



Social  
Enterprise UK

# Social Enterprise and COVID-19

28 April 2020.



# Social Enterprise and COVID-19: the story so far

Since February 2020, the world has been knocked sideways by COVID-19. Public finances are stretched. Social enterprise has never been so needed – and never under so much pressure. As some have been forced to close or dramatically alter their operations, others have had to step up and scale up to meet demand for healthcare and crucial supplies.

This report sets out findings from initial data from SEUK members and social enterprises <sup>1</sup> more widely that tells what has happened since the crisis hit.

## Key Findings

- Social enterprises are at the forefront of solutions to the crisis: on the health and social care frontline and providing crucial community support to the most vulnerable.
- They are struggling – falling between the gaps of support packages – and therefore leaving their communities, beneficiaries and staff – many of whom are from vulnerable groups - exposed.
- If social enterprises fail in significant numbers, the potential impact is huge – socially and economically. This is £60 billion of business – or 3% of the economy – which expects to see a 50% decrease in turnover – **a potential economic cost of £2.5 billion for each month that the lockdown continues.**
- SEUK's policy work, with friends and colleagues, has helped ensure that social enterprises are nominally included in government support packages. But shortcomings and short-sightedness in the design of support are symptomatic of longstanding challenges in how public policy considers social enterprise, or indeed fails to. SEUK continues to lobby and raise awareness of how critical social enterprise is during the crisis and how important it will be to building back better

## What's happened to date

The first transmission of COVID-19 in the UK was confirmed in February 2020 and the government suggested people began 'social distancing'. On 15th March, the over 70s were asked to 'self-isolate', on 16th March the public were advised against all non-essential travel and on 20th March bars, pubs and restaurants were ordered to close. A nationwide 3-week lockdown was announced on 23rd March and extended in mid-April for a further 3 weeks, with the public told to expect significant disruption for the remainder of the year.

For social enterprises, social distancing saw some organisations face immediate loss of income. On 20th March many were abruptly forced to close. By contrast, in the health and social care sectors, social enterprises saw a sharp increase in demand for their services, alongside significant staff absences due to symptoms or illness. Many have managed to adapt to the new circumstances, shifting parts of their business model online, diverting to provide voluntary services, or recruiting staff and volunteers to run existing services. For all, this is a period of significant challenge and change.

<sup>1</sup> SEUK is conducting a survey of social enterprises' response to COVID-19 which remains live. This report uses data from the first 231 respondents to the survey.

This report sets out what we know so far about how social enterprises are stepping up to the crisis or shutting down, where there are pinch points and where there is reason for optimism. We present what we know about the usefulness of existing Government support provision. We look at frontline provision and how SEUK has supported the fight for access to PPE. We finish by setting out our short-term plans and longer-term aims for social enterprises to come through the crisis stronger and more powerful, making an even bigger difference to people and planet.

## Government support packages

Prior to the Government support packages being announced, this is what social enterprises said they needed.

### Which of the following would most help your social enterprise at this time?

A grant	79%
A loan	0%
A mixture of grant and loan	7%
A tax rebate	3%
Access to temporary staff	1%
In kind support	0%
Switch from payment in arrears to payment in advance	1%
Other (please specify)*	9%

\*RESPONSES INCLUDED: CLARITY OF NATIONAL APPROACH; FASTER MORE FLEXIBLE GOVERNMENT DECISIONS TO BUY FROM SOCIAL ENTERPRISES ON BETTER PAYMENT TERMS; SUSPENSION OF CONTRACTUAL KPI'S AND BEING ALLOWED TO VARY SERVICE DELIVERY METHODOLOGY; VAT REDUCTION, PAYE REDUCTION, GRANT TOWARDS WAGES

There has been no "specific" support package for social enterprises put forward by the Government. However, social enterprises have some access to aspects of packages made available to businesses and charities.

Social enterprises can access some business support as there is often no specific discrimination against particular legal forms of business. Yet social enterprises are often not able to access this support because of details in the design of the programmes, sometimes unintentionally created by a lack of understanding or awareness of social enterprise business models or forms.

That said, social enterprises are often not able to access this support because it is not in an appropriate form or there is not an understanding of social enterprises in those sub-sectors. Likewise, some social enterprises have access to grants to be distributed by the National Lottery Community Fund. But not all. Restrictions apply and social enterprises also have to compete with grant-based charities for support.

There is also significant inequity between different parts of the United Kingdom in the treatment of social enterprise. Wales and Scotland have opened funds for social enterprises. For example, the Welsh Government's £500m Economic Resilience fund is open to social enterprises, whereas many business grants are restricted for social enterprises in England. In Scotland, a Third Sector Resilience Fund has been created by the Scottish Government specifically for social enterprises. At a devolved level, Greater Manchester and Liverpool City Regions have been working to provide business support for social enterprises.

## Types of support available

Government support for social enterprises is available in a variety of forms and includes loan schemes, business rate reliefs, flexibility around tax payment, and grants.

### QUICK SUMMARY <sup>2</sup>

Loans – the Government is providing loans through the Coronavirus Business Interruption Loan Scheme (CBILS) with up to £5m per business available through mainstream banks and some social investors.

- Business rate relief - the Government will provide 100% rate relief for retail, hospitality and leisure sectors and nurseries.
- Public sector contracts - the Government has asked all public bodies to continue paying contracts until the 30th June 2020 and to accelerate payments to suppliers.
- Grants - the Government is providing grants of up to £10,000 to businesses which are eligible for small business rate relief and rural rate relief. Retail, hospitality and leisure businesses in smaller premises will be able to get access to grants of up to £25,000.
- Coronavirus Job Retention Scheme <sup>3</sup> - the Government will pay for 80% of staff “furloughed” due to COVID-19 to prevent workers being made redundant.
- Statutory sick pay - the Government will pay for 14 days’ worth of SSP for those that employ less than 250 staff.
- Tax support - HMRC will speak with businesses that need to defer tax payments due to COVID-19, VAT has also been deferred for three months.

## Issues with available support

There have been some positives from the Government’s programme, particularly around the Furlough Scheme which appears to have been useful to some social enterprises.

There are three broad issues for social enterprises with the available support:

1. Ineligibility – many social enterprises are not eligible for different schemes. For example, 83% of social enterprises have reported to us that they do not claim any form of business rates relief (although 60% pay rent), making them ineligible for business grants. This may be because they are sharing offices or have a rateable value above the relief. The Government’s “Start Up” fund for businesses is given to those that have raised equity in the past, but many social enterprise start-ups cannot legally issue equity as a result of their legal form. The National Lottery Community Fund’s grants are not available to certain forms of social enterprises because of their legal form.

“ We are a retail social enterprise that desperately need access to the Small Business Grant Fund and/or the Retail specific grants. However, as we operate as a concession and do not have our own premises, we do not pay our own business rates and therefore cannot access the schemes. Our Local Authority is not available to speak and our insurance for loss of earnings will not pay based on CV19 not being a listed disease. We have already had to reduce to a skeleton operation, and there is significant chance we will not make it through this. ”

2. Inappropriate – some social enterprises cannot access support because it doesn’t work for their business. For some social enterprises, furloughing staff is the only support option available – but very undesirable as it would mean closure of important services or functions. Many social enterprises that work in the most deprived communities cannot afford to repay commercial rate loans.

<sup>2</sup><https://www.socialenterprise.org.uk/wp-content/uploads/2020/04/Social-Enterprise-UK-17-April-COVID-19-Briefing.pdf>

<sup>3</sup><https://seuk.wistia.com/medias/e1t6niyb4v>

“ [We face an] ethical dilemma of possible closure of business to claim 80% support when we have very vulnerable people desperate for us to remain open to support them (we support survivors of abuse, abuse is on the rise at the moment because of lockdown) ”

“ To keep overheads low we share our premises - we are not the rate bill holder, so we are not eligible for the £10K grant on either of our premises. Our bank won't lend on the CBILS without additional guarantee which our directors cannot give constitutionally. We work primarily for Housing Associations and have a strong order book of £99K in the next 6 months. We have asked them about paying forward but they refuse. ”

3. Insufficient – Some of these programmes are simply not at the scale required. Social enterprises deliver over £1bn of health and social care services a year, for example, and are facing significant challenges in demand and restructuring their services. Yet funds have not been earmarked or provided for this work. The new loans made available by “social investors” are not at a scale large enough for some social enterprises. The £370m “small charities” fund could end up covering a population of over 200,000 organisations (assuming that all smaller social enterprises and charities are able to apply). Distributing roughly £10k per organisation (akin to what small businesses have received) through the fund, only 37,000 organisations would benefit - less than 20% of social enterprises and charities that are eligible.

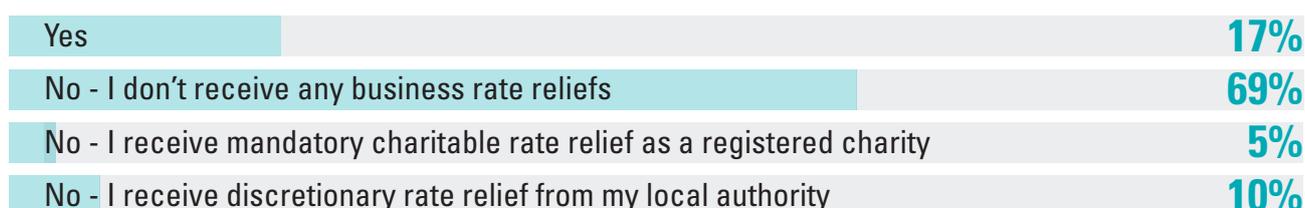
There have been some positives from the government’s programme particularly around the Furlough Scheme which appears to have been useful to some social enterprises. Although, as discussed, this is not available to everyone.

SEUK has also done several pieces of analysis on the government support package and gaps so far. These and other blogs can be accessed online including:

- [What does the Chancellor’s announcement mean for social enterprises?](#)
- [Government prioritising of emergency funding](#)
- [Social investment and access to finance for social enterprises during COVID-19](#)

Have you or will you use any of the following support measures announced by government?	I am claiming this	I will claim this in the future	I don't know enough about it	Not appropriate for my business	I am not eligible
COVID-19 Business Interruption Loan Scheme (CBILS)	3%	14%	14%	46%	24%
100% business rates holiday	9%	1%	1%	22%	67%
£10,000 small business grants	17%	6%	9%	9%	59%
£25,000 grants to retail, hospitality and leisure businesses	2%	3%	3%	17%	76%
Reimbursement of Statutory Sick Pay	8%	15%	7%	33%	37%
Time to pay - tax deferral with HMRC	20%	21%	15%	25%	18%
VAT deferral for three months	19%	12%	4%	34%	33%
Coronavirus Job Retention Scheme	26%	21%	8%	23%	22%
Self-employment taxable grant	7%	6%	5%	20%	61%
Temporary extension of reporting requirements	13%	18%	25%	29%	15%

### Do you currently receive small business rate relief or rural rate relief?



Schemes which can improve the cash position of social enterprises are the most critical. Those which have relatively broad criteria, such as the Coronavirus Job Retention Scheme and the VAT deferral have seen strong take up.

Social enterprises are ineligible for many of the business grants, but members report that they would be popular if they could get access to them. The current government support package is most useful for those small to medium sized social enterprises with staff or tax liabilities (such as VAT or corporation tax).

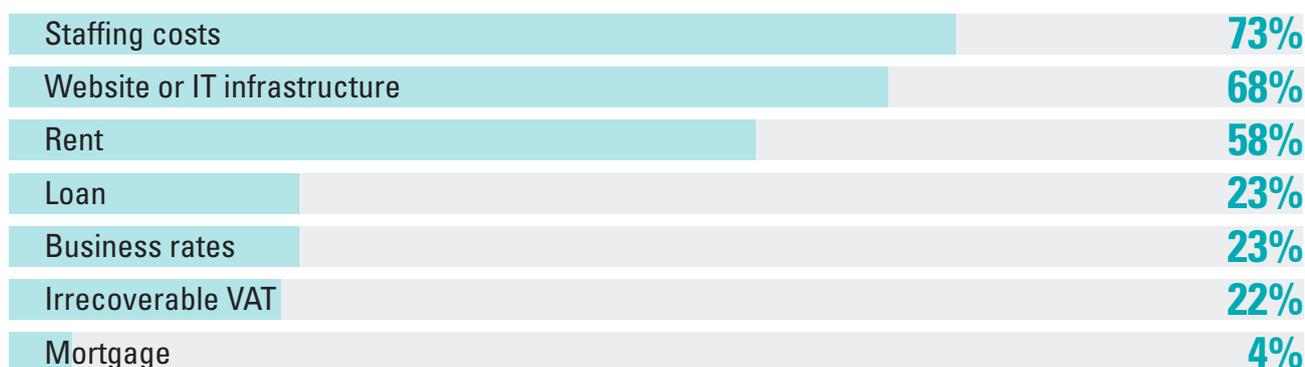
Larger businesses, start-ups and those working in the public sector that cannot furlough staff are significantly disadvantaged under the present arrangements.

The COVID-19 crisis has also highlighted that many social enterprises were not receiving support even before the crisis. Only a minority of social enterprises, around 1 in 4, received any business rate relief – for example. Social enterprises were, arguably, already falling through the cracks of various government measures to support business even before COVID-19 struck.

**“ I seem to fall through the cracks, on PAYE but only from March 2020, not self-employed, not eligible for rates relief. Am applying for grants for music/arts sector specifically but there is huge demand so not hopeful of receiving much if anything ”**

The table below sets out fixed costs survey respondents reported. In thinking about support needs, whilst staffing is important (as recognised in Government responses), it is just one of the cash flow challenges facing social enterprises. Ongoing costs such as IT, rent and repayments of loans/ mortgages will continue despite the economic slowdown. We know that some social investors are providing payment holidays or relaxing repayment plans to help with this but this will only partly alleviate the challenge and for only some social enterprises.

### Do you have any of following fixed costs?



This survey should encourage government, funders and stakeholders to see that social enterprises have a range of costs which need to be considered during this time, not just staff.

## Non-government support

A wide range of non-government support is being made available by trusts and foundations and others, particularly in the forms of grants and advice/support packages.

Of those who told us about non-government support they are considering, a majority are seeking to access (or in one case have already secured) funding from sources including social investors, angel investors and foundations. Funding requirements are the most common obstacle to securing funds, and whether funds are useful for the purpose for which they are needed.

Social enterprises have also regularly reported confusion at the number of organisations seeking to provide support to them, and the varied nature of that support. Whilst providing access to information and support is important, there is a danger that social enterprises (and other businesses) become overwhelmed or are unable to navigate so many channels of communication. Providers of support to social enterprises need to work together to ensure efficient signposting and avoiding duplication where possible.

## How social enterprises are responding

### Business solutions to the crisis

Social enterprises have stepped up. Many health and social care social enterprises are providing increased capacity services to the frontline. There are over 7,000 social enterprises which generate all their income from the state and are delivering frontline services. But it is not only these social enterprises that are providing vital support. Despite intense difficulties to keep operating for many social enterprises, only 4% of respondents said they are not doing anything to support their community, staff or beneficiaries to get through the crisis. The table below sets out examples of where survey respondents are supporting the COVID-19 response.



Although social enterprises are often not charities, they are now often combining elements of charitable support (such as free or discounted services) as well as repackaging existing services to make them more relevant for the current rules on social distancing.

There is a clear position from government that more support should be given to organisations mobilising and supporting communities. This has come out most clearly from the Government's package of support to the charitable sector which focused on those providing "essential" support for local communities.

Social enterprises are using the COVID-19 crisis to showcase the best of what they do and to further differentiate themselves from mainstream business. As the UK looks towards recovery, social enterprises that demonstrate strong community and social engagement may do better and many are already innovating in how they combine agile business approaches with an ongoing commitment to social value.

“ We are developing an online support package for vulnerable people offering one to one video support at a low cost, focusing on getting through isolation and creative home education for children. We are also holding teen hangout sessions where the students can have some contact with each other and our staff and take part in online interactive games. We are also providing cheap online one to ones for kids with special educational needs and parents struggling to home school. ”

*Social Enterprise Theatre*

“ We are providing access to emergency food parcels and a cooked meals service. Our operation is now 80% focussed on direct relief for the crisis. ”

*Social Enterprise  
Environmental/Reuse  
Business*

#### *Good Wash Company – Welsh social enterprise*

The Good Wash, manufacture soap and other luxury beauty products and using all their profits to support projects set up to reduce inequalities and also improve animal welfare. They are now working with volunteers to deliver good wash packages to NHS workers in Wales, handing out over 3000 packages in their first week. They are also providing products to food bank drop offs and local charities. To further involve the community and supporters they have also set up a buy one, give one scheme to help you support heroes in your community <sup>4</sup>

<sup>4</sup> <https://www.socialenterprise.org.uk/coronavirus-information/7037-2/how-social-enterprises-are-adapting-to-coronavirus/>

## Changes to turnover, staffing and demand for products and services

59% of social enterprises that have responded to our survey so far expect demand for their business to decrease due to COVID-19, with 36% expecting an increase. While the survey potentially over-reports those facing challenges (rather than those who are less affected and may be less likely to respond), the overall picture is clear – the sector faces substantial difficulties and is likely to look quite different by the time the crisis is over.

### Do you expect demand for your social enterprises to decrease or increase due to COVID-19?

Decrease significantly	48%
Decrease slightly	11%
No change	5%
Increase slightly	10%
Increase significantly	26%

## Vulnerable groups, vulnerable sectors

We looked at expected change in demand against organisations who employ staff from particular vulnerable groups and found that homeless people, ex-offenders and people with learning disabilities are particularly at risk as their organisations are least optimistic about demand for products and services.

Expected change in demand			
Employs the following vulnerable groups	Decrease	No change	Increase
Homeless/coming out of homelessness	73%	0%	27%
Ex-offenders/coming out of offending	64%	0%	36%
Individuals with a learning disability	62%	4%	35%
Long-term unemployed	57%	6%	37%
Young people	57%	5%	38%
Women (inc. single mothers)	57%	2%	41%
Young parents	56%	6%	39%
Alcohol or drug addiction/dependency	55%	0%	45%
Individuals with a mental illness or mental health problem	51%	4%	45%
Older people	49%	0%	51%
Individuals with a physical disability	43%	6%	51%
Individuals with a chronic illness	42%	2%	56%

NB: (CATEGORIES EXCLUDED FROM ANALYSIS AS SAMPLE SIZE TOO SMALL: YOUNG PEOPLE LEAVING CARE; REFUGEE/ASYLUM SEEKERS; VETERANS/EX-MILITARY).

Unsurprisingly given the nature of social distancing, the hospitality sector is particularly pessimistic about demand. Health and social care providers are the most optimistic about retaining demand, also unsurprising given the nature of the crisis.

“ We provide supported employment, apprenticeships and work experience for those most disadvantaged. We are trying to maintain our provision in the face of rapidly reducing income and the risk of lockdown. Consequently, our thoughts are now shifting to how we can support our beneficiaries digitally/ by phone and through provision of food parcels, hardship payments etc in the event that they are ill, self isolating or laid off. ”

*Social Enterprise Employment and Skills Provider*

*London Early Year's Foundation (LEYF) – LEYF run nurseries using a cross-subsidy model to ensure that childcare is accessible and affordable. They are keeping 18 nurseries open across London to provide childcare for key workers and vulnerable children. They have created activities for parents made to stay at home to help them with childcare, creating video content with new activities being shared three times a week.<sup>5</sup>*

<sup>5</sup> <https://www.socialenterprise.org.uk/coronavirus-information/7037-2/how-social-enterprises-are-adapting-to-coronavirus/>

Expected change in demand			
Sector	Decrease	No change	Increase
Hospitality	73%	0%	27%
Consultancy and business support	70%	0%	30%
Other - not in list	64%	8%	28%
Community Services	62%	0%	38%
Retail	62%	0%	38%
Culture and leisure	50%	10%	40%
Education and skills development	50%	10%	40%
Social care	50%	7%	43%
Health care	42%	4%	54%

CHILDCARE; CREATIVE INDUSTRIES - WEB, DESIGN, PRINT; EMPLOYMENT AND CAREER SERVICES; ENVIRONMENTAL - RECYCLING, RE-USE, AWARENESS ETC; FINANCIAL SUPPORT AND SERVICES; HOUSING; IT - CONSULTANCY/SOFTWARE DEVELOPMENT; TRANSPORT; UTILITIES (ENERGY); WORKSPACE/ROOM HIRE. SAMPLE SIZE TOO SMALL TO REPORT INDIVIDUALLY.

Although some health and social care organisations are anticipate limited turnover reduction, there is concern across sectors. Hospitality, culture and leisure social enterprises indicate the highest levels of impact, with retail sector organisations also set to struggle.

	Anticipated annual turnover reduction				
	None	1-10%	11-50%	51-99%	100%
Community Services	0%	23%	15%	54%	8%
Consultancy and business support	0%	16%	53%	21%	11%
Culture and leisure	0%	10%	20%	50%	20%
Education and skills development	2%	9%	42%	30%	16%
Health care	17%	13%	21%	42%	8%
Hospitality	0%	0%	27%	64%	9%
Other	0%	12%	40%	32%	16%
Retail	8%	0%	62%	23%	8%
Social care	21%	7%	36%	7%	29%

CHILDCARE; CREATIVE INDUSTRIES - WEB, DESIGN, PRINT; EMPLOYMENT AND CAREER SERVICES; ENVIRONMENTAL - RECYCLING, RE-USE, AWARENESS ETC; FINANCIAL SUPPORT AND SERVICES; HOUSING; IT - CONSULTANCY/SOFTWARE DEVELOPMENT; TRANSPORT; UTILITIES (ENERGY); WORKSPACE/ROOM HIRE. SAMPLE SIZE TOO SMALL TO REPORT INDIVIDUALLY.

## Small equals fragile

Smaller social enterprises are disproportionately concerned about impact on turnover.

Turnover	How big a reduction in your annual turnover do you estimate the COVID-19 pandemic will have on your social enterprise?			
	1-10%	11-50%	51-99%	100%
£0-£49,999	6%	28%	39%	27%
£50,000-£249,999	10%	40%	34%	16%
£250,000-£999,999	4%	62%	23%	4%
£1M+	30%	45%	25%	0
TOTAL	10%	38%	33%	15%

Smaller organisations are also more likely to report that they expect to – or had already been forced to - make staff redundant. This may have improved now due to the furlough scheme (around half of survey responses were received before that scheme was introduced). Large organisations also reported higher likelihood to make staff redundant, although possibly with less impact to overall operations.

Turnover	Do you expect to, or have you already, made staff redundant?	
	Yes	No
£0-£49,999	54%	33%
£50,000-£249,999	73%	18%
£250,000-£999,999	65%	23%
£1m-£4,999,999	62%	23%
Over £5m	33%	67%
TOTAL	61%	28%

## Income source impact

Organisations whose primary source of income is the general public or other social enterprises are particularly concerned about reduction to their turnover over the coming year. Organisations more reliant on public sector grants and with the public sector as a trading partner are least likely to report high expected drops in turnover. Those trading with the third sector are perhaps surprisingly optimistic, particularly compared to those reliant on the mainstream private sector for income.

Primary source of income	How big a reduction in your annual turnover do you estimate the COVID-19 pandemic will have on your social enterprise?	
	1-50%	51-100%
Grants from government/local authorities/public	78%	22%
Members	60%	40%
Other grants	40%	60%
Other social enterprises	50%	69%
The general public	31%	69%
The private sector	54%	46%
The public sector	61%	39%
The Third Sector	60%	40%

Turnover	Do you expect to, or have you already, made staff redundant?		
	Yes	No	Not sure
The general public	69%	22%	3%
The public sector	50%	42%	4%
The private sector	78%	13%	9%
The Third Sector	50%	32%	9%
Other social enterprises	50%	25%	13%
Other grants	40%	20%	40%
Grants from government/local authorities/public	63%	25%	13%
Members	80%	20%	0%

There is an irony that after years of social enterprises (and charities) working to diversify their income streams, those social enterprises which have done the most to engage with the general public and private sector are seeing the biggest hits. Government support for trading in the pre-COVID-19 period has not been matched by support during the crisis.

In the long term, we may see a switch (similar to after the 2008/9 recession) where social enterprises working with the public sector are negatively impacted by government cuts to balance the books and social enterprises which trade with the general public and private sector improve their financial position. However, in the short term, those that are trading with the general public (including their members) and private sectors are particularly at risk.

# Health and Social Care Social Enterprises on the frontline

Access to personal protective equipment (PPE) has been an issue across the health and care sector throughout the pandemic so far. Many frontline public sector community healthcare providers have been concerned about the supply of PPE. But over 30% of all NHS community nursing and other services are now provided by social enterprises.

Initially, large community healthcare social enterprise providers were omitted by NHS England and NHS Improvement from the list of organisations who received their PPE supplies from the NHS Supply Chain via the daily PPE pallet delivery system. This reflects problems with NHS policy from before the crisis, where social enterprises have consistently been forgotten when it comes to access to NHS IT systems, NHS capital budgets, NHS pension schemes and so on. SEUK has worked hard for many years to retrospectively fight for a level playing field and the inclusion of social enterprises in these schemes.

This time, the lack of access to PPE created a very dangerous situation with social enterprises lacking supplies of protective equipment for their employees. SEUK raised this issue with government, NHS England and NHS Improvement. On 5th April NHS Supply Chain announced that CICs and social enterprises that were previously NHS Supply Chain customers will be included in PPE supply 'push pallet' system.

SEUK has since worked closely with NHS Supply Chain to help ensure that the right amount, and type of PPE are delivered to social enterprise community healthcare providers as well as ensuring contact information and delivery details were accurate and issues resolved as they arose.

PPE supply continues to be in huge demand globally, and shortages continue to affect the UK. SEUK has been linking social enterprise providers of PPE with the health and care social enterprises that need it. Those delivering social care and domiciliary care have found it hard to access any NHS or local authority provision and have looked elsewhere.

**Future Directions CIC** is an outstanding CQC rated social care provider delivering outreach, supported living, specialist supported living and residential services across the North West. It employs over 900 staff members, has a turnover of £20 million and supports over 400 people, commissioned by a number of local authorities and CCGs. The business left the NHS and became a social enterprise in 2012 in order to become more affordable, creative, and values-driven.

Future Directions CIC strongly feel there has been a general lack of support from local government for the social care sector, and equally a lack of coordination of a strategy linking between the NHS and social care market in the response to the current Coronavirus pandemic.

1. Local Authorities slow: despite guidance for Local Authorities to pass on emergency funding (allocated from central government) quickly, many have been slow to do so. Future Directions CIC has not received emergency support from many of their Local Authority commissioners. The process has been complicated and bureaucratic at a time where speed and action are of the essence.
2. Government financial support unclear and inappropriate: With over 250 staff, Future Directions CIC is unable to access the government's package of support for Small and Medium Size businesses. The guidance around furlough has lacked clarity and been contradictory and made it difficult to manage their workforce effectively.

3. Limited access to loans: Future Directions CIC have been advised they can only take out a bank loan if they take out a debenture. Despite being in a financially healthy position, the team are unwilling to do this as it may have a negative and compromising effect on the businesses' future wellbeing.
4. Lack of adequate supply of PPE: demand has outstripped availability, and there are mixed messages about the criteria for wearing protection. There is no clear supply chain and it has forced the business to seek supplies from unverified sources.
5. Testing delays: there has been a delayed response to allow social care access to testing, both for people receiving services and the frontline carers, meaning staff are unsure if they are supporting someone with Coronavirus or if they're bringing it into the home or taking it home to their families.

**Sewing Rooms – Before coronavirus Skelmersdale based, the Sewing Rooms manufactured curtains, cushions and other bits of furniture donating its profits to support vulnerable people in their community, whilst also offering employment opportunities in their curtain-making workshops. Now shut down for the lock down, the business has now shifted its focus to making masks for local key workers to support those keeping the country going.<sup>6</sup>**

## How has SEUK responded so far

Responding to need and member demand, SEUK's policy response – as detailed above – has been a primary focus of support to the sector<sup>7</sup>. SEUK has produced a wide range of guidance and run a number of open-access webinars to provide signposting and guidance. Details can be found on the website.<sup>8</sup>

We are launching an online forum to facilitate peer to peer support and knowledge sharing from the sector around key topics. We are conducting an outreach project to help members struggling as a result of the crisis, and referring on for expert business advice as necessary.

How can Social Enterprise UK most help you at this time?	
Lobbying government to get support for social enterprises during COVID-19	70%
Connecting you with funders that may be able to assist your social enterprise	59%
Providing and signposting to guidance on how to run your business during COVID-19	41%
Running webinars on a range of practical topics (e.g. digital working, insurance, loan financing etc.)	27%
Connecting your social enterprise with offers of in-kind support	25%
Connecting you with temporary staff/volunteers	5%

<sup>6</sup> <https://www.socialenterprise.org.uk/coronavirus-information/7037-2/how-social-enterprises-are-adapting-to-coronavirus/>

<sup>7</sup> <https://www.socialenterprise.org.uk/coronavirus-information/7025-2/>

<sup>8</sup> <https://www.socialenterprise.org.uk/coronavirus-information/>

# Towards a quicker and more sustainable recovery?

*We can re-build an economy that addresses not only the evident weaknesses and disparities that we see, but also that more effectively address the issues of climate change, structural inequity, deficient democracies and marginalized citizen voice. We can learn so much from this pandemic if we choose to. We can see that change can be immediate and quickly organised – here is the evidence we can rebuild better economies, adapt systems and structures towards inclusive, fair and healthy economics – ultimately making good on that 1948 UN Declaration of Human Rights. Let's remember in times of crisis we tend to re-position every institution, every business, every decision toward those immediate priorities; let's do the same with climate change; human trafficking; poverty. When we come out of the other side of this crisis, let's not lose the opportunity to learn from it and mobilise against those other threats too.*

**Peter Holbrook, SEUK's Chief Executive**<sup>9</sup>

The Government has taken unprecedented action to help the economy through this national emergency. But as this research has showed, there are gaps in the government's support package which is putting the country's recovery at risk. We are also in danger of compounding divisions between different parts of our society.

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<sup>10</sup>. 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, so their closure will compound existing inequalities in British business and society.

Too often, social enterprises are ignored by policymakers. Some – businesses already wired into the existing economy – are about to collapse, while others may prove to be especially resilient. In the last financial crisis, the Nationwide Building Society, for example, stepped up to play a bigger role in seemingly boring mortgage lending as it was less exposed to the exuberance of high finance. The Co-operative stores fill a crucial gap between our corner shops and the massive supermarkets. Community-owned energy schemes are quietly whirring away across the country. Social enterprises contribute £60 billion to the UK economy and employ 5% of the UK workforce. Social enterprises, co-operatives, trading charities, community businesses, leisure trusts and mutuals are in every town and city in the country.

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 our economy down and unnecessarily elongate our recovery.

We want the Government to take a proactive approach to securing our economic recovery, so that we learn the lessons from the past. Social enterprises must be at the heart of that strategy and recovery, otherwise it will be unnecessarily long and painful for our most deprived communities and vulnerable people.

<sup>9</sup> <https://www.socialenterprise.org.uk/coronavirus-information/coronavirus-blogs/moving-beyond-covid-19-a-message-from-our-chief-executive/>

<sup>10</sup> <https://www.socialenterprise.org.uk/state-of-social-enterprise-reports/capitalism-in-crisis-transforming-our-economy-for-people-and-planet/>

Globally, the focus so far has been on top-down, state-led, national emergency measures. Will a renewed sense of mutualism and co-operation only exist as a feature of “life during wartime”, or can this become part of a “new normal”? Just as modern UK welfarism grew out of the wreckage of WW2, we may well discover ways of living that are forged out of crisis and resilience, but which can then lead to something better, built from the ashes.

## What's next

### Policy

- We continue to lobby for modifications to the support package that make it open and fair to social enterprises.
- We are in discussion with Central Government about the recovery plan and ensuring key social enterprises are able to contribute fully to it.
- We want to see this crisis used as an opportunity to reform business to ensure that we have a quicker, fairer and greener recovery than after the financial crisis in 2008/09.

### Membership support

- We continue to update our website with up-to-date information about support available and how we can assist
- We are launching an online forum to facilitate peer to peer support and knowledge sharing
- We are conducting an outreach project to help link members to expert business advice as necessary

### Evidence and data

- We continue to gather information from our members and the wider social enterprise sector about the impact of COVID-19 and what the recovery will look like for social enterprise. This information is vital to our policy and membership support work and helps us understand medium and longer term priorities for the sector.
- Our survey remains live, we are compiling case studies and other qualitative information and working with other sector organisations to collaborate on data collection and use. You can continue to input to our growing evidence base via the survey and by telling us your story.

### Social enterprises

Complete the survey: <https://www.surveymonkey.co.uk/r/PPQHTDP>

Share your story: [Covid19@socialenterprise.org.uk](mailto:Covid19@socialenterprise.org.uk) @socialenterprise\_UK

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We welcome comments, feedback and reflections on this report.

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