

28 January 2022

Open letter to the Adebowale Commission on Social Investment

Dear Victor and Commissioners,

We agree with much of what you recommend in your final report *'Reclaiming the Future Reforming Social Investment for the Next Decade'*. Congratulations on an excellent piece of work, which we hope will engender renewed strategic direction for social investment.

In particular, we fully agree that there needs to be more local business support that caters to social enterprises and co-operatives, and that central government, LEPs and councils all have a role to play in this, in partnership with the social economy. This is already happening in a few places, with examples like the South Yorkshire Ownership Hub and Cooperate Islington showing the way on co-operative business support.

We also strongly agree that social investment institutions should be more proactive in backing and investing in 'frontier' areas such as community shares, which continues to be the only widely used form of equity available in the market, providing flexible and patient capital with an equal stake in the business. We agree also with the approach on 'enterprise-centric' solutions which prioritise the enterprise's needs over the investor's. Our Community Shares Booster programme has made inroads in this approach, with organisations inviting us to invest in their share offer of investment on the exact same terms as their community, the wider public, changing that power dynamic between investor and investee.

The recommendation for a Social Enterprise Loan Guarantee also appears to have considerable merit and we know many in the co-operative sector would be keen to explore this further.

It is essential that eligibility criteria for any new funding streams and guarantees are not set too narrowly, in ways that cut across and exclude vital parts of the social economy, such as co-operatives and credit unions.

We also acknowledge that we need to do more to promote diversity, equity and inclusion in co-operatives, which could be doing far more to fight racial and social injustice. While community shares is among the most democratic and inclusive forms of social investment, we must remove the cultural and socio-economic barriers that limit its use as a tool for addressing many structural inequalities.

Looking at the Commission's findings, we would perhaps have put stronger emphasis on the role social investment and enterprise can play creating a more democratic and distributive economy. We appreciate the reference to 'the general public's' role in all this, and the acknowledgement that dormant assets invested in the sector are indeed 'ordinary people's money' which evidences the greater need to involve the citizenry in social investment, through local pension funds and greater accountability with local authorities' own investments. We would also make more of the need to empower workers and service users through social enterprise.

Thank you again for your excellent work. We are eager to collaborate in efforts to bring these recommendations to life, both by influencing government policy and through our own investments, market development and broader activities.

Yours sincerely,

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