of charitable fundraising in **England**, **Wales** and **Northern Ireland**.

We work in partnership with other regulators and representative bodies in the charitable and fundraising sectors to build public confidence and ensure consistent fundraising standards across the UK, as set out in the code.

The Fundraising Regulator is a non-statutory body, although we work closely with statutory regulators. We are funded independently through an annual Fundraising Levy, which is paid by the larger charitable organisations in England, Wales and Northern Ireland spending more than £100,000 on fundraising activities per year.

Regulating fundraising during the pandemic

Our reporting year 2019/20 (starting 1 September 2019) was like no other. This report is set against the backdrop of the Coronavirus pandemic, which hit many fundraising organisations hard. As the UK entered national lockdown six months into our reporting year in March 2020, public fundraising activities were rightly paused. Results from a joint Chartered Institute of Fundraising, National Council for Voluntary Organisations and Charity Finance Group Coronavirus impact survey published in June 2020 found that charities were expecting a reduction of 24% to their total income for the year ahead, which could mean a potential £12.4bn loss of income across the whole sector.

As the pandemic began to impact the way organisations fundraised in public, we recognised the need to provide clear advice on fundraising safely. We also understood that members of the public would be feeling anxious about interacting with fundraisers at this time, so it was also our role to provide sufficient reassurance that fundraising would only be carried out if it was done so safely. To ensure organisations received a clear and consistent message, we provided our guidance jointly with the Chartered Institute of Fundraising.

It was in March 2020 that we made the decision to reprioritise the focus of our work for the remainder of our financial year. The uncertain context the sector was operating in meant it was essential that we worked with central Government, health authorities, other regulators, sector bodies and local councils across the UK to provide a joined-up voice that would lead fundraising organisations through this difficult time. You can find more information on our work throughout the early stages of the pandemic later in this report on page 8.

Charities and members of the public showed just how adaptable they could be when faced with these monumental challenges. For example, the London Marathon was postponed with runners later taking part remotely, Macmillan's Coffee Morning went virtual, and the late Captain Sir Thomas Moore's (Captain Tom) mammoth fundraising efforts harnessed the public's spirit of generosity in new ways.

When nationwide restrictions were eased in May 2020, the sector was rightly cautious when beginning to fundraise again in public. But by the end of our reporting period, we were pleased to see new ways of working firmly embedded in fundraising activities. Throughout the latter half of the year, we responded to many questions through our dedicated enquiries service about safe fundraising from both fundraisers and the public. At the same time, we saw the public become increasingly innovative with the way they wanted to support charities and in response to this, we developed guidance to help them run online fundraisers safely and ethically.

Although our reprioritisations meant we had to pause some engagement work and marketing activity while we concentrated our efforts on supporting the sector and public, we will be carrying out this work in our next financial year. We remain committed to achieving the outcomes set out in our business plan and providing value for money to those organisations that have continued to support voluntary regulation throughout these challenging times. You can find more detailed information on the work carried out by the Fundraising Regulator both before and during the pandemic in the pages that follow.

30,000
views of our Coronavirus guidance

We called for public fundraising to pause during national lockdown

We worked with other regulators and key stakeholders to encourage safer giving

We provided tailored advice to fundraisers and members of the public about safer fundraising and donating

2. Directors' report

The year at a glance: timeline of 2019/20

1 September 2019 to 31 August 2020: six months of our reporting period includes the start of the Coronavirus pandemic

September 2019: We published the first batch of investigation summaries on our website following our board's decision to name the organisations concerned. We have published 25 investigation summaries this year with recommendations to share learning with the sector.

October 2019: The new code came into effect and was viewed more than 250,000 times throughout the year.

November 2019: We held our annual accountability event at Westminster Central Hall, which was attended by levy paying charities and stakeholder organisations. Discussions centred upon our financial performance, as well as trust in fundraising.

January 2020: We published our first analysis of charities' compliance with fundraising reporting requirements in the Charities (Protection and Social Investment) Act 2016, alongside guidance to help improve reporting.

February 2020: We published the first external review of our casework, and this resulted in improvements to our case handling process. We also published our Annual Complaints Report, which shared learning on complaints with the sector.

March 2020: We published our first survey of organisations registered with the Fundraising Regulator, which found high engagement with the recently updated code. This month we also urged charities to reflect seriously on whether to carry out public fundraising during the pandemic.

April 2020: We appointed three new board members – Guy Parker, Martin Price, and Reshard Auladin – and we joined forces with the Charity Commission for England and Wales, and the Office for Trading Standards, to campaign for safe giving during the pandemic. We also published guidance on setting up appeals for the public.

June 2020: To help fundraising organisations safely resume public fundraising activities that were paused during national lockdown, we published two new pieces of Coronavirus guidance.

July 2020: We published information to ease public anxiety about potential contact with fundraisers, which outlined what people can expect from fundraisers during the pandemic.

August 2020: To support charities to meet the standards in the code, we published the first webinar in our code series. We also launched our revamped homepage, which improves navigation around our website.

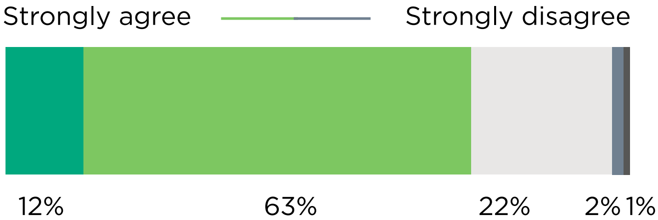
1. Improving standards in fundraising

A year of the new and improved code

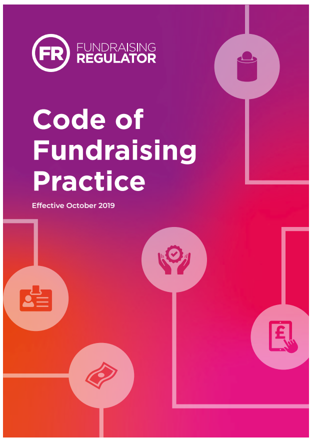
The new and improved Code of Fundraising Practice (the code), which came into effect from 1 October 2019, is now firmly embedded in fundraising. Our revisions to the code were the most extensive changes made in more than a decade. We introduced new areas that reflect modern fundraising practices – for example, online fundraising platforms – and focused on using transparent, plain English language so that it is accessible and widely understood by everyone who is required to use it. To help those who were familiar with the former layout adjust to the new code, we published a mapping and mergers log, to show where old sections and standards had moved to.

To understand how effective our changes to the code were, we asked several questions on this in our first survey of organisations registered with the Fundraising Regulator. We found that 92% of those who responded to the survey had engaged with the new code, and three quarters of them agreed that our aim of improving the navigation of the code had been achieved. We were also pleased to find that 90% of those who used the revised code felt that it covers all areas of fundraising relevant to them. You can read more findings from the survey on page 13.

75% of people agreed the clarity of the code was improved, making it easier to navigate and understand



Throughout 2019/20, more than 250,000 people accessed the code on our website. We also made further improvements to our website search functionality, so that the code is discoverable in our universal search, and people could find specific standards in just a few clicks. Since the code was launched, our primary aim has been to promote the standards widely among fundraising organisations, so that they are familiar with what good fundraising practice looks like, and compliance is second nature.



Our engagement work has been extensive; we took part in numerous events that highlighted the code – both digital and in person – and in response to several requests for training, we launched a new series of webinars on the key principles within the code, which are designed to be used as easy to digest resources.

Supporting fundraisers to meet the standards

Central to our role as a regulator is producing resources which help charities and third-party fundraisers meet the standards in the code. In the first half of the year, we conducted a comprehensive review of our guidance to identify areas where we may need to produce further information. This project was intended to set the groundwork for future development of our resources and guidance.

As the pandemic took hold, we paused several non-Coronavirus related projects – including this exploratory work – when it became clear that the sector wanted us to provide consistent support to guide it through more immediate challenges. Our schedule shifted as a result, as we began to produce in-depth guidance on the many areas of public fundraising impacted by the pandemic.

In March 2020, we published our first piece of Coronavirus guidance, which contained information on person-to-person fundraising, direct marketing and fundraising events. This guidance encouraged fundraising organisations to weigh up the benefits and risks of their ongoing fundraising activities and to seriously consider continuing fundraising.

In June 2020, this guidance was superseded by new guidance on public fundraising, which reflected the Government's latest advice on social distancing and interacting with others. We also produced over-arching guidance on fundraising principles to remind fundraisers of their obligations in the code, and how they should behave in light of the restrictions. We developed a new area of our website containing our Coronavirus-related information, so that fundraisers could access this from one place. Between March and August 2020, our online Coronavirus resources were viewed nearly 30,000 times.

Advice for members of the public

Although our guidance review project was largely paused, early observations were that members of the public had little information specifically for them on our website. We identified that the public would also benefit from information about fundraising during the Coronavirus pandemic, so they would know that charities are expected to meet the standards in the code and would therefore feel more confident that activities would be carried out safely. Any advice we could give to the public would also ensure people were better informed about the kinds of interactions they might have with fundraisers, to help ease any anxieties around interacting with others.

In addition to information on what people could expect from fundraisers during the pandemic, we produced guidance for the public on setting up online fundraising appeals, as this method of fundraising proved popular throughout the latter half of our reporting year.

Learning from the enquiries we receive

We are proud to provide a dedicated enquiries service to help fundraising organisations and members of the public understand the fundraising standards. This is a key part of our regulatory service provision and ensures that people receive tailored, timely advice, specific to their circumstances. Every day brings new scenarios for our team to think through, and often there will be several areas of the code to highlight that the person had not yet considered in their planning.

This service provides us with detailed insight into the types of questions frequently asked about fundraising, which helps us to monitor emerging areas where fundraisers may need additional support, or where we may need to develop the code in future. This year, we improved the way we recorded this information, so that we are better equipped to make evidence-based improvements to the code in years to come. However, we do not intend to make frequent changes to the code, and any changes which are not simply a statement of the law would require a full consultation. Yet we expect that there will be consultations on the code in future as necessary. We intend to use the information gathered from the enquiries we receive to produce supporting guidance and resources to supplement existing information in the code.

This year we received 1,143 enquires. Nearly half of all enquiries came from charities or their trustees (45%), and a significant proportion (31%) came from members of the public. This is broadly consistent with the profile of enquirers in the previous year. The

Nearly half of all enquiries came from charities or their trustees

most frequent theme across the year was further questions on the code or guidance (26%); this highlights the importance of collating this information for evidencing future code development. We also see many enquiries from members of the public, who are seeking general advice on fundraising and need help to navigate any relevant regulations. We answered 86% of enquiries within seven days and the remainder within two weeks. Our survey of registered organisations found that 21% of respondents had used our enquiries service and 69% of those that had used it found the experience to be 'positive' or 'very positive.' You can find more information on this survey on page 13.

The impact of the pandemic on our enquiries

When the pandemic first hit in March 2020 there was a decrease in enquiries. However, those we did receive from fundraisers were Coronavirus-related questions around when and how to safely return to fundraising. These enquiries related to the practicalities of resuming face-to-face, door-to-door and private site collections, as well as conducting cash collections and community fundraising events, in line with Government restrictions. These types of enquiries provided an evidence base for the areas in which we needed to produce Coronavirus guidance for the sector.

Although the most common enquiry we received across the year related to fundraising events (11% of enquiries), these enquiries steadily decreased in the last six months of 2019/20 as it became more challenging to run in-person events safely. In Q3, we saw enquiries about digital fundraising methods account for 19% of all enquiries, which was a significant increase on the previous quarter (7%). However, in Q4 digital enquiries fell, and instead we saw an increase in enquiries about holding online lotteries, raffles and prize draws.

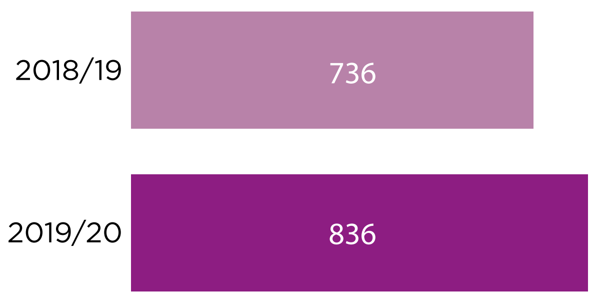
The nature of the enquiries we received in the second half of our reporting year reflected that fundraisers were adapting to the new landscape of fundraising, particularly digital methods. However, we understand that more traditional methods of fundraising remain important to charities and many enquirers asked us about the safety requirements of collecting cash on private sites, as well as through door-to-door fundraising. We advised charities, third-party fundraisers and members of the public on the specific legal obligations and standards applicable to these types of fundraising, and reiterated Government advice. Many enquirers asked about cancelled events, and we also saw several enquiries about online fundraising platforms, with some members of the public asking questions about how to crowdfund in line with the code.

2. Effective casework handling

Our open and accessible complaints service

Central to our role is the provision of our complaints handling service. We handle complaints about fundraising from members of the public and assess these against the standards in the code. We also conduct proactive casework on significant matters of concern. In 2019/20 we received 836 complaints, a 13% increase on the number received in the previous year. The most complained about methods of fundraising were charity bags, online fundraising and face-to-face fundraising.

We received 13% more complaints



With many public fundraising activities paused in March 2020 due to the pandemic, we saw a decrease in the number of complaints made to us. However, numbers picked up in July as charities began to adapt and resume activity. Much to their credit, fundraising organisations continued to engage with our complaints process and respond to our recommendations positively despite the pandemic pressures.

Investigating complaints

We investigate complaints made to us where these have not been resolved by the organisations concerned themselves and where it appears there has been a breach of the code. In 2019/20, we completed 21 investigations. This is a lower number than in previous years and is partly due to the impact of the pandemic, which changed the nature of the complaints we received in the second half of the year. Although the number of incoming complaints were evenly split across the two halves of the year (53% of the year's total were received in Q1-2, and 47% in Q3-4), we only opened two new investigations in Q3-4. This is in part due to the pandemic and also because of changes we made to our investigations criteria, which ensure we are proportionate when looking into cases.

Some of the themes highlighted by our investigations were: providing misleading information, applying undue pressure to donate and poor complaints handling. In each of our investigations where we upheld the complaint, we made recommendations to the charities and third-party fundraisers concerned. All organisations we made recommendations to accepted them, and in 100% of cases the organisations expressed their intention to comply.

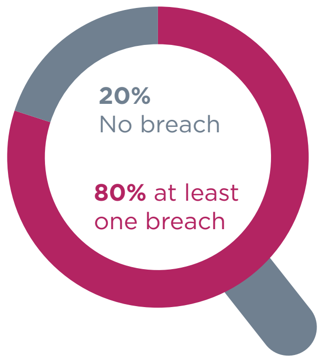
We also responded to fundraising concerns widely reported in the media about fundraising activity carried out through Christmas cards sales.

In 2019/20, we closed 96% of cases within four weeks of receipt, which exceeds our target of 90%. Although our target is to close 90% of investigations within 13 weeks, this year we closed just under half within this period. In some cases, unavoidable delays were incurred as a result of the upheaval caused by the pandemic, but even prior to this it was apparent that the increased complexity of the casework we were focusing on meant that investigations often needed more than 13 weeks to complete. After evaluating our process, we agreed a new service standard of 16 weeks for closing investigations, to take effect from 1 September 2020.

Sharing learning from complaints

This year was the first year in which we named all organisations in our published investigation summaries. We decided to name the organisations concerned to promote a culture of ethical fundraising and allow the public to make informed decisions when they donate to charity. Doing so also helps other organisations to identify similar activities that they may be engaging in and make sure they are operating in line with our recommendations. This year we published 25 investigation summaries on our website and we found a breach of the code in 80% of these cases.

We found a code breach in 80% of our published investigations



In March 2020 we published our third investigation report. Our investigation reports are our full final decision on a case. We only publish decisions in full where there are serious or sensitive matters of public interest and we believe there is considerable learning to come out of the case. In this case, we found serious governance failings as insufficient safeguards were in place to protect potential donors and therefore highlighted the case to the Charity Commission for England and Wales.

This year, we also published our fourth Annual Complaints Report. This report brought together information on fundraising complaints reported by a sample of large charities and on the smaller number of complaints that were escalated to the Fundraising Regulator. Combined, this data gives a detailed picture of the types of complaints the public made about fundraising. We encourage charities to use this information to identify the areas in which they may need to make improvements to their fundraising practices and where we need to focus our regulatory efforts. In the summer of 2020, we began engaging with the charities that contribute to this report to identify where we can make improvements to it and the annual return process. The outcome of this engagement work will be applied to future complaints reports.

Improving our complaints and investigations process

A formal investigation allows us to communicate our reasoning and the learning in these cases to both the sector and complainants. In 2019/20, we improved the summary information we publish following an investigation, to better reflect where charities had positively engaged with our process and accepted our recommendations. As we continue to mature as a regulator, we have learned from our experiences of handling casework and continue to refine our process to ensure we are proportionate and consistent in all our decision making. This has partly contributed to a reduction in the number of new formal investigations we are opening, although we will still open one if we consider there is a potential breach of the code and valuable learning within the complaint.

In addition, we formalised our approach to investigating an organisation where no complaint had been made to us, or where the complaint has been withdrawn. We only do this where there we consider there could be a code breach or risk to the public, the fundraising sector, or public confidence in fundraising more generally.

In February 2020 we published our learning from our first external review of our casework. In line with the external reviewer's recommendations, we improved the way we would handle such cases in the future. We assigned a member of staff not involved in the original investigation to review our original decision. We also reviewed our handling of contested evidence and reflected on better ways of working with the organisation complained about in the future.

Requests for external review

In this reporting year, our casework was not subject to external review. There were two requests for review, however, the reviewer did not uphold the complaint. Jon Wigmore, our independent External Reviewer, explains why below. We value this opportunity to have our decision making reviewed and we are committed to ensuring fairness and transparency in our decision-making process.

"I undertook two case reviews during the reporting period. In neither case did I uphold the complaint. In the first, I expressed reservations about the complainant's key point. I concluded that the Fundraising Regulator's prior handling of the complaint had been reasonable. I also found the charity's account of the principles behind its service delivery persuasive and plausible. In the second case, I commended the depth of consideration of the complaint in the earlier stages and found no departure by the Fundraising Regulator from the high standards it sets itself. The Fundraising Regulator had considered the complaint on its merits with regulatory action in mind. This meant that, legitimately, regulatory interventions would be tailored to cases rather than being one-size-fits-all."

Jon Wigmore, External Reviewer

3. Conducting research and providing support

Engagement with our registrants

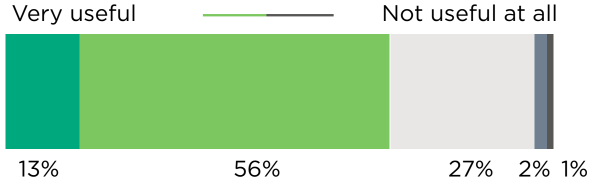
We are committed to listening to the sector to find out how we can support it to meet the standards in fundraising. Just as we encourage fundraising organisations to listen and respond to their supporters, it is also essential for us to listen to our registrants, so that we are best placed to regulate charity fundraising and offer support to them in that context. So, for the first time since the Fundraising Regulator was established, we sought the views of organisations that are registered with us to better understand what we are doing well and where we need to improve. This will help shape our future work and ensure we remain responsive to the issues facing the sector.

In our first survey of registrants, we received responses from 359 large and small charities, as well as some commercial organisations. Responses represented around 10% of our total number of registrants, which is typical for a survey of this nature. We asked about the revised code and our supporting guidance, our investigation reports and summaries, use of the Fundraising Badge, and our customer service.

We were pleased to find that 92% had engaged with the revised code and 75% thought that our aim of making it more accessible and easier to navigate has been achieved. A similar number of respondents also said our supporting guidance was helpful. On our Annual Complaints Report, we found that 75% had read at least one of these reports and found the learnings useful when reviewing their fundraising practices.

In addition, just over half of respondents said they had read at least one of our investigation summaries, and of those 70% told us that they had found them useful. We expect the number of people engaging with these summaries to increase as we continue to share the outcomes of our investigations publicly. The survey also told us that around 20% of respondents used our enquiries service, and most of those who used it found the experience positive. Finally, the survey

70% of people said our investigation summaries were very useful or useful for learning



found that nearly 70% found our registration and levy collection process easy.

Guidance on fundraising reporting

Shortly after new fundraising reporting requirements in the Charities (Protection and Social Investment) Act 2016 were introduced, we conducted an analysis of annual reports to understand the extent to which charities were meeting them. Under the Act, charities (where gross income is over £1 million) are required to provide statements on fundraising in their annual report, which must cover key aspects of their fundraising. By conducting this review, we are able to better support charities to report on their fundraising in a transparent way, so that supporters have clear information about their activities.

The analysis found that while most charities were reporting some information on their fundraising activities, the detail was limited. Many charities recognised their registration with the Fundraising Regulator, but few demonstrated how they use standards in the code to guide their work. Common issues our analysis identified included: limited detail about how fundraising campaigns are run

8 in 10 charities included a statement in their annual reports which sets out their approach to fundraising

But only 2 in 10 reports included a statement on all reporting requirements

and managed, including who carries out the work; a lack of thorough description about fundraising carried out on behalf of the organisation; omission of the number of complaints received; and limited explanation of how vulnerable people are protected.

Following this analysis, we published practical guidance to help organisations report in a more complete way. The guidance provides clear information on what fundraising statements should consist of; an example of a fully compliant report; and advice on what to expect from auditors. We plan to conduct this analysis again in future years to track how compliance is improving and identify areas where we need to provide further support.

Communicating our regulation

We now have a mature communications function which raises the profile of our regulation among the public, sector and stakeholders through a comprehensive programme of regular engagement activity. Our website remains our most important tool for communicating our regulation, and throughout the year we saw around 40,000 monthly visitors. We also sent a monthly newsletter to more than 5,000 subscribers containing important regulatory updates.

To alert the wider sector to significant new developments and to raise our profile among the public, we proactively engaged with the sector and national press. Throughout the year, the Fundraising Regulator featured in 130 pieces of media coverage. Before pandemic-related restrictions came into force, we attended 44 speaking engagements and stakeholder meetings in which we promoted our role and benefits of our regulation to fundraising organisations and the public in England, Wales and Northern Ireland. During the pandemic, we took part in seven digital events. We also produced several blogs and thought leadership articles from key members of staff for publication externally.

In addition to these regular communications, we rolled forward our current strategic plan for a year, pending development of a revised plan. For transparency, we also published our 2020-21 business plan, budget and key performance indicators on our website.

Collaboration with other organisations

We are committed to working efficiently with other organisations to regulate in the most effective way. In addition to the extensive work we have done with umbrella bodies, stakeholder organisations and central Government throughout the pandemic, we have information sharing agreements in place with several organisations. These agreements, formally titled Memorandums of Understanding, set out how we work with other organisations to achieve efficiency when we encounter issues of mutual interest. The Memorandums of Understanding clarify our role and working procedures and help us regulate the sector and support the public effectively.

Under these agreements, we share intelligence gathered from our casework with other regulators, such as the Charity Commission for England and Wales and the Information Commissioner's Office (ICO), among others. These organisations can also share information with us. This might be where concerns relate to governance matters or personal data. When we find a breach of the code in relation to the Fundraising Preference Service, we may notify the ICO of a potential breach of the Data Protection Act 2018 and notify the Charity Commission for England and Wales and/or Northern Ireland of a potentially serious governance issue, because of the charity's failure to respond to the request.

We also work closely with other organisations when developing technical guidance and research. In 2019/20 we sought the views of industry bodies such as the Textile Recycling Association and the Charity Retail Association. We also worked with numerous sector bodies, such as the National Council for Voluntary Organisations and the Chartered Institute of Fundraising, in the production of our guidance series.

Work in the devolved nations

The Fundraising Regulator regulates all charitable fundraising in England, Wales and Northern Ireland, and the code sets fundraising standards UK-wide. We carry out our work in the context of the different devolved government arrangements in the UK so that we can regulate in the most appropriate way. Charity regulation is a devolved matter in Scotland and here the Scottish Fundraising Standards Panel considers complaints against the code, rather than the Fundraising Regulator. To maintain a two-way information exchange with the Scottish regulator, the Fundraising Regulator's Chief Executive is an observer at the quarterly Scotland Panel meetings and a Panel member attends our board and Standards Committee meetings as an observer.

Throughout 2019/20 we continued our programme of ongoing engagement with Scotland, Wales and Northern Ireland. Prior to nationwide restrictions coming into force, we attended meetings with regulators and stakeholders in each of these countries, and regularly delivered speeches and workshops at conferences to inform audiences about the new and improved code, changes to the levy and learning from our casework.

For the first time in the regulator's history, we have had a Northern Ireland manager in post throughout the year, to work on initiatives with colleagues across the UK. This position aims to ensure we are well informed on relevant developments in Northern Ireland, as well as to raise awareness of the Fundraising Regulator's role and functions, the code and resources available to key stakeholders working in Northern Ireland. Work has focused on collaborations with existing Voluntary Community and Social Enterprise networks and membership bodies, and regular collaboration with the Northern Ireland Council of Voluntary Action, CO3, Chartered Institute of Fundraising Northern Ireland Committee, Volunteer Now and the Rural Community Network.

4. Operating the Fundraising Preference Service

Giving members of the public control

The Fundraising Preference Service (FPS) is a free service which allows members of the public to manage the direct marketing contact they receive from charities registered in England, Wales and Northern Ireland.

During this financial year, 1,971 individuals suppressed contact from charities, and a

quarter of these individuals used the service on behalf of a friend or relative. They made 5,503 suppressions in total. Together, these individuals managed contact from 725 charities, both large and small, spanning all sectors. However, usage of the FPS has gone down by 37% on the figures reported last year. This is, in part, due to postponed marketing activity explained below.

In 2019/20 we ended our contract with an external call centre as it was handling fewer calls than originally anticipated. We now receive 98% of suppressions through the FPS digital portal and the small volume of calls we do receive are handled in-house. This realised a cost saving of just under £14,000.

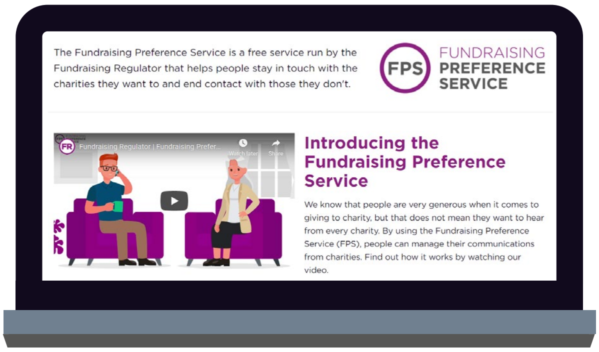
Supporting charities to action FPS suppressions

To date, 2,170 charities have set themselves up on the FPS secure portal so that they can ensure that they do not send direct marketing communications to people who have made an FPS suppression request. A small number of charities are breaching the code by failing to access and action these requests to stop communication. In 2019/20, we found 41 breaches of the code in relation to the FPS. Nonetheless, the majority of those who breached the code in 2019/20 have now complied by accessing their FPS suppressions. This shows that compliance with the direct marketing standards in the code is good, and our enforcement is working.

Raising awareness of FPS

Our aim for the FPS in 2019/20 was to raise its profile among members of the public, so that more people know where to go if they want to manage the contact they receive from charities. Due to a limited budget, we are unable to market the FPS widely, and therefore our strategic priorities for public engagement are highly focused. We intend to raise awareness among the individuals who may need to use the FPS on behalf of someone else, which follows our core aim of operating the FPS to protect vulnerable people. We know that people are already using the FPS in this way, however we believe there is more scope for engagement here.

A new visual identity for FPS



As part of our marketing strategy, we created a new public-friendly visual identity for the FPS. To explain simply how the service works, we produced a short, animated video and suite of graphics, and made the service more visible on our website, so information about it was easier to find. Due to the pandemic, our marketing plans for the service were delayed. However, this will be rolled out in the next financial year.

An independent evaluation of the FPS

Since the FPS was launched in 2017, we know that it has provided a way for people to opt-out of receiving communications from multiple charities and it has protected people in vulnerable circumstances from receiving unwanted charity marketing. However, to ensure the FPS was achieving its original aims effectively and efficiently, we committed to independently evaluating the service after a few years of operation. Through an open tender process in late 2019, we commissioned a consultancy to carry out the review.

The review, which concluded in August 2020, found that while the FPS remains an important tool for people to manage unwanted direct marketing from charities and has an important role for people who may be in vulnerable circumstances, awareness levels among members of the public is low and it is expensive to run. The review recommended that we develop a simpler and more cost-effective solution that focuses primarily on providing a convenient way for people in vulnerable circumstances (and those acting on their behalf) to opt-out of receiving charity direct marketing. You can read the full evaluation report on our website.

We welcome the recommendations set out in this review and we have valued this opportunity to understand how we can improve the service. In our next financial year, we will be looking at how we can take the recommendations forward.

5. Registration, finance and risk

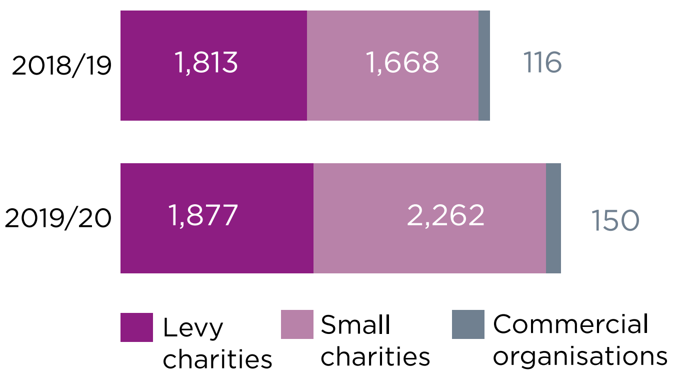
Collecting the Fundraising Levy

The levy is the means by which the scheme of voluntary fundraising regulation is funded in England, Wales and Northern Ireland. The cost is shared among those charities who conduct the most fundraising activity (those that spend more than £100,000 on fundraising activities annually). The levy has historically provided over 90% of our overall income and it funds our core activity, which includes running our enquires service and the Fundraising Preference Service; handling and investigating complaints; updating the code and guidance; and, ensuring organisations have the resources they need to meet the requirements in the code.

We are pleased to report that we collected 97% of the levy in this financial year from 1,877 charities. This is the highest payment rate to date and demonstrates that our regulation is now an established part of the fundraising landscape.

We are committed to continually reviewing the levy to ensure it remains an effective means to fund fundraising regulation. The level of contribution each charity makes to the levy is banded, according to their fundraising expenditure. Last year we introduced two new bands so that smaller fundraising charities moved up the bands more gradually. This year, our board reviewed the fundraising expenditure basis for calculating the levy, and it agreed that this continues to be the most appropriate metric.

19% more organisations registered with us



The levy is an established cost of business for fundraising organisations. However, it is disappointing that 20 charities decided not to contribute to the levy in 2019/20, and a further 63 charities did not engage with us at all. That said, the number of non-contributing charities has significantly reduced each year, as organisations recognise their collective responsibility to fund independent regulation of fundraising. We will continue to work alongside statutory regulators and sector bodies to make it clear that the levy is not optional.

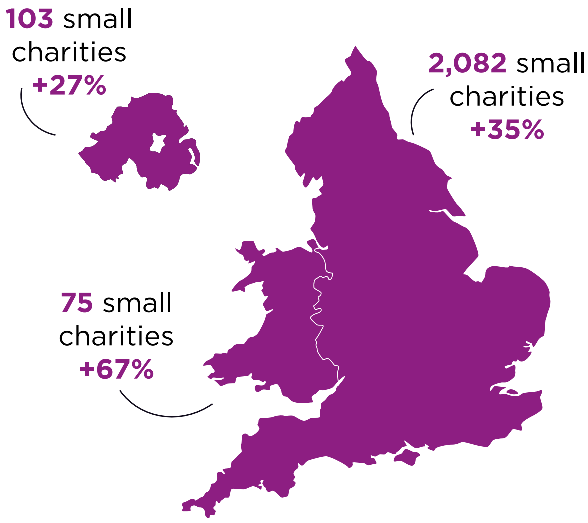
Although voluntary, the levy is structured so that the cost is shared between all those eligible to pay. Those that do not contribute their fair share unfairly place onus on other organisations to fund fundraising regulation in the UK. Choosing not to contribute does not only affect the charity concerned; it means that our regulation and services, which are beneficial to all fundraising organisations, will be under-funded.

Increasing support for voluntary regulation

Large and small charities, third-party fundraising agencies and commercial organisations based in England, Wales or Northern Ireland that carry out charitable fundraising can apply to register with the Fundraising Regulator. Registered organisations show their commitment to promote best practice in fundraising and their willingness to comply with the law. Those who register can display the Fundraising Badge – the logo that shows a charity is registered with us – on their fundraising materials, which can open up more fundraising opportunities.

As of 31 August 2020, there were 4,289 registered with us (which includes the 1,877 levy payers). This is an increase of 19% on the previous year (3,597 registrations). This year we found that smaller charities

Growth of small charity registration

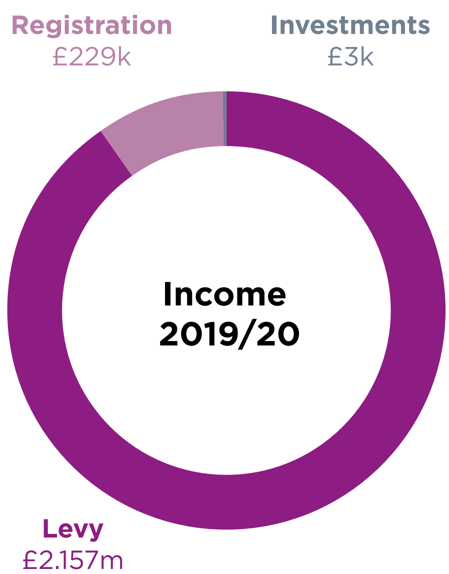


are increasingly recognising the value of voluntary regulation as we saw a significant increase in their registrations; up 35% from 1,668 to 2,262. The number of small charity registrations increased across all nations, with Wales accounting for the largest proportionate increase. This follows an awareness raising campaign in which we initially wrote to small charities in Wales, highlighting the code and the value of registration. We subsequently rolled this out to charities across the UK. We also streamlined our registration process, making it easier for charities to sign up and renew. The pandemic meant that we paused our new registrant engagement activity while we focused on supporting the sector. However, we intend to repeat this in the next financial year to meet our target of 3,500 small charity registrations.

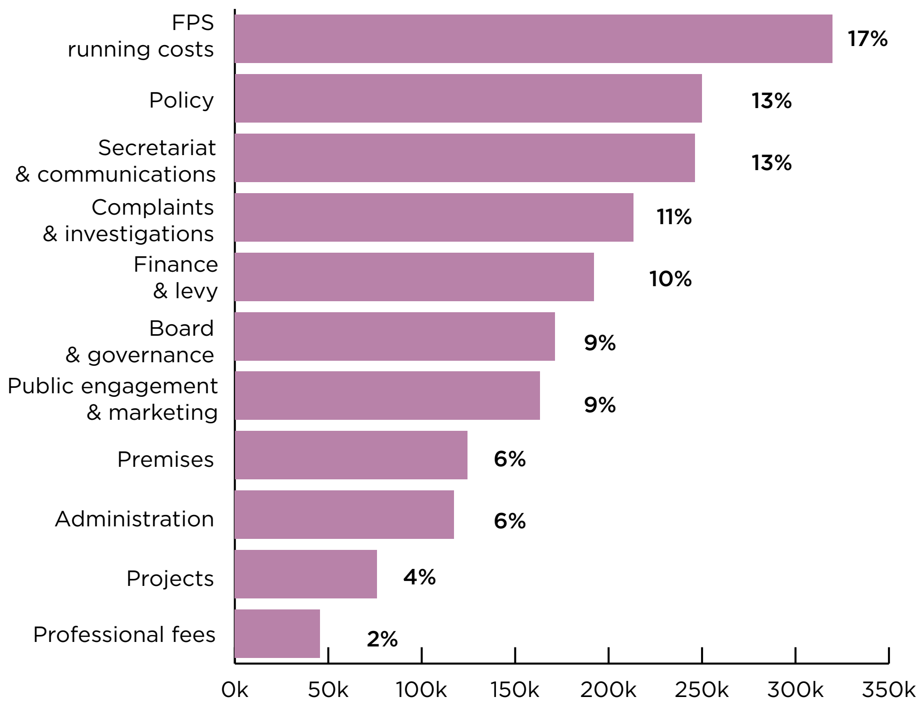
Financial review

Our income for this accounting period is £2.389m, which is comprised income from the levy of £2.157m (90% of total income) and £229k from the registration of small charities and commercial organisations engaged in fundraising, along with £3k of investment income. This is in line with the £2m to £2.5m that the cross-party review recommended in 2015 that we needed to undertake our tasks effectively.

We incurred expenses of £1.92m throughout the year and we achieved a surplus of £470k, which has been taken to reserves in line with our policy. As a result, reserves have improved to approximately £1.16m (£693k in 2019), which is the target level set by the board in 2016. Find out more about our reserves policy on page 20.



Expenditure 2019/20



Year-on-year comparison

The below table provides a year-on-year financial comparison of our income and expenditure:

Income	Year end 2020	Year end 2019	Difference
Regulatory Activities	£2,386,707	£2,172,085	+£214,622
Investments	£2,723	£1,560	+£1,163
Total	**£2,389,430**	**£2,173,645**	**+£215,785**

Expenditure	Year end 2020	Year end 2019	Difference
Regulatory Activities	£1,919,001	£1,973,513	-£54,512
Net Income	£470,429	£200,132	+£270,297
Added to fund balances	£693,470	£493,338	+£200,132
Closing cash balance	**£1,163,899**	**£693,470**	**+£470,429**

Performance against budget

Our planned budget for the year of £2.15m was underspent by £230k (10%). This was a result of us pausing our planned project work in the second half of the year during the Coronavirus pandemic. The pandemic restricted our capacity to complete all the tasks in our business plan, namely those involving outreach and engagement, as we focused our efforts on supporting the sector and public through the immediate challenges. We intend to carry out this work in our next financial year.

Our expenditure is set out in further detail on page 34 of this report. Some expenditure requires further explanation owing to the year-on-year increases. Consultants costs increased by £54k as we invested in the independent review of the FPS. Additionally, some vacant posts were covered by consultant resources pending permanent recruitment. The increase in board remuneration of £21k is explained by the delay in processing claims from the previous year. Systems are now in place to process claims for member attendance more promptly.

Managing and mitigating risk

We maintain a system of risk management. Significant risks are reported in a register, which is regularly monitored and reviewed by the senior management team and Finance, Audit and Risk Committee. The board also discusses the risk register at least twice a year.

Mitigation is applied to emerging risks to reduce the likelihood of the risk crystallising and its impact being realised. This year we developed a separate Coronavirus risk register, which sits alongside our normal risk register, to identify and track any new emerging risks. We plan to integrate these two registers in 2021.

Our biggest long-term risk remains funding. Despite an increase in the number of charities paying the levy and registering over the past four years, the voluntary nature of the levy means we cannot predict accurately how many organisations will contribute each year and the speed at which this happens. Positively, charities have so far shown their willingness to continue funding the regulator to maintain our activities in the 2020/21 levy round.

We have considered the effect of the Coronavirus pandemic on the Fundraising Regulator's activities and its impact on the organisation as a going concern. We have implemented a working from home strategy for all staff members, and we are pleased to report that we have been able to continue with our ongoing activities using digital platforms during restrictions.

The pandemic is unlikely to cause a significant disruption to the Fundraising Regulator's income and continuing activities, but at the date of approval of these financial statements, the extent and quantum of the disruption remains uncertain. However, we are also confident from levy payments received for the year beginning 1 September 2020 that the organisation will have sufficient funding and remain a going concern.

Our reserves policy

The board agreed a reserves policy in September 2016 and the Finance, Audit and Risk Committee formally reviews this on an annual basis. Our reserves policy ensures that we have adequate funds at any time to deal with a drop in our funding, to meet exceptional costs that may arise from challenge to our decisions and to cover the costs of an orderly winding up, so that our legacy can be passed on to any successor body and liabilities can be met before closure. Given the difficulty for a self-regulatory body to insure against legal risks, reserves may also be needed to cover costs of any legal challenges to the decisions we make. The target level of reserves takes that risk into account.

Operating reserves will be maintained at the upper end of three to six months of core expenditure, at around £1m to ensure all contractual liabilities – for staff, suppliers and contractors – can be met. Reserves at this level will ensure that, in the event of a significant drop in funding, we will be able to continue our current activities while consideration is given to ways in which additional funds may be raised. It will also cover any winding up costs should the position of the regulator fundamentally change. This year we have increased our reserves levels to the six-month target set by the board and are in the process of making better arrangements for its investment.

Delivering on our strategic plan

The Coronavirus pandemic and the effect of moving to home working from March 2020 impacted on our ability to deliver some parts of our strategic plan, which means that they will now be delivered in the next financial year. These are:

- To take forward and make changes to the Fundraising Preference Service, when approved by the board.
- To revise and introduce changes to the way in which the Fundraising Badge is made available to charities and commercial organisations registered with the Fundraising Regulator.

The board also agreed that the current strategic plan would be extended for another year to the end of August 2022. This would allow it to be delivered and for there to be time to prepare for the next strategic plan, which will include our priorities in the next three-to-five-year period. This will build in time for consultation that may be needed.

In 2021 we will review whether the October 2019 version of the code requires any amendments and consultation before changes are made. We will also build on the guidance for fundraising organisations and fundraisers as well as our approach to regulation to ensure it is 'right touch'.

3. Governance report

Board and committees

The Fundraising Regulator is a company limited by guarantee with a board of directors. The Chair of the board is supported by the Vice-Chair and 10 other members. Our board is guided by recommendations from three specialist sub-committees: the Standards Committee; the Complaints and Investigations Committee; and the Finance Audit and Risk Committee, which make decisions delegated by the board. The board is supported by an executive function, led by the Chief Executive. You can find a list of board and committee members on the next page.

The board met formally on four occasions over the year. Two of these meetings were held digitally during the pandemic. Board discussions included: our first survey of organisations registered with the Fundraising Regulator; the independent evaluation of the Fundraising Preference Service; potential adjustments to the Fundraising Levy and registration process; and responding to the pandemic.

The board members bring a range of skills and experience in fundraising, law, charities, communications, finance and regulation. We recruit members by open competition to ensure we bring a mix of skills and diversity to the board. In April 2019 we announced the appointment of three new board members for initial three-year terms. The Vice Chair of the board and Chair of the Standards Committee were reappointed for additional three-year terms.

Standards Committee

The Standards Committee oversees the development of the code, in consultation with those who fundraise and the public, and any associated guidance. The committee makes sure that standards continue to reflect current fundraising practices, changes to relevant legislation and the expectations of the public.

The Standards Committee includes three members of the board, two independent members and two observers. The committee met on three occasions during the period and discussed: the impact of the revised code as outlined in the sector survey findings, new guidance (particularly around Coronavirus), supporting people in vulnerable circumstances and analysis of the enquiries function.

Complaints and Investigations Committee

The Complaints and Investigations (C&I) Committee holds the executive to account for the overall casework performance of the regulator. It determines the outcome of some individual cases and can reconsider a case that has been remitted to the external reviewer. The committee undertakes thematic reviews of casework to identify wider lessons or areas of the code that require review.

The C&I Committee includes four members of the board, two independent members and one observer. The committee met on four occasions during the year. As well as discussion on individual cases, the committee also covered: team performance against published targets and the structure and themes of the Annual Complaints Report.

Finance, Audit and Risk Committee

The Finance, Audit and Risk (FAR) Committee is responsible for monitoring and advising the board on significant strategic risks. It manages financial risk, performance, funding and expenditure. It makes recommendations on staff remuneration and considers the appropriate audit arrangements for the regulator.The FAR Committee includes four members of the board and one independent member. The committee met on four occasions during the year and discussed: financial performance against budget, levy projections, use of reserves, staff welfare and risk (particularly during the pandemic).

Induction and training of directors

New directors take part in a detailed induction that covers their duties as company directors, the history and key decisions of the board and an overview of the functions and services of the Fundraising Regulator. In addition, each director is also inducted into the work of the board sub-committee on which they will serve. This includes briefings from the Chair of the committee, copies of past papers and meetings with key staff.
All directors undertake an annual appraisal which includes a skills audit. Any training or development needs identified through this process are addressed by the Chair and Chief Executive during the year.

Conflicts of interest

The board and committee members hold a range of executive and non-executive roles outside the Fundraising Regulator. We maintain a register of interests so that individuals can declare an interest, if necessary. Any actual or perceived conflicts are raised either in advance of or at the start of each board and committee meeting, which are noted in the minutes. If a member's interests present a conflict of interest with our regulatory functions, our procedures require the member concerned to withdraw from the discussion and decision making.

	Board meeting attendance			
Board member	**29/10/19**	**30/01/20**	**28/04/20**	**21/07/20**
Reshard Auladin (from 01/04/20)	N/A	N/A	Y	Y
David Cunningham	Y	Y	Y	Y
Sacha Deshmukh	Y	Y	Y	Y
Lord Toby Harris (Chair)	Y	Y	Y	Y
Kieron James	Y	Y	Y	Y
Suzanne McCarthy	Y	Y	Y	Y
Margaret Moore (Vice Chair)	Y	Y	Y	Y
Richard Newton (for Wales) (until 31/12/19)	Y	N/A	N/A	N/A
Guy Parker (from 01/04/20)	N/A	N/A	Y	Y
Martin Price (for Wales) (from 01/04/20)	N/A	N/A	Y	Y
Walter Rader (for N Ireland)	Y	Y	Y	Y
Michael Smyth (until 01/03/20)	Y	Y	N/A	N/A
Jill Thompson	Y	Y	Y	Y
Jenny Williams	Y	Y	Y	Y
Scotland observer	N	N	N	Y
Attendance	**92%**	**91%**	**92%**	**100%**

	Standards Committee meeting attendance			
Committee member	**10/09/2019**	**01/07/2020**	**03/31/2020**	**06/30/2020**
Liz Barclay*	Y	Y	Cancelled	Y
David Cunningham	Y	Y	Cancelled	Y
Nick Jones*	Y	Y	Cancelled	Y
Suzanne McCarthy (Chair)	Y	Y	Cancelled	Y
Guy Parker	Y	Y	Cancelled	Y
CIoF observer	Y	Y	Cancelled	Y
Scotland observer	Y	Y	Cancelled	Y
Attendance	**100%**	**100%**	**N/A**	**100%**

*external members

Committee member	C&I Committee meeting attendance 16/10/19	23/01/20	18/03/20	24/06/20
Reshard Auladin (from 01/04/20)	N/A	N/A	N/A	Y
Catherine Cottrell*	N	Y	Y	Y
Andrew Nebel*	Y	Y	Y	Y
Richard Newton (until 31/12/19)	N	N/A	N/A	N/A
Martin Price (from 01/04/20)	N/A	N/A	N/A	Y
Walter Rader	Y	Y	Y	Y
Michael Smyth (Chair) (until 31/03/20)	Y	Y	Y	N/A
Jenny Williams (Chair) (from 01/04/20)	Y	Y	Y	Y
CIoF observer	N	Y	N	Y
Attendance	**57%**	**100%**	**83%**	**100%**

Committee member	FAR Committee meeting attendance 17/10/20	15/01/20	16/04/20	07/07/20
Sacha Deshmukh	Y	Y	N	N
Kieron James	Y	Y	Y	Y
Sharon Martin*	Y	Y	Y	Y
Margaret Moore (Chair) (until 31/12/19)	Y	Y	Y	Y
Jill Thompson (Chair) (from 01/01/20)	Y	Y	Y	Y
Attendance	**100%**	**100%**	**80%**	**80%**

*external members

Staffing and management

The board and committees are supported by a senior management team of five and 16 staff, plus a contractor. Some of these staff members work part-time, so our full-time equivalent is 19 members of staff. The senior management team is made up of the Chief Executive, Head of Finance and Procurement, Head of Policy, Head of Communications and Corporate Services and Head of Casework. The board sets the pay of the senior team on the recommendation of the Chief Executive, after the posts have been benchmarked against those in comparable organisations. The board also sets the Chief Executive's pay.

To ensure our staff are well equipped to serve our evolving needs, we have offered a programme of learning and development throughout the year. The nature of the training was identified through the annual appraisal process. Staff developed their technical skills with training on programs such as Adobe and Salesforce and were offered soft skills courses during the pandemic to help them adjust to remote working. In addition, staff attended training aimed at fundraisers to better understand particular aspects of fundraising practice.

To ensure a fair and inclusive working environment for all staff, the whole team worked together to develop a set of internal values that set out the behaviours that are expected of all staff. The final values that everyone is now working to are summarised as: learning, quality, collaborative and supportive. These values reflect the culture of the regulator and will be used to help induct all new members of the team.

Legal and administrative information

Chief Executive	Gerald Oppenheim
Company Secretary	Nick Allaway
Company number	10016446

Registered office	**Auditor**	**Bankers**
2nd Floor Can Mezzanine 49-51 East Road London, N1 6AH	HW Fisher Acre House 11-15 William Road London, NW1 3ER	CAF Bank Ltd 25 Kings Hill Avenue West Malling Kent, ME19 4JQ

The directors present their report and accounts for the year ended 31 August 2020. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Fundraising Regulator's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019) The directors who served during the year are noted on page 21.

Objectives

The object for which the company is established is to promote and carry out the regulation of fundraising carried out by charities and not-for-profit organisations. There has been no change in this during the period.

Auditor

The auditor, HW Fisher, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information to auditor

Each of the directors and senior managers has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the provisions applicable to companies entitled to small companies' exemption.

The report was approved by the Board of the Fundraising Regulator.

Lord Toby Harris
Chair

Dated: 29 January 2021

4. Statement of directors' responsibilities

The directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and the methods and principles of Charities SORP. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of Statement of Financial Activities including Income and Expenditure Account of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at anytime the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other regularities.

5. Independent Auditor's report

To the members of the Fundraising Regulator

Opinion

We have audited the financial statements of Fundraising Regulator (the 'company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report included within the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sailesh Mehta (Senior Statutory Auditor)

for and on behalf of

HW Fisher
Chartered Accountants
Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

6. Statement of financial activities including income and expenditure account

(1 September 2019 – 31 August 2020)

	Notes	**Unrestricted funds 2020 £**	Unrestricted funds 2019 £
Income from:			
Regulatory activities	3	2,386,707	2,172,085
Investments	4	2,723	1,560
Total income		2,389,430	2,173,645
Expenditure on:			
Regulatory activities	5	1,919,001	1,973,513
Net income for the year/ net movement in funds		470,429	200,132
Fund balances at 1 September 2019		693,470	493,338
Fund balances at 31 August 2020		1,163,899	693,470

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

7. Balance sheet

(1 September 2019 – 31 August 2020)

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	7		3,089		-
Current assets					
Debtors	8	170,348		195,514	
Cash at bank and in hand		1,165,669		868,790	
		1,336,017		1,064,304	
Creditors: amounts falling due within one year	9	(175,207)		(370,834)	
Net current assets			1,160,810		693,470
Total assets less current liabilities			1,163,899		693,470
Income funds					
Unrestricted funds			1,163,899		693,470
			1,163,899		693,470

The financial statements were approved by the Directors on 29 January 2021.

Lord Toby Harris
Director

Company Registration No. 10016446

8. Statement of cash flows

(1 September 2019 – 31 August 2020)

		2020		2019	
	Notes	**£**	**£**	£	£
Cash flows from operating activities					
Cash generated from operations	12		297,245		383,489
Investing activities					
Purchase of tangible fixed assets		(3,089)		-	
Interest received		2,723		1,560	
Net cash (used in)/ generated from investing activities			(366)		1,560
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			296,879		385,049
Cash and cash equivalents at beginning of year			868,790		483,741
Cash and cash equivalents at end of year			1,165,669		868,790

9. Notes to the financial statements

(1 September 2019 – 31 August 2020)

1. Accounting policies

Company information

Fundraising Regulator is a private company limited by guarantee incorporated on 19 February 2016 in England and Wales. The registered office is 2nd Floor, Can Mezzanine, 49-51 East Road, London, N1 6AH.

1.1 Accounting convention

The company is not registered as a charity but the accounts have been prepared in accordance with the company's Memorandum of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") to reflect the not for profit nature.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have considered the impact of Covid-19 on activities and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fund accounting

Unrestricted funds are available for use at the discretion of the directors in furtherance of their objectives unless the funds have been designated for other purposes.

1.4 Income

Demands for voluntary annual levy income are issued in advance covering the period from September 2019 to August 2020. Such income is recognised on receipt. At the year end, there is deferred income for the period from September 20 to August 21 which was received in advance.

Registration income is also voluntary and relates to the annual period beginning from the month that the cash is received. At the year end, all registration income relating to post year end is deferred.

Cash donations are recognised on receipt. Other donations are recognised once the company has been notified of the donation unless performance conditions require deferral of the amount.

1.5 Expenditure

Liabilities are recognised as expenditure once there is a legal or constructive obligation committing the company to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated to the one activity in the statement of financial activities.

Governance costs comprise all costs involving the public accountability of the company and its compliance with regulation and good practice.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

IT equipment	Straight line over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2. Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not believe there to be judgements or estimates that would be considered critical to the financial statements.

	Income 2020 (£)	Income 2019 (£)
2016/2017 Levy income	2,950	-
2017/2018 Levy income	3,400	4,250
2018/2019 Levy income	150	2,000,893
2019/2020 Levy income	2,151,252	-
Registration income	228,955	166,942
	2,386,707	2,172,085

3. Regulatory activities

2016/17 and 2017/18 levy income relates to old credit notes and unreconciled bank items written off.

A small amount of 2018/19 levy income was received during the year.

4. Investments

	Unrestricted funds 2020 (£)	Unrestricted funds 2019 (£)
Interest receivable	2,723	1,560

5. Regulatory activities

	2020 (£)	2019 (£)
Staff costs	989,730	905,747
Recruitment	52,077	58,082
Consultants	233,818	179,961
Office supplies	13,332	14,190
Events & conferences	37,926	25,313
Premises, utilities & rates	141,073	131,547
Research	-	39,830
Travel & subsistence	7,665	14,503
Legal & professional fees	19,395	123,466
IT & web project development	353,937	390,866
Board remuneration	55,650	35,080
	1,904,603	1,918,585
Audit & accountancy	14,398	54,928
	1,919,001	1,973,513

Audit and accountancy fees include payments to auditors for £10,710 (2019: £10,200) of audit fees and £3,688 (2019: £44,728) for other accountancy services.

6. Employees

Number of employees

The average monthly number of employees during the year was:

	2020 no	2019 no
Complaints & Investigations	4	5
Secretariat & Communications	6	4
Board & Governance	1	1
Finance & Levy	4	4
Policy	4	4
FPS	1	1
	20	19

Employment costs

	2020 (£)	**2019 (£)**
Wages & salaries	842,860	773,466
Social security costs	90,444	82,607
Other pension costs	56,426	49,674
	989,730	905,747

The number of employees whose annual remuneration was £60,000 or more were:

	2020 no	2019 no
£60,000-£70,000	1	-
£80,001-£90,000	1	1

The key management personnel comprise the CEO, Head of Policy, Head of Secretariat and Communications, Head of Complaints and Investigations, Head of Finance and Procurement. During the year, the key management personnel received £359,748 (2019: £331,474) in wages and salaries and pension contributions.

7. Tangible fixed assets

Cost	**IT equipment (£)**
Additions	3,089
At 31 August 2020	3,089

Carrying amount	
At 31 August 2020	3,089

8. Debtors

Amounts falling due within one year	**2020 (£)**	2019 (£)
Trade debtors	3,138	-
Prepayments & accrued income	167,210	195,514
	170,348	195,514

9. Creditors

Amounts falling due within one year	**2020 (£)**	2019 (£)
Other taxation & social security	22,818	22,817
Trade creditors	14,231	33,713
Other creditors	8,168	7,271
Accruals & deferred income	129,990	307,033
	175,207	370,834

Deferred income is relating to Levy income and registration income, whereby subscribers pay a yearly one-off fee.

Included in accruals and deferred income is an amount of £266,904 brought forward from 2019 which was released in 2020. The amount of income deferred in the current year is £112,050.

10. Operating lease commitments

At the reporting end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 (£)	2019 (£)
Within one year	57,443	57,422
Between two & five years	2,745	4,056
	60,188	61,478

The total rental expense recognised in the accounts was £111,733 (2019: £110,834).

11. Related party transactions

Board and Committee members can claim a daily amount for attendance at meetings and undertaking other work on behalf of the Fundraising Regulator. Board members are Directors of the company and Committee members are co-opted for their expertise or understanding of fundraising in other countries. This allowance is in line with sums common in other public regulators. The Chair can claim £500 per day, Committee Chairs £350 per day and Board and Committee members £300 per day. Reasonable expenses are also paid for travel and subsistence costs.

During the year, 18 (2019: 14) Board and Committee members were paid £55,650 (2019: £35,080) in total for attendance and 6 (2019: 6) members were paid £4,636 (2019: £4,985) for reimbursed travel and subsistence.

12. Cash generated from operations

	2020 (£)	2019 (£)
Surplus for the year	470,429	200,132
Adjustments for:		
Investment income recognised in statement of financial activities	(2,723)	(1,560)
Movements in working capital:		
Decrease in debtors	25,166	5,925
(Decrease)/increase in creditors	(195,627)	(178,992)
Cash generated from operations	**297,245**	383,489

13. Analysis of changes in net funds

The company had no debt during the year.