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[CEO NAME]

[ROLE]

[CHARITY NAME]

Dear

FUNDRAISING REGULATOR: LEVY

We are writing to let you know that your charity is included in the levy arrangements to support the operating costs of the new Fundraising Regulator.

Following the public concerns about fundraising by charities in summer 2015, the publication of the cross-party report into charity fundraising chaired by Sir Stuart Etherington in September 2015 and acceptance of its recommendations by the Government, the new Fundraising Regulator was established and launched formally on 7 July 2016, when it took over from its predecessor, the Fundraising Standards Board.

The Fundraising Regulator is a company limited by guarantee without share capital (no. 10016446) and its Board is chaired by Lord Grade of Yarmouth. It is responsible for overseeing an independent and voluntary system of regulation of fundraising by charities. The Board includes members with regulatory as well as extensive charity and fundraising experience and its role is to make sure that the public has a voice when concerns are expressed about fundraising by charities as well as to set standards, promote good practice and compliance and deter poor behaviour.

Full details about the Fundraising Regulator can be found online at our website:

www.fundraisingregulator.org.uk

The cross-party report considered options for funding the new regulator and recommended that this should be by means of an annual levy on charities with fundraising expenditure of £100,000 and more. The report recommended the levy be stepped according to how much charities spend on fundraising, with charities spending most paying a higher levy than those spending just £100,000. The arrangements will support an annual budget for the Fundraising Regulator of around £2.5m, which the cross-party report considered necessary to support

effective regulation. These arrangements represent a pragmatic and cost effective way forward and the consultation we carried out did not produce a better option.

The initial start-up costs for the Fundraising Regulator for the period from 1 January- 31 August 2016 were met by a separate payment made by 46 of the 50 largest fundraising charities.

On 22 June 2016 we published our proposals for the levy (and for registration of charities and other organisations not covered by the levy). We received 123 responses by the closing date of 22 July. We considered all of them and on 24 August published our final proposals for the levy, including revisions to the 'steps'. The proposals for our revised, final levy arrangements and the summary of responses are available on our website [here](#).

The levy, which will apply from 1 September, covers around 2000 charities registered with the Charity Commission for England and Wales and around 150 exempt charities (mostly higher education institutions and national museums and galleries) regulated by other bodies. The basis of the levy is the annual return to the Commission made by charities for the year ended 31 December 2014, the most recent full year for which fundraising spend data are available within the annual return. For exempt charities, there was no such return (because there are different accounting arrangements), so we intend to levy at a flat rate.

We recognise that the levy calculation is inevitably broad brush in approach but all charities asked to contribute will benefit from improved standards and better regulated fundraising generally, however much direct marketing they do themselves.

Please also note the following points:

- The annual levy amount will apply for 3 years in the first instance. We have done this to help planning and to be clear about the commitment needed from charities to support annual expenditure by the Fundraising Regulator of £2.5m.
- We have invoiced a little later than originally planned this year to give everyone more time to get the practicalities right and to make full use of our start-up funds. In future we will not be able to invoice in arrears like this; we intend to send out invoices for the second year of the levy in June 2017 and the third year in June 2018 for payment by the end of July in each year for regulatory services beginning in September.
- The levy is needed to meet the Fundraising Regulator's annual operating costs and the capital and initial operating costs of the Fundraising Preference Service (FPS). There are separate papers about the FPS on our website but, as with the levy, it will apply to charities spending more than £100,000 a year on fundraising.
- Full details of the Fundraising Regulator's business plan and budget to March 2018 (including setting up costs to 31 August) are also published on our website.

- The first full year's expenditure starts on 1 September 2016. The Fundraising Preference Service is likely to be introduced in spring 2017. Once we know more about the numbers of people signing up to it and therefore how many charities will need to access the lists of people opting out of future fundraising contact from charities, we will be able to estimate future income from fees to meet the running costs of the FPS.
- Our budgets for 2016-17 and in due course for 2017-18 and 2018-19 will eventually include provision for reasonable reserves to be built up to the minimum required prudentially to cover costs associated with enforcing case management decisions or closure if either arose. However, we will aim to keep these to a minimum and can do this in part because we operate from serviced offices under a licence arrangement rather than a lease.

By voluntarily paying the levy, charities are:

- contributing their allotted share to meet regulatory costs;
- registering with the Fundraising Regulator to indicate they support good practice;
- agreeing to follow the Code of Fundraising Practice;
- committing to the fundraising promise and terms and conditions; and
- agreeing to display the Fundraising Regulator badge.

More information can be found [here](#).

The Charity Commission is clear that charities should comply with the Code of Fundraising Practice and has also confirmed that payment of the levy is a proper expense for charities to incur.

You will also be aware that the Charities Act 2016 includes the following requirement – “[a charity’s] annual report.... must include a statement of whether the charity or any person acting on behalf of the charity was subject to an undertaking to be bound by any voluntary scheme for regulating fundraising or any voluntary standard of fundraising in respect of activities on behalf of the charity, and, if so, what scheme or standard.”

Although the Fundraising Regulator is responsible for independent voluntary regulation by charities, the Government retains a close interest in what happens in view of the widespread public concern about how charities fundraise. It took reserve powers in the Charities (Protection and Social Investment) Act 2016 to enforce payment of the levy should that become necessary.

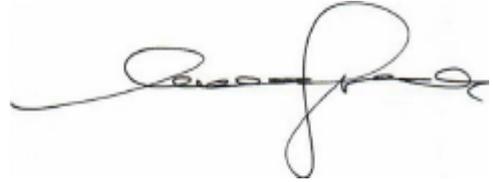
The table at Annex A shows the amount we expect your charity to contribute. We will shortly send a formal invoice, requesting payment within 30 days of the date of the invoice, for a full year beginning 1 September 2016.

We very much look forward to working with you to ensure that in future donors and prospective donors are always treated with respect and to help restore public confidence in charitable fundraising.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'S. Dunmore', written over a horizontal line.

Stephen Dunmore
Chief Executive

A handwritten signature in black ink, appearing to be 'Lord Grade of Yarmouth', written over a horizontal line.

Lord Grade of Yarmouth
Chair

Annex A

Charity annual spend on generating voluntary income based on total spend	Number of charities	Annual Levy £'s	12 Months Total Income £'s
£100,000-£149,999	383	150	57,450
£150,000-£199,999	268	300	80,400
£200,000-£499,999	677	800	541,600
£500,000-£999,999	354	1,500	531,000
£1m-£1,999,999	140	2,500	350,000
£2m-£4,999,999	77	4,000	308,000
£5m-£9,999,999	31	6,000	186,000
£10m-£19,999,999	18	8,000	144,000
£20m-£49,999,999	11	12,000	132,000
Over £50m	2	15,000	30,000