

**Cancer Research UK's response to Northern Ireland's Committee for Finance request for evidence
on charity shop rates – February 2016**

Cancer Research UK is the world's largest independent cancer charity dedicated to saving lives through research. It supports research into all aspects of cancer and this is achieved through the work of over 4,000 scientists, doctors and nurses. We are the largest charity funder of cancer research in Northern Ireland. We receive no funding from the Government for our research and are dependent on fundraising with the public. Cancer Research UK wants to accelerate progress so that three in four people survive their cancer for 10 years or more by 2034.

Our ambition to improve cancer survival relies on our research – the funding for which depends on a favourable fiscal environment for charities – and we welcome the opportunity to provide evidence to the Department of Finance.

Cancer Research UK has 21 charity shops in Northern Ireland that make a vital contribution to the work of Cancer Research UK, and local communities. Last year our income from these shops was £1,881,764. Charitable reliefs reduce the cost base of our charitable operations, freeing up funds to enable our research spending to go further.

Question 1: Should charity shops be asked to pay a relatively small contribution to rates revenue?

Answer: No, Charity shops should not have to pay any contribution to rates revenue.

Any amount that would be payable through the rates system is, pound for pound, money that the charity will not have available for its work. If our rates relief were reduced to 80%, over £28,000 would no longer be available to the charity each year. This equates to our support for two Northern Irish PhD students per year. Furthermore, in a recent poll of over 1500 members of the Northern Irish public conducted by LucidTalk, just 27% of respondents thought there should be a change to the 100% exemption that charity shops currently receive¹.

The argument has been made that 'everyone should pay something'. We agree that is fair that all types of high street outlets should contribute something to their communities. Charity retailers operate on a not-for-profit system with all net proceeds going towards the charity's good work. Therefore charity shops are already contributing in a way that traditional retailers do not. In addition to fundraising for cancer research, our charity shops in Northern Ireland also employ 44 paid staff members and around 317 volunteers, and save over 580 tonnes of textiles from landfill in Northern Ireland each year.

It is undeniable that the current economic environment is difficult. Financial pressures have driven a growth of service provision by the third sector and charities must be supported to deliver these vital services, which historically would have been provided by local or national government. Although the majority of charity funds come from fundraising, charitable reliefs are a substantial contribution – and thus must be protected in order to ensure charities are able to continue their work. 87% of the public agree with charities running charity shops as a way to fundraise².

¹ LucidTalk Tracker Poll (Northern Ireland) Results 7th February 2017

² LucidTalk Tracker Poll (Northern Ireland) Results 7th February 2017

The argument has been made that charity shops are competing with rate paying retail businesses and are becoming increasingly commercial in their approach. This statement is inaccurate: Charity shops are fundamentally different from commercial retailers: our charity shops sell primarily donated stock, not new items. Moreover they exist to raise funds for our research, not profit for individuals or companies. Charity shops complement what other retailers provide, and contribute to footfall on the high street. Our managers work closely with town centre and other local associations in order to maximise opportunities for all who are operating within their areas and improve the entire high street. It benefits both commercial and charity retailers when the high street is successful.

Whilst it can be said that Cancer Research UK's charity shops are commercial in their approach, this demonstrates another way that their contribution to society is so valuable. Our shops are open six days a week, with regular hours. In Northern Ireland they employ 44 paid staff members and around 317 volunteers, who give over 100,000 hours of volunteering every year. Our 2014 volunteering survey found that 94% of our shop volunteers felt that, through volunteering, they were achieving something worthwhile. Furthermore, the LucidTalk poll found that 82.5% of the public agree that charity shops provide volunteers with work experience². Volunteering is a mutually beneficial relationship: as well as contributing to an important cause, it provides social interactions, invaluable work experience and allows volunteers to develop valuable skills. This is especially valuable for those who are unable to work full time or who are returning to work.

The argument has been made that charity shops are growing in number and crowding out the high street. However, whilst there have been concerns about the decline of the high street across the UK, there is no evidence to suggest that charity shops are contributing to this decline³. Charity shops are not competing with traditional retailers for premises. Charity shops take properties that would otherwise be left vacant – indeed at 14.5%⁴, NI has the highest vacancy rate in the UK. Just as commercial retailers hope to attract footfall to their premises, charity shops are the same. Therefore, where there are successful charity shops, increased footfall benefits all retailers in the area.

Question 2: Should exemption be capped for charity shops at £25,000 NAV? Do you agree with proposal to make commercial landlords liable for rates on short term lettings to charities?

Answer: No, exemption should not be capped for charity shops at £25,000 Net Annual Value, and we do not agree with proposals to make commercial landlords liable for rates on short term lettings to charities.

Just like any other organisation operating a retail store, charity shops have to negotiate their rents with landlords and agree a deal. As mentioned previously, charity shops take properties that would otherwise be left vacant. There is no evidence that charity shops are getting lower rents than other high street chains or that the presence of charity shops affects the rents of other stores⁵.

³ Demos (2013) *Measuring the Social Value of Charity Shops*

⁴ BRC/Springboard Footfall and Vacancies Monitor – November 2016

⁵ Demos (2013) *Measuring the Social Value of Charity Shops*

If, as mentioned in the policy proposal, there is evidence of landlords “*getting ‘any old charity’ into their property on a short term and over-holding basis as a means of avoiding empty property rates*”, we would support stronger enforcement of *existing* legislation. There does not seem to be any justification for a drastic change in legislation that will may bring about unintended consequences for charities.

Summary of benefits of charity shops

- **Providing money for good causes:** Last year our income from charity shops in Northern Ireland was £1,881,764. This money is used to fund our lifesaving research.
- **Volunteering.** In Northern Ireland our charity shops work with 317 volunteers, who give over 100,000 hours of volunteering every year. Volunteering is a mutually beneficial relationship: as well as contributing to an important cause, it provides social interactions, invaluable work experience and allows volunteers to develop valuable skills
- **Environmental benefits.** As our shops rely on donated goods, they have a positive impact on the environment – by selling textiles to customers in our shops, as well as to rag merchants. We estimate that each year, 580 tonnes of textiles are saved from landfill in Northern Ireland through our shops alone. At a cost of £84.40/tonne⁶, this saves local authorities almost £50,000 in landfill tax.
- **Quality clothing for local people:** 82.5% of the public agree that charity shops provide affordable goods to people on a low income⁷
- **Communicating health issues to the public.** Our charity shops are seen as the ‘face’ of the charity. This means they are ideally placed to enable the public to connect with our work. They are a valuable route for us to provide health information leaflets about cancer prevention, symptom awareness and other advice. This level of direct engagement is especially important when considering the levels of health inequalities present in Northern Ireland. Our shops also act as an avenue for raising awareness of our campaigns. For example, during our campaign to support plain packaging of tobacco products, we collected 12,234 signatures and significantly raised national awareness of the initiative⁸.

We believe that charity shops generally complement what is provided by other retailers, but furthermore they provide a myriad of benefits to the community that commercial entities do not. Cancer Research UK’s charity shops not only fund life-saving research, but provide a valuable service to local communities. The current rates relief system enables our shops to do this and is integral to the work that we do.

For more information please contact Margaret Carr, Public Affairs Manager – Northern Ireland, on 028 9097 2715, margaret.carr@cancer.org.uk

⁶ HM Revenue and Customs: Landfill Tax: increase in rates (Policy Paper), March 2016

⁷ LucidTalk Tracker Poll (Northern Ireland) Results 7th February 2017

⁸ Personal communication with the Campaigns team