

Written evidence submitted by Cancer Research UK

Cancer Research UK's income is expected to fall by around 30% this financial year. We could be forced to cut £150 million per year from our research funding – critical investment in skills and infrastructure could be lost and mean long lasting damage to the UK research base

Our work, and that of medical research charities, is falling through the cracks of COVID-19 Government support - while we have benefitted from the Coronavirus Job Retention Scheme, we have encountered barriers in accessing other support schemes created for charities and businesses

We have invested more around £3.5m into COVID-19 support and, as yet, have not be able to secure compensation

We urge the Government to urgently consider supporting a Life Sciences-Charity Partnership Fund; reviewing State Aid rules re the Retail Hospitality & Leisure Grant Scheme; increasing the Gift Aid contribution from 20% to 25%; providing full compensation for COVID-19 diversionary activity

Summary

1. Cancer Research UK (CRUK) is the world's largest cancer charity dedicated to saving lives through research. We support research into over 200 types of cancer, and our vision is to see 3 in 4 people survive cancer in the long term, from around 1 in 2 currently. Our long-term investment in state-of-the-art facilities has helped to create a thriving network of research at 90 laboratories and institutions in more than 40 towns and cities across the UK supporting the work of over 4,000 scientists, doctors and nurses. CRUK has a portfolio of over 150 clinical trials and a pre-clinical and first-in-human therapeutic pipeline in excess of 150 projects.
2. The UK's science base has been long regarded as among the best in the world, and CRUK's investment over decades has hugely contributed to that. Our investment in research not only improves cancer patient outcomes, but also the UK economy - every pound invested in medical research delivers a return equivalent to around 25p every year, for everⁱ.
3. Our investment in research helps underpin the wider life-science industry. We have formed more than 40 spinout biotechnology companies, which have collectively raised around £1 billion in third-party investment over the years. As the Government will be working closely with the life sciences sector to support the post COVID-19 economic recovery, it is vital that the research base, and UK cancer research, is protected to bolster the economy at this challenging time.
4. All of this is made possible by the generosity of the public, including through donations and purchases at our retail sites – an established network of 600 shops across the UK staffed by over 1,800 people with a turnover of £90.1 million in 2018/19. CRUK charity shops contribute significantly to both their local economies and national prosperity, maintaining the vibrancy of the high street and offering almost 15,000 volunteering opportunities.

5. However, like many medical research charities, we have been severely impacted by COVID-19. Our fundraising has been hit significantly as our retail outlets have been shut and flagship fundraising events cancelled. As a result, we are having to make extremely difficult decisions to cut our research funding. In April 2020, as a first step, we made the decision to cut £44 million funding across its research portfolio because of the pandemic. The re-evaluation of the charity's financial position now raises the potential impact to £150 million of funding cuts per year while the charity recovers.
6. Given that CRUK funds around half of all publicly funded UK cancer research, we are critically concerned about what this will mean for our country's ambition to improve cancer survival, its broader impact on the UK research ecosystem and on the economic benefit this would bring. Short term cuts will have long lasting damage to scientific careers and state of the art research facilities in the UK – lessening our global status as a 'go to' destination for cancer research. This picture is replicated across the medical research charity sector, where research spending is estimated to fall by £252 - £368 million this financial year.
7. CRUK has been able to utilise the Coronavirus Job Retention Scheme to offset some of our losses, furloughing 60% of our staff whose jobs have been limited by COVID-19. However, other than this, we have received very little financial support from Government to help mitigate our loss in income, subsequent cuts to research, or our new COVID-19 related activities (we estimate we have invested over £3.5m into COVID-19 support efforts without, to date, any compensation). It seems that our work and that of other medical research charities falls through the gaps of different support packages the Government has announced, such as support for charities and R&D businesses.
8. The Government must recognise where welcome current schemes, such as the Job Retention Scheme, have not gone far enough for specific sectors and where targeted interventions are necessary. As we ease out of lockdown into a "new normal", the charity sector's ability to fundraise may remain severely constrained if social distancing measures remain. Though of course vital for public health, these measures mean large fundraising events such as our annual Race for Life events cannot go ahead. Accepting job losses and shop closures as an inevitable part of economic readjustment ignores the significant impact this will have on lost livelihoods, the vibrancy of our economy and high streets, life sciences sector and our ability to tackle future health challenges.
9. **We therefore believe the Government should urgently consider:**
 - **Working with medical research charities to develop a sustainable post-COVID recovery funding model that helps bridge the funding gap, while fundraising practices recover, and places the UK at the global epicentre of life sciences, such as the establishment of a Life Sciences-Charity Partnership Fundⁱⁱ;**
 - **Revisiting eligibility for current schemes for business such as the Retail, Hospitality and Leisure Grant Fund – especially if they are reporting a surplus – so they can be accessed more effectively by those sectors they aim to benefit, like charity retailers;**

- **Increasing Gift Aid for a short time from 20% - 25%, helping charities get through this crisis when fundraising efforts are significantly hampered;**
- **Encouraging cross-departmental thinking and collaboration to create the best conditions for cancer research in the UK.**

COVID-19 – the impact on Cancer Research UK so far

10. CRUK's reliance on public donations means COVID-19 is having a huge impact on our research, business and workforce. Social distancing measures are impacting our ability to fundraise through shops and events, and people's own changing economic situations are reducing people's ability to give. We have closed all 600 of our shops and postponed all public fundraising events. We expect to see a 30% decline in fundraising income for this financial year – equivalent to a loss of around £150m.
11. These cuts are also reflected across the wider medical charity sector and could set back research for years to come if actions are not taken to reboot the sector. Association of Medical Research Charities (AMRC) member charities are planning for an average 41% decrease in their research spend in the next year, potentially damaging patient outcomes and the UK's research skills pipeline for years to comeⁱⁱⁱ.
12. Across the charity sector in general, organisations of all sizes and all causes are facing tough questions about their future provision and even their survival. The Institute of Fundraising has estimated a £12.4 billion loss of income in 2020/21 for the charity sector^{iv}, while analysis from Pro Bono Economics warns that by the end of the year 10% of UK charities could be forced into bankruptcy^v.
13. This comes at a time when the services charities deliver are needed most. The charity sector is made up of organisations which vary greatly in cause, but all work for public benefit and are a core part of the UK's vibrant civil society. From small community enterprises to major national charities, all are playing a vital part in our country's response to the current crisis, alleviating pressure on the health service and providing support to people suffering from the economic and social impact of COVID-19.
14. CRUK is in a serious situation, but we are working hard on every front to limit the impact and protect our vital work to save lives through research. Though we have prioritised protecting our research funding as far as possible, we have had to make difficult decisions. In the first instance, we have reduced our 2020/21 research budget by £44m, and unfortunately are likely to have to make further, deep savings in the short to medium term. This will mean major cuts to our national network of laboratories and grants which we will struggle to recover from for many years to come.
15. Cancer Research UK could be forced to cut £150 million per year from its research funding as the COVID-19 pandemic decimates its income. To put these figures in context, cutting £150 million each year would mean:
 - A major contraction in the charity's research infrastructure, such as our network of Centres and Institutes, with potential closure of some sites around the country

- Thousands of early-career scientists left unsupported, and their ideas for beating cancer unfunded
- Cancelling plans to fund new projects in the short term, including new clinical trials, holding back the development of new cancer treatments.

COVID-19 – Comment on current Government support measures

Coronavirus Job Retention Scheme (CJRS)

16. We welcome the certainty that the Coronavirus Job Retention Scheme (CJRS) has given us to protect the jobs of our staff and are pleased the scheme has been extended to October, offering flexibility in a gradual return to work. We have furloughed around 60% of our workforce, the majority of whom work in our retail network and whose work had been significantly impacted by lockdown.
17. We continue to provide vital information and support for people living with and affected by cancer and are committing significant resource and expertise to supporting the national response to COVID-19. This means we are limited in the number of staff we can furlough. We have also made the difficult decision to move all staff to 80% time and pay arrangements, and at the start of the crisis our Executive Board took an immediate 20% pay cut.
18. We understand that, in the immediate term, CRUK will be able to save around £7 million through accessing the CJRS. We are currently considering how we might continue to access the scheme beyond July 2020 and will continue to review where staff could be furloughed or where there is a need for these colleagues to return to work.

Charity package

19. Aside from the CJRS scheme we have run into continual problems when attempting to access other sources of income that have been made available. A major example of this is the £750m COVID-19 charity package, which was designed for charities directly helping to tackle the virus and support people affected by the pandemic – despite the work we are doing, Cancer Research UK does not appear to be eligible for any of this funding.
20. While beating cancer remains our top priority, CRUK committed to playing its part in responding to this national crisis and supporting efforts to tackle the outbreak, including:
 - Leading the effort to establish the Francis Crick Institute as a COVID-19 testing hub for London;
 - Making our research centres and lab kit available for use for testing and COVID-related research;
 - Releasing our clinical research workforce to return to the NHS frontline;
 - Funding new research to understand the impact of COVID-19 on people with cancer; and
 - Collaborating with other cancer charities to provide the best support and advice to cancer patients.

21. This is on top of the support from resources such as our Cancer Nurse Helpline that has seen a significant volume of calls related to COVID-19 from concerned cancer patients and their families. We estimate we have invested over £3.5m into COVID-19 support efforts to date for which we have received no compensation to date.
22. Given that is unlikely we will receive any funding from Government for these new COVID-19 related activities through the charity support package. We strongly urge Government to continue to review financial support for the sector and respond where there is need, especially where charity income was redirected to support the national COVID-19 effort.

Coronavirus Large Business Interruption Loan Scheme (CLBILS)

23. We recognise and support the Coronavirus Large Business Interruption Loan Scheme (CLBILS), which has been recognised in several business sectors as filling a gap many larger organisations fall into. However, there are barriers to large fundraising charities, such as Cancer Research UK, accessing this funding. The short time frame required for repayment (no more than 3 years) could not only create practical challenges but would also mean that a significant proportion of our fundraising income would have to go towards paying off debt, not vital cancer research. This makes the scheme untenable for us.

The Retail, Hospitality and Leisure Grant Fund (RHLGF)

24. We have also found limits to widely advertised schemes, such as the Retail, Hospitality and Leisure Grant Fund (RHLGF). The RHLGF's benefit to charity retailers with a large number of shops such as CRUK is limited because the Government has deemed it to be subject to EU State Aid^{vi}. This means the full total support package for any individual retailer under the Fund would be limited to €800,000 (roughly £700,000).
25. Retailers with hundreds of outlets are unable to access millions in support for their high street outlets. We estimate that 6,500 charity shops have so far missed out on support from the RHLGF, despite them being precisely the sort of small community-based outlet the scheme is meant to benefit. For CRUK, we estimate we would lose out on around £10 million in support.
26. In contrast, other retailers can benefit more from this and other business support measures. For example, franchise businesses who can claim for every store as separate undertaking will receive significantly larger grants from the RHLGF.
27. We have received legal advice that as support for charity retailers the RHLGF is very unlikely to affect trade between European Union Member States, and so EU State Aid rules are highly unlikely to be infringed – meaning the cap on support for charity retailers is unnecessary. We urge the Government to address this as a matter of urgency since it disproportionately disadvantages charity retailers.

Recovery and long-term measures

28. CRUK's situation is like many organisations in the UK's voluntary sector who have stepped up to support our national response to COVID-19 while facing the dual challenge of increased

demand for vital services as fundraising has been significantly impacted by COVID-19 and lockdown.

29. There is little guarantee that in the coming months the Government's roadmap to recovery will allow for a corresponding return to normal for fundraising activity. Social distancing measures are vital for keeping people safe but will have a significant knock on effect on people's ability to visit charity shops or attend fundraising events.
30. Our Stand Up to Cancer fundraising event, originally scheduled for the autumn, has been postponed for this year. Almost all our 400 Race for Life events, our flagship programme of summer fundraising, have now been cancelled for 2020.
31. In addition, the expected impact of an economic downturn, coupled with the loss of jobs for many in the UK, means people may not be able to afford to support the charitable causes they care about with donations. While the extension of the CJRS is welcome it may only prove to delay or offset this problem and cannot be relied on as a universal solution as the country gets on its feet.

Support for medical research charities science funding would help fulfil Government ambitions

32. Discussions about financial support should be framed in the context of continuing to build a future that places the UK at the global epicentre of life sciences and recognises the vital role that medical research charities play in enhancing the UK's research and development ecosystem.
33. The Government's COVID-19 recovery strategy rightfully recognises medical research, and the results of that research such as pharmaceuticals and medical devices, as a way to protect the "UK's international competitiveness" and the foundation of "new economic opportunities"^{vii}. Medical research charities must also be at the heart of this strategy as a vital pillar of the UK research ecosystem. It also makes a welcome commitment to prioritise public health infrastructure for the future resilience of the country.
34. The Association of Medical Research Charities (AMRC) estimates a reduction in UK medical research investment of £310 million this financial year alone which will severely impact the UK's strength in the life science industry. Moreover, this reduction will have knock-on impact to our partners in industry and to the inward investment into the UK life science sector. For example, CRUK is the second largest licensor in oncology in the world – licenses that underpin tomorrow's medicines and today's investment by large multi-national pharmaceutical companies. Cancer Research UK has formed of over 40 spin out companies over the years, which in turn have raised over a £1bn in third party investment and the creation of thousands of jobs.
35. We believe that the Treasury should therefore consider the needs of the charity medical research sector, not only in the context of the difficult conditions it faces, but the Government's own ambitions in the country's recovery.
36. For instance, the Government should work with us to develop a sustainable post-COVID recovery funding model for charity-funded medical research that includes significant

financial support from Government. This would protect the valuable contributions of charities to the research base and shore up the UK's status as a world-leading life sciences destination. Options for this model could include:

- Government provision of 1:1 match funding to charitable contributions to medical research for a defined period (e.g. 3 years) and up to a capped limit.
- Establishment of a Government-Charity Partnership Fund which distributes Government funding to a defined proportion (less than a matched contribution) of charity-funded life sciences research projects over the next few years.

Increasing Gift Aid – a simple way to support the charitable sector

37. We welcome the decision by Government to allow Gift Aid to be collected where supporters choose to donate the cost of tickets for fundraising events that have been cancelled due to COVID-19. However, for many charities this will offer only marginal benefit, as many have sought to postpone events until later in the year rather than cancel them.
38. We support the sector proposal, led by the Charities Aid Foundation, for a Gift Aid Emergency Relief Package that would go some way to keeping charity services running and enable many charities to get through the crisis who otherwise would have to shut their doors^{viii}.
39. This proposal calls for the introduction of Gift Aid Emergency Relief (similar to the previously used Gift Aid Transitional Relief) that gets much needed funds to charities across the country by changing the rate that Gift Aid that is paid from 20% to 25%. This would take effect from the beginning of the 2020-21 tax year and stay in place for two full tax years. Through making use of the existing arrangements charities have in place with HMRC this can happen quickly and easily getting cash to charities as effectively as possible.
40. There is a long-established principle that charity donations should be free of tax. Estimates from the NAO show that, when considering erroneously claimed Gift Aid, charities miss out on around £380m of Gift Aid is not claimed each year - money that could be directly funding charity services. Gift Aid Emergency Relief is estimated to cost between £360-450m.
41. This measure could encourage further charitable giving, as supporters would see that each donation is worth more to the charity. It would also allow Government to go some way to 'match funding' donations, further promoting charitable giving. Further, given the model is based on the tried and tested model of Gift Aid Transitional Relief, we know that it works and would incur little administrative burden on HMRC to implement.
42. The proposal also includes suggested changes to the Gift Aid Small Donations Scheme to remove barriers for entry to ensure wider access across the full charity sector.
43. Further measures should include ensuring that the process for collecting Gift Aid in such instances is not overly burdened by practical challenges for charities will be important, and

HMRC and HMT should consult with charities to explore these challenges and make efforts to mitigate them. We also support the proposals made by the Charity Tax Group^{ix}, including:

- a. Providing urgent confirmation that Gift Aid can be claimed on donations received by charities through Facebook (and similar operators)
- b. Confirm a simplified audit processes for Gift Aid on text/SMS donations
- c. Confirm flexibility over tax deadlines and tax administration to give charities the flexibility to work through the current financial uncertainty

Better cross departmental working

44. In addition, COVID-19 has demonstrated numerous examples of cross-departmental work to deliver rapid change in lengths of time once thought impossible – for example, the creation of the Nightingale Hospital. The Treasury should recognise that it is not just direct support to organisations that will help the country to recover, but also cross-departmental work to create resilience for the years ahead.
45. This is most notable in public health, where increased risk factors for COVID-19, and many other common diseases, including cancer and cardiovascular diseases, have already been identified. The Government’s Health and Social Care green paper aimed to put “prevention at the heart of policy” and as recognised in the COVID-19 recovery strategy, this is the moment to realise these ambitions for the overall long-term health of the country. Identifying how health inequalities can be tackled with Treasury funding not only in health, but departments where public health is fortified and enhanced through a myriad of measures, offers the chance to not only return to normal, but also create a better society in future.
46. An example of this would be boosting desperately needed public health funding by making the tobacco industry foot the bill for local public health measures – an idea proposed by the Government in the consultation for the Prevention Green Paper. Tobacco manufacturers are increasingly positioning themselves as a part of a smoke-free future and seeking to influence local authorities’ public health policies, despite still producing and selling their harmful products in the UK and across the globe.
47. A centrally-administered Smokefree 2030 Fund, paid for by the tobacco industry but outside of their control, would provide sustainable funding for stop smoking services and other tobacco control activities.

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ⁱ Economic returns to medical research funding (2018), Grant. J; Maxton. M;

<https://bmjopen.bmj.com/content/8/9/e022131>

ⁱⁱ Life Sciences-Charity Partnership Fund, A proposal from the Association of Medical Research Charities, 3 June

<https://www.amrc.org.uk/Handlers/Download.ashx?IDMF=95406ac4-721e-4f52-bba2-2953b6dc36e4>

ⁱⁱⁱ Life Sciences-Charity Partnership Fund, A proposal from the Association of Medical Research Charities, 3 June

<https://www.institute-of-fundraising.org.uk/news/charities-are-facing-a-124bn-shortfall-in-income-for-the-year/>

^v <https://www.theguardian.com/world/2020/jun/09/coronavirus-leaves-one-in-10-uk-charities-facing-bankruptcy-this-year>

^{vi} https://ec.europa.eu/competition/state_aid/what_is_new/sa_COVID19_temporary-framework.pdf

vii <https://www.gov.uk/government/publications/our-plan-to-rebuild-the-uk-governments-COVID-19-recovery-strategy/our-plan-to-rebuild-the-uk-governments-COVID-19-recovery-strategy>

viii <https://www.cafonline.org/docs/default-source/about-us-policy-and-campaigns/briefing---gift-aid-emergency-relief-package.pdf>

ix <https://www.charitytaxgroup.org.uk/wp-content/uploads/Support-for-charities-through-the-tax-system-during-the-COVID-19-pandemic.pdf>