

Cancer Research UK written evidence: Inquiry on the Impact of COVID-19 on the charity sector

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 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 over 600 shops is staffed by over 1,800 people.

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.

CRUK charity is entirely reliant on public donations. The impact of COVID-19 is hugely significant: we expect to see a 20-25% decline in fundraising income in the next financial year; we have shut our network of more than 600 shops, are currently furloughing 1,850 staff and we have postponed all public fundraising events. As a result, we have taken the decision to cut our research funding by £150m over the next three years in the first instance; our Executive Board has collectively agreed to move to 80% pay, with immediate effect; and we are consulting on moving all staff to 80% time and pay arrangements.

We join wider sector calls for urgent Government support to help charities survive this crisis so we can continue our life saving work into the future:

- CRUK is working hard to utilise our resources to support the national effort to tackle COVID-19 – we stand ready to help in any way we can
- However, the current situation creates significant financial difficulties for CRUK and all charities
- We support NCVO's calls for immediate, emergency funding for charities supporting the response to the COVID-19 crisis, and a 'stabilisation fund' to help charities continue operating during the pandemic
- Government should review recent COVID-19 related schemes to support business and ensure they adequately support the charity sector too
- Government should review existing tax schemes associated with fundraising, with a view to encourage giving in this time of financial strain

1. What is Cancer Research UK doing to help people in the current crisis?

We are completely committed to supporting the national effort to tackle COVID-19 and are already undertaking several actions to make use of our capacity and expertise:

- **Satellite testing hub for COVID-19:** Charlie Swanton, CRUK's Chief Clinician, is leading an effort at the Francis Crick Institute to setup up a satellite testing hub for COVID-19 in London, with the intention of rolling the Standard Operation Procedures to CRUK's Institutes (in Glasgow; Manchester; Cambridge) to see if they can be called upon.
- **Research funding:** We have launched an emergency research call to monitor cancer patients' treatment, and to understand the impact of COVID-19 on people with cancer.
- **Workforce:**
 - We have released our funded clinical research workforce to return to front-line NHS work

- Our technical staff are available when needed to help the testing effort
- Some sites already have COVID-19 studies open, and we have re-deployed nursing and admin staff from our Experimental Cancer Medicine Centres to support rapid set up
- Statisticians, programming and coordinators have been offered to support COVID-19 trial setup if required
- **Equipment:**
 - We have made our laboratory kit available where it is useful
 - Most sites have already shipped or have a planned shipment of specified polymerase chain reaction (PCR) machines, used for detecting COVID-19, to the central Milton Keynes lab, or to their local hospital testing labs
- **Other capacity support:**
 - We are working with the Bioindustry Association (BIA) to determine if CRUK can provide capacity for vaccine and antibody technologies
 - We have offered to help collate clinical data throughout the emergency
 - We are surveying our research infrastructure to see how else they can support. For example, our Birmingham centre has converted one of their local labs into a COVID-19 testing centre, with volunteers from across the college supporting the testing. Their Clinical Trials Unit is actively supporting the COVID-19 trial portfolio currently being managed centrally by National Institute for Health Research (NIHR)
- **Continuing to support cancer patients:** Our priority is to ensure that people affected by cancer get the support and information they need. We have worked with cancer charities across the sector to compile joint guidance for cancer patients on COVID-19¹. Our cancer nurse helpline (0808 800 4040) is also in place to support patients who have worries and concerns they wish to discuss.

2. How has the crisis impacted Cancer Research UK financially?

Our reliance on donations means our ability to continue to fund life-saving cancer research is now at risk as sources of planned income, through fundraising, have come, understandably, to an abrupt end.

We made an early decision to protect our volunteers and our supporters by closing our network of more than 600 shops and postponing all public fundraising events. While the right thing to do, this will have huge implications for our fundraising, and we expect to see a 20-25% decline in fundraising income in the next financial year.

As a result, our Executive Board has collectively agreed to move to 80% pay, with immediate effect, and we are consulting on moving all staff to 80% time and pay arrangements for several months. We are already furloughing 1,850 staff (approximately 40% of our workforce), and over the next month we will be putting more staff on furlough but are yet to work out the full extent of this. We are 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.

Like many charities, CRUK has reserves to help manage any unexpected shock reductions to our fundraising income. Our reserves policy sets out that we must have funding to cover a minimum of three months of the charity's cash requirements. These reserves allow us to manage financial risk and short-term volatility in our income, so that we can sustain our research over the long term and meet our financial commitments. While these reserves mean that we can continue to operate in the

¹ <https://about-cancer.cancerresearchuk.org/about-cancer/cancer-in-general/coronavirus-and-cancer>

immediate future, given the significant financial uncertainty ahead, they cannot sustain us in the long-run. We are now drawing on these reserves to support our work.

Reserves are relative to the size of the outgoings and commitments of each charity. And in research, funding arrangements are made over a number of years, often involving a number of partners. To put our reserves in context, last year (2018/19) our total charitable expenditure was £587m. We supported over 40,000 volunteers and over 9,000 patients enrolled on clinical trials. We currently have £542m of outstanding research commitments made based on anticipated income; and our reserves total about £320m - £250m in investments and £70m in working capital cash (circa £20m of which is committed to external partners).

Like many charities, we now face a very challenging period. We are therefore supportive of NCVO and others calls on the Government to urgently agree a rescue package that helps the sector, and those we are all here to support, through this unprecedented challenge.

3. What does this mean for Cancer Research UK's charitable activities?

In the first instance, we are having to make around £150m of cuts to our research in an emergency budget over 3 years (around £50m a year). This will mean major cuts to our national network of laboratories and clinical infrastructure which we will struggle to recoup from. This is not our worst-case scenario. We may have to consider further cuts as it is dependent on fundraising income, which could reduce further.

As outlined above, we are working hard to support the UK's fight against COVID-19 and have therefore decided not to cut funding for our clinical research infrastructure such as our Clinical Trials Units and Experimental Cancer Medicine Centres as these could play a role in supporting national efforts.

However, this will mean deeper cuts in other areas such as: our non-clinical research infrastructure; fellowship programmes for young clinical and non-clinical academics; ability to recruit new research teams to our institutes and centres; our live funded research projects. It will also mean cuts to research initiatives where we have worked closely with Government, such as the recently launched Radiotherapy research network (RadNet) programme designed to modernise cancer treatment in the UK, and joint efforts in brain tumour research.

We have delayed our Spring 2020 research funding round to autumn as a mitigation. Research projects are being put on hold to free up capacity, infrastructure, kit & clinical staff to be deployed to the national COVID-19 effort. This will set back our progress to advance cancer outcomes through research and may incur further financial costs in extensions. In line with Government guidance, many of our clinical trials have paused recruitment, delayed set up, or are having to find innovative ways to deliver care to patients. We anticipate our cancer drug pipeline would reduce by about 1/3 – impacting our interactions with industry & spin out companies.

As CRUK is the UK's largest funder of cancer research, this will result in a significant reduction in our national funding for cancer research and a loss of research talent, including crucial cohorts of early career researchers. Whilst outside the scope of this inquiry, we remain very concerned about the impact of COVID-19 on cancer patients – both in terms of their vulnerability to the disease but also the availability of diagnosis and treatments for them. Ultimately, all this will negatively impact on the Government's commitment and our shared ambition to improve cancer survival in the UK.

4. What Government support is currently available to Cancer Research UK?

Our shops will apply to local authorities for the Retail Grant Scheme available to businesses with rateable value of less than £51,000. In addition, we are applying for the Job Retention Scheme and furloughing staff who work in CRUK shops and other areas where the pandemic is preventing staff from undertaking their role. However, we do not have the option to furlough many of our staff who need to continue to work to provide vital information and support to cancer patients at this uncertain time.

Beyond this, we are unclear what other support there is for large research charities such as CRUK. Given that science and research was a central feature of the Government's recent Budget and ambitions for the UK, we hope that this will be recognised in future support for a sector which is key to addressing both immediate challenges such as COVID-19 and those we will face in the future.

5. What support would Cancer Research UK like to see from the Government at this time?

Financial backing from the UK Government for CRUK would help provide sustainable support for the national COVID-19 effort and lessen the impact over the coming years that a significant reduction in cancer research would have. We are happy to work with the Government to determine an appropriate level of financial support and under which conditions this support would be offered.

The crisis has resulted in significant losses in fundraising income for small, medium and large charities, at a time when they are needed most. We there support NCVO's calls² to help charities across the sector and of all sizes:

- Immediate, emergency funding for charities supporting the response to the COVID-19 crisis, especially where they are alleviating pressure on the health service or providing support to people suffering from the economic and social impact of COVID-19
- A 'stabilisation fund' for all charities to help them stay afloat and continue operating during the course of the pandemic
- Confirmation that charities should be eligible for similar business interruption measures announced by the Chancellor for businesses

In particular, we need Government to ensure the support measures available to businesses also work for charities. This is a rapidly evolving situation and we are still working through the full impact on CRUK and the details of current support schemes. However, we have provided some initial suggestions for how existing Government packages could be adapted to better support charities across the sector.

For instance, the Coronavirus Business Interruption Loan Scheme is only available for charities that receive half their income from trading activity, and with a turnover of less than £45m. The eligibility criteria should be expanded to cover large charities with a higher turnover and where trading accounts for a smaller percentage of their income – for CRUK it is approximately 15%.

Similarly, the Retail Grant Scheme will not significantly benefit large charities as it may be subject to state aid limits capping the relief at €800,000. We need urgent clarity from HMT and BEIS on this issue, as it means that only approximately 30 CRUK shops (out of over 600) will be able to benefit

² <https://www.ncvo.org.uk/about-us/media-centre/press-releases/2748-every-day-counts-as-charities-still-wait-for-government-support>

from the scheme without breaching the cap. We appreciate that state aid levels are set by the EU, but this is a clear example of the current scheme's limitations for charities and the need to provide alternative support mechanisms and expand the scope of other reliefs to cover charities. We would welcome urgent clarity on this.

We also encourage Government to look to initiatives in the United States and consider what changes could be made to the tax system so that 100% of charitable donations could be deducted against taxable income. This would encourage gifts from major donors and corporate entities, which could help mitigate against the difficult financial situation we find ourselves in.

We also support the proposals made by the Charity Tax Group³ on support for charities through the tax system:

- Allow Gift Aid on donations arising from allowing charities to keep payments originally made for cancelled events/loans etc.
- Provide urgent confirmation that Gift Aid can be claimed on donations received by charities through Facebook (and similar operators)
- Confirm simplified audit processes for Gift Aid on text/SMS donations
- Confirm that no HMRC action will be taken to collect VAT on digital advertising by charities during the crisis
- Extend the Expanded Retail Discount to all charity properties to ensure 100% business rates relief for the year 2020/21
- Confirm flexibility over tax deadlines and tax administration

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³ <https://www.charitytaxgroup.org.uk/wp-content/uploads/Support-for-charities-through-the-tax-system-during-the-COVID-19-pandemic.pdf>