FUNDRAISING REGULATOR

Annual Report and Financial Statements for the year ended 31 August 2018

Covering 5 months

Fundraising Regulator is a company limited by guarantee
Company registration no. 10016446 (England and Wales)

Contents

The main report on our activities is contained in the Report and Annual Accounts for the period 1 April 2018 to 31 March 2018. This short set of accounts is made in order to harmonise our legal accounting year end and the levy year, which runs from 1 September to 31 August. This will align the periods of our main levy income-raising with our budgeting and make our accounting simpler.

In the short period of these accounts I am pleased to report the continued good progress of the Fundraising Regulator's business.

Gerald Oppenheim took over as Chief Executive from Stephen Dunmore in July and the transition has been seamless. We were able to launch our new updated website at the Annual Meeting on 18 July. We now have a better organised website, which is a valuable tool for both the public and charities. Within the website we continue to publish our register of charities who have paid the levy and/or registered with us. In July we also published our three-year Strategic Plan for 2018 to 2021, setting out our ambitions for the period ahead.

It is heartening to see growing public awareness of our badge as the sign of commitment to ethical fundraising and we have found more organisations willingly coming to us in order to register. We have also made progress with increasing registrations in Northern Ireland.

We have continued to engage with online fundraising platforms over the summer so that they sign up to the Code changes we have made in this area in June 2018. These changes are designed to promote good practice, particularly transparency about any charges and other arrangements for the public when someone opens a fundraising page. We have also progressed with our extensive revision of the Code and will consult on this from 10 September to 16 November 2018.

Work is under way to recruit my successor through open competition and I am confident that we will find a suitable candidate to lead the regulator into its next phase.

As a result of the progress we have made, the Government and sector umbrella bodies - whose support was so vital in our inception - can be satisfied that the fundraising sector is being regulated more effectively than it was three years ago.

We now have more than 3,000 charities registered and using our badge (these are either levy payers or smaller charities who have voluntarily registered). This is nearly three times the number that was within the previous regulatory system.

The seeds of change and improvement in the fundraising environment are in place. We now have an effective way of dealing with complaints and encouraging learning; there is a mechanism in place for the public to opt-out of receiving unwanted communications; the rules on fundraising are being systematically updated; and we are able to offer first-class advice and guidance to the public and charities.

As I leave my role as Chairman later this year, I would like to thank those organisations who have worked with us to ensure our success – the Charity Commissions for England and Wales and for Northern Ireland, NCVO, WCVA, NICVA, CO3, ACEVO, NAVCA, the Institute of Fundraising, the Information Commissioner, the Office for Civil Society at DCMS, OSCR and the Scottish Fundraising Standards Panel and many larger and some smaller charities. I wish my soon-to-be appointed successor well and hope that he or she will continue the vital work to improve fundraising regulation.

Finally, I would like to thank my fellow Board and Committee members and staff team. Their dedication and skill has ensured that we have achieved so much in such a short space of time. I am proud that in my term as Chairman we have done all the things envisioned by the Cross-Party Review chaired by Sir Stuart Etherington but with a budget considerably less than that recommended.

Lord Grade of Yarmouth

Performance, Achievements and Future Priorities

This report covers the period 1 April 2018 to 31 August 2018. The reason for the short year is so that the Fundraising Regulator can align its financial year end with its levy year that begins on 1 September.

Background

The Cross-Party Review of Fundraising in September 2015 proposed the creation of a new, voluntary regulator for all forms of fundraising in the charitable sector. This recommendation was supported by the Government, the National Council for Voluntary Organisations (NCVO), the Charity Commission, the Institute of Fundraising (IoF) and the Public Fundraising Association (PFRA).

The Fundraising Regulator was formally launched on 7 July 2016, taking over responsibility for fundraising regulation from the Fundraising Standards Board (FRSB) and taking ownership of the Code of Fundraising Practice from the IoF and the Rulebooks on Street and Door-to-Door Collections from the former PFRA. The Regulator is funded through an annual voluntary levy on charities reporting spending of £100k or more on fundraising and registration fees for charities below that threshold.

The Fundraising Regulator is a not-for-profit company limited by guarantee. Its Board is openly recruited and additional non-executives with specific expertise are co-opted to its three committees. The Board added to its two existing Committees - Standards and Complaints and Investigations (formerly Adjudication) - by establishing a Finance, Audit and Risk Committee in September 2017.

Recruitment of the staff team was completed this year, but we remain relatively small with 18 staff. The Fundraising Preference Service was launched in July 2017 and the upgrade to our website went live in July 2018. In addition, a new, three-year Strategic Plan (2018–2021) was published to follow on from our initial two-year business plan.

Vision, Mission and Values

Our vision is a society in which fundraising is ethical and encourages sustainable giving, where donors and fundraisers have respect for each other.

Our mission is to regulate in a way that:

- Promotes and supports a culture of ethical fundraising, protecting the public, donors and potential donors, not least those who may be vulnerable, and creating a positive donor experience.
- Provides redress for donors when things go wrong.
- Enhances and sustains public confidence in charitable fundraising and charities.
- Ensures the highest fundraising standards across the UK.

Our values will ensure that we:

- Are independent, transparent, fair and proportionate.
- Make sure that the public has a voice.
- Give equal weight to regulatory action and support/guidance for the sector and for the public.
- Work with other regulators and representative bodies in the charitable and fundraising sectors to achieve our mission.
- Ensure value for money in our operation.

We regulate all forms of charitable fundraising, whether or not individual charities have paid the levy and/or registered with us. We also regulate other philanthropic and benevolent organisations that carry out fundraising, and commercial firms and agencies who work in the fundraising sector.

A key priority has been to continue to raise our profile with, and gain the confidence of, the charitable sector and the public. Again we have carried out around 100 speaking engagements (conferences, seminars, meetings) and met a variety of individual charities in this five-month period. We have continued to build positive working relationships with fellow regulators and key bodies in the sector, including the Charity Commission and its counterparts in Scotland and Northern Ireland, the IoF, Office for Students (which replaced the Higher Education Funding Council for England, HEFCE), the Information Commissioner (ICO), the Gambling Commission, OSCR and the Scottish Fundraising Standards Panel, NCVO, ACEVO, Wales Council for Voluntary Action (WCVA), Scottish Council for Voluntary Organisations (SCVO), Northern Ireland Council for Voluntary Action (NICVA), CO3, the Office for Civil Society and many others.

We have Memorandums of Understanding in place with the Charity Commission for England and Wales and the Charity Commission for Northern Ireland, IoF, Office for Students, and the ICO.

Transparency has been a key consideration. We have:

- Published our 2017-18 business plan, budget and key performance indicators (KPIs) on the website.
- Communicated extensively via the website, a monthly newsletter, press releases, Twitter and webinars.
- Carried out consultations on the levy and registration, and changes to the Code of Fundraising Practice.

Media interest, both sector and national, in the Fundraising Regulator remains strong. Coverage is now generally more balanced and positive than it was in the start-up period, recognising the sector's acceptance of us and our growing maturity as a regulator, as well as the positive ways charities are working hard to improve how they fundraise.

Geographical scope

The Fundraising Regulator's remit covers England, Wales and, since autumn 2017, Northern Ireland.

Charity regulation is a devolved matter in Scotland and Northern Ireland. The decision has been taken in Scotland to operate a model where Scottish charities registered with the Office of the Scottish Charity Regulator (OSCR) are regulated by the Scottish Fundraising Standards Panel and charities operating in Scotland, but based and registered primarily in England and Wales are regulated by the Fundraising Regulator. Members of the public in Scotland thus need to interact with two fundraising regulators and two complaints processes.

The Code of Fundraising Practice is UK-wide.

What we have done

Our regulatory work in 2017/18 has included:

- Managing increasing numbers of complaints and investigations – 1,101 complaints resolved, of which 87% were closed within four weeks.
- In the period 1 April 2018 to 31 August 2018 we dealt with 94% of cases within four weeks of receipt.
- Later in 2019 we intend to publish a complaint report outlining examples of our casework between 1 April 2017 and 31 August 2018, as well as information obtained from a group of charities about fundraising activity and the complaints they have received.
- Further developing the Code of Fundraising Practice – we have concluded three consultations and published two updates.
- Launching the Fundraising Preference Service on 6 July 2017 – the public had made nearly 17,000 suppressions of individual charities by 31 March 2018, though this had risen to around 20,500 by the end of August.

- Handling over 1,200 fundraising enquiries and providing information in 96% of cases within 14 days; in addition, we have had 185,000 visits to our website.
- Carrying out further meetings with key stakeholders notably online funders.
- Increasing the number of charities and other organisations registered and signed up to the Code to over 3,000.
- Issuing guidance for smaller charities on fundraising and giving support on data protection and fundraising, in the context of the GDPR.
- Publishing guidance for charities on good complaints processes.

Complaints handling

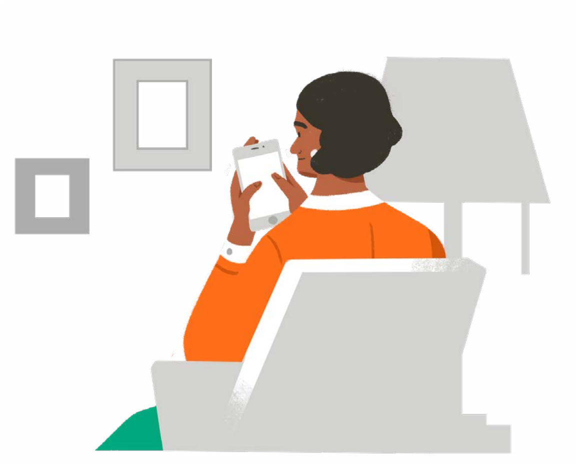
Our complaints process, available on our website, is operating smoothly. We are continuing to monitor the numbers of complaints received. We saw a rise in 2017-18. However, due to changes we have made to our website to make it clearer what we can and cannot do, we anticipate seeing a reduction in the coming year.

In the period covered by this report we dealt with 94% of complaints received within four weeks. That demonstrates an improvement in the time taken to deal with our cases, up from 89% in 2017-18 and 74% in 2016-17 financial year periods.

We continue to receive a large number of complaints that are outside our remit and, wherever possible, we have referred these to other bodies better able to help, such as the Charity Commission.

We have also received a significant number of complaints about fundraising charities or agencies that have not at the outset been made to the charities direct. We think it is better to give organisations an opportunity to respond to complaints before we become involved. This is often the quickest way to resolve a complaint and for the organisation concerned to implement learning. Unless we identify an issue with systemic implications, we will refer those complaints to the organisations concerned for them to consider in the first instance.

Later in 2019 we will publish our second complaints report. This will focus more on the casework we have undertaken between 1 April 2017 and 31 August 2018 rather than the data obtained from charities.



In light of the high number of complaints we have received, and upheld, about how charities of all sizes have dealt with complaints from members of the public, we have also published guidance for charities on the key principles necessary for an effective complaints procedure. That guidance is now forming the basis of a series of training events being overseen by the Institute of Fundraising for charities and third-party agencies.

Code of Fundraising Practice

We have continued to consult on and implement changes to the Code of Fundraising Practice. We do so in collaboration with the IoF, NCVO, WCVA, NICVA and the Scottish Fundraising Standards Panel. The key consultations included changes to the Code regarding complaint handling and online fundraising. The Code reflects changes required in regard to data protection and consent and the changes to the law which took effect on 25 May 2018 when the General Data Protection Regulation passed into UK law in the Data Protection Act 2018. A more wide-ranging review of the Code, including how it is organised, is also progressing and the consultation on this started in September, ending on 16 November. We expect to be able to publish the revised Code in the spring 2019 after we have considered the responses. We will publish a summary of the key points made to us during the consultation.

Fundraising Preference Service (FPS)

The creation of a FPS was a key recommendation of the Cross-Party Review of Fundraising.

The agreed model for FPS provides members of the public with the means to manage their communications with charities and specifically, either online or via telephone, to opt-out of further direct marketing contact from named charities. FPS suppressions can have statutory force under the Data Protection Act. The FPS is available to the public in England, Wales and Northern Ireland and to members of the public in Scotland who wish to manage their contacts with charities registered in England and Wales. In the first 13 months from July 2017 there have been about 20,500 suppressions made by about 6,900 individuals against approximately 1,400 charities. We have sought to increase awareness through targeted advertising campaigns in the media and through raising awareness using consumer programmes on radio and TV. A review of the FPS system will be undertaken in the next two years, but the Board has agreed to maintain the present system until 2021.

Enquiries and information

In July 2018 we launched a new version of our website. The redesigned site included improved navigation, a better search function and more information for smaller charities. In addition we published 15 new 'topic pages' that provide simple explanations of different fundraising methods for the public and fundraisers. For the latter the topics include links to the Code, other relevant guidance and related case studies to make it as easy as possible for fundraisers to get it right first time. We continue to respond to around 120 enquiries about fundraising per month, on issues ranging from data protection to school fetes. Our monthly newsletter is sent to around 5,000 users and we reach many more through social media and the many speaking engagements that we take part in.

Levy and registration

We have continued with the second year of the levy based on the formula we established after a public consultation in 2016. Charities spending over £100k on fundraising annually are asked to pay the levy, graduated according to the reported amount of spend. At the outset we committed to maintaining this as the basis for the levy for the first three years.

In response to some charities' concerns about basing the levy on 'historic' financial data, we agreed in 2017-18 to review in some cases the levy amounts against the most recently reported expenditure on fundraising.

It is pleasing that most charities have paid willingly in the second levy round. At 31 March 2018, 1,527 charities had paid the levy, including almost all the larger charities. We will collect at least £1.87m from the second levy round, out of the £2.032m invoiced. This represents a 93% recovery rate and exceeds our target for 90% recovery.

Charities who have declined to pay the levy or not responded to our requests to pay (around 100 or 6% of those in scope) are highlighted, for reasons of transparency, on our publicly Directory, which we launched in September 2017.

We remain committed to convincing this small minority that it is to their advantage to support the voluntary system of regulation. Demonstrating a commitment to first-class fundraising can only help charities secure more individual, corporate and public donations. Over the year we have seen evidence that, as the Regulator has matured, its brand has become better known. Our badge is now more prevalent in public fundraising campaigns and advertising; consequently, we believe its value to charities has increased.

The new reporting requirements of the Charities Act 2016 in relation to fundraising came into force in 2018 and we have reminded charities about the importance of complying with this legislation by issuing a guidance note. This note was agreed with the Institute of Chartered Accountants in England and Wales (ICAEW) and was also sent to all the major audit firms dealing with charities.

We launched a registration route for smaller charities and commercial fundraising firms and agencies in spring and summer 2017. Charity registration, for a fee of £50 per annum, was opened in March 2017 to all those fundraising charities in England and Wales who fall outside the levy. Over 1,000 charities have registered in the first year. Around 100 fundraising businesses and agencies (at fees analogous to the levy) also registered. In February 2018, both levy payment and registration were extended to charities in Northern Ireland and over the summer we have been working to raise awareness of the benefits of registration with charities there.

As with levy payers, registrants sign up to the Fundraising Promise and can display the Regulator's badge. We expect that income from registration by charities and commercial fundraisers will raise around £150k per year.

In autumn 2018 we will review the levy arrangements for year 4, exploring whether any changes need to be made.

Processing personal information

A key challenge for the sector (and a priority for the Fundraising Regulator) is the cultural change required to move to legally compliant processes in handling personal information in relation to direct marketing. The aim is that donors should be able to exert much greater control over their communications with charities. The FPS provides the backstop for members of the public where charities have failed to observe the right lawful process for contact or otherwise behaved unethically.

In early 2017 the ICO fined 13 larger charities for breaches of data protection legislation. We took the lead in following up with those charities to ensure that the appropriate remedial action was taken.

The Fundraising Regulator, the Charity Commission and the IoF and the ICO have worked closely together on these issues, and in February 2018, together with the IoF, we issued comprehensive guidance for the sector on GDPR and fundraising, tailored in particular to small charities.

Over the past few years, in part due to the combined efforts of the ICO, the IoF and ourselves, charities' awareness of the steps they need to take to comply with GDPR has increased. We will monitor this with the ICO.

Performance measurement

In summary, the Fundraising Regulator's main achievements in its first 27 months have been to secure a smooth transition from the former regulatory arrangements to a better resourced and more effective regulatory system by:

- Developing an effective staff team, robust governance and regulatory systems.
- Establishing a clear and prominent profile and identity – we are independent, transparent, principles-based and accessible.
- Amending and updating the Code of Fundraising Practice.
- Developing and implementing a levy to provide a sustainable income.
- Developing and implementing a user-friendly and effective complaints process.
- Working closely with key partners and stakeholders.
- Securing and maintaining widespread support across the sector.
- Establishing a registration system that enables smaller charities and fundraising agencies to demonstrate commitment to best fundraising practice.
- Developing and launching the Fundraising Preference Service.
- Publishing detailed guidance on data protection and fundraising.

Overall, there are encouraging signs that the Fundraising Regulator's work has played a part in persuading the charitable sector to move towards a positive change in its approach to donors, balancing their needs with those of beneficiaries. We are encouraged by the cooperation we've received from charities and the degree of compliance with our recommendations.

Future priorities

A key challenge in 2018-19 will be to maintain the momentum of change in the way that charities approach fundraising, ensuring that donors have greater awareness about the control they can exert over their communications with and from charities. Usage of the FPS will be an important driver of change and we will continue to work to promote public awareness of this option. Our campaign to raise awareness of the FPS in magazines (for example The Oldie, New Statesman) and in leaflets in doctors' surgeries are examples of this work.

We will also take further steps to raise the public's awareness of our complaints process and to share more of the learning we are identifying through our investigative work, as well as continuing to improve the speed at which we are dealing with complaints.

Working with the ICO and the IoF, we will continue to support the sector to achieve compliance with data protection requirements in relation to fundraising under the General Data Protection Regulation (GDPR) and the new Data Protection Act, which came into force in May 2018.

We will continue to take a proactive approach to updating the Code of Fundraising Practice through the major reorganisation of the Code, designed to make it more user-friendly. The sector's and the public's confidence in the Code lie at the heart of what we do, providing the yardstick for consideration of complaints and our investigations.

We will continue to produce guidance for charities, for example on the principles underlying effective complaints handling; share learning derived from our investigatory work; and review the annual complaints return to see whether improvements can be made. We will also carry out research in areas where complaints reveal systemic concerns about particular fundraising methods, and start to test public attitudes to fundraising more than we have done so far.

In autumn 2018, we will review the possible levy arrangements for year 4 with our Board, having kept our commitment to maintain the levy on the same basis for the first three years.

Although we have developed and will continue to build good working relations with the larger charities and the large majority of umbrella bodies in the sector, we recognise that awareness amongst smaller charities of the role of the Fundraising Regulator is patchy. Raising this awareness is a key priority.

Gerald Oppenheim,
Chief Executive

Finance, Management and Governance

Financial review for period 1 April 2018–31 August 2018.

Total recognised income for this period is £923k. A proportion of this income, £863k, was levy income deferred from the earlier accounting period in line with accounting rules or late payment of income from earlier levy cycles. Added to this, registration income of £59k was recognised.

Expenses of £877k were incurred in the short period and the Regulator achieved a surplus of £46k which has been taken to reserves in line with our policy. As a result, reserves have improved to approximately £500k but remain at the mid-range of our planned reserves level.

Around 100 charities (mainly smaller ones) have so far not paid either Levy 1 or Levy 2 but remain eligible to do so. These charities are now clearly marked on the Public Register (now termed as a Directory on the new website) as being non-payers. We will continue to do all we can to convince these charities about the advantages of signing up to the Code and to pay our levy.

Our overall income remains below the £2-£2.4m the Cross Party Review recommended the regulator needed to undertake its tasks effectively, and restricts our ability to undertake more proactive activity.

The Regulator needs to improve and stabilise its funding stream from the levy and registration payments in 2018/19 so that it can carry out its regulatory tasks effectively. Our financial plans have been set out in the three year Strategic Plan to 2021 that we have recently published. We agreed to maintain the same basis for the levy for the first three years of operation and we are committed to reviewing the levy over the next year.

Performance against budget

The regulator's budget for the short period was not published as it does so only for budgets for a full year of expenditure.

However, our budget spend was in line with the revised forecasts for the short period. Following contractual negotiations we were able to reduce the annual running costs of the FPS to just over £310k per year, including both the web application and call centre support service. These savings will apply from the 2018-2019 financial year.

Risk management

We maintain a system of risk management. Significant risks are identified and monitored regularly and mitigation is applied to reduce the likelihood of a risk crystallising.

Risks are reported in a register and this is regularly monitored and reviewed by the Senior Management Team and by the Finance, Audit and Risk Committee. The Board also discusses the risk register at least twice a year.

The biggest risk remains the funding risk. Despite an increase in the number of charities paying the levy and registering, the cost of collection remains high and is time consuming. The planned levy review will include factors such as ease of collection to ensure it remains cost effective in the future.

Reserves

The Board agreed a reserves policy in September 2016 and the Finance, Audit and Risk Committee (FAR) formally reviewed this in February 2018.

The reserves policy aims to ensure that the Fundraising Regulator has adequate funds at any time to wind the company up in an orderly fashion so that its legacy can be passed on to any successor body and liabilities are met before it is closed.

Reserves will be maintained at 3-6 months of expenditure £400k-£700k (£200k in 2017/18) to ensure all contractual liabilities - for staff and contractors – can be met in the event of any wind-up. The reserves policy was reviewed by the Finance, Audit and Risk Committee and it has been agreed that the Fundraising Regulator will increase its reserves levels as and when funding allows.

Reserves at this level will ensure that, in the event of a significant drop in funding, the Regulator will be able to continue its current activities while consideration is given to ways in which additional funds may be raised.

Governance and management: The Board

The Fundraising Regulator is a company limited by guarantee with a Board of Directors. The Chair of the Board is supported by a Vice-Chair and up to ten other members. In addition to the Board there are three sub-committees - the Standards Committee; the Complaints and Investigations (formerly Adjudication) Committee; and the Finance, Audit and Risk Committee - that make decisions delegated by the Board. The Board is supported by an executive function, led by the Chief Executive. A list of members for each committee can be found on page 19.

There are currently 11 members of the Board in total. Two new Board members were recruited following open competition and they bring financial and digital skills to the Board. Initial Board members were appointed for two-year terms. The Board has agreed to staggered second terms for some initial Board members to ensure that continuity and experience are retained whilst also attracting new expertise. Initial Board members are eligible to secure a further three-year term if reappointed. All future Board recruitment will be subject to open competition.

Board members collectively bring a range of skills and experience to the Board, including charitable activity, fundraising, law, communications and regulation. If additional skills are identified and cannot be provided by existing Board Member then an open recruitment exercise would take place to address the skills gap.

The Terms of Reference for the Board are available on the Fundraising Regulator's website.

Key management pay

The pay of key management personnel is set by the directors on the recommendation of the Chief Executive after the posts have been benchmarked against similar posts in other charities. The Board met formally on two occasions during the period of this report. The focus of the Board over this period has included:

- Governance.
- Staffing and premises.
- Development and collection of the levy.
- Finance and risk management.
- Complaints handling.
- Changes to the Code of Fundraising Practice.
- Operation of the Fundraising Preference Service.
- Communications planning and strategy.
- Revised website.

Summaries of the discussion at each Board meeting can be found on the website.

Standards Committee

The role of the Committee is to:

- Exercise oversight of the Code of Fundraising Practice.
- Respond to issues of public concern and future changes in fundraising practice, including those resulting from new legislation.
- Take a proactive approach to issues, both to reduce the likelihood of complaints and to respond effectively when they arise.
- Access consumer opinion, for example through workshops with members of the public, ensuring that the needs and voices of donors and the public interest are at the centre of discussions about fundraising standards.
- Determine guidance and advise on the Code of Fundraising Practice, fundraising standards and practice generally and any other matter that the Board may wish the Committee to address.

The Committee includes two members of the Board, three external members and two observers. The Committee met on two occasions.

During the period the Committee discussed:

- The Code of Fundraising Practice and the Rulebooks - suggested amendments.
- Communications and stakeholder engagement.
- Fundraising Platforms.
- People in Vulnerable Circumstances.
- Code accessibility consultation.

Complaints and Investigations Committee (formerly Adjudications Committee)

The role of the Complaints and Investigations Committee is to:

- Determine complaints arising under the Code of Fundraising Practice where resolution between the complainant and the respondent fundraising organisation has not proved possible.
- Initiate its own investigations and/or inquiries, where appropriate.
- Where a breach of the Code is identified, take remedial action against fundraising organisations, where appropriate.
- Following adjudication, reconsider a case remitted to the Committee by the Vice Chair of the Board or the External Reviewer:
    - Where a material defect in process is alleged or identified.
    - Where material new evidence becomes available (an explanation of why it was not made available previously will be required).
    - Where it is alleged that the Committee's decision is manifestly unreasonable (in the sense that it was not one that the Committee could sensibly make having regard to all of the relevant facts).
- Undertake any other relevant responsibilities, activities, decisions or duties that the Board and the Committee may decide to delegate to the Committee to perform on its behalf.

The Committee includes four members of the Board, two external members and an Observer from the Institute of Fundraising. The Committee met twice during the period.

Discussions during the year have included:

- Updates on current complaints and investigations.
- Casework performance.
- Annual Return Review.
- Complaints Trend Analysis.

Finance Audit and Risk Committee

The Committee was formed in September 2017 and met on two occasions.

The role of the Finance, Audit and Risk Committee is to:

- Review the financial forecast and budgets for the regulator.
- Consider the risk register and discuss risks facing the organisation.
- Review lthe evy policy and forecasts for the levy.
- Consider strategic HR and reward issues for the executive.
- Review policies on corporate governance eg fraud, data management, whistleblowing.

The Committee consists of four Board Members and one external member appointed for two years.

Discussions during the year have included:

- Review of options for the levy.
- Financial performance and budget.
- Audit preparation and planning.
- Financial Report and Accounts.

Conflicts of Interest

Board and Committee members hold a range of executive and non-executive roles outside the Fundraising Regulator. A Register of Interests is held centrally by the executive and is regularly updated. Any actual or perceived conflicts are raised either in advance of or at the start of each Board and Committee meeting and are noted in the minutes.

If a member's other interests cause or are perceived to cause a conflict of interest with the Fundraising Regulator's regulatory functions, our procedures oblige the member concerned to declare the interest and withdraw from discussion and decision-making.

Executive Team

The Board and Committees are supported by an executive team of just under 20 staff. The Senior Management Team is made up of the Chief Executive and the Heads of Finance and Procurement, Policy, Secretariat and Corporate Services and Casework. The staff team includes permanent and fixed term appointments and full- and part-time staff.

Name	Board	Standards Committee	Complaints & Investigations Committee	Finance, Audit & Risk Committee
Board				
Lord Grade	Chair			
David Cunningham	Member	Member		
Sacha Deshmukh	Member			Member
Suzanne McCarthy	Member	Chair		
Margaret Moore	Vice-Chair			Chair
Richard Newton	Member for Wales		Member	
Walter Rader	Member for N.I.		Member	
Michael Smyth	Member		Chair	
Jenny Williams	Member		Member	
Jill Thompson	Member			Member
Kieron James	Member			Member

Name	Standards Committee	Complaints & Investigations Committee	Finance, Audit & Risk Committee
External Members			
Liz Barclay	Ext. Member		
Catherine Cottrell		Ext. Member	
Nick Jones	Ext. Member		
Sharon Martin			Ext. Member
Andrew Nebel		Ext. Member	
Guy Parker	Ext. Member		
Observers			
Annemarie Devlin (Scotland)		Observer	
Ceri Edwards (IoF)			Observer
Daniel Fluskey (IoF)		Observer	
Val Surgenor (Scotland)	Observer		

1 April 2017 to 31 March 2018					
Board Members attendance	24.05.17	19.07.17	**Standards Committee Members attendance**	8.05.18	24.07.18
Lord Grade, Chair	Y	Y	Suzanne McCarthy, Chair	N	Y
Margeret Moore	Y	Y	Liz Barclay	Y	Y
Sacha Deshmukh	N	Y	David Cunningham	Y	Y
Jenny Williams	Y	Y	Nick Jones	Y	Y
Suzanne McCarthy	Y	Y	Guy Parker	Y	Y
Michael Smyth	Y	Y	IoF Observer	Y	Y
David Cunningham	Y	N	Scotland Observer	N	Y
Richard Newton (for Wales)	Y	N	Y	Y	Y
Walter Rader (for N. Ireland)	Y	Y	Y	Y	Y
Jill Thompson		Y			Y
Kieron James		Y			
Scotland Observer	N	N			
Attendance inc. Observers	8/9	8/9	8/9	7/9	10/10

1 April 2017 to 31 March 2018					
Complaints & Investigations Committee members attendance	03.05.17	28.06.17	**Finance, Audit & Risk Committee members attendance**	10.04.18	03.07.18
Michael Smyth, Chair	Y	Y	Margaret Moore, Chair	Y	Y
Lucy Caldicott	Y	N	Sacha Deshmukh	Y	Y
Catherine Cottrell	N	Y	Kieron James		Y
Peter-Hills Jones	Y	Y	Jill Thompson		Y
Andrew Nebel	Y	Y	Sharon Martin	Y	Y
Jenny Williams	Y	Y			
Richard Newton	N	Y			
IoF Observer	N	Y			
Attendance inc. Observers	5/7	6/7		3/3	5/5

Chief Executive:	Gerald Oppenheim
Company Secretary:	Nick Allaway
Company number:	10016446

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

The Directors present their report and accounts for the period ended 31 March 2018. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Fundraising Regulator's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The directors who served during the year are noted on page 19.

Auditor

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

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.

Disclosure of information to auditor

Each of the Directors and senior managers has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information. This report has been prepared in accordance with the provisions applicable to companies entitled to small companies' exemption. The report was approved by the Board of the Fundraising Regulator on 25 October 2018.

Lord Grade of Yarmouth, Chairman

Dated 28 November 2018

For the period ended 31 August 2018

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). 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 the 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 any time 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 irregularities.

Opinion

We have audited the accounts of Fundraising Regulator (the 'company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- Give a true and fair view of the state of the company's affairs as at 31 August 2018 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 accounts section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the accounts are prepared is consistent with the accounts; 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' 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 accounts 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 accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 accounts 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 accounts.

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

This report is made solely to the 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 & Company**

**Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
United Kingdom
NW1 3ER**

Statement of Financial Activities
Including Income and Expenditure Account

For the period ended 31 August 2018

Income from:	**Notes**	**£ (2018)**	**£ (2018)**
Regulatory Activities	3	922,520	1,544,929
Investments	4	116	245
Other Income	5	300	
Total Income		**922,936**	**1,982,654**
Expenditure on:			
Regulatory Activities	6	876,987	1,779,962
Net income for the year/ Net movement in funds		45,949	202,692
Fund balances at 1 April 2017		447,389	244,697
Fund balances at 31 March 2018		**493,338**	**447,389**

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

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.

Please note that the reported figure in the left hand column in these accounts is for the 5 month accounting period April 2018 to August 2018. The comparative figure for 2018 in the right hand column is for the full 12 month accounting period April 2017 to March 2018. This has been inserted because it is a reporting requirement and it should be noted that owing to the disparity in the accounting periods the two figures are not directly comparable.

Current assets	Notes	£ (2018)	£ (2018)
Debtors	8	201,439	181,799
Cash at bank and in hand		483,741	1,150,551
Total		**685,180**	**1,332,350**
Creditors: amounts falling due within one year	9	(191,842)	(884,961)
Net current assets	5	493,338	447,389
Income funds		493,338	447,389
Unrestricted funds		493,338	447,389

The financial statements were approved and signed by the Directors on behalf of the board on 25 October 2018.

Lord Grade of Yarmouth, Chairman

Company registration No. 10016446

Cash flows from operating activities	Notes	£ (2018)	£ (2018)
Cash (absorbed by)/generated from operations		(666,926)	394,398
Investing activities			
Interest recieved		116	245
Net cash used generated from investing activities		116	245
Net cash used in financing activities			
Net (decrease)/increase in cash and cash equivalents		(666,926)	394,643
Cash and cash equivalents at beginning of Year		1,150,551	755,908
Cash and cash equivalents at end of Year		483,741	1,150,551

1 Accounting policies

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

1.1 Accounting convention
Although the company is not registered as a charity, 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 FRS 102 Section 1A of the "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") to reflect the not-for-profit nature.

The accounts 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 accounts, the Directors 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 accounts.

1.3 Income
Income is recognised when the company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Demands for voluntary annual levy income are issued in advance covering the period from September 2017 to August 2018. Such income is recognised on a receipts basis. At the year end, the levy income relating to the five months from April 2018 to August 2018 has been 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.

1.4 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.

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 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 liabilties

Basic financial liabilities, including creditors and bank loans 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.

1.7 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.

1.8 Retirement benefits

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

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	£ (2018)	£ (2018)
2017/2018 Levy Income	7,000	871,162
2018/2019 Levy Income	856,890	1,048,833
Registration Income	58,930	62,414
Total	922,520	1,982,409
4 Investments		
Interest recievable	116	245
5 Other income	300	

5 Regulatory activities	£ (2018)	£ (2018)
Staff costs	344,592	809,425
Recruitment	16,500	18,711
Consultants	54,000	148,762
Office supplies	**8,080**	24,057
Events and conferences	44,089	23,130
Premises, utilities and rates	45,879	101,829
Research	1,629	14,941
Travel and entertainment	4,265	15,628
Legal and professional fees	21,135	54,514
IT and web project development	316,330	521,478
Board and CEO expenses	14,185	29,529
Subsistence	99	1,127
Total	869,787	1,763,131
Audit and accountancy	7,200	16,831
Total	876,987	1,779,962
Analysis by fund		
Unrestricted funds	876,987	1,779,962

Staff Costs	£ (2018)	£ (2017)
Wage and salaries	296,937	682,312
Social security costs	28,279	70,091
Other pension costs	18,492	43,486
Total employment costs	**343,708**	**795,889**
Agency costs	884	13,536
Total staff costs	**344,592**	**809,425**

The average number of employees in the period were 19.

The outgoing Chief Executive Stephen Dunmore, who retired on 30 June, was paid £16,630 plus £1,330 in employer's pension contributions to the NEST company pension scheme. His pro rated annual salary for a four day week was £65,216 plus employer pension contributions of 8% to the NEST company pension scheme.

The new Chief Executive, Gerald Oppenheim, was paid £13,587 with no employer's pension contributions. His annual salary for a five-day week is £81,520.

One other employee earned more than £60,000 on a pro rata basis for the five-month period.

The key management personnel of the company comprise the CEO and his Senior Management team (Head of Policy, Head of Finance and Procurement, Head of Casework, Head of Secretariat). The employee benefits and employer's pension contribution of the key senior management personnel totalled £102,149.

Board members can claim a daily amount for attendance at meetings and undertaking other work on behalf of the Fundraising Regulator. This allowance is in line with sums common in other public regulators and enables the regulator to recruit individuals with the right expertise to its Board and Sub Committees. The Chair can claim £500 per day, Committee Chairs £350 per day and Board and Committee members £300 per day. Reasonable expenses are also paid for travel and subsistence costs.

During the period, 12 Board and Committee Members were paid £20,790.50 in total for attendance and five Members were paid £169.19 for reimbursed travel and subsistence.

7 Financial Instrument	£ (2018)	£ (2018)
Carrying amount of financial assets		
Measured at amortised cost	170,993	863,424
Carrying amount of financial liabilities		
Measured at amortised cost	170,993	863,424
8 Debtors	**£ (2018)**	**£ (2018)**
Amounts falling due within one year		
Prepayments and accrued income	201,439	181,799
9 Creditors	**£ (2018)**	**£ (2018)**
Amounts falling due within one year		
Other taxation and social security	20,849	21,537
Trade creditors	33,194	29,960
Other creditors	6,430	6,200
Accruals and deferred income	131,369	827,264
Total	**191,842**	**884,961**
10 Operating lease commitments	**£ (2018)**	**£ (2018)**
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:		
Within one year	1,712	1,046
Between two and five years	4,989	
Total	**6,701**	**1,046**

11 Analysis of Net Assets between funds	**April-August 2018**
Cash at bank	482,742
Current assets	(277,919)
Current liabilities	77,488
Total	282,311
12 Reconciliation of net movement in funds to net cash flow from operating activities	**April-August 2018**
Net income for the year (as per Statement of financial activities)	52,483
Net cash used in operating activities	52,483
13 Analysis of cash and cash equivalents	**April-August 2018**
Cash in hand	482,742
Total cash and cash equivalents	482,742

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