

Cancer Research UK written evidence: Impact of COVID-19 on DCMS sectors

**Our income has been hit by around 30% this financial year (though the situation is still evolving)
We have invested more around £3.5m into COVID-19 support and, as yet, have not been able to secure compensation**

Our work, and that of medical research charities, is falling through the cracks of COVID-19 Government support. We urgently need action to address this

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 bring forward the day when all cancers are cured. 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. Our retail network of 600 shops is staffed by over 1,800 people.
2. There are around 367,000 new cases of cancer each year in the UK and sadly around 165,000 deaths. However, our pioneering work into the prevention, diagnosis and treatment of cancer has helped save millions of lives: over the past 40 years survival has doubled. The science base for cancer research that CRUK has helped build has been long regarded as among the best in the world and has also been a major contributor to the wider life-science industry here in the UK. Not only to improve patient outcomes, but also the economy - every pound invested in medical research delivers a return equivalent to around 25p every year, for ever¹.
3. All of this is made possible by the generosity of the public, including through donations and purchases at our retail sites. Our mass fundraising events such as Race for Life are popular community calendar landmarks and bring thousands of people together to raise money, while CRUK charity shops maintain the vibrancy of the high street and offer almost 15,000 volunteering opportunities.
4. Like many medical research charities, we have been impacted by COVID-19. Our fundraising has been hit significantly and, as a result, so has our research. Due to an expected income loss this year of at least £150m for 2020/21, we have had to make the difficult decision to cut our research funding by £44m this year.
5. Given that CRUK 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 and its broader impact on the UK research ecosystem. This picture is replicated across the charity funded medical research sector, where research is estimated to fall by £252 - £368 million this financial year².
6. CRUK has been able to utilise the Job Retention Scheme to offset some of our losses and furlough 60% of our staff whose jobs have been limited by COVID-19. However, we have

¹ Economic returns to medical research funding (2018), Grant. J; Maxton. M;
<https://bmjopen.bmj.com/content/8/9/e022131>

² Life Sciences-Charity Partnership Fund, A proposal from the Association of Medical Research Charities, 3 June

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. **It seems that our work falls through the gaps of different support packages the Government has announced, such as support for charities and R&D businesses.**

7. In the months to come, Government must recognise where welcome current schemes, such as Job Retention Scheme, have not gone far enough for specific sectors and where targeted interventions will be necessary. As we ease out of lockdown into a “new normal”, the charity sectors ability to fundraise will remain severely compromised if social distancing eliminates big events and national mass participation events. 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.
8. We strongly believe that there are lessons to learn in collaboration, targeted support and innovative thinking to reboot the sector in the months to come. It is vital these lessons are learned now and incorporated as soon as possible, with DCMS taking an active role in this, as we do not yet fully understand the long-term impact of COVID-19 in the UK.

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

9. 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 around £150m.
10. 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 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 cuts. This will mean major cuts to our national network of laboratories and grants which would likely take many years to recover. These are not just cuts that impact our work, these are cuts that will damage the nation’s research infrastructure.
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 come³.

COVID-19 – current Government support measures

12. In incredibly challenging circumstances, the Government has responded rapidly to the current crisis and built a support framework for businesses across the country that is unique in its size

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

and scale. We welcome many of the measures that have been put in place, such as the Coronavirus Job Retention Scheme (CJRS).

13. For CRUK, the CJRS has given us some certainty to protect the jobs of our staff and we 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 has been significantly impacted by lockdown.
14. 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.
15. 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.
16. **However, aside from this 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.**
17. 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.
18. **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 around £3.5m into COVID-19 support efforts.**
19. However, we discovered – after delays and uncertainty about the criteria for qualification – that it 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 away from core purpose to support the national COVID-19 effort.

20. As a large charity, we are also facing additional challenges. This will increase the cost to borrowing at a time of crisis and create barriers for larger charities looking to access credit which could be a lifeline, allowing them to regroup and develop robust plans for recovery.
21. This has also been evident in local government grant funding such as the Retail, Hospitality and Leisure Grant Fund (RHLGF). Charity shops are precisely the type of small, community or high street outlet these measures were meant to support. However, due to the unnecessary application of EU State Aid rules in relation to the charity retail sector, over 6,500 charity shops have received no support from RHLGF to date. In concert with a coalition of charity retailers we are in positive conversation with BEIS on this issue, but if successful this will still mean thousands of charity shops have gone months without financial support. **We would welcome the Select Committee's support on this call in its recommendations.**

The long-term impacts of COVID-19 on the sector

22. CRUK's situation is similar to 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.
23. 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.
24. Our Stand Up to Cancer fundraising event, originally scheduled for the autumn, has been postponed for this year. Almost all of our 400 Race for Life events, our flagship programme of summer fundraising, have been cancelled, having originally been delayed until October.
25. 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.
26. 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 role that medical research charities play in enhancing the UK's research and development infrastructure.
- 27. For instance, the Government could 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.

Lessons to learn

28. The circumstances surrounding COVID-19 have been challenging and unprecedented. It is understandable that this resulted in many decisions being made at haste and with an emphasis on helping those in immediate crisis. However, we are concerned that in these challenging circumstances, charities have not been properly considered or consulted, and has meant that in many ways they have been unintentionally disadvantaged compared to many other sectors in accessing support.
29. The charity sector is a major feature not just of civil society but also the UK's economy. Charities employ 827,000 people, commit over £41 billion annually to their charitable causes, and add £12.2 billion to the UK economy. **It is important that when Government considers financial support for businesses, the unique role of the charity sector is reflected and captured in this support.**
30. This was the case in relation to the Coronavirus Business Interruption Loan Scheme (CBILS), where initially the Scheme was not easily accessible to charities due to conditions on trading. Though it is welcome these rules were relaxed for charities, it required retrospective changes that added unnecessary delays for charities eager to access the CBILS. **It is vital that in future substantive processes are in place to engage with the charity sector when developing mechanisms to support businesses through crises.**
31. We have also been particularly concerned by opaque consultation processes for how this Government funding has been distributed. Despite significant efforts to engage with Government departments to discuss our COVID response, we have missed out on financial support at a time we have invested around £3.5m directly into the COVID-19 response through supporting the NHS and people living with and affected by cancer. **Much clearer and more transparent consultation processes are needed in future, to ensure that financial support can achieve its stated goal and get to where it is most needed.**
32. Mirroring these points we would add that the charitable sector is wide and varied both in terms of organisational size and the services that are delivered. It is clear that in building a body of funding support for charities this diversity was not adequately recognised with a focus on support for small and medium sized charities. This support is important but as a result, the funding support needs of large charities were largely unmet.
33. It is also important to recognise that the charity sector does not just engage with DCMS, but rather work across Government departments depending on their charitable aims. As a medical research charity, Cancer Research UK works closely with both the Department of Health and Social Care and BEIS.
34. DCMS, the Office for Civil Society and Government as a whole should work towards a model of sector engagement where DCMS is seen not as 'the place for charities' in Government but rather

as playing a convening role – **bringing together Government to engage with the charity sector in an open, transparent and substantive way.**

35. Charities have also faced challenges regarding current guidance. For example, the Charity Commission has encouraged charities to use their reserves in previous years, and though it is important that donations are used to fund our charitable aims on a timely basis, it is vitally important that they hold sufficient reserves to protect their long term viability from sudden shocks such as COVID-19.
36. We are now in an unfortunate position where charities that have followed current guidance have been more severely impacted by the effect of COVID-19 on fundraising, while those who have maintained larger reserves have been better placed to weather the storm.
- 37. It is important that going forward, DCMS and the Charity Commission work constructively with the charity sector to review current guidance and ensure that it allows charities to build resilience going forward**

How DCMS can support the evolution of the sector

38. There is a role for charities to work in collaboration with Government to develop practical solutions to the financial crisis the sector faces, to help charities weather the current crisis but also to ensure that Government has the tools to support civil society and communities into the future.
39. Charities have broad expertise, as well as strong links to local communities, frontline services and service users – all of which are hugely valuable in informing policy, especially during times when the civil service is lacking in capacity or resource.
40. For example, it is understood the Charity Tax Group and a coalition of charities are set to propose a Gift Aid Emergency Relief Package, changing the rate that Gift Aid that is paid from 20% to 25% from the beginning of the 2020-21 tax year for two full tax years. The focus of this proposal is to offer a practical solution that Government could quickly implement. It is modelled on the previously used Gift Aid Transitional Relief, meaning there is clear evidence it is workable, and 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. As the Gift Aid Emergency Relief Package would be time-limited, it recognises the need for temporary measures to 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. The cost of this measure to the Treasury is estimated be around £360 million, less than the net figure of £380 million in Gift Aid charities miss out on annually. It is not meant to be a new spending commitment, but to allow charities to access money they are already entitled to.
41. To support charities to work practically and constructively with Government, DCMS should consider reconvening the Large Charities Groups and explore where other forums would be appropriate. These should include a diverse range of charities and sector bodies.
42. As explored in our 2018 response to the Government's consultation on the civil society strategy, there is also a role for charities in building public confidence through achieving best practice and

communicating effectively about our work. Continuing to build and maintain public trust will be important to secure continued support through future crises.

43. Cancer Research UK has taken significant steps in this regard in recent years, for example moving to an opt-in model for marketing communications well in advance of the introduction of GDPR regulations and building capacity to communicate our charitable work with supporters and the wider public. However, there is also an important role for Government in building trust – through telling the good stories of charity impact and promoting their value to society at large.