

Rt Hon Alok Sharma MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

13 March 2020

Dear Mr Sharma,

Urgent: COVID-19 business support and co-operatives

At this challenging and uncertain time, it is reassuring that government is introducing extensive measures to help small businesses cope with the disruptions caused by COVID-19. I am writing on behalf of the 7,215 co-operative businesses in the UK, to ask that government ensures these enterprises are able to access this support.

We have three urgent requests:

- **Confirm to the British Business Bank, its delivery partners and the co-operative sector, that co-operatives are as eligible for the Coronavirus Business Interruption Loan Scheme (CBLIS) as any other businesses, regardless of mutual/social purpose, ownership, governance, legal form and tax status**
- **Confirm to local authorities and the co-operative sector, that co-operatives are as eligible for the £3,000 grant as any other businesses, regardless of mutual/social purpose, ownership, governance, legal form and tax status**
- **Extend eligibility for the £3,000 grant to enterprises which claim the Charitable Rates Relief, rather than the Small Business Rate Relief or the Rural Rate Relief**

Co-operatives are commercial entities that overwhelmingly trade in markets, in order to create economic and social value for their members and communities. The vast majority are small or micro enterprises and they face the same challenges and risks as all businesses. The fact that they trade for mutual and social purposes does not change this, though it does mean that if they fail, the negative social and economic impacts on

Co-operatives UK is the network for Britain's thousands of co-operative businesses. We work together to promote, develop and unite member-owned businesses across the economy.

communities can be especially severe. This is particularly the case for co-operatives that exist to provide vital services in communities, such as wellbeing and care or basic amenities, in response to market failures.

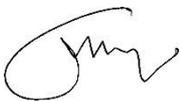
Our three concerns relating to co-operatives' ability to access government's new COVID-19 support schemes are:

- Co-operatives are unusual in their approach to business, their governance and, very often, in their legal incorporation. This can lead some private and public organisations in areas such as enterprise finance to misunderstand co-operatives and obstruct their access to services they are eligible for. Access to the Coronavirus Business Interruption Loan Scheme (CBLIS) is our primary concern here.
- Some co-operatives trade in ways that do not fit neatly into some conceptions of carrying on a commercial trade. This includes 'fully mutual' business which only provide services to their members, such sports and social clubs which are especially at risk as a result of COVID-19. It also includes community co-operatives that own and manage multi-purpose community spaces, trading as venue managers, café operators and leasers of facilities to other enterprises. Access to CBLIS and the £3,000 small business grant are both concerns here.
- Some community co-operatives that rely significantly on commercial business models to maintain self-sufficiency also have charitable tax status and may therefore be ineligible for support via CBLIS and the £3,000 small business grant.

In response to these concerns we ask that government take the steps outlined at the start of this letter.

I hope to hear from you or your officials in due course.

Yours sincerely



Ed Mayo, Secretary General

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Cc: Baroness Barran, Minister for Civil Society

Cc: John Glen MP, Economic Secretary to the Treasury