

Open letter from social enterprise, co-operatives and community business representatives

May 2020

Dear Local authority leaders,

We are writing to you about support for local social enterprises, co-operatives and community businesses through COVID-19.

Although unprecedented steps have been taken to support the economy, we are concerned that there remain gaps in the government's economic support package. These gaps are putting the country's recovery at risk. We have seen good businesses fall through the gaps because they do not tick the right boxes.

For that reason, we welcomed the government's decision to provide an additional £617m to local authorities to distribute as business grants. You are best placed to identify which businesses are contributing positively to your communities.

As you decide how to allocate resources in your area, we urge you to use your flexibility to support local social enterprises, co-operatives and community businesses in your area.

The guidance from central government is clear that you may prioritise different types of business which are relevant to your local economy and award grants to businesses not identified by central government which you deem in need of support.

These businesses contribute significant social, economic and environmental value to communities combining the best of business with community spirit. In many cases you will know of social enterprises in your area doing fantastic work.

Social enterprises are more likely to work in the poorest areas than traditional SMEs or charities – with 1 in 5 based in our most deprived communities. Social enterprises also employ those furthest from the labour market. They employ tens of thousands of vulnerable and disadvantaged people such as those with disabilities, homeless people and veterans. Many of these workers will struggle to find employment if the social enterprises they work for close. Social enterprises are also more likely to be led by women and BAME people, their survival is important for reducing inequalities.

Meanwhile co-operatives and community businesses give workers and communities a real stake and a say in local business, which reduces inequalities in wealth and power and helps to address market failures.

Social enterprises continue to report to us that they are still unable to access grants which are critical to keeping their businesses alive. 70% of social enterprises do not claim Small Business Rates Relief or Rural Rate Relief and so are unable to access these grants currently. This lack of grant funding is putting tens of thousands of jobs at risk.

Time is of the essence, as we estimate that half of the social enterprise sector could run out of cash by June, unless action is taken. Once these businesses disappear it will take years to rebuild. Their loss will drag down local economies and hurt the poorest communities. Discretionary grants at a local level are one way we can avoid this.

We would urge you to do what you can to ensure that grants are prioritised to local businesses which can demonstrate positive social and environmental value to the communities you serve. We are confident that any objective measure of this will include social enterprises, co-operatives and community businesses in your area.

We happy to provide guidance and support to you and your officials to help identify local social enterprises, co-operatives and community businesses should you require it.

Supporting these businesses now, will increase the chance of a quick, fair and inclusive recovery from this lockdown. Crucially, we need these businesses need to survive in order to make that inclusive recovery possible.

Thank you for your consideration.

Yours sincerely,

