FUNDRAISING REGULATOR

Annual report and accounts

2022/23

Annual report and financial statements
for the year ended 31 August 2023

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Introduction

About the Fundraising Regulator

The Fundraising Regulator is the independent regulator of charitable fundraising in England, Wales and Northern Ireland. We set the standards that apply to charitable fundraising across the UK through the Code of Fundraising Practice.

We also regulate fundraising in Scotland where it is carried out by charitable institutions where the lead regulator is the Charity Commission for England and Wales or Northern Ireland. Fundraising by those only registered with the Office of the Scottish Charity Regulator in Scotland is subject to adjudication by the Scottish Fundraising Adjudication Panel.

Visit our website for more about us and the scope of our regulation.

OUR STRATEGIC PLAN 2022-2027

We are committed to delivering independent self-regulation that ensures public protection, accountability and excellence in fundraising now and into the future.

Our strategic objectives are…

1. To deliver intelligent fundraising regulation that protects the public.
2. To inform the public about principled fundraising.
3. To support fundraising organisations to thrive.
4. To be a highly effective organisation.

We will do this by being…

— **Innovative:** we will keep abreast of digital and wider social developments and how these may shape fundraising into the future.

— **Proactive:** we will improve our capacity to identify fundraising concerns before they crystallise and to prevent harm by early intervention.

— **Intelligent:** we will use our data more intelligently to support the development of the Code of Fundraising Practice and our compliance work.

— **Collaborative:** we will remain a thought leader in fundraising and make sure that fundraisers and the public have a greater voice in developing our policies.

For more information, see the **corporate publications** page of our website.

In this year's report, we reflect on the outcomes and objectives set out in our business plan for the financial year 1 September 2022 to 31 August 2023.

Introduction

A MESSAGE FROM OUR CHAIR
Lord Toby Harris

The charitable fundraising sector has continued to face challenging conditions as the cost-of-living crisis and significant global events impact the landscape, and this in turn affects the way we need to regulate the sector. Despite this, we are delighted to look back on our achievements for the year.

I would like to commend charities and their partners for their hard work in the face of such challenges. I also wish to thank the thousands of fundraising organisations that demonstrate their support for independent regulation and commitment to excellent practice through either registering with us or paying the Fundraising Levy.

This has been the first year of our new Strategic Plan for 2022–2027, which launched on 1 September 2022 to ensure we are innovative, proactive, intelligent and collaborative in our approach to regulation. This is so that the public has confidence and trust in fundraising, and so charitable fundraising can thrive and is well regulated.

To achieve this, we will be introducing a new Code of Fundraising Practice (the code) in early 2025, following a two-year review. This will set the standards that apply to fundraising and ensure the code remains up to date and relevant in response to the continually changing fundraising landscape.

We will also be conducting a review of how we report the complaints about fundraising that we receive and how we share learnings from our casework through our Annual Complaints Report. We want to improve the analysis we produce, making it more useful for the organisations that use this data and so that learning can be shared. To this end, I want to thank all the charitable organisations that completed our survey in July 2023, helping us to better understand how organisations are using this information.

We want to strengthen our proactive approach to regulation. This year, we have begun to further develop our use of data with our new proactive regulation function. This will monitor and promote sector compliance with the code through a risk and intelligence-led programme of work to explore emerging or unaddressed issues about charity fundraising. The aim is to be ready for issues before they crystallise. We are delighted, therefore, to have appointed our first Head of Proactive Regulation and Projects and established our Futures Working Group to support this approach.

Finally, I wish to thank my fellow board members and our co-opted expert committee representatives for their time, service and input. I also want to thank our executive team and the wider staff team for their dedication and hard work in supporting the charitable fundraising sector during challenging times and for protecting the public.

Introduction

A MESSAGE FROM OUR CHIEF EXECUTIVE
Gerald Oppenheim

This year saw us launch our review of the Code of Fundraising Practice (the code) and prepare for the public consultation and information-gathering process, seeking views on our proposals for improving and updating the code so that it provides an effective regulatory framework now and in the future. We will work on producing an updated code based on the feedback and evidence collected to publish in early 2025.

Our complaints caseload has continued to increase, and this year marked greater use of our self-reporting pathway by charities, enabling fundraising organisations to report any of their compliance concerns with the code to us. We are pleased to see charities have made use of this function, with 20 organisations submitting self-reports to us. We had constructive dialogues with the organisations involved. This has helped our understanding and increased confidence in our responsive approaches to regulation.

We conducted research this year into the public's perception of the Fundraising Badge, which shows organisations are registered with the Fundraising Regulator.

It is very encouraging to see that 73% of donors would be more confident supporting a charity displaying the badge, and 61% are more likely to think positively of a charity showing it.

Over the last year, we have increased our messaging for the public to 'look for the badge' when giving. Also, through dedicated campaigns, we have worked to get this message in front of audiences we may not have engaged with as much previously.

This year, we also decided the framework for the levy review and prepared for engagement with charities on our proposals in December 2023. Increasing the Fundraising Levy for the first time since we were established in 2016 means we can ensure we can develop our regulation to meet the new ways in which fundraising is taking place and developing, as well as resource our proactive approach to regulation and meet our increased caseload to achieve our strategic goals. We have looked to increase the levy in a way that is fair and proportionate, so that the largest charities with the highest fundraising spend see the greatest increase in their levy payments, while making only a £10 annual increase in the registration charge for smaller fundraising charities outside the levy.

We have further developed our Equality, Diversity and Inclusion (EDI) Strategy to look at the impact we can make through our regulation, as well as internally with our own staff and suppliers. We have also started the groundwork for developing our sustainability goals. We have appointed a new board member for Northern Ireland to build on the excellent work already being delivered there following the sad death of Walter Rader in early 2023.

I would like to thank all of the regulators, the government departments, the Chartered Institute of Fundraising and other sector bodies that we work increasingly closely with in England, Wales and Northern Ireland to protect the public and support fundraisers. We also continue to work closely with the Scottish Fundraising Adjudication Panel in relation to the code and general fundraising issues in Scotland.

I look forward to continuing to work with all the charities and commercial organisations registered with us and the wider charitable and fundraising sectors to promote excellence in fundraising now and in the future.

OVERVIEW 2022/23

- **Sept 2022** Published our new five-year Strategic Plan 2022–2027
- **Sept 2022** Promoted safer giving to support Pakistan flood relief
- **Oct 2022** Launched the code review 2022–25
- **Oct 2022** Published Annual Complaints Report 2021/22
- **Oct 2022** Supported Charity Fraud Awareness Week
- **Nov 2022** Supported Trustees' Week
- **Nov 2022** Published advice for setting up an online fundraising appeal
- **Nov 2022** Shared advice on key questions the public should ask when donating to an online fundraising appeal
- **Dec 2022** Encouraged the public to give safely at Christmas
- **Jan 2023** Published research and guidance to support compliance with fundraising reporting requirements
- **Feb 2023** Urged safer giving to support Turkey-Syria earthquake relief
- **Feb 2023** Published guidance for online fundraising platforms
- **Feb 2023** Shared guidance on volunteer fundraising arrangements
- **Mar 2023** Held our in-person annual event
- **Mar 2023** Encouraged safer giving at Ramadan
- **May 2023** Appointed first Head of Proactive Regulation and Projects
- **Jul 2023** Launched survey on sharing information about fundraising complaints

Introduction

IN NUMBERS 2022/23

Casework

1,137
incoming cases
(8% increase)

94%
of cases closed
within four weeks

Fundraising Preference Service (FPS)

Almost
2,040
FPS public users

Over
6,800
FPS suppressions made, with a third being made on behalf of someone else and 739 made on behalf of someone who has died

Over
950
charities with at least one FPS suppression

Enquiries service

Almost
750
incoming enquiries

98%
closed within seven days

Registration

Nearly
6,100
registrants
(7% increase)

Directors' report

In our Strategic Plan 2022-2027 our four strategic objectives are:

1. To deliver intelligent fundraising regulation that protects the public.

2. To inform the public about principled fundraising.

3. To support fundraising organisations to thrive.

4. To be a highly effective organisation.

1 Delivering intelligent fundraising regulation that protects the public

We have taken active steps to increase our knowledge and understanding of how the fundraising sector is changing so that we can target our regulation in the most effective ways. We continue to operate an open and accessible complaints service that offers the public independent investigation of their complaints and assistance in getting them resolved. We also want to make sure we understand and keep ahead of developments in digital fundraising, the use of new technologies, and how fundraising is changing more broadly.

Incoming and closed casework

In 2022/23, we received 1,137 incoming cases overall – a 8% increase on 2021/22 (1,056 cases). We closed 1,140 cases in this reporting period (of which 54 were received in the previous financial year).

We closed 94% of cases within four weeks, where our target was completing 90% of cases within four weeks of receiving a complaint. We were able to prevent and pre-empt a backlog in our caseload developing, despite a challenging period with increasing casework volume. We did this by recruiting an additional Case Officer in response to us seeing a trend of rising complaints. This will also help ensure we have greater resilience to cope with increases in caseload into the future.

These figures include a small number of self-reported cases since our self-reporting pathway launched this year. In 2022/23, we received 20 self-reports, eight of which were received in the last quarter of the year.

Some were prompted by a press story identifying poor door-to-door fundraising activity carried out by subcontracted fundraising agencies. This resulted in us opening an investigation into the activity identified.

In 2022/23, 509 of the 1,137 complaints cases were closed as outside our remit. This is 45% overall, which is similar to previous years. Some of the complaints that we classify as outside of our remit may relate, in part, to charitable fundraising. However, there are aspects to the cases that mean it is more appropriate for another organisation to consider them – such as concerns about wider governance or fraud.

Code review 2022–25

In October 2022, we launched a two-year process of reviewing and updating the Code of Fundraising Practice (the code). The last high-level code review took place in 2018/19 to put the code into plain English. Since then, changes in legislation, technology and fundraising behaviour have created an environment in which the code would benefit from a full review to ensure it stays up to date, reflects best practice, and remains clear and accessible.

We have reviewed the code through an ongoing process of dialogue and engagement. The review began with an information-gathering exercise seeking views from a wide range of stakeholders. This included an eight-week public call for information and targeted engagement with other regulators, representative bodies, charities and voluntary sector partners. We also engaged with organisations representing certain groups, such as small charities, which may sometimes struggle to have their voices heard.

Feedback from this engagement informed the development of proposals for updating the code. In September 2023, we launched a 12-week public consultation to gather feedback on these proposals. We will publish the new code in early 2025, alongside a timetable for implementation.

Compliance work with fundraising platforms

We completed our compliance work with fundraising platforms registered with the Fundraising Regulator to ensure that they are compliant with the code and with our terms and conditions. As part of this, we worked closely with certain platforms to address issues and encourage compliance.

We also updated our registration renewal process, requiring fundraising platforms to provide information on the fees they charge donors at the time they renew their annual registration with us. Fundraising platforms were also asked to confirm that they link to our guidance for those setting up a fundraising page, and to show that they have a publicly available complaints process. We will assess compliance again in 2025 after the new code is published and has been in place for a few months.

Proactive regulation

We have begun to further develop our use of data to support a proactive regulatory approach, from our own sources, and from the sector and from wider stakeholders. To achieve this, we have increased our internal capacity by recruiting our first Head of Proactive Regulation and Projects to monitor and promote sector compliance with the code and explore emerging and unexplored issues in charitable fundraising.

Since recruiting this role, we have developed the foundations for a new intelligence-gathering process to meet our objectives. This has consisted of:

— Planning to optimise the quality and potential of the data we hold derived from internal intelligence sources.

— Developing an engagement plan with external fundraising stakeholders, including regulators, sector organisations and fundraising platforms. We have also run a series of stakeholder meetings to develop intelligence sharing and collaborative relationships, including discussing learnings about data and emerging technologies, such as artificial intelligence.

— Collecting intelligence gathered both through internal data sources and external stakeholder meetings into an intelligence report to analyse the information to identify trends, emerging issues and regulatory gaps for our proactive work.

Our aim is to grow our proactive regulation function during 2023/24 and recruit more staff to support the function.

2 Informing the public about principled fundraising

The last few years have shown us that people continue to give generously, despite the financial pressures that many of them will have been under. It is our role to make sure that, whatever fundraising is taking place, standards remain high, and the public continues to be protected. We continue to provide a way for the public to manage their communications with charities through the Fundraising Preference Service (FPS) and promoting the Fundraising Badge as a symbol of adherence to fundraising best practice.

Operating the FPS

The FPS is one of the key services we operate to protect the public, especially those who may be in vulnerable circumstances. Our FPS website and phone helpline enable people to request charities to stop direct marketing communications.

In 2022/23, 2,715 requests were made by 2,035 unique users, resulting in a total of 6,851 suppressions. A third of the suppressions were made on behalf of someone else, and 739 of the requests were made on behalf of someone who had died.

The FPS helpline has took, on average, 64 calls per month during 2022/23. The primary functions of the helpline are to complete an FPS request for individuals who are less able to use the online service and provide extra support to help organisations who receive a suppression to access the FPS charity portal.

Making sure suppressions are accessed and naming non-compliant charities

Charities need to set themselves up on the FPS charity portal if they receive a request through the service to stop direct marketing communications. By 31 August 2023, 227 charities were notified that they needed to get set up on the portal for the first time to access a suppression, and 956 charities had at least one suppression. This represents an increase of 30% and 8% respectively compared to 2021/22, where 414 charities were notified for the first time and 752 had at least one suppression.

If a charity does not get set up on or log into the portal within a reasonable time period after receiving a suppression, we consider them to be non-compliant with the FPS terms and conditions (after 21 days) and the code (after 28 days). We publish a list of charities that have persistently failed to access their suppressions on our website every month. Throughout 2022/23, we had, on average, 33 suppressions not being accessed by 20 charities each month. Some of the named charities may be in the process of being wound up. However, until these are formally removed from the relevant charity register, they remain on the list, as the trustees remain responsible for data protection compliance.

This year, we began contacting charities that had collected suppressions in the past but had failed to collect them more recently. This investigation identified 475 charities that were at risk of being in breach of the code. Over the year, by working to actively re-engage these charities, we have been able to reduce this non-compliance by 75%.

Promoting the FPS – digital marketing
We promote the FPS to the public by undertaking paid search advertising of the FPS through targeted Google Search Ads and Google Display Ads on relevant websites. We also conduct targeted paid social media campaigns using Facebook and YouTube to broaden its reach. As part of these campaigns, we developed an animation explaining the FPS to members of the public.

Research and promotion of the Fundraising Badge

This year, we conducted public research on the effectiveness of the Fundraising Badge (the logo that says 'Registered with Fundraising Regulator'). This shows a charity's commitment to complying with the code. This is a key part of our safer giving advice for the public.

We worked with nfpResearch to help us measure recognition of the badge, and they ran a nationally representative survey of the public for us. The survey had a total sample size of 2,200, with two boosts of 100 each in Northern Ireland and Wales. The results are both informative and overwhelmingly positive, showing that three-quarters of respondents would feel more confident in supporting a charity that displayed the badge.

There were high levels of positivity towards the badge, with large amounts of trust associated with the badge and the Fundraising Regulator. A few of the key takeaways are as follows:

— 61% of respondents would be more likely to think positively of a charity showing the Fundraising Badge.

— 73% would be more confident in supporting a charity displaying the badge.

— 51% were more likely to support a charity they had never heard of if it was displaying the badge.

— 28% have checked if a charity is registered with the Fundraising Regulator before making a donation.

It is very encouraging to know that most donors are more likely to think positively of a charity displaying the badge, and that they are more likely to support a charity they haven't heard of if it displays the badge.

Promoting the Fundraising Badge

We have built on this research by more actively promoting awareness of the Fundraising Badge to members of the public. The badge shows a commitment to excellent fundraising practice and means people can have confidence in the fundraising organisations that use it. By reassuring people of what to look for when carrying out checks before donating, we hope to build levels of trust in fundraising organisations across the sector.

This year, we ran our first campaign promoting the badge to members of the public, developing new digital marketing assets to support this campaign. This included developing an animation explaining what the Fundraising Badge is, and to encourage people to look for the badge when donating. This was shared as part of our digital marketing activities on Google Ads, Facebook and YouTube.

We developed email marketing campaigns targeted towards charitable organisations in our mailing list that we believed may be fundraising. The aim was to share information on the effectiveness of the Fundraising Badge in encouraging organisations to donate, and to encourage registration with the Fundraising Regulator. We have also been actively contacting organisations who are using the badge who are unregistered to ask that they either register with us or desist.

Advice and guidance

Developing advice for members of the public to protect them is an important part of our role to help them to understand fundraising and allow them to make informed decisions on whether to donate to a particular charity. This has included publishing advice on the key questions individuals should ask when donating to an online fundraising appeal (to prevent individuals giving to fraudulent causes) and advice for the public wishing to set up an appeal using an online fundraising platform.

We continue to provide safer giving advice and run campaigns at key holidays and when emergency appeals are launched. In 2022/23, this included safer giving campaigns around Christmas and Ramadan, and in response to emergencies including the Pakistan floods in September 2022 and the Turkey-Syria earthquakes in February 2023. These were run in partnership with the Charity Commission following the launch of the Disasters Emergency Committee (DEC) appeals to support these causes.

Further engaging with and protecting the public

In 2023/24, we are developing a new communications strategy that seeks to further engage with and protect the public by raising awareness of the Fundraising Regulator and fundraising best practice. We will also be updating our public Fundraising Directory, following user feedback, to make it easier for the public to use to find organisations registered with us. These objectives have been moved into the next financial year due to capacity constraints within our communications team.

3 Supporting fundraising organisations to thrive

We maintain the Code of Fundraising Practice (the code) to ensure organisations involved in charitable fundraising can do so in a way that is legal, open, honest and respectful. We also share learnings through our Annual Complaints Report and summaries of our casework investigations and provide information and guidance through various channels, including our website, media activity, newsletter and social media, as well as through participating in events.

Casework investigations

We publish summaries of completed casework investigations into potential code breaches to share learning with the sector and enable the public to make informed decisions when they donate.

In 2022/23, we opened 13 new investigations, closed five investigations and published six investigation summaries (including one summary of a case from the previous business year) on our website and in our monthly newsletter to share our learnings with the sector. Through three of the five investigations we closed, we were able to identify 14 breaches of the code. Of the two other investigations, one was about a third-party fundraising agency, where we had identified concerns about its activities. The agency is no longer working with charities and is no longer registered with us. The other was a result of a complaint which we later identified was out of our remit, where we issued regulatory advice to the charity. We made recommendations for improvement where we had found breaches, which most investigated organisations accepted and acted upon. We had no requests for external review of any closed cases.

The themes covered in the investigation summaries included: misleading information; vulnerable donors; fundraiser behaviour/complaints handling process; charity bags; not obeying door signs for 'no charity bags'; third-party monitoring; pressurised fundraising; and causing an obstruction.

Self-reports

During the year, we received a small but steady number of self-reports through our self-reporting pathway each month. Numbers increased in the last quarter, which related to a specific news story that identified issues with a subcontracted fundraising agency carrying out door-to-door fundraising. In many of the self-reports, charities reported a specific issue that may amount to a breach of the code, but they had already taken remedial action. For these cases, there was usually nothing further we needed to do, but sometimes we were able to offer additional guidance.

We received some cases that had also been reported to other regulators, such as the Charity Commission or the Information Commissioner's Office, and we were not always the lead regulator. We had intended to review the self-reporting pathway during the year. However, we did not feel the overall number and types of self-reports we received were sufficient to provide the basis for an effective review. We intend to do this in the next business year.

Directors' report

Annual Complaints Report

We publish our Annual Complaints Report to share insights and learnings from the Fundraising Regulator's casework and complaints received by over 50 of the largest fundraising charities, alongside advice for charitable organisations on how to mitigate and respond to complaints about charitable fundraising.

Insights from 2021/22's report showed that, although fundraising activity had continued to be affected by the pandemic and remained below pre-pandemic levels (suggesting charities were still navigating through the impact of this period), most charities had returned to in-person fundraising methods such as door-to-door and on-street fundraising.

While the overall number of complaints to the Fundraising Regulator had decreased since the year before, which was an encouraging testament to the sector's commitment to high standards in fundraising, the number of complaints to the sample charities rose proportionally for most methods in line with increased fundraising activity.

Vulnerability was also a key theme threaded into many of the complaints received in the Fundraising Regulator's casework. In response, the Fundraising Regulator is encouraging charities to develop policies to guide how fundraisers interact with people in vulnerable circumstances and keep up-to-date records about donors who may be vulnerable.

Supporting external investigations – modern slavery

In November 2022, we received a complaint from an individual engaged in fundraising activity and the circumstances of their involvement suggested modern slavery. Liaison with various stakeholders followed, including the police, the Modern Slavery Helpline, the Gangmasters and Labour Abuse Authority, and the Charity Commission, to whom the case was formally referred. We have now established agreements with organisations that have first responder status in these types of situations and who can support individuals who are reporting modern slavery to us. The individual has reported to us that they are now safe and no longer engaged with the fundraising activity.

Sector survey on complaints reporting

We surveyed over 450 charitable organisations in July 2023 to understand how they currently use the information we share about fundraising complaints in our Annual Complaints Report. Respondents told us how useful they find the data we share from the sample of charities and the information published about our casework. The feedback gathered will inform a review of how we share learning with the sector, and how reporting could be improved in the future. We plan to report on the findings and outcome of our review and share our proposals for improvement in 2023/24.

Directors' report

Advisory panel of fundraisers

Our Strategic Plan 2022–2027 includes plans to establish a panel of fundraisers to advise and challenge us, and share insights on fundraising practice.

We will benefit from using existing networks, such as those available through our relationship with the Chartered Institute of Fundraising and other partners, to provide a more responsive and agile advisory mechanism that meets our strategic objectives.

Guidance and sharing learnings

We continue to share guidance and additional resources for fundraisers on our website and through our monthly newsletter and social media channels. This has included:

— Sharing learnings from our casework team on the use of our new self-reporting pathway.

— Explaining our regulatory remit and how we assess complaints.

— Sharing best practice considerations for fundraisers working with others.

— Giving reflections on fundraising from 2022.

We've also shared guidance from our policy team, including lessons from the coronavirus pandemic as restrictions eased to ensure safe and responsible fundraising for the future, and guidance on what charitable organisations should do if they raise more donations than they need, or do not raise enough and cannot achieve their purpose. We have also carried out targeted policy interventions on two key areas of fundraising practice where we see many enquiries from the public and fundraisers: volunteer fundraising and commercial participation.

In response, we provided advice for volunteer fundraisers explaining the key areas all volunteers should think about before they start fundraising, including which of the code rules they should follow. We have also prepared guidance for charitable organisations about commercial participator arrangements, outlining the necessary requirements for partner agreements and solicitation statements, which will be published in early 2024.

Volunteer arrangements – 'on behalf of' and 'in aid of'

We provided guidance for charitable organisations working with volunteer fundraisers. The guidance issued explained the different volunteer fundraising arrangements that exist, clarifying the distinction between 'on behalf of' and 'in aid of' arrangements, as this is often an area of confusion.

Clarifying the distinction between 'on behalf of' and 'in aid of' arrangements is important because it determines whether, and to what degree, fundraising organisations are responsible for a volunteer's fundraising activity. The more evidence there is of a charity's involvement in the volunteer fundraiser's activities before they take place, the more likely the volunteer could be seen to be fundraising 'on behalf of' the organisation.

Code Advice Service

We provide one-to-one advice for fundraisers and the public through our dedicated Code Advice Service. In 2022/23, we responded to 744 enquiries covering a range of issues, including online platforms, events, personal-cause fundraising, volunteer fundraisers, and licences and permissions.

Charities Act 2016 reporting

We undertook a review of charitable organisations' compliance with The Charities (Protection and Social Investment) Act 2016's fundraising reporting requirements. This included publishing a report assessing 198 charities' compliance with the Act and producing updated guidance to help charities understand what they should do to be compliant with the Act. We also contacted 24 charities who had failed to meet any of the reporting requirements to alert them of their non-compliance with the Act.

Strengthening our engagement across the UK

We have spoken at, and had a presence at, charity sector events throughout the year to raise awareness of the Fundraising Regulator's work and the code. Events we have joined this year include:

- Inside Government – Voluntary Regulation Conference
- Lincolnshire Funding Advice Network
- Volunteer Now (Northern Ireland)
- Money4YOU briefing event
- Chartered Institute of Fundraising – Fundraising Convention / Southwest Conference / Welsh Fundraising Virtual Conference 2023
- Civil Society Media – Fundraising Live 2023
- Third Sector Fundraising Summit
- THINK Consulting Solutions Supporter Services Forum
- Association of Chartered Certified Accountants – Charity Finance Week 2022

We also prepared for extensive engagement activity from September 2023 as part of our code consultation, which closed in December 2023.

We have strengthened our engagement with the fundraising sector in Wales and Northern Ireland by raising awareness of the Fundraising Regulator and communicating and promoting standards to improve fundraising practice. This has included appointing a new board member for Northern Ireland, following the sad death of Walter Rader in early 2023, in addition to participating in external events across the UK.

Directors' report

4 Being a highly effective organisation

We continue to carefully monitor our expenditure to ensure we are offering value for money, and make efficiencies where possible. We are keenly aware of how we are funded through the Fundraising Levy and take our budgeting responsibilities seriously. We are also aware of the wider societal and political contexts in which we operate and our position as a regulator. This position means that we take matters such as sustainability, and equality, diversity and inclusion, seriously and work to make continuous improvements.

Our registration scheme and the Fundraising Levy

Registration and payment of the Fundraising Levy is the primary means of funding the Fundraising Regulator.

The cost of the levy is shared among charities who conduct the most fundraising activity (those that spend more than £100,000 on fundraising activities annually). The levy has historically represented around 90% of our overall income and it funds our core activities, which include running our Code Advice Service and the Fundraising Preference Service; handling and investigating complaints; and updating the code and guidance.

We are pleased to report that we collected 98% of the levy in this financial year from 1,983 charities. This consistently high payment rate of the levy over the past four years demonstrates that our regulation is now an established part of the fundraising landscape, and our fee is an accepted cost of business.

However, around 2% of those eligible to pay the levy (64 charities) refused to pay. It is disappointing that a small minority of charities do not recognise their collective responsibility to fund independent regulation of fundraising. It is also unfair to those charities who do pay. We will continue to work alongside statutory regulators and sector bodies to make it clear that the levy should be paid by all fundraising charities spending more than £100,000 on fundraising as a matter of fairness. Choosing not to contribute does not only affect the charity concerned; it means that our regulation and services, which are beneficial to all fundraising organisations, will be underfunded.

Fundraising Levy review

The levy and registration levels that are currently in operation have been in place since our launch. In 2023/24, we are conducting a review of the Fundraising Levy for the first time since our creation in 2016. We need to increase the levy to meet an increasing caseload demand and to achieve our strategic goal of being a more proactive regulator, while remaining sustainable for the future.

This year, we developed a framework for the review focusing on ensuring the levy is fair and proportionate, with the biggest fundraising spenders and largest charities seeing the largest rise in levy fees. We engaged with the sector in December 2023 about the proposed increases and will give every charity notice about the new fee in Spring 2024.

Increasing support for voluntary regulation

We exceeded our target of 6,000 registered bodies this year (which includes the 1,983 levy payers. Our total registrations – 6,056 by 31 August – is an increase of 7% on the previous year (5,658 registrations). This year, we once again found that smaller charities are increasingly recognising the value of voluntary regulation, as we saw a significant increase in their registrations: up 11% or 392 charities. The increase in the number of small charity registrations follows an awareness-raising campaign highlighting the Code of Fundraising Practice and the value of registration. We ran an awareness campaign specifically in Northern Ireland to encourage more smaller charities to register there.

Further developing our Equality, Diversity and Inclusion (EDI) Strategy and sustainability goals

We have continued to develop our EDI Strategy – and, in 2022/23, we have embedded a new recruitment policy throughout the organisation to ensure an open, inclusive and competitive recruitment process. The aim is to make sure we recruit the best people and that the organisation has the relevant skills and abilities for our current and future needs. This has included staff undertaking training, and new guidance on our intranet including instructions on the process and benefits of inclusive recruitment. This also includes information about legal requirements and recommendations on how to mitigate potential bias. Our board has also undertaken EDI training this year.

This year, we also included questions with a focus around EDI in our staff survey for the first time to reflect our focus on diversity and inclusivity. Overall responses on how staff feel about being themselves at work and covering our EDI work were very positive, indicating that our internal EDI work is being seen positively, which is reassuring. We have also developed a system for ensuring that EDI is fully considered as a factor in all strategic decision making. To help inform our code review process, we have also worked with a vulnerability consultant to seek their expert opinion on how the code could be updated to better protect people in potentially vulnerable circumstances.

We have conducted a review into what similar organisations are doing to develop sustainability goals. We are considering how these issues can be applied to our operations, with a view to developing our own policy over the next year.

Directors' report

DELIVERING OUR OBJECTIVES

Action	2022/23	2023/24	2024/25	2025/26	2026/27
Review the Code of Fundraising Practice to ensure that it provides an effective framework for existing and emerging fundraising practice	✓	●			
Develop our internal processes and systems to gather data from internal and external sources	✓	●			
Implement a public engagement strategy and conduct research into the public experience of fundraising	✓	●			
Further develop our proactive regulatory model	✓	●	●	●	●
Invest in new technology to assist in data gathering and explore how AI can support our regulatory services		●	●		
Publish and promote insights on emerging fundraising trends to become a thought leader in fundraising			●	●	●
Develop our regulatory services in response to research findings			●	●	●
Review the basis of the levy to ensure it remains the most effective way to fund our regulation		●	●		
Maintain the Code of Fundraising Practice and produce resources to support its application	✓	●	●	●	●
Monitor the changing role of the fundraiser and innovation in fundraising practice	✓	●	●	●	●
Explore proportionate ways of raising standards	✓	●	●	●	●
Promote the Fundraising Badge and monitor compliance with it	✓	●	●	●	●
Underpin the development of our organisation and regulatory services with EDI principles	✓	●	●	●	●
Share data and intelligence with other regulators and sector bodies to regulate fundraising proportionately	✓	●	●	●	●
Consider sustainability and environmental challenges in the development of our organisation	✓	●	●	●	●

Directors' report

Governance report

OUR GOVERNANCE FRAMEWORK

Governance structure

The Fundraising Regulator is a registered company limited by guarantee in England and Wales and without a share capital, which is governed by articles of association. We have a non-executive Board of Directors which is responsible for overall control and strategic direction, and whose members are drawn from both within and outside the charitable fundraising sector. The board is led by a Chair, who is supported by a Vice Chair, and is guided by recommendations from three committees:

— the Complaints and Investigations Committee

— the Finance, Audit and Risk Committee; and

— the Standards Committee

The committees have external members (who are co-opted on the basis of relevant skills) and some have observers (who contribute intelligence and advice, but do not have a decision-making role). The board and each committee meet at least four times every calendar year. The board also has an annual strategy day.

The board is supported by an executive function, led by the Chief Executive. Day-to-day operation is delegated by the board to the senior management team. See page 8.

This year, we introduced a new steering group made up of board members and executive members. This is called the Futures Working Group. The purpose of the group is to consider new uses of data and technology within the sector and in the delivery of the regulator's core services. The group met for the first time in March 2023 and met on three other occasions during the period.

Governance report

Articles of association and terms of reference

Our articles of association are supported by terms of reference which outline the role and responsibilities of the board and committees. All terms are reviewed once every two years. The board's articles, terms and recent meeting summaries are available on the **governance pages of our website**. Committee terms of reference are available on request.

Recruitment and appointment

All board directors and external committee members are appointed through open competition following a skills gap analysis. Recruitment is either carried out in-house or outsourced to an agency, considering opportunities to encourage applications from underrepresented groups. Shortlisting and interviews are carried out by a panel of board members. References are required and all appointees must follow the '**Seven Principles of Public Life**'. Board and external committee members are normally appointed for three-year terms, with successive terms being permitted up to a maximum of nine years and, in exceptional circumstances, for a tenth year.

Induction and training

New board members take part in a detailed induction that covers their duties, the history and key decisions of the board, and an overview of the regulator's functions and services. Each is also inducted into the work of the committee on which they will serve, including briefings from the committee Chair and meetings with key staff.

All directors have an annual appraisal carried out by the board Chair, and external committee members have an appraisal with their committee Chair. Any training or development needs identified are addressed by the board Chair and Chief Executive to make sure members have the tools needed to fulfil their obligations.

Governance report

Conflicts of interest

All board and committee members are required to declare any potential conflicts of interest before appointment. A register of interests is maintained and reviewed on an annual basis, with any changes updated in the interim. Conflicts are a standing item on every meeting agenda. Any actual or perceived conflicts are raised either in advance of, or at the start of, each meeting and noted in the minutes. If a person's interests conflict with our regulatory interests, they are required to withdraw from the discussion and decision making.

Remuneration and expenses

Board and committee members are remunerated at the rate agreed on their letter of appointment, which is reviewed every three years. Reasonable expenses for travel, accommodation and subsistence when carrying out official business are reimbursed in line with our expenses policy.

Risk management

Our strategic risk register is discussed by the senior management team on a quarterly basis and formally reviewed by the Finance, Audit and Risk Committee at each meeting and by the board at least twice per year. Key identified risks this year related to public understanding of the limits of our regulation, reputational damage, cyber security, potential regulatory gaps, the impact of the code review and proposed levy increases, and staffing recruitment and retention.

Governance report

OUR BOARD

The Board of Directors met five times and discussed topics such as:

- progress on the implementation of the EDI Strategy
- research into public awareness of the Fundraising Badge
- planned improvements to cyber security
- modern slavery, including engaging with first responders (adults and children)
- Fundraising Preference Service non-compliance from charities
- code review consultation
- increases to the Fundraising Levy and the impact on charities
- proactive regulation and projects work
- publication of our Annual Report and Accounts, and annual event; and
- feedback from the staff survey.

Board meetings are observed by a representative from the Scottish Fundraising Adjudication Panel, which is responsible for regulating fundraising by Scottish charities in line with the Code of Fundraising Practice.

Board member	Attendance	%
Lord Harris (Chair)	5 / 5	100
Reshard Auladin	5 / 5	100
Margaret Moore	3 / 5	60
David Cunningham	5 / 5	100
Sacha Deshmukh	3 / 5	60
Kieron James	5 / 5	100
Suzanne McCarthy	5 / 5	100
Guy Parker	3 / 5	60
Martin Price	5 / 5	100
Jill Thompson	5 / 5	100
Jenny Williams	5 / 5	100
Lisa Caldwell*	3 / 3	100
Average attendance of directors		**90**

* Joined the board on 1 January 2023

OUR COMMITTEES

Complaints and Investigations Committee

The Complaints and Investigations Committee is responsible for holding the executive to account for our overall casework performance and identifies learning or areas of the code that the Standards Committee may wish to review. It can also determine the outcome of complex or serious cases and reconsider cases that have been referred to it by our external reviewer. The committee met four times and, in addition to considering individual cases, discussed topics such as:

- common or emerging fundraising complaint methods and themes
- themes from the Code Advice Service
- the casework internal audit and recommendations
- implementation and monitoring of the self-reporting pathway; and
- the content and publication of the Annual Complaints Report.

The Head of Casework is the executive lead for this committee. A representative from the Chartered Institute of Fundraising, the professional membership body for UK fundraising, attends the meetings as an observer.

Complaints and Investigations Committee	Attendance	%
Jenny Williams (Chair)	4 / 4	100
Reshard Auladin	4 / 4	100
Martin Price	4 / 4	100
Lisa Caldwell*	3 / 3	100
Catherine Cottrell (external)	4 / 4	100
Andrew Nebel (external)	4 / 4	100
Average attendance of members		**100**

* Joined the board on 1 January 2023

Governance report

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee is responsible for monitoring and advising the board on significant strategic risks related to finance, performance, funding and expenditure. It makes recommendations on staff pay and considers appropriate audit arrangements. The committee met four times and discussed topics such as:

— monitoring our investment portfolio performance

— financial modelling underpinning the strategic plan and future budgets

— increases to the Fundraising Levy and consultation process

— updates to the organisational risk register

— feedback from the staff survey and updates on the EDI Strategy; and

— appointment of internal auditors to present findings and recommendations

The Head of Finance and Procurement is the executive lead for this committee. The Head of Communications and Corporate Services also leads on HR and risk, which are in the committee's remit.

Finance, Audit and Risk Committee	Attendance	%
Jill Thompson (Chair)	3 / 4	75
Sacha Deshmukh	3 / 4	75
Kieron James	3 / 4	75
Margaret Moore	3 / 4	75
Sharon Martin (external)	3 / 4	75
Average attendance of members		**75**

Standards Committee

The Standards Committee oversees the development of the code and makes sure that its standards continue to reflect current fundraising practices, changes to relevant legislation and public expectations. It also oversees the development of guidance to complement the code. The committee met four times and discussed topics such as:

— the revision of the Code of Fundraising Practice and code consultation process

— trends and themes from the Code Advice Service

— the review of guidance on volunteer fundraising

— guidance for online fundraising platforms; and

— reviewing the formal information report

The Head of Policy is the executive lead for this committee. Representatives from the Chartered Institute of Fundraising and Scottish Fundraising Adjudication Panel attend the committee as observers.

Governance report

Standards Committee	Attendance	%
Suzanne McCarthy (Chair)	4 / 4	100
David Cunningham	2 / 4	50
Guy Parker	4 / 4	100
Nick Jones (external)	3 / 4	75
George Lusty (external)	4 / 4	100
Average attendance of directors		**85**

OUR STAFF

Senior management team

Our day-to-day operation is delegated by the board to the senior management team (SMT). In 2022/23, this team consisted of:

- Gerald Oppenheim, Chief Executive
- Nick Allaway, Head of Finance and Procurement (part time)
- Daisy Houghton, Head of Communications and Corporate Services (part time)
- Catherine Orr, Head of Casework
- Charlotte Urwin, Head of Policy (until 6 January 2023)
- Paul Winyard, Head of Policy (from 1 January 2023)
- Jim Tebbett, Head of Proactive Regulation and Projects (from May 2023)

The SMT make sure that the business plan approved by the board is delivered, and manage risks through considering operational performance, resource management and forward planning. The SMT meets formally on a monthly basis. The SMT lead for each committee works closely with the committee Chair to make sure that there is open dialogue about matters that need to be considered. The Chief Executive has regular fortnightly meetings with the board Chair and Vice Chair to keep them informed of strategic issues and significant matters arising.

Conflicts of interest

A register of interests for the SMT is maintained and reviewed on an annual basis, with any changes updated in the interim. If a person's interests conflict with our regulatory interests, they are required to withdraw from the discussion and decision making.

Remuneration

The board sets the pay of the SMT on the recommendation of the Chief Executive, after the posts have been benchmarked against those in comparable organisations. Separately, the board sets the Chief Executive's pay.

Governance report

Our employees

Our staff are organised into five teams:

Casework team:
considers complaints about fundraising and other concerns relating to compliance with the code.

Finance and procurement team:
manages our budgets and operates our registration scheme, including oversight of the levy.

Policy team:
engages and consults with the fundraising sector and the public, developing the code standards and accompanying guidance.

Communications and corporate services team:
are responsible for our governance and corporate administration, human resources function, communications and marketing activity, and operating the Fundraising Preference Service.

Proactive regulation and projects team:
gathers external and internal intelligence to inform focus for projects and regulatory work.

Including the SMT, as of 31 August 2023, we had 28 employees, of which six worked part time. Our workforce increased compared to the previous year (in 2021/22, it was 27 employees, of which nine worked part time).

Induction and training

Our induction process welcomes new starters to our culture, our people and our work so that they can be confident in their role and supported to perform at their best. It includes IT set up, HR administration, health and safety, cross-organisational introductory meetings and setting probationary objectives.

Our ongoing performance management process helps to identify opportunities for personal development through regular one-to-one meetings and annual appraisals with line managers, objective setting and objectives review meetings. In 2022/23, staff attended a range of internal and external training courses to support their learning and development, including:

- corporate governance inductions for new starters
- fire marshal and first aid courses to support a safe working environment
- bullying and harassment training
- media training
- recruitment training; and
- boosting wellbeing in challenging times

Remuneration and employee benefits

The Chief Executive sets the pay of non-SMT staff, with the approval of the Finance, Audit and Risk Committee and the board.

Governance report

Financial report

FINANCIAL REPORT

Financial performance

Our income for this accounting period is £2.556m, which is comprised of income from the levy of £2.155m (c.84% of total income) and £355k from the registration of small charities and commercial organisations engaged in fundraising, along with £45k of interest.

We incurred expenses of £2.475m throughout the year and we achieved a surplus of £61k, which has been taken to reserves in line with our policy. As a result, reserves have slightly improved at just under £2.0m (£1.9m 2022).

Year-on-year comparison

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

Income	Year end 2023 £	Year end 2022 £	Difference £
Levy and registration	2,509,418	2,543,053	-33,635
Investments	44,503	22,354	+22,149
Other	1,600	-	+1,600
Total	2,555,521	2,565,407	-9,886
Expenditure			
Regulatory expenses	2,475,342	2,186,160	+289,182
Net income	61,107	310,149	-249,042
Closing cash reserves (including short-term investments)	1,351,144	1,255,306	+95,838

Performance against budget

Our planned budget for the year of £2.6m was underspent by c.£125k (5%). This was a result of planned project work not advancing as quickly as planned following the turnover of key staff. We intend to carry out this work in our next financial year and the new team under the Head of Proactive Regulation and Projects will lead on this.

Our expenditure is set out in further detail in the financial statements section of this report.

Managing and mitigating risk

We maintain a system of risk management. Significant risks are reported in a register, which is regularly monitored and reviewed by the SMT and Finance, Audit and Risk Committee. The board also discusses the risk register at least twice a year. Mitigation is applied to emerging risks to reduce the likelihood of the risk crystallising and its impact being realised. This year, a particular concern has been around the risks posed by cyber attacks. To mitigate this risk and improve our resilience, we have been audited against the Cyber Essentials Plus standard. We also take advice from our internal auditors, Sayer Vincent.

Our biggest long-term risk remains funding. Despite an increase in the number of charities paying the levy and registering over the past four years, the voluntary nature of the levy means we cannot predict accurately how many organisations will contribute each year and the speed at which this happens. Positively, charities have so far shown their willingness to continue funding the regulator to maintain our activities and it is clear that most regard funding the regulator as an important and necessary cost of business.

Our reserves policy

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

Operating reserves will be maintained at around six months of core expenditure, at around £1.6m, to ensure all contractual liabilities – for staff, suppliers and contractors – can be met. Reserves at this level will ensure that, in the event of a significant drop in funding, we will be able to continue our current activities while consideration is given to ways in which additional funds may be raised. It will also cover any winding up costs should the position of the regulator fundamentally change. In the 2023/24 financial year, we are planning to operate a deficit budget and will commit reserves to fund this deficit of around £0.4m. The Charities Act 2016 additionally has a reserve power for the levy to be made statutory in the event that our voluntary arrangements fail.

Financial report

Directors' report

The directors' report and accounts for the year ended 31 August 2023 have been prepared in accordance with the accounting policies set out in note one 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 and activities

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
Director

March 2024

Financial report

Statement of directors' responsibilities

for the year ended 31 August 2023

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 its statement of financial activities, including the 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; and

— 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 for taking reasonable steps to prevent and detect fraud and other irregularities.

Independent auditor's report
to the members of the Fundraising Regulator

Opinion
We have audited the financial statements of the Fundraising Regulator (the 'company') for the year ended 31 August 2023, 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 company's affairs as at 31 August 2023 and of its incoming resources and application of resources, and including its income and expenditure 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.

Financial report

Independent auditor's report

to the members of the Fundraising Regulator continued...

Other information

The other information is the information included in the annual report other than the financial statements and our auditor's report.

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. 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 carried out in the course of our audit:

— the information given in the directors' report, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and

— 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.

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.

Independent auditor's report
to the members of the Fundraising Regulator continued...

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.

— 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.

Independent auditor's report
to the members of the Fundraising Regulator continued...

The key procedures we took 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.
- 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.
- Obtaining third-party confirmation of material bank and investment balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the company board minutes, and correspondence with solicitors, for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors of the company.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **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 company's members, as a body, in accordance with chapter three of part 16 of the Companies Act 2006. Our audit work has been carried out so that we might state to the company's members those matters we are required to state to them in an auditor's 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.

Carol Rudge
(Senior Statutory Auditor)
for and on behalf of HW Fisher LLP

March 2024

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

Statement of financial activities including income and expenditure account for the year ended 31 August 2023

Income and endowments from:	Notes	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Regulatory activities	**3**	2,509,418	2,543,053
Investments	**4**	44,503	22,354
Other income	**5**	1,600	–
Total income:		2,555,521	2,565,407
Expenditure on:			
Regulatory activities	**6**	(2,475,342)	(2,186,160)
Net gains/(losses) on investments	**8**	(19,172)	(69,098)
Total expenditure:		(2,494,514)	(2,255,258)
Net movement in funds:		61,007	310,149
Fund balances at 1 September 2022		1,904,020	1,593,871
Fund balances at 31 August 2023		**1,965,027**	**1,904,020**

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.

Financial report

Balance sheet
as at 31 August 2023

Fixed assets	Notes	2023 £		2022 £	
Investments	**10**	–	872,885	–	879,345
Current assets					
Debtors	**11**	88,048	–	42,584	–
Investments	**12**	601,607	–	404,885	–
Cash at bank and in hand		749,537	–	850,421	–
		1,439,192	–	1,297,890	–
Creditors: amounts falling due within one year	**13**	**(347,050)**		**(273,215)**	
Net current assets		–	1,092,142	–	1,024,675
Total assets less current liabilities			**1,965,027**		**1,904,020**
Income funds					

Within the previous year, £404,885 was stated within cash at bank and in hand. A reclassification has taken place within the current year to short-term investments due to the nature of the balance.

The financial statements were approved by the directors on:

Lord Toby Harris
Director

March 2024

Company registration no. 10016446

Statement of cash flows
for the year ended 31 August 2023

Cash flows from operating activities	Notes	2023 £		2022 £	
Cash generated from operations	**16**		64,048		402,940
Investing activities					
Deposits in Short Term investments		(196,722)		(404,885)	
Withdrawals from cash in portfolio		(1,465)		56,391	
Disposal of listed investments		170,879		69,951	
Purchase of listed investments		(182,127)		(137,308)	
Investment income received		44,503		22,354	
Net cash used in investing activities		(164,932)		(393,497)	
Net cash used in financing activities		–		–	
Net (decrease)/increase in cash and cash equivalents		(100,884)		9,443	
Cash and cash equivalents at beginning of year			850,421		840,978
Cash and cash equivalents at end of year			**749,537**		**850,421**

Notes to the financial statements for the year ended 31 August 2023

1. Accounting policies

1.0 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 of the company.

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 pound.

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 all existing risks and have a reasonable expectation that the company has adequate resources to continue its business as a regulator for the foreseeable future. Therefore, 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 to further their objectives, unless the funds have been designated for other purposes.

1.4 Income

Demands for voluntary annual Fundraising Levy income are issued in advance covering the period from September 2023 to August 2024. Such income is recognised on receipt. At the year end, there is deferred income for the period from September 2023 to August 2024 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.

Financial report

Notes to the financial statements for the year ended 31 August 2023 continued...

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 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.

1.7 Current Asset investments

Current asset investments are those which are held for resale or pending their sale and cash on deposit with a maturity date of less than one year held for short-term investment purposes rather than cashflow. Current asset investments are valued at fair value.

1.8 Financial instruments

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

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

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

Basic financial assets

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

Notes to the financial statements for the year ended 31 August 2023 continued...

Basic financial liabilities

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

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

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

1.9 Employee benefits

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

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

1.10 Retirement benefits

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

1.11 Leases

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

Financial report

Notes to the financial statements
for the year ended 31 August 2023 continued...

3. Regulatory activities

	Income 2023 £	Income 2022 £
2021/22 levy income	–	2,265,320
2022/23 levy income	2,154,765	–
Registration income	354,653	277,733
Total	**2,509,418**	**2,543,053**

4. Investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Income from listed investments	12,708	12,624
Interest receivable	31,795	9,730
Total	**44,503**	**22,354**

5. Other income

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Other income	**1,600**	–

Notes to the financial statements
for the year ended 31 August 2023 continued...

6. Regulatory activities

	2023 £	2022 £
Staff costs	1,502,418	1,267,819
Impairment	–	3,089
Recruitment	61,307	64,005
Consultants	193,181	230,527
Office supplies	33,378	19,902
Events and conferences	119,377	74,422
Premises, utilities and rates	158,528	170,009
HR costs	5,058	2,815
Staff training costs	25,477	30,120
Travel and subsistence	26,114	10,446
Legal and professional fees	53,774	58,493
IT and web project development	196,552	162,392
Board remuneration	42,235	44,675
Taxation	4,562	280
	2,421,961	**2,138,994**
Investment management fees	7,786	8,255
Audit and accountancy	45,595	38,911
Total	**2,475,342**	**2,186,160**

Audit and accountancy fees include payments to external auditors for £19,020 (2022: £14,700) of audit fees, £9,610 (2022: £7,133) for other accountancy services. In addition, it includes payments to internal auditors of £16,965.

Notes to the financial statements
for the year ended 31 August 2023 continued...

7. Employees

The average monthly number of employees during the year was:

	2023	2022
Complaints and investigations	7	6
Secretariat and communications	9	8
Board and governance	1	1
Finance and levy	4	4
Policy	5	4
Fundraising Preference Service	1	1
Total	**27**	**24**

7. Employees – continued

Employment costs	2023 £	2022 £
Wages and salaries	1,246,777	1,086,869
Social security costs	139,908	115,123
Other pension costs	115,733	98,762
Total	**1,502,418**	**1,300,754**

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

	2023	2022
£60,000–£70,000	2	1
£70,001–£80,000	1	1
£90,001–£100,000	–	1
£100,001–£110,000	1	–

The key management personnel are the Chief Executive, Head of Casework, Head of Communications and Corporate Services, Head of Finance and Procurement, and Head of Policy. During the year, the key management personnel received £404,853 (2022: £413,558) in wages and salaries and pension contributions.

Notes to the financial statements
for the year ended 31 August 2023 continued...

8. Net gains/(losses) on investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Revaluation of investments	**(19,172)**	**(69,098)**

9. Taxation

No liability to corporation tax arises on any income from fundraising activities due to the mutual trading provisions. Corporation tax of £4,562 (2022: £280) is charged on the income from listed investments.

10. Fixed asset investments

Cost or valuation	Listed investments £	Cash in portfolio £	Total £
At 1 September 2022	842,277	37,068	879,345
Additions	182,127	(182,127)	–
Valuation changes	(19,172)	–	(19,172)
Dividends and interest received	–	20,281	20,281
Investment manager fees	–	(7,786)	(7,786)
Disposals	(170,879)	171,096	217
at 31 August 2023	834,353	38,532	872,885
Carrying amount at 31 August 2023	**834,353**	**38,532**	**872,885**
Carrying amount at 31 August 2022	**842,277**	**37,068**	**879,345**

Notes to the financial statements for the year ended 31 August 2023 continued...

11. Debtors

	2023 £	2022 £
Other debtors	57	40
Prepayments and accrued income	87,991	42,544
Total	**88,048**	**42,584**

12. Current asset investments

	2023 £	2022 £
Total	**601,607**	**404,885**

Last year, £404,885 was stated within cash at bank and in hand. A reclassification has taken place in the year to short-term investments due to the nature of the balance.

13. Creditors: amounts falling due within one year

	2023 £	2022 £
Corporation tax payable	5,131	859
Other taxation and social security	41,768	33,688
Trade creditors	75,117	39,510
Other creditors	16,468	6,540
Accruals and deferred income	208,566	192,618
	347,050	**273,215**

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

Included in accruals and deferred income is an amount of £173,118 brought forward from 2022 which was released in 2023. The amount of income deferred in the current year is £186,266.

Notes to the financial statements for the year ended 31 August 2023 continued...

14. 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:

Cost or valuation	2023 £	2022 £
Within one year	36,173	31,252
Between two and five years	24,647	–
	60,820	**31,252**

15. Related party transactions

Board and committee members can claim a daily amount for attending meetings and carrying out 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. This allowance is in line with sums common in other public regulators. The Chair can claim £500 per day, committee Chairs £350 per day and board and committee members £300 per day. Reasonable expenses are also paid for travel and subsistence costs.

During the year, 15 (2022: 15) board and committee members were paid £42,235 (2022: £45,675) in total for attendance and 9 members were paid £1,605 for reimbursed travel and subsistence (2022: £258).

16. Cash generated from operations

	2023 £	2022 £
Surplus for the year	61,007	310,149
Adjustments for:		
Investment income recognised in statement of financial activities	(44,503)	(22,354)
Fair value gains and losses on investments	19,172	69,098
Depreciation and impairment of tangible fixed assets	–	3,089
Movements in working capital:		
(Increase)/decrease in debtors	(45,464)	13,575
Increase in creditors	73,836	29,383
Cash generated from operations	**64,048**	**402,940**

17. Analysis of changes in net funds

The company had no debt during the year.

FUNDRAISING REGULATOR

Fundraising Regulator is a company limited by guarantee (no. 10016446) in England and Wales. Our registered office address is Fundraising Regulator, Eagle House, 167 City Road, London, EC1V 1AW.

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