# RESPONSE FROM FUNDRAISING REGULATOR TO CONSULTATION ON THE EXPOSURE DRAFT OF 2026 SORP

## Background

The Fundraising Regulator is the independent regulator of charitable fundraising in England, Wales and Northern Ireland. Our work ensures public protection, accountability, and excellence in fundraising now and into the future. We own the Code of Fundraising Practice which sets the standards for fundraising by charitable institutions across the whole of the UK. In that way our remit also includes Scotland. We work in partnership with other regulators and representative bodies in the charitable and fundraising sectors to build public trust and confidence and ensure consistently high fundraising standards across the UK. Research by Opinium highlights the importance of our regulation, with two-thirds of people saying they are more likely to trust charity fundraisers when they know about the existence of the Fundraising Regulator.

The Fundraising Regulator does not receive public funding and relies on a voluntary levy of larger fundraising charities for nearly 90% of its income. The levy charge is a progressive scale with fee bandings based on reported expenditure on fundraising in recent filed accounts. For example, as at September 2024 charities spending more than £50m on fundraising pay a £18,750 levy fee in the highest band, down to those with expenditure of £100,000 paying a £165 fee. We also derive funding from smaller charities (with fundraising expenditure of less than £100,000) through a £60 annual registration fee. Commercial fundraisers, such as the online fundraising platform Just Giving, can also register and pay a fee on a progressive scale relative to their fundraising expenditure. At present, over 6,600 organisations are registered with us. All registered organisations commit to excellence in fundraising by complying with the Code of Fundraising Practice.

Because the Fundraising Regulator is mostly funded by charities, we constantly strive to maximise efficiency and keep costs as low as possible. Being able to more accurately and efficiently calculate figures for fundraising expenditure directly from Annual Return accounts data would help improve the value for money we provide to charities, and in turn, their donors.

Our comments below are limited to those areas of the SORP that have a bearing on our work regulating fundraising. These are:

- reporting of fundraising expenditure on the SOFA and in the related notes
- reporting requirements as they apply to fundraising

## Issue 1: The components of fundraising expenditure on the SOFA

**Recommendation**: Require charities to separately identify the three components of Fundraising Expenditure on the SOFA:

- fundraising costs for donations and legacies
- fundraising trading costs
- and investment management costs

This could be implemented by updating 4.51 of the current 2015 SORP to read:

> 'Charities **must** expand the analysis provided within this heading for example by identifying separately "Expenditure on raising donations and legacies" (A1), "Expenditure on other trading activities" (A3) and "Investment Management costs" (A4) in the SOFA and in any explanatory note. A relevant share of overhead costs

should be applied to the direct costs of these activities, and this should be explained in the notes'.

Additionally, the charity overview section on expenditure on the Charity Commission website should be split into the same categories as income so you can identify costs on:

- fundraising costs for donations and legacies
- fundraising trading costs
- and investment management costs

**Rationale**

The transparency and accessibility of information on fundraising expenditure is vital for effective data analysis and the Fundraising Regulator's collection of the annual levy fee. The ability to identify levy payers and other fundraising organisations in a timely and accurate manner underpins the effective delivery and responsiveness of our regulation. This includes protecting the public from harm and fostering trust in charitable fundraising, increasing the likelihood that people will give to good causes.

Academics and others involved in analysing at the efficiency of charities would be helped by more granularity on fundraising expenditure and its component parts. The present figures on the face of the SOFA are skewed by the inclusion of trading costs and investment management costs. Arguably the three components of fundraising expenditure on the SOFA represent very different activities distinct from each other.

More granularity on fundraising expenditure and its component parts would also benefit the Fundraising Regulator. Currently to establish the correct levy fee for each charity, the Fundraising Regulator must manually review around 11,000 sets of accounts. We examine Annual Return data from the CCEW as a first step in this analysis. However, we are forced to manually examine the notes of every set of accounts because Annual Return data does not provide a separate and reliable figure for fundraising expenditure for donations and legacies. Requiring charities to separately identify the three components of fundraising expenditure on the SOFA would save the Fundraising Regular approximately £40,000 in staff costs each year. If the additional expenditure breakdown was used in the summary data return (overview section) we could use this information rather than reviewing the PDF's of submitted annual accounts for our levy calculation.

Data extraction using AI tools could be helpful with analysis of accounting data but this will probably only ever be around 80% correct whilst there is a need to look at the notes section of accounts to deduce actual fundraising expenditure. Having the fundraising expenditure total on the SOFA face would mean it could be easily identified as a field in the Annual Return Part 2 and eventually as a tagged line in iXBRL enabled accounts.

There is also a more public facing benefit to separately identifying the three components of Fundraising Expenditure on the SOFA. Readers of accounts, including donors, potential donors, or service users, could more easily see the real costs of a charity's fundraising without needing to refer to the accompanying notes. They would have a better view of how much income costs to raise and understanding how it contributes to the money being spent on charitable activities.

## Issue 2: Improving statutory reporting requirements on fundraising

**Recommendation**: The SORP should highlight the need for charities to comply with their statutory duties under Section 13 of the Charities (Protection and Social Investment) Act

2016 and direct users to guidance issued by the Fundraising Regulator on how to do this effectively.

**Rationale**

Section 13 of the Charities (Protection and Social Investment) Act 2016 requires charities in England and Wales with an income of over £1 million to provide statements on specific areas of their fundraising in their annual report, which is submitted to the Charity Commission for England and Wales. These statements cover key aspects of a charity's fundraising activity, including:

- the approach taken to fundraising
- whether the charity is subject to fundraising regulation and pays the annual levy, and if not, the reasons for this.
- how it monitors fundraisers
- the number of fundraising complaints received; and
- steps taken to make sure vulnerable people are protected.

Charities with an income of below £1 million do not have a legal duty to meet these requirements. However, it is considered good practice for all charities that produce an annual report to include these statements. This promotes openness and transparency and gives assurance that key issues, such as protecting vulnerable people, are being addressed.

We periodically analyse a sample of charity reports of charities with an income of over £1 million which consistently finds compliance with this reporting requirement to be patchy. Our last assessment found that only around 40% of charities fully comply with the reporting standards. Our guidance helps charities understand the importance of reporting on the requirements under the Act, and for charities with an income of over £1 million, meet their legal duty to do so.

## Issue 3: Fundraising Regulator representation on future SORP committees

As an established part of the regulatory landscape the Fundraising Regulator believes that moving forward it should be part of the SORP making committee, along with the other charity regulators. The Fundraising Regulator could contribute positively to the work of the SORP committee particularly around the reporting and accounting for fundraising activity. The Fundraising Regulator has been established for over nine years and has become a valuable partner for the Charity Commission in England and Wales and an important component of charitable regulation. The Regulator is also specifically mentioned in Charity Commission guidance (for example, CC20 on trustees' strategic responsibilities for fundraising) and is also referenced in guidance issued by the Charity Commission Northern Ireland and the Office of the Scottish Charity Regulator.