Fundraising Regulator

Annual report and accounts

1 September 2020 – 31 August 2021

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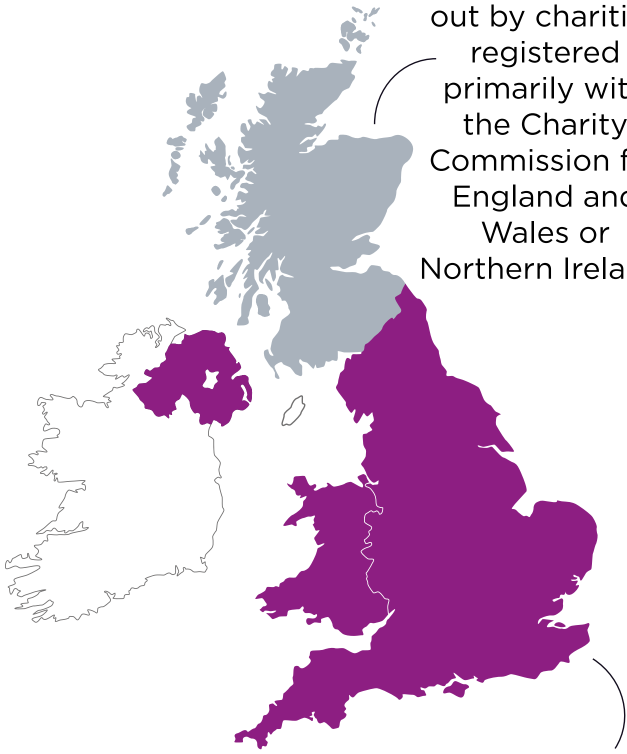
About the Fundraising Regulator

The Fundraising Regulator is the independent regulator of charitable fundraising in England, Wales and Northern Ireland. In Scotland, we work closely with the Scottish Fundraising Adjudication Panel to regulate charitable fundraising. We stand up for best practice in fundraising, in order to protect donors and support the vital work of fundraisers.

We work in partnership with other regulators and representative bodies in the charitable and fundraising sectors to build public confidence and ensure consistent, high fundraising standards across the UK. We do this by:

- setting, maintaining and promoting the standards for fundraising in the Code of Fundraising Practice (the code), in consultation with the public, fundraising stakeholders and governments. The code applies to every fundraising organisation in the UK, regardless of their registration status with the Fundraising Regulator;
- investigating complaints about fundraising, where these cannot be resolved by the organisations involved themselves – we do this by considering whether the fundraising organisation has complied with the code;
- investigating fundraising that has caused or has the potential to cause significant public harm;
- enabling people to stop direct marketing contact from charities by using our Fundraising Preference Service; and
- publishing a Fundraising Directory of all organisations that have registered with us to demonstrate their commitment to best practice in fundraising.

Graphic: our remit map



About our regulation

From street fundraising to large-scale fundraising events, we regulate all fundraising in England, Wales and Northern Ireland carried out by charitable institutions and third-party fundraisers. This includes:

- charities registered with the Charity Commission for England and Wales and the Charity Commission for Northern Ireland;
- exempt charities (for example, universities in England);

- other organisations with entirely or predominantly charitable, philanthropic and benevolent objectives; and
- agencies and other organisations employed by charities to raise funds for them.

We also regulate fundraising carried out on behalf of a charity, where the charity has knowledge of the activity and has given their consent.

Fundraising regulation in Scotland

Fundraising self-regulation in Scotland is different to the system in place in England, Wales and Northern Ireland. However, the code applies across all four nations in the UK. Fundraising by charities only registered in Scotland is subject to regulation by the Scottish Fundraising Adjudication Panel. Fundraising in Scotland by charities where the lead regulator is the Charity Commission for England and Wales or Northern Ireland and the charity is based in those nations, is regulated by the Fundraising Regulator.

Our funding

We are funded by an annual voluntary levy on charities spending £100,000 or more on fundraising. We also receive income from registration fees from commercial fundraising businesses, community interest companies and charities spending less than £100,000 a year on fundraising. See page 23 for more information.

A message from the Chair

Welcome to the Fundraising Regulator's 2020/21 annual report.

These extraordinary times have brought new challenges to the charitable fundraising sector, so firstly I'd like to commend charities and their partners for the hard work they have done to adapt their activities and fundraise responsibly during the pandemic. Our priority this year was to support these efforts, by working with colleagues within government to provide reliable and timely guidance, so that fundraising remained safe.

Early in this reporting year, the board and executive team took the decision to extend our three-year strategic plan by a year to 2022, following the inevitable delays to our project work caused by the pandemic. This year, we continued to deliver that strategy, which focused on strengthening our core services, such as our casework function and the Fundraising Preference Service, and maturing our regulatory approach. The extension of the strategy will enable us to fully achieve our initial objectives before we embark on our next five-year strategic plan. We will be engaging with the charitable fundraising sector before publishing our new strategy, which starts from September 2022.

As we look ahead to building on our initial achievements, this year highlighted some core themes that will feature within our regulatory priorities in the years ahead. Significantly, the pandemic accelerated the growth in online fundraising as many organisations refocused their activity when restrictions meant in-person methods had to pause. We saw more complaints about online fundraising resulting from this increased activity, evidenced in our latest Annual Complaints Report, and we noted increasing media interest

in crowdfunding, as this method of fundraising rapidly grows in popularity. We also saw increased activity in lottery and free draw fundraising. We will monitor the development of fundraising methods, and make sure our regulation reflects the latest practice.

This year we were pleased to see more charitable fundraising organisations register with the Fundraising Regulator. More than 95% of smaller charities decided to renew their registration with us, which is the highest rate to date. It is positive to see so many organisations recognise the value in committing to the UK's scheme of voluntary fundraising regulation. We also saw a 98% payment rate of the Fundraising Levy – the highest to date. Our growing base of registrants and near complete levy collection is proof that the Fundraising Regulator's model of self-regulation is working.

As part of our commitment to being accessible to all and an organisation that works to eliminate all forms of discrimination, this year we also worked on a strategy for equality, diversity and inclusion.

We expect the organisations we regulate to operate in a way that is legal, open, honest and respectful and we have the same expectations for our own organisation. These expectations cover not only access to our services, but also how we operate internally, and attract and retain our staff. We will use this strategy to help guide us in the development of our organisation in the years ahead.

Finally, I'd like to thank colleagues at the Department for Digital, Culture, Media and Sport (DCMS) and at the other key organisations we work with for supporting the charity sector throughout the pandemic. I'd also like to thank the executive team at the Fundraising Regulator, for their achievements this year and providing support to charities and members of the public, for the benefit of communities across the UK.

Lord Toby Harris

2020/21 in numbers

777
incoming enquiries

2,275
users of the Fundraising Preference Service

£2.41 million
total income from levy and registration

40,000
views of 12 pieces of new and updated guidance

Registered with FUNDRAISING REGULATOR

4,975
registrations

including levy payers, small charities and non-charities

1,035
incoming complaints, of which
377
about charitable fundraising

200,000
visits to the Code of Fundraising Practice

Timeline

Sep 2020

Published five investigations, guidance on the Charities (Protection and Social Investment) Act 2016 and announced plans to extend our strategy to 2022.

Oct 2020

Published a new webinar on trustee responsibilities in relation to the Code of Fundraising Practice.

Nov 2020

Published our Annual Complaints Report 2019/20 and independent review of the Fundraising Preference Service.

Dec 2020

Published three investigations and a new webinar on complaints handling.

Jan 2021

Responded to the CAP and BCAP consultation on changes to rules on gambling and lotteries advertising.

Feb 2021

Published our Annual Report 2019/20 and held our first virtual annual public meeting.

Apr 2021

Published new Coronavirus guidance on events and community fundraising, and cash collections.

Jun 2021

Published two investigations and guidance on charity bags and fundraising key behaviours.

Jul 2021

Published new Coronavirus guidance as formal and legal restrictions eased.
We marked our fifth anniversary.

Directors' report

Introduction from the Chief Executive

In this reporting year, the Fundraising Regulator continued to support the charitable fundraising sector to face the challenges brought by the pandemic head on. During the winter months of 2020, it was not yet clear whether the situation would worsen or if charities' income would suffer as a result. The Fundraising Regulator had prepared for the worst; we extended our strategic plan by a year to complete paused project work, and we put plans in place to deal with a shortfall in funding from the Fundraising Levy. Yet by January 2021, we saw great commitment to the levy, and we moved towards our optimum budget to carry out our work in the remainder of the year.

I prefer to reflect on this year as the year of 'known unknowns'. While we did not know what the pandemic had in store for us next, we did know that we were prepared to respond. The strong relationships we had built with the Department for Digital, Culture, Media & Sport (DCMS), Chartered Institute of Fundraising and charity sector networks across the UK over previous years, meant we could issue guidance about fundraising during the pandemic quickly and in a targeted way as circumstances changed. The previous year had also taught us that the charitable fundraising sector is agile and responsive to calls to adapt their activity. So, we approached this year confidently, despite the challenges that it would likely bring.

As the vaccine rollout continued throughout 2021, we began to see a semblance of normality returning to our lives. The Fundraising Regulator team returned to the office on a hybrid basis, and from late July we took part in in-person meetings for the first time

in more than a year. We also heard directly from charities through our enquiries service about their plans to return to in-person fundraising in a safe and responsible way. And we updated our Coronavirus guidance to reflect the very latest government advice, so that charities remained supported in their fundraising activities.

Although we have made changes to the way we work over the past two years, our usual engagement with the charitable fundraising sector and the public has continued with momentum. We saw a 26% increase in smaller charity registrations this year and a 98% payment rate of the levy, even amid the ongoing pandemic. We received more than 1,000 incoming complaints, and we produced several public-facing resources, so that people know what to expect from fundraisers. We handled 777 incoming enquiries, and the online Code of Fundraising Practice was visited 200,000 times.

As we were able to proactively plan our response to the pandemic this year, we were also able to carry out vital project work to improve our services and support the work of fundraisers.

Of particular note is the publication of an independent review of the Fundraising Preference Service (FPS). We accepted the review's recommendations to streamline the service and reduce its costs, and we begun significant development work to realise these changes. Other areas to note are improvements to our website to make our guidance resources easier to access and navigate, and a review of our complaints submission process, to better support people with their concerns
We also reviewed a large sample of charity annual reports to assess their compliance with fundraising reporting requirements, and we conducted an annual review of charity accounts, to make sure that each charity is contributing fairly to the levy.

We welcome engagement on all aspects of this annual report, and I look forward to meeting with fundraising organisations and stakeholder bodies to discuss our impact.

Gerald Oppenheim

1. Continued response to the pandemic

Coronavirus resources

Throughout the pandemic we have supported charitable fundraising organisations to fundraise safely, in line with the latest government advice. We have also made sure that members of the public have the information they need to feel reassured that fundraising will be carried out responsibly. In this reporting year, we produced several additional resources that enable charities to continue to raise vital funds and to help people know what to expect from fundraisers. We worked closely with colleagues at the Chartered Institute of Fundraising and the Government Department for Digital, Culture, Media and Sport (DCMS) to issue timely advice specifically on in-person methods of fundraising.

Early in the pandemic, we advised organisations to reflect seriously on whether to carry out in-person fundraising. Public appetite for this kind of giving was likely low; multiple additional safety adjustments would need to be made; and additional training would need to be undertaken by fundraisers. Many organisations took the decision to pause in-person fundraising activity during this time. But as restrictions began to ease in the summer of 2021, many charities looked for opportunities to return to in-person fundraising in a safe and responsible way.

Our message during the easing of restrictions was to maintain a cautious approach to fundraising. Restrictions were different across the UK, and we reminded organisations that the virus had not gone away. Careful planning and risk assessments still needed to be carried out, so that the public, donors and fundraisers were protected.

With the easing of some formal restrictions came greater focus on individual organisations to take responsibility for their own way of working.

We issued new guidance on fundraising key principles and public fundraising that set out a framework to aid good decision making and the key considerations that all organisations should work into their planning process. We made it clear that each individual organisation is ultimately responsible for applying our guidance to their work and checking for regular updates. We identified a specific need for guidance on cash collections and events and community fundraising, as these methods usually involve person-to-person contact. See page 14 for more information about this guidance.

Supporting the public

This year we teamed up with Action Fraud and the Charity Commission for England and Wales to support people to feel confident when giving to charity during the pandemic. It was important to protect the public at a time when fraudsters may take advantage of people's generosity. It was also essential that we supported giving at a time of difficulty for charity fundraising and when beneficiaries were more in need than ever. The campaign focused on educating people about the simple checks they can carry out to make sure that they are giving safely, such as checking the Charity Commission register, looking out for the Fundraising Badge, and looking for the charity in the Fundraising Regulator's online Directory.

While most fundraising appeals and collections are genuine, the pandemic created fertile ground for some fraudsters who were looking to exploit the generosity of people during such difficult times.

Some scams asked people to donate to the NHS (which is not a charity) and others were fundraising for fake tests. We encouraged people to always ask to see a fundraiser's ID badge if approached in person. We also reminded people to be vigilant when donating online by never responding to unsolicited emails, always visiting the charity website directly and being cautious about donating to personal fundraising pages. By regularly communicating about the checks people can make themselves, we will reduce the likelihood of funds being diverted from genuine causes.

Tailored advice

Throughout the pandemic, we received enquiries from charitable organisations about adapting fundraising activity amid restrictions on person-to-person contact. In 2020/21, around 18% of enquiries were about digital fundraising, which is up from 10% in the previous year. Digital fundraising includes methods such as email fundraising, online platforms, donation webpages and social media. This reflects the uptake of digital methods during the pandemic while in-person methods were paused. It also supports our most recent Annual Complaints Report, which finds an increase in digital fundraising complaints, amid increased activity. See page 20 for more about this report.

Coronavirus and complaints

This year, we received 21 complaints where concerns related specifically to the pandemic. It is encouraging to see so few complaints about fundraising activity in relation to Coronavirus. This is likely a result of organisations taking the time to plan, adapt and pause their activity where necessary.

This year we saw fewer complaints about face-to-face fundraising, which may be a result of organisations choosing to pause this activity amid ongoing restrictions.

Charity bags continued to be the most complained about method despite the pandemic, however, it received proportionally fewer complaints than the previous year. Again, this activity was periodically paused amid restrictions, so a decline in the level of activity is likely leading to a decline in complaints.

2. Excellence in fundraising

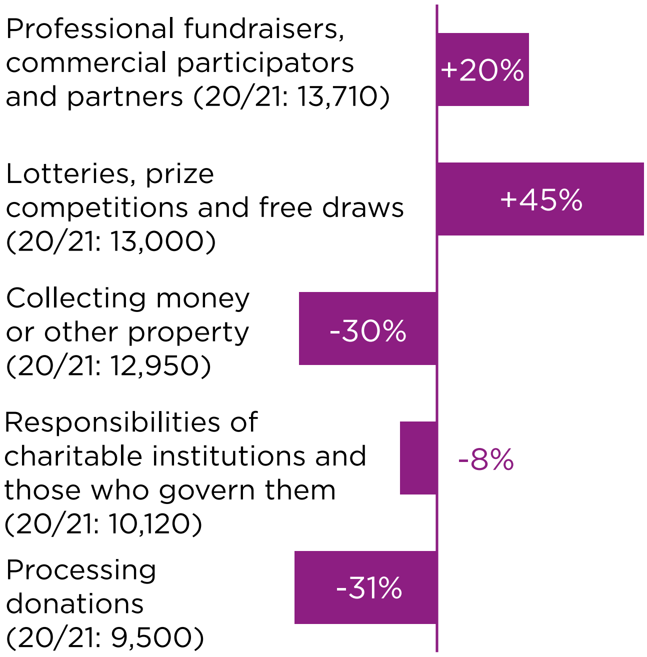
The Code of Fundraising Practice

We support charitable fundraising organisations to carry out their work in line with the standards set out in the Code of Fundraising Practice (the code). The code contains the standards that apply to fundraising carried out by all charitable institutions and third-party fundraisers in the UK, whether they are registered with the Fundraising Regulator or not. See page 23 for more information about our registration scheme.

We regularly engage with the charitable fundraising sector on code-related issues through our programme of events, our enquiries service and through the media, to make sure that it is applied effectively and consistently. We recognise that the sector is incredibly diverse, and each organisation has different approaches to fundraising and varying resources available to them. This year, we further supported smaller organisations to apply the code, both through targeted events with small charity audiences and through our blogs, which provided informal advice on specific fundraising topics.

There were marked changes in how the code was used this year compared to the previous year, which reflects how fundraising adapted during the pandemic.

Graphic: Percentage change in views of code sections 2019/20 to 2020/21



As expected, our website data shows that visits to 'Collecting money or other property' declined by 30%, which is likely a result of in-person fundraising being paused at times throughout the year and very few fundraisers handling cash. Similarly, visits to 'Processing donations' also decreased by a third. This section focuses on tills, floats, receipts and card transactions, which again is likely to be related to how methods of donating changed during the pandemic.

Conversely, visits to 'Lotteries, prize competitions and free draws' grew by 45%, making this the second most accessed section of the code over the year. We also noted an increase in enquiries and complaints about this method, which suggests that these types of fundraising may be growing in popularity. Visits to 'Professional fundraisers, commercial participators and partners' also grew by 20%, making it the most visited section of the code this year.

Reviewing the code

We are committed to ensuring that the code remains fit for purpose, easy to use and reflective of the very latest fundraising methods. As part of our code review cycle, we made a minor change in June 2021 to standard 12.6.2 (on free draws) so that the wording more accurately reflects the Gambling Act legislation that underpins it. This change does not require fundraisers to achieve a greater standard than previously. If other legal inconsistencies emerge, we will update the code on an ad hoc basis, however, we do not intend to make changes more than annually.

During the pandemic, comprehensive work on reviewing and updating the code was largely paused. We plan to begin an in-depth review of the code in our next financial year, which will be carried out in consultation with the sector.

Our guidance series

Our guidance series provides the actionable information that organisations need to apply to meet the standards in the code. We also publish guidance for the public, so they know what to expect from fundraisers. In this reporting year, we improved our website to increase the visibility of our guidance library and simplified navigation to it. This body of resources is now more accessible to those who may be visiting our website for the first time.

During this reporting year, we carried out the initial stages of a review of our guidance for fundraisers and for the public, to make sure it remains up to date, accurate and reflects best practice in fundraising. We plan to update our guidance on fundraising platforms and on safer giving to ensure they continue to meet the needs of the target audience.

We also plan to create two new pieces of guidance aimed at supporting organisations and fundraisers who are new to fundraising.

The fundraising values

We published a significant addition to our guidance series this year on the key behaviours expected of fundraisers which underpin the standards in the code. This guidance is intended to help any person or organisation fundraising or planning to fundraise in the UK for a charitable cause to comply with the code. Although this guidance does not provide specific information on fundraising methods, it is essential reading for anyone engaging in fundraising. It clearly sets out the behaviours expected of every fundraiser.

We expect fundraisers to work to the four key values in fundraising – legal, open, honest and respectful. While these values have always been a part of the code, our guidance explains these terms in more detail, so that fundraisers are clear on what excellent fundraising means.

Applying the standards is not just about getting the technical application right; it's about reinforcing positive behaviours and attitudes, so that the sector thrives now and into the future. We also published complementary public-facing advice, so that people are clear about how fundraisers should interact with them.

Charity bags advice

We published updated guidance on charity bags fundraising. We identified an ongoing need for support in this area, as this continues to be a fundraising method that we receive frequent complaints and enquiries about. This information is intended to be used by both charities and their agencies to make sure they are getting their fundraising right, and it should form a part of any training on charity bag fundraising.

So that the public are informed about fundraising using charity bags, we also produced complementary guidance that educates people about the value of this fundraising method to charities, as well as information on how they can opt out if they prefer. See page 21 for further information about this resource.

Graphic: the fundraising values - legal, honest, open and respectful

Coronavirus support

In addition to guidance related specifically to the code, we added to our Coronavirus guidance hub, as formal restrictions were changed or ended across the UK. In April 2021, we published specific advice on methods of fundraising that involve in-person contact, such as cash collections and events and community fundraising. This included new information on NHS Test and Trace and PCR testing, in line with government guidance at the time. We reminded organisations that the standards in the code still apply, despite the unprecedented challenges presented by the pandemic.

We also updated our existing COVID-19 guidance to include the latest information on PPE, enforcement and face coverings, and removed advice on tiers, in line with government advice. This guidance was regularly accessed throughout the year, suggesting that organisations were checking for the latest information to ensure they were fundraising safely.

Fundraising webinars

Fundraising is integral to how an organisation communicates its mission and values, engages with the public and safeguards its long-term supporter relationships. So, senior teams, as well as those with direct responsibility for fundraising, should be aware of the code and the standards that apply to their activity. This year we produced a further webinar for trustees, which outlines their responsibilities when it comes to fundraising. We encourage all organisations to use this as part of their onboarding training, and to keep fundraising on their board's agenda. We will produce further multimedia resources to support organisations to apply the code.

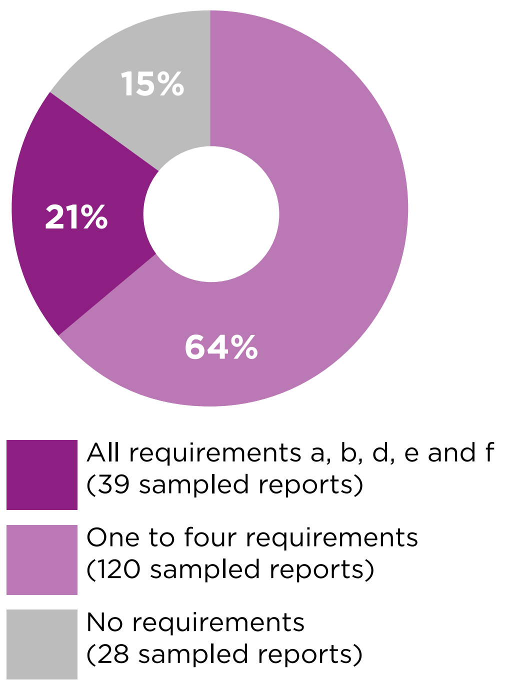
Online fundraising

Although not new, our most visited piece of guidance this year was our online fundraising advice for the public, which demonstrates that people are eager to know more about fundraising and giving online. This guidance contains information about fundraising platforms, including setting up an appeal and donating to an existing crowdfund. We also ask fundraising platforms to link to this guidance from their webpages when people are setting up charity fundraisers. We will continue to produce resources in this area, as online giving fast becomes the preferred way to donate and fundraise.

Reporting on fundraising

The Charities (Protection and Social Investment) Act 2016 requires charities with a gross income of over £1 million to provide information about six specific areas of their fundraising activity in their annual report, so that their supporters and other stakeholders have a detailed account of their activity.

Graphic: Findings of Charities (Social and Protection) Act 2016 compliance analysis



This year we reviewed a sample of charity annual reports to understand the level of compliance with these requirements. This is the third time we have carried out this review. It found that just 21% (39 of 187 sampled) provided a statement on all the fundraising reporting requirements in the Act. We published updated guidance this year to support charities to better meet these requirements, which includes clear examples of the information that might be included in a report. We will be conducting future reviews of annual reports to understand whether compliance with the Act is improving.

Monitoring the Charities Bill

Proposed changes to charity law were announced in the Queen's speech in May 2021, which are outlined in the Charities Bill. While most of them relate to charity governance, some changes do have implications for the code. In particular, changes may be needed in relation to refunding donations. In addition, the change to the rules around failed appeals will likely require additional guidance for the sector. Another area where we occasionally receive enquiries and casework, is in relation to ex-gratia payments; for example, where a donation or other payment to a charity must be returned to the donor. As trustees have final oversight over their charity's fundraising, the changes to governing documents may also have implications for that oversight. We are continuing to monitor the progress of the Charities Bill and will produce additional resources, as needed, when the changes come into effect.

Work in the devolved nations

This year's growth in registrations in both Wales and Northern Ireland (see page 24) are testament to our ongoing engagement in the devolved nations. We have continued our staff presence in Northern Ireland and have identified the need for an additional post based in Wales to raise our profile here. This post was filled in November 2021.

We have forged successful partnerships with stakeholder bodies and further raised awareness of the code among fundraising organisations based in Northern Ireland. We worked with the Chartered Institute of Fundraising Northern Ireland and the Northern Ireland Council for Voluntary Action (NICVA) to support the sector, including in relation to the pandemic. We also saw increasing enquiries from charities in Northern Ireland, related to changes to lottery legislation.

We are continuing to identify opportunities to share learning at events with fundraising organisations based in Northern Ireland, including about our Annual Complaints Report and fundraising trends, particularly related to digital fundraising.

3. Delivering intelligent regulation

A data-led approach

In this reporting year, we improved the way we use data, both internal and external, to inform our regulatory approach. We have established a more formal process for recording the latest information on developments within the sector and outside of it, that may have implications for standards in fundraising. We use this information to identify fundraising trends and themes, and where there may be potential for harm, which in turn shapes our regulatory priorities.

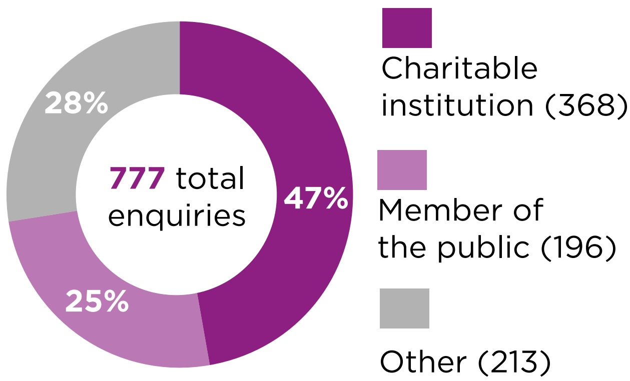
Through this formal intelligence gathering, we found that crowdfunding, online fundraising and lotteries, free draws and prize competitions were all areas of fundraising that featured frequently within our casework, enquiries and within the media during this reporting year. We are committed to ensuring our regulation is evidence-based and these areas will be the focus of our research and engagement in the year ahead. Our regulation of crowdfunding extends to campaigns for charitable purposes only and not those run for personal causes or for a non-charitable campaigns or interest groups.

For lottery fundraising, the lead regulator of this activity is the Gambling Commission, who we work closely with. Free draws and prize competitions are not considered lotteries, and when charities are involved, these methods of fundraising will usually be within our regulation.

Learning from enquiries

The Fundraising Regulator operates an enquiries service, which provides people with tailored advice on charitable fundraising. We received and responded to 777 enquiries in 2020/21, which is down by 32% on the previous year, perhaps because of decreasing in-person fundraising activities due to the pandemic. Nearly half of all enquiries came from charities or their trustees (47%). A significant proportion (25%) came from members of the public. This is broadly consistent with the profile of enquirers in the previous year.

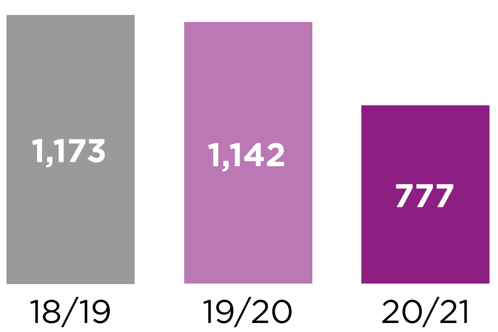
Graphic: Type of enquirer 2020/21



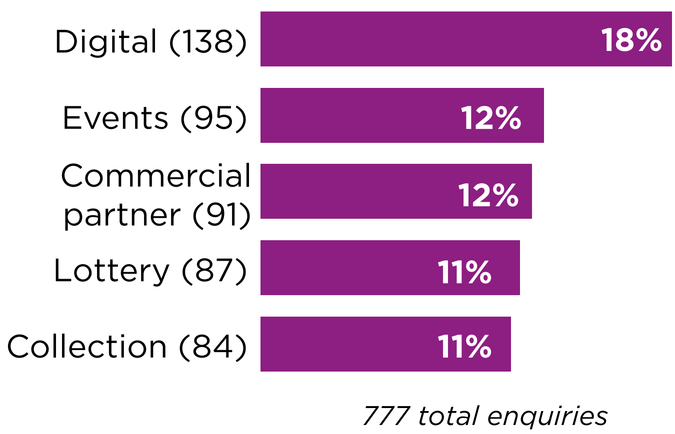
The data we gather from this service builds a picture of the types of fundraising being carried out across the UK, and also highlights areas in which more support may be needed.

Most of the enquires we receive are questions on specific standards in the code or about our guidance. This year, the most enquired about fundraising method was digital. The rise in digital-based enquiries corresponds with themes within our casework, which has highlighted digital fundraising as frequently complained about. See page 18 for more about our casework.

Graphic: Total incoming enquiries 2018/19 to 2020/21



Graphic: Most enquired about fundraising methods 2020/21



Other frequently enquired about methods of fundraising were commercial partners (12%), lottery fundraising (11%), non-challenge events (9%) and online fundraising platforms (8%). The lottery fundraising finding is particularly interesting, as this corresponds with the increased usage of the code for this method (see page 11).

This data provides the evidence we need to produce responsive and informal resources for the sector. When these trends emerged, we published a blog that sets out the regulations surrounding lottery fundraising, to help people make an informed decision about hosting or taking part in a fundraising lottery. As a result of the digital fundraising enquiries and complaints, we focused on raising awareness of our digital fundraising resources.

Working with others

We work alongside other regulators, sector bodies and governments in all four UK nations to regulate charitable fundraising in the most effective and efficient way. By sharing intelligence on matters of mutual interest and collaborating on projects with wide-reaching purpose, we can regulate in a targeted and proportionate way, and amplify our impact.

We have several Memorandums of Understanding with other organisations to clarify our role and working procedures. For example, we mutually share information on relevant casework with the Charity Commission for England and Wales, Charity Commission for Northern Ireland and the Information Commissioner's Office, where there may be governance or personal data concerns. We may share information with other regulators or bodies, depending on the nature of the concerns raised.

In 2020/21, we engaged with several regulators, including the Advertising Standards Authority, Gambling Commission and Scottish Fundraising Adjudication Panel on fundraising standards matters. We also worked with numerous sector bodies, such as the Chartered Institute of Fundraising, National Council for Voluntary Organisations, Northern Ireland Council for Voluntary Action and Wales Council for Voluntary Action, to engage with charitable fundraising organisations.

We monitor consultations from these bodies to identify any overlap with our work and respond where necessary to ensure that implications for charitable fundraising are considered. This year, we responded to the ASA's Committee of Advertising Practice and Broadcast Committee of Advertising Practice consultation on stricter rules for gambling advertisements. This focused on changes to rules on gambling and lotteries advertising to limit their potential to appeal to and adversely impact under-18s and vulnerable adults.

There are many more umbrella bodies, such as the Arts Council, Council for Advancement and Support of Education and Institute of Development Professionals in Education which support us to communicate about fundraising regulation to organisations in the arts, culture and education sectors.

Parliamentary engagement

We also continued our programme of regular parliamentary engagement throughout the year to ensure our work remains visible to key stakeholders. This engagement also ensures that the interests of the charitable fundraising sector are firmly on the agenda during relevant MP discussions. This work includes updating stakeholders of our progress since our set up in 2016, following the cross-party review of fundraising, and of our current and future plans to regulate fundraising effectively. The Fundraising Regulator was mentioned on several occasions in Parliament over the year. References to the Fundraising Regulator highlight the work we did with the Department for Digital, Culture, Media and Sport to support the development of guidance on safe fundraising, as well as our role in the self-regulation of charitable fundraising.

Accessibility improvements

A vital part of providing intelligent regulation is making it as accessible as possible. We are committed to making our services and resources user-friendly, so that everyone who might need to use them can. This year, we began a wide-ranging project to identify barriers that we may have unintentionally built into our service design.

Our website is at the heart of our services, so we prioritised making technical adjustments that make it easier to navigate and engage with for people who may be using tools such as screen readers to access our content. By the end of this reporting year, we completed phase one of this work. Further improvements will continue so that our website complies with the Web Content Accessibility Guidelines (WCAG 2.2).

Other accessibility improvements implemented during this reporting year include introducing new ways for people to get in touch with us if they have a complaint and cannot use our website forms, and the conversion of our complaints handling guidance from PDF to HTML web text.

4. Effective casework handling

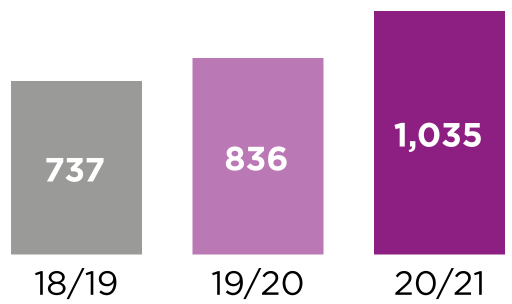
People can complain to the Fundraising Regulator about charitable fundraising if the organisation(s) concerned is unable to resolve the issue. We encourage people to make a complaint to the organisation they have concerns about before contacting us, as this is often the quickest way to address an issue. We assess the complaints we receive against the code and make recommendations to improve practices where fundraising does not meet the standards. We also conduct proactive casework where we have identified that harm may result from an activity.

We remind charities of the code requirement to have a publicly available complaints process, and that this should include information about the option to refer a complaint to us if a complainant remains unhappy following a local resolution attempt. This message is in our complaints handling guidance which we promote at events with the sector, as well as in our complaints handling webinar and in the advice we give to charities through our casework.

Incoming complaints

In this reporting year, we received 1,035 complaints in total. The total number of incoming complaints increased by 24% on last year's figure.

Graphic: Total incoming complaints 2018/19 to 2020/21



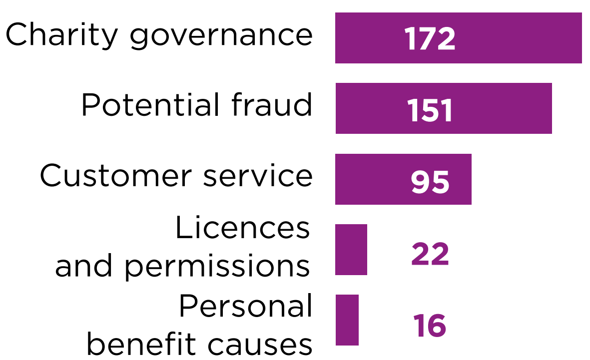
The increase in complaints may partly be a result of greater awareness of the Fundraising Regulator. We responded to and closed 96% of all complaint cases within our four-week target.

More than half of the complaints we received in 2020/21 were outside of our remit (542 complaints, 52%). 377 (36%) complaints were within our remit as they were about charitable fundraising (116 complaints were either withdrawn or we had insufficient information to classify).

When a case is outside of our remit (i.e. not about charitable fundraising) we will refer the complainant to the relevant body or regulator. We signposted most frequently to the Charity Commission, Action Fraud and National Trading Standards.

In this reporting year, we identified that we were receiving more premature complaints (meaning the organisation concerned has not been given at least four weeks to respond before we intervene) and out of remit complaints. We therefore improved our website to better explain the complaints we can consider and to signpost to other regulators who might be able to help.

Graphic: Top five themes for out of remit complaints 2020/21



Total 542 out of remit complaints

Early indications suggest this revised approach is working. The changes better support complainants at the outset and enable us to focus our resources on in-remit casework.

Investigating fundraising practice

We investigate organisations where we identify a potential breach of the code. In this reporting year, we completed nine separate investigations, and opened a further six. We found a breach of the code in five of the closed cases.

The total number of investigations is down on previous years, which is a result of our changed criteria for assessing whether an investigation is required. Our new process ensures a more proportionate approach, as we review cases in depth at the outset, making regulatory enquiries to seek assurances and offering remedial support. This year we published a blog from our case officers to share some advice for organisations to prevent complaints escalating. Something as simple as taking the time to genuinely understand the concern and making a sincere apology can help to achieve a positive outcome.

Our revised approach has reduced the need for formal investigations, but it has meant that those we do conduct are increasingly complex and happen when the local resolution process has broken down. We have referred several cases to our Complaints and Investigations Committee for a decision this year, due to the complexity of the casework involved. See page 25 for more information about our governance structure.

Our target to complete an investigation is 16 weeks, which we were unable to meet in most cases due the time-consuming nature of cases we handled.

The pandemic also affected organisations' ability to respond in a timely way. We have already identified some efficiencies and improvements that can be made in our internal case management which we aim to implement in the coming year. In addition, we will be assessing the target in relation to our interactions with external parties to ensure they are realistic and appropriate.

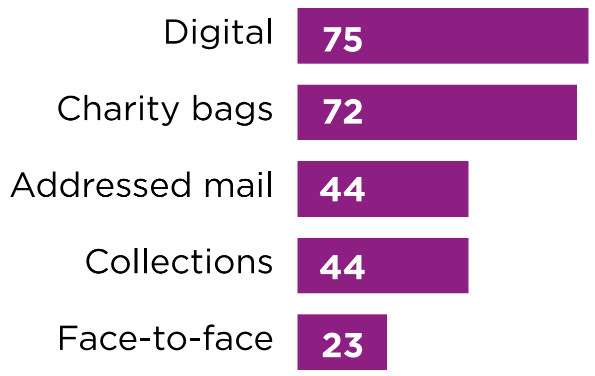
We work closely with the organisations we investigate to monitor compliance with our recommendations, and in almost all cases organisations fully comply. This demonstrates that the sector is responsive to voluntary regulation. In circumstances where a charity does not comply, we refer them to the relevant Charity Commission as the statutory regulator and publish their non-compliance on our website in our investigation summaries.

Sharing learning from complaints

We publish a summary of each investigation we carry out on our website. This includes the name of the organisation(s) concerned, the details of the complaint and how we reached our decision on whether the code was breached. We do this to share learning with the sector, so that our recommendations can be applied within similar organisations.

We also publish an Annual Complaints Report, which collates complaints data from a sample of large fundraising charities and complaints made to the Fundraising Regulator. The charities contributing data reported the most complaints about online fundraising; this is the first time that online fundraising has been the most complained about method in the history of this report.

Graphic: Most complained about fundraising methods to the regulator 2020/21



Total 377 complaints about charitable fundraising

We know that during the pandemic charities focused on non-contact methods of fundraising, so the rise in online complaints is likely a result of more activity in this area. We will be focusing on producing further resources on online fundraising over the coming year and updating the code to reflect the latest digital methods. This will ensure fundraisers have the tools they need to maintain excellent standards of fundraising practice in this fast-moving area.

We will be reviewing the format and structure of the Annual Complaints Report for future years to make sure it remains the most effective way of communicating learning about complaints to the sector. We plan to informally consult on the report in 2022.

5. Raising public awareness

In the five years since our set up, the Fundraising Regulator has carried out extensive engagement with the charitable fundraising sector and stakeholder bodies. We are now firmly positioned as the regulatory authority on fundraising, and through our programme of communications and events, we are in regular dialogue with sector organisations.

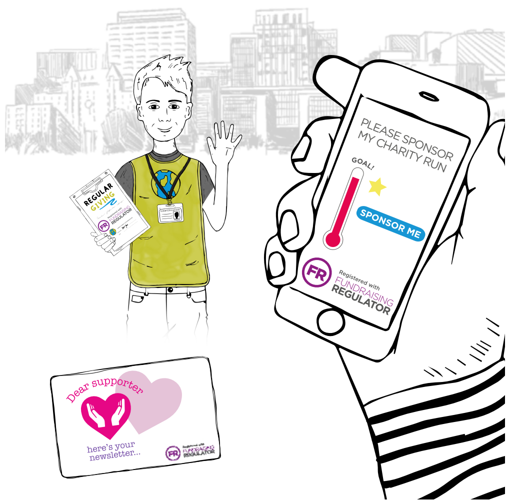
In this reporting year, our communications strategy had an additional focus – members of the public. It is essential that people know who we are and how to access our services, so that they are supported to donate and fundraise effectively. We also want people to know that through the Fundraising Regulator, there is a body that holds fundraising organisations to account, and provides remedies when things go wrong.

The independent research we commissioned in 2019, ‘The role of the Fundraising Regulator: public awareness, trust and expectations’, set the scene for our public engagement. It found that awareness of the Fundraising Regulator was low, yet when people knew about our work and the code, public trust in fundraising increased.

The Fundraising Badge

Our communications strategy centres on promoting the Fundraising Badge to members of the public, through advertising, digital marketing and media engagement. When an organisation registers with us, they are entitled to use it on their marketing activity. The badge demonstrates that an organisation has committed to excellent fundraising, and we are urging people to look out for it before supporting a cause. When someone sees the badge, they can be confident that the organisation is committed to fundraising in a way that is legal, open, honest and respectful, in line with the standards set out in the code. By raising awareness of the badge, we can help people make a more informed donation decision.

Graphic: Raising awareness of the Fundraising Badge



As a result of this media and marketing activity, we can see increased traffic to our website and direct engagement with our digital advertisements. We also encourage registered charities to share information with their audiences on what the Fundraising Badge means and why they are registered with the Fundraising Regulator, to give further assurances to the public. In the coming year, we will refine and distil this activity, so that we are using the most effective channels to increase public awareness and generate advocacy for the badge. We plan to survey members of the public on their recognition of the Fundraising Badge after this activity has been running for some time.

Public-facing resources

Our intention is that our website fully supports those who need to interact with our services, including both the charitable sector and members of the public. This year, we increased the number of public-facing resources on our website, to help people better understand charitable fundraising and what to expect from fundraisers. Our aim is that our website becomes the primary information source for people who are looking to donate or fundraise. Our marketing activity ensures visibility of this information.

This year, we published guidance for the public on the fundraising values contained in the code. The purpose of this guidance is to inform people about the behaviours of fundraisers and to explain simply how fundraising is regulated. It provides information on what to do if someone has a concern, and when the Fundraising Regulator can intervene. This guidance is central in our public engagement strategy, so expect to see the values publicised over the next few years. We encourage fundraising organisations to share this invaluable resource with their supporters.

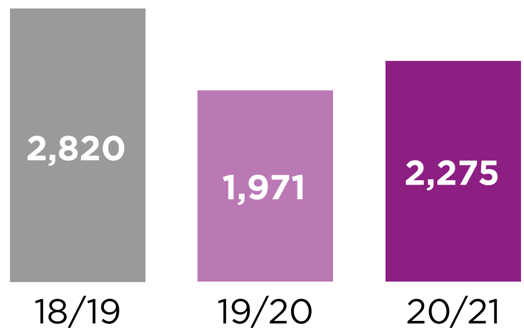
We also published public-facing charity bags guidance, which was one of our most popular resources across the entire year. This shows that there is public appetite for information about fundraising activity. We plan to enhance our resources on specific public-facing fundraising methods in the year ahead.

6. Operating the FPS

Increasing usage of the FPS

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. In 2020/21, 2,275 people used the service to end contact with charities; this is an increase of 15% on the previous year. These people made 5,985 individual suppressions in total, which is up 9% on the previous year.

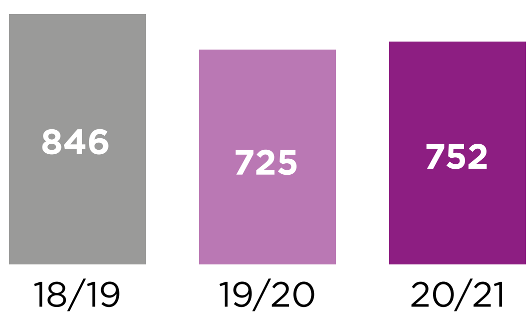
Graphic: Total people using FPS 2018/19 to 2020/21



In 2020/21, users of the FPS managed contact from 752 charities, both large and small, spanning many causes. This is an increase of 4% since the previous year. In total, 2,326 charities have set themselves up on the FPS secure portal so that they do not send direct marketing communications to people who have made an FPS suppression request.

Around a quarter of people used the service on behalf of a friend or relative, which shows that the FPS continues to be a useful tool for supporting people who are potentially vulnerable. Since its launch in 2017, the FPS has helped 13,205 people make 40,703 requests for charities to stop contacting them.

Graphic: Charities that had an FPS suppression 2018/9 to 2020/21



The increasing usage of the FPS is likely a result of our marketing activity. Our campaigns have targeted people who may be caring for vulnerable people, as well as those with a general interest in charities. We largely paused marketing activity for the FPS at the height of the pandemic, however, we were able to pick this up during the summer of 2020, and many more people engaged with the service as a result. We expect to see greater public awareness as we continue this marketing activity and make improvements to the FPS website.

Breaches of the code

A small number of charities are breaching section 3.2.5 of the code by failing to access and action these requests to stop communication. At the end of August 2021, there were 22 charities that had breached the code, compared with 34 in the previous year. We publish the names of each charity that has breached the code by failing to act on an FPS request for transparency and to support people to make an informed donation decision.

When a charity breaches the code as a result of an FPS request, we may inform the Information Commissioner's Office, as this is a serious breach of the Data Protection Act 1998. We may also inform the Charity Commission for England and Wales and/or Northern Ireland because we consider that a failure to engage with a regulator is a potentially serious governance issue. The decreasing number of breaches is positive and shows that compliance with the direct marketing standards in the code is good, and our enforcement is working.

Reducing FPS costs

When the FPS was launched in 2017, we planned to review the service after several years of operation to consider whether it was meeting its original aims effectively and efficiently. We commissioned an independent review in February 2020 and published the full report which included recommendations for improvement in November 2020, all of which we committed to implement. You can read the full FPS evaluation report on our website.

The primary recommendations were to reduce the cost of the service and continue to raise awareness of it among people in vulnerable circumstances. We are pleased to report that we have made savings for operating the FPS, which reduces the cost by 42.5%, from £260,000 to £148,000 per year. We are also working on further technical developments to the FPS website following the review, which will be implemented in 2022.

7. Finance and registration

The Fundraising Levy

The Fundraising Regulator is funded by a voluntary levy on the largest fundraising charities in England, Wales and Northern Ireland (organisations with more than £100,000 annual fundraising expenditure). The amount each organisation contributes to the levy is set on a scale between £150 and £15,000, based on the amount they report spending on fundraising activity. In this reporting year, there were 2,072 organisations that were eligible to pay the levy, with an expected total contribution of £2.19m. To put the levy fee into context, we estimate that levy-paying organisations spend over £2bn on fundraising each year, and the fees that fund our budget represent 0.1% of this spend.

The number of organisations within the levy and the amount they should pay fluctuates each year, as some may spend more or less on fundraising than the previous year. We conduct annual assessments of accounts filed with Charity Commission, to accurately calculate the amount each should pay.

We are pleased to report that in 2020/21, 98% of the levy was paid by eligible fundraising organisations, a total of £2.17m from 1,974 organisations. We had anticipated that during the pandemic some organisations facing financial difficulties may have been unable to meet their levy contribution, but this has not been the case. The high payment rate shows that the sector is committed to voluntary regulation, even amid the challenges brought by the pandemic.

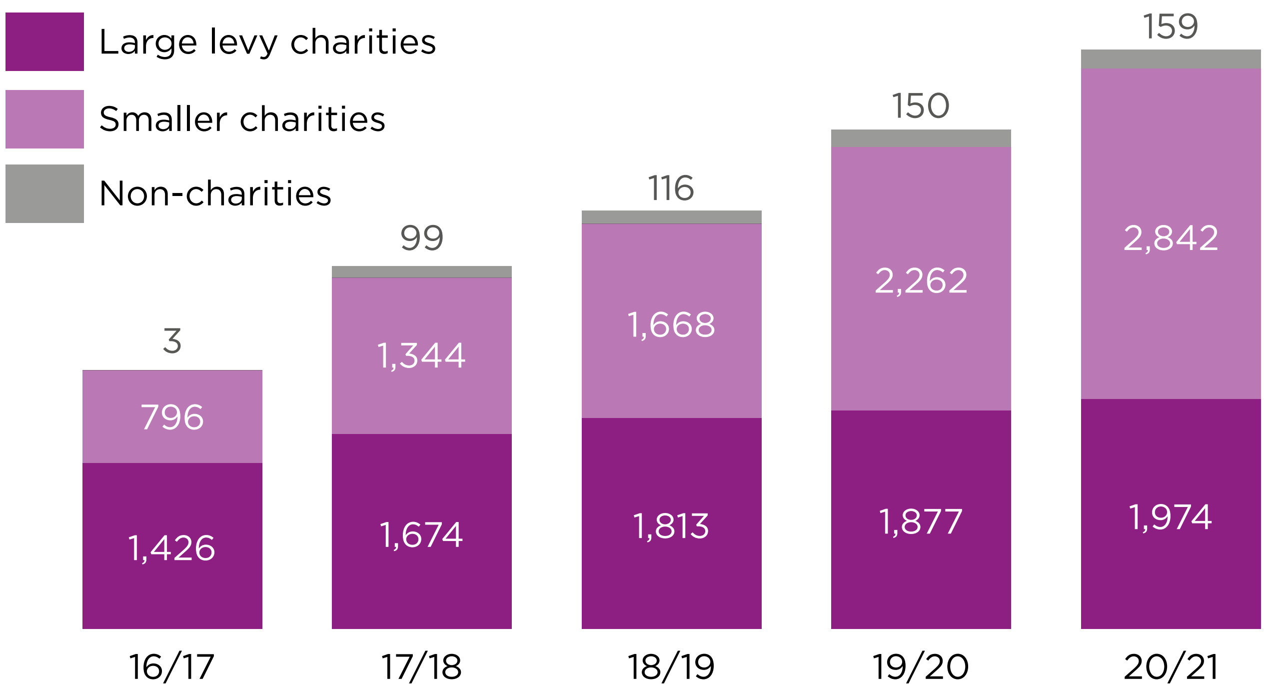
Over the past three years, we have collected a similar amount of the total levy (between 96% and 97%), to achieve between £2m and £2.17m annual income. Each year, there are a handful of organisations that either refuse to pay the levy, or do not engage with our communications at all.

The voluntary nature of the levy means that 100% levy collection may not always be possible, and as a result the Fundraising Regulator will be marginally underfunded. The organisations that do contribute every year are paying for the sector to be regulated, for the benefit of all fundraising organisations. It is the duty of each large fundraising organisation to take part in the UK's scheme of regulation. Organisations that do not contribute to the levy are listed as having not paid in our online public Directory.

Our registration scheme

We operate a registration scheme for fundraising organisations that commit to excellent fundraising practice. Registration is open to charities in England, Wales and Northern Ireland that have a fundraising expenditure of less than £100,000 a year. Commercial organisations, including third-party fundraisers and online platforms, can also register with us.

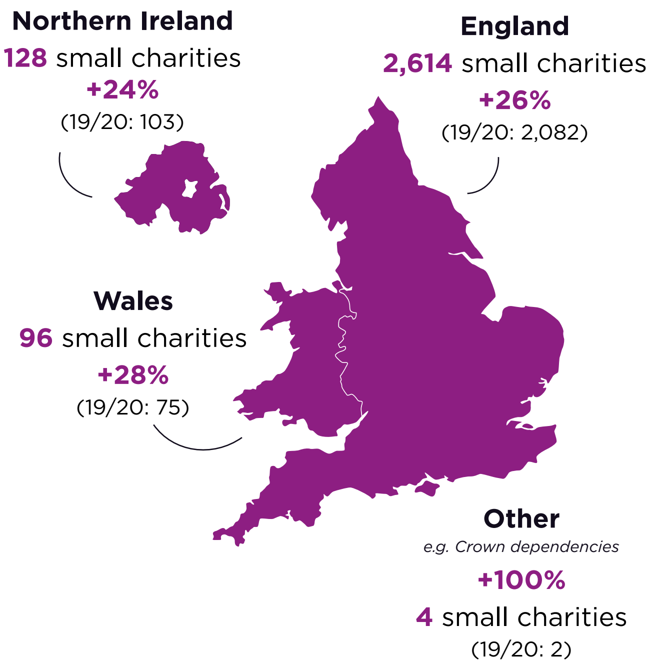
Graphic: Registered organisations 2016/17 to 2020/21



Registered organisations can use the Fundraising Badge on their fundraising materials, and they are listed in our online public Directory. The Directory is a tool that people can use to identify organisations that have agreed to fundraise to high standards, which supports them to make an informed donation decision.

In 2020/21, a total of 4,975 organisations were registered with us. That includes 1,974 levy payers, 2,842 smaller charities, and 159 commercial organisations. Each year, we see more and more organisations voluntarily coming to us to register so that they can use the badge and promote their registration status to their supporters. This year, we reached a 95% renewal rate among smaller charities – the highest rate to date – which demonstrates that organisations see continued value in registering. Those registering with us collectively contributed another £245k to our income to make a total of £2.41m for the year.

Graphic: Registrations of charities spending less than £100,000 a year on fundraising activitites 2020/21



We promote registration to fundraising organisations across the UK, and during this reporting year we saw a proportionate increase in registrations across all UK nations compared to the previous year (England +26%, Wales +28% and Northern Ireland +24%). England has the most registrants, followed by Northern Ireland, then Wales. We are working to raise our profile in the devolved nations of the UK, and through our staff presence in Wales and Northern Ireland we will be highlighting the value of registration to organisations.

8. Governance and staff

Board of directors

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 committees: the Standards Committee; the Complaints and Investigations Committee; and the Finance Audit and Risk Committee, which make decisions in areas delegated to them by the board. The board is supported by an executive function, led by the Chief Executive. A list of board and committee members is included as well as a record of their attendance.

The board met for four formal board meetings and two strategy sessions over the year, which were held remotely due to the pandemic. Discussions included actions resulting from the review of the Fundraising Preference Service, preparing for the next five-year strategic plan, the Fundraising Levy and registration, better use of intelligence and equality, diversity and inclusion. A summary of each board meeting is published on our website.

Table: Board meeting attendance

Board member	27/10/20	19/01/21	13/04/21	06/07/21
Reshard Auladin	Y	Y	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
Guy Parker	Y	Y	Y	Y
Martin Price (for Wales)	Y	Y	Y	Y
Walter Rader (for N Ireland)	Y	Y	Y	Y
Jill Thompson	Y	Y	Y	Y
Jenny Williams	Y	Y	Y	Y
Observer, Scottish Fundraising Standards Panel	Y	Y	Y	Y
Attendance (average 100%)	**13/13**	**13/13**	**13/13**	**13/13**
	100%	**100%**	**100%**	**100%**

Our 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.

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 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 and independent committee members 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.

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 four occasions during the period and discussed, among other matters: guidance (on COVID-19 and charity bags), a code amendment on free draws and developing our use of intelligence.

Complaints and Investigations Committee

The Complaints and Investigations Committee holds the executive to account for the overall casework performance of the regulator.

Table: Standards Commitee meeting attendance

Committee member	29/09/20	15/12/20	30/03/21	24/06/21
Liz Barclay*	Y	Y	Y	Y
David Cunningham	Y	Y	Y	Y
Nick Jones*	Y	Y	Y	Y
Suzanne McCarthy (Chair)	Y	Y	Y	Y
Guy Parker	Y	Y	Y	Y
Observer, Chartered Institute of Fundraising	Y	Y	Y	N
Observer, Scottish Fundraising Standards Panel	Y	Y	Y	Y
Attendance (average 97%)	**7/7**	**7/7**	**7/7**	**6/7**
	100%	**100%**	**100%**	**86%**

*external member

Table: Complaints and Investigations Commitee attendance

Committee member	23/09/20	06/01/21	24/03/21	23/06/21
Reshard Auladin	Y	Y	Y	Y
Catherine Cottrell *	Y	Y	N	Y
Andrew Nebel *	Y	Y	Y	Y
Martin Price	Y	Y	Y	Y
Walter Rader	Y	Y	Y	Y
Jenny Williams (Chair)	Y	Y	Y	Y
Observer, Chartered Institute of Fundraising	N	Y	N	N
Attendance (average 86%)	**6/7**	**7/7**	**5/7**	**6/7**
	86%	**100%**	**71%**	**86%**

*external member

Table: Finance, Audit and Risk Committee attendance

Committee member	21/10/20	10/12/20	04/02/21 *Additional*	16/03/21	22/06/21	05/08/21 *Additional*
Sacha Deshmukh	Y	Y	Y	Y	N	Y
Kieron James	Y	Y	Y	Y	Y	Y
Sharon Martin*	Y	Y	Y	Y	Y	Y
Margaret Moore	Y	Y	Y	Y	Y	Y
Jill Thompson (Chair)	Y	Y	Y	Y	Y	Y
Attendance (average 97%)	**5/5**	**5/5**	**5/5**	**5/5**	**4/5**	**5/5**
	100%	**100%**	**100%**	**100%**	**80%**	**100%**

*external member

It determines the outcome of some individual cases and can reconsider a case that has been remitted to the external reviewer. The committee carries out thematic reviews of casework to identify wider lessons or areas of the code that require review.

The Complaints and Investigations 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 considered the Annual Complaints Report, developing the use of intelligence in our casework, investigation summaries and self-reported incidents.

Finance, Audit and Risk Committee

The Finance, Audit and Risk 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 Finance, Audit and Risk Committee includes four members of the board and one independent member. The committee met on four occasions during the year to discuss: financial performance against budget, levy projections, investment policy, procurement and staffing. Two additional FAR meetings were held to discuss salaries and pay awards for staff, and to ensure staff with caring responsibilities were supported during the pandemic.

Conflicts of interest

The board and committee members hold a range of executive and non-executive roles outside the Fundraising Regulator. A register of interests is kept 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.

Staffing and management

The board and committees are supported by a senior management team of five and 20 staff, some of whom work part time. 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.

All new members of staff have been inducted remotely this year, and a new induction process was developed to best support homeworking staff. The move to fully online recruitment and induction required some adjustments to the existing arrangements to ensure that candidates, and new starters felt as comfortable as possible and able to perform at their best. All new members of staff are encouraged to observe board and committee meetings as part of their corporate induction.

During the year an extensive programme of learning and development was delivered online. Topics included coaching skills, beginner, intermediate and advanced Excel, dealing with difficult people, plain English, mental health awareness and financial wellbeing and money management.

Fundraising Regulator (a company limited by guarantee)

Financial report

Directors' report

For the year ended 31 August 2021

The directors report and accounts for the year ended 31 August 2021 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).

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 LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information to auditor

Each of the directors 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 directors' report was approved by the Board of Directors.

Lord Toby Harris

22/02/2022

Statement of directors' responsibilities

For the year ended 31 August 2021

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.

Independent auditor’s report

To the directors of Fundraising Regulator

Opinion

We have audited the financial statements of Fundraising Regulator (the ‘company’) for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 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

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006, Health and Safety and employment law.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates. There were no accounting estimates that would be considered critical to the financial statements.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Assessing the validity of the classification of income, expenditure, assets and liabilities.
- Obtaining third-party confirmation of material bank and investment balances.
- Documenting and verifying all significant related party balances and transactions.

A further description of our responsibilities is available 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 LLP

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW13ER
United Kingdom

Statement of financial activities

Including income and expenditure account

For the year ended 31 August 2021

	Notes	**Unrestricted funds 2021 £**	Unrestricted funds 2020 £
Income from			
Regulatory activities	3	2,407,251	2,386,707
Investments	4	5,076	2,723
Total income		**2,412,327**	**2,389,430**
Expenditure on			
Regulatory activities	5	2,018,837	1,919,001
Net gains/(losses) on investments	7	36,482	-
Net movement in funds		**429,972**	**470,429**
Fund balances at 1 September 2020		1,163,899	693,470
Fund balances at 31 August 2021		**1,593,871**	**1,163,899**

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.

Balance sheet

As at 31 August 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	8		3,089		3,089
Investments	9		937,477		-
			940,566		3,089
Current assets					
Debtors	11	56,159		170,348	
Cash at bank and in hand		840,978		1,165,669	
		897,137		1,336,017	
Creditors: amounts falling due within one year	12	**(243,832)**		**(175,207)**	
Net current assets			653,305		1,160,810
Total assets less current liabilities			**1,593,871**		**1,163,899**
Income funds					
Unrestricted funds			1,593,871		1,163,899
			1,593,871		1,163,899

The financial statements were approved by the Directors on 22/02/2022.

Lord Toby Harris

Director

Company registration no. 10016446

Statement of cash flows

For the year ended 31 August 2021

	Notes	2021	£	2020	£
Cash flows from operating activities					
Cash generated from operations	15		570,649		297,245
Purchase of tangible fixed assets		-		(3,089)	
Purchase of investments		(900,416)		-	
Investment income received		5,076		2,723	
Net cash used in investing activities			**(895,340)**		**(366)**
Net cash used in financing activities			**-**		**-**
Net (decrease)/increase in cash and cash equivalents			**(324,691)**		**296,879**
Cash and cash equivalents at beginning of year			1,165,669		868,790
Cash and cash equivalents at end of year			**840,978**		**1,165,669**

Notes to the financial statements

For the year ended 31 August 2021

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 Eagle House, 167 City Road, London, EC1V 1AW, England.

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

Requests for voluntary annual levy income are issued in advance covering the period from September 2020 to August 2021. Such income is recognised on receipt. At the year end, there is deferred income for the period from September 2021 to August 2022 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 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 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).

1.9 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.

1.10 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.

1.11 Retirement benefits

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

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense 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.

3. Regulatory activities

	Income 2021 £	Income 2020 £
2016/17 Levy income	**-**	2,950
2017/18 Levy income	**-**	3,400
2018/19 Levy income	**-**	150
2019/20 Levy income	**(3,775)**	2,151,252
2020/21 Levy income	**2,165,655**	-
Registration income	**245,371**	228,955
	2,407,251	2,386,707

2019/20 levy income relates to old credit notes.

4. Investments

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Income from listed investments	2,028	-
Interest receivable	3,048	2,723
	5,076	2,723

5. Regulatory activities

	2021	2020
	£	£
Staff costs	1,049,937	989,730
Recruitment	30,020	52,077
Consultants	219,037	233,818
Office supplies	6,827	13,332
Events and conferences	74,374	37,926
Premises, utilities and rates	131,010	119,329
Travel and subsistence	7,935	7,665
Legal and professional fees	65,862	19,395
IT and web project development	359,245	375,681
Board remuneration	52,625	55,650
Taxation	579	-
	1,997,451	**1,904,603**
Investment management fees	2,052	-
Audit and accountancy	19,334	14,398
	2,018,837	**1,919,001**

Audit and accountancy fees include payments to auditors for £13,200 (2020: £10,710) of audit fees and £6,134 (2020: £3,688) for other accountancy services.

6. Employees

The average monthly number of employees during the year was:

	2021	2020
	No.	No.
Complaints and Investigations	5	4
Secretariat and Communications	7	6
Board and Governance	1	1
Finance and Levy	4	4
Policy	4	4
FPS	-	1
Total	**21**	**20**

Employment costs

	2021 £	2020 £
Wages and salaries	900,448	842,860
Social security costs	90,878	90,444
Other pension costs	58,611	56,426
	1,049,937	**989,730**

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

	2021 No.	2020 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 £357,582 (2020: £359,748) in wages and salaries and pension contributions.

7. Net gains/(losses) on investments

	Unrestricted funds 2021 £	Total 2020 £
Revaluation of investments	36,482	-

8. Taxation

No liability to corporation tax arises on any income from fundraising activities due to the mutual trading provisions. Corporation tax of £579 is charged on the income from listed investments.

9. Tangible fixed assets

	IT equipment £
Cost	
At 1 September 2020	3,089
At 31 August 2021	3,089
Carrying amount	
At 31 August 2021	3,089
At 31 August 2020	3,089

10. Fixed asset investments

	Listed investments	Cash in portfolio	Total £
Cost or valuation			
At 1 September 2020	-	-	-
Additions	807,536	93,459	900,995
Valuation changes	36,482	-	36,482
At 31 August 2021	844,018	93,459	937,477
Carrying amount			
At 31 August 2021	844,018	93,459	937,477
At 31 August 2020	-	-	-

11. Debtors

	2021	2020
	£	£
Amounts falling due within one year		
Trade debtors	9,333	3,138
Other debtors	19	-
Prepayments and accrued income	46,807	167,210
	56,159	**170,348**

12. Creditors: amounts falling due within one year

	2021	2020
	£	£
Corporation tax payable	579	-
Other taxation and social security	32,435	22,818
Trade creditors	50,700	14,231
Other creditors	10,659	8,168
Accruals and deferred income	149,459	129,990
	243,832	**175,207**

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 £112,050 brought forward from 2020 which was released in 2021. The amount of income deferred in the current year is £129,959.

13. 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:

	2021	2020
	£	£
Within one year	57,443	57,443
Between two and five years	1,372	2,745
	58,815	**60,188**

The total rental expense recognised in the accounts was £117,180 (2020: £111,733).

14. 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, charity finance or consumer protection. 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 £300 per day. Reasonable expenses are also paid for travel and subsistence costs.

During the year, 15 (2020: 18) Board and Committee members were paid £52,625 (2020: £55,650) in total for attendance and other work, and no members were reimbursed expenses (2020: 6 members were paid £4,636 for reimbursed travel and subsistence).

15. Cash generated from operations

	2021	2020
	£	£
Surplus for the year	429,972	470,429
Adjustments for		
Investment income recognised in statement of financial activities	(5,076)	(2,723)
Fair value gains and losses on investments	(36,482)	-
Movements in working capital		
Decrease in debtors	114,189	25,166
Increase/(decrease) in creditors	68,046	(195,627)
Cash generated from operations	**570,649**	**297,245**

16. Analysis of changes in net funds

The company had no debt during the year.

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