



BAME Business Owners
Black, Asian & Minority Ethnic Business Owners

All Party Parliamentary Group for BAME Business Owners

BAME Business Owners COVID-19 RESPONSE



Voice from the Grassroots Consultation Findings

Written by Diana Chrouch

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The Impact Of Covid-19 On BAME Businesses:
A Snapshot of Grassroots Opinion | September 2020

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 @appgbamebiz
#BAMEled

Dedicated to Iceline Chrouh

Visionary, selfless trailblazer and hard worker – like all the mothers and fathers of the Windrush generation



The All Party Parliamentary Group for BAME Business Owners engaged widely with BAME businesses and trade associations in order to ensure we heard primary source evidence from BAME business owners across as many groups, regions and industry sectors as possible.

This was a 'listening exercise' with a methodology that unlocked unique insights into the challenges faced by BAME owned business during the COVID pandemic. The intention was to compile a qualitative report with evidence that policy makers might use in introducing new policy and calibrating existing policy.

BAME owned businesses were disproportionately affected especially in terms of the numbers of deaths and devastating financial impact. They have been very much on the frontline throughout the pandemic.

This report has discovered structural inequalities in the small business eco system that the COVID pandemic exacerbated. Ultimately the impact of these inequalities meant that there were gaps in the government's measures to adequately address the emergency needs of BAME business owners during this period. These issues need to be urgently addressed if we are "to level up and build back better".

This report was compiled against the background of the global impact of the "Black Lives Matter" campaign.

The Consultation reveals the following responses to the government's COVID-19 Emergency Measures:

- **HEALTH AND SAFETY** - BAME owned businesses felt there was no tailored health and safety guidance to address elevated risks of death or serious health implications for themselves, their families and communities. This is despite the fact that BAME led businesses are disproportionately represented in sectors that could not work from home and where multi-generational households increase the risk of exposure to coronavirus.
- **FINANCIAL SUPPORT** - BAME business enterprises suffered disproportionate financial difficulties as a result of an inability to access government finance measures. Two thirds of the consultation's respondents reported that they encountered barriers and were unable to access financial assistance. The crisis amplified long standing systemic challenges engaging with key financial and state institutions that were central to the government's mechanisms for delivering financial support.
- **COMMUNICATION GAP** - Two thirds of respondents reported that they did not find government messaging clear enough. They also reported issues with the 'one size' monoculture which created cultural and practical barriers including language and IT problems. The existing communication channels did not fully engage, reach and meet the needs of diverse BAME business communities.

Executive Summary

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- **BUSINESS SUPPORT** – BAME business owners report that there was a general lack of targeted guidance about what resources were available for BAME business owners and there was not enough practical help to access government support for those that needed it. Moreover they reported that traditional business support organisations do not offer culturally responsive services to help address the challenges they face.
- **DATA AND MONITORING** - anxieties were raised about a lack of granular data about BAME owned businesses. This lack of disaggregated data about BAME business owners including mortality rates, business failures, size, sectors and location has inhibited evidence led policy responses especially during the COVID pandemic.
- **TRUST & CONFIDENCE** – BAME business owners report being wary of accessing assistance as a result of perceived bias and the legacy of policies such as the “hostile environment.” They also report a lack of confidence as a result of no tailored service provision by organisations such as banks and business support organisations.
- **SECTOR AND REGIONS** – the centralised emergency strategy did not adequately address structural and systemic issues that BAME business owners face on a sector or local and regional basis.

Looking Forward

BAME business owners broadly welcomed the government’s pandemic emergency measures. The speedy response was impressive, and where support was accessed, it was helpful. However, this report provides evidence of the many underlying challenges that need to be addressed in order for acceptable levels of the BAME business community to be able to access the full range of support.

- **OPPORTUNITY** - BAME owned businesses are potential key players for the next phase of the UK economy with the potential to help rebuild post COVID and develop international trade in a post Brexit environment.
- **INVESTMENT** in BAME business is urgently required to enable them to scale up and to overcome long standing barriers to finance which continue to be a major challenge. Current financial architecture remains restricted to traditional



criteria that are not flexible enough to meet multi-ethnic business models.

- **POLICY RESOURCE** - a system of data collection and monitoring needs to be developed to fully empower policy makers to maximise the scale up potential of this group. Data would enable stronger policy making based on a better understanding of multi-dimensional, multi-ethnic business communities. It would also avoid conflicting their diverse needs under a ‘catch-all’ term like BAME.
- **MAXIMISE SOCIAL VALUE** – there is a need to index and maximise the major impact of social value to the economy from BAME owned businesses. They provide a disproportionate level of added Social Value in their communities which has not been recognised.

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Executive Summary

The Key Recommendations are:

- **REPRESENTATION AT THE HIGHEST LEVEL OF GOVERNMENT** to ensure that BAME business interests are at the heart of the “levelling up” strategy and included in resilience planning for the UK.
- **HEALTH & SAFETY** – urgently provide tailored health and safety guidance to minimise the risk and enable COVID-secure business operations for BAME business owners. The development of health strategies to include, data collection, risk assessments and monitoring for BAME business owners as well as workers.
- **NATIONAL SYSTEM OF DATA COLLECTION** - using the resources of the ONS in monitoring and reporting on BAME businesses to inform government. This would provide the critical data analytics required to enable more effective policy making. It would also enable a more inclusive economic strategy and aid allocating resources such as business support and finance.
- **FUNDING** - provide ring fenced finance for BAME enterprises linked to start up and scale up targets. Require transparent monitoring and reporting on investment, loans and grants. A step away from the ‘business as usual’ approach to financial services and open up decentralised, accessible pathways to funding via alternative institutions and proactive support programmes that target, upskill and finance BAME led enterprises. Provide signposting to local and regional providers.
- **TAILORED BUSINESS SUPPORT SERVICE** - create a national accreditation standard for business support for BAME led businesses to enable the delivery of tailored relevant support and business development. Require business support advisors and organisations to meet a national standard in order to be a recognised provider. Provide clear sign posting to a network of partners with accredited business support services. Provide accessible pathways to funding bursaries to BAME business owners as part of accelerator/training/mentoring programmes to build skills and confidence as well as encouraging the take up of business support services.
- **COMMUNICATION** – develop a coherent public information strategy to enable the deployment via a network of partners to ensure that critical messages are quickly disseminated to key local communities. Move away from a ‘one size fits all’ approach and enable tailored messaging to meet the needs of diverse cultures, sectors and regions. Embed two way consultation into communication strategies through the development of a consultation framework that works to deliver important data, ideas and feedback to ensure that policy makers are kept up to date about opportunities, trends, ideas or risks and critically, the impact of their policies.
- **SOCIAL VALUE** – build fairer access routes for BAME business owners to markets by ensuring diversity and social value is part of the public procurement architecture. We want to see ambitious strategies for engaging ethnic minority businesses in public sector procurement supply chains. This must include measurement and reporting of ethnic minority business on-boarding onto public sector frameworks and contracts. Build capacity by providing culturally appropriate pathway programmes via network partners of accredited trainers/advisors for BAME business owners.

Chapter 1: Why This Consultation?

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Chapter 1: Why This Consultation?



Background

This consultation was conducted by the All Party Parliamentary Group for BAME Business Owners on the 8th May 2020 during the COVID-19 pandemic. Its aim was to conduct a "Listening Exercise" to take a snapshot of the opinions of grassroots BAME entrepreneurs at that time. The key objective of this was to provide them with a coherent platform to articulate their opinions to policy makers.

The main driver for the consultation was widespread concern about two major impacts of COVID-19 on BAME business owners. Firstly, the disproportionately high death rate of ethnic minorities and secondly, the devastating financial impact on their businesses.

Black Lives Matter

The consultation took place at a historical intersection between the pandemic and the Black Lives Matter movement. This turned out to be very relevant because during the consultation many BAME business owners expressed similar concerns about structural inequalities to those of the campaigners. These include long standing interlocking systemic and structural issues of race, disadvantage and discrimination. *These inequalities were exacerbated by the COVID-19 emergency and so as the pandemic unfolded it became clear that they were impacting the government's measures and hampering their ability to effectively reach and provide assistance to BAME business owners.*

Levelling Up

The APPG for BAME Business Owners is keen to support the government's 'levelling up agenda' by providing the evidence it needs as a part of an inclusive growth strategy. As a result, this consultation aims to ensure that the important economic asset that BAME business owners provide to the UK economy is properly protected and able to bounce back post-COVID and reach its full potential.

A key finding from this consultation is that in order for policy makers to effectively address major challenges such as the pandemic there is a need for a more inclusive strategic approach to ensure that the needs of BAME business owners are fully understood and fully integrated into planning, both for emergencies and for future resilience and growth.

Going forward the All Party Parliamentary Group for BAME Business owners is keen to collaborate with policy makers and provide them with the information and support that they need to gain the insights required to inform an ambitious inclusive plan for growth.

Major Contributors to the UK Economy

BAME business owners are major contributors to the UK economy, to the tune of £25bn per year. However, they complain about being overlooked and underserved thus preventing them from maximising their full potential. Key long standing barriers include access to finance, procurement contracts and business support have long been documented and these issues came into play and were exacerbated by the pandemic.

Brexit Powerhouse

BREXIT promises to open up new horizons for international trade for the UK. BAME business owners have been shown to be more likely to be involved in international trade than non-BAME business owners. Their skills, international links and language skills mean that they present a potential powerhouse for building the UK's international trading capacity as it navigates its way through its BREXIT strategy.

"Key to building back better from COVID-19 and navigating a post-Brexit world in a recession will be unlocking and unleashing the power and potential of BAME business owners of Commonwealth descent from Africa, Asia and the Caribbean which calls for policy-makers to locate, link and leverage this community for collective impact."

Arif Zaman, Executive Director, Commonwealth Businesswomen's Network.

"I am sure everyone is grateful for what the government of the day has done so far to support business but as resources get tighter, are there any assurances that BAME business will not be systematically targeted?"

Organisational Change Consultant, Milton Keynes.

"David Isaac, chair of the Equality and Human Rights Commission, said there had already been "countless reports" on the issues surrounding racial inequality. Now is the time for urgent action. We need to see a clear and comprehensive race strategy with clear targets and timescales from government."

The Independent, 15th June 2020.

Trust and Confidence

An important issue uncovered by the consultation were legacy issues which impacted the confidence of BAME business owners to engage with support measures. Some entrepreneurs explained that they were reluctant to engage with official agencies due to fears that these engagements may lead to later problems with the state – whether real or imagined.

Closer questioning and a literature review uncovered some rationale behind the fears. Anxieties were expressed about the impact of the government's previous "hostile environment" policy linked to the Windrush Scandal. This revealed unfair treatment of UK citizens of Commonwealth origin, many of them elderly, which led to people being denied their rightful UK citizenship together with a host of other social and economic injustices.

Going forward a key requirement will be for BAME business owners to receive targeted support and incentives to rebuild confidence amongst this group.

Very Many Reports Not Enough Action

Another reason cited for a lack of confidence is the perception that there have been a large number of reports looking into race disparities over many decades in the UK that have not led to substantive change and so economic and social inequalities remain.

Chapter 1: Why This Consultation?



Who are Bame Business Owners ?

COVID-19 Frontline Community Heroes

BAME business owners are an important asset to the prosperity and resilience of the UK economy. During the lockdown, they also emerged as frontline heroes who turned their entrepreneurial skills, resilience and energy to rescuing their communities.

Pharmacies, convenience store owners, taxi drivers, takeaways and BAME business owners from countless other sectors, stepped up to provide desperately needed services to the nation during the lockdown.

Champions For Social Value

BAME business owners have also long been recognised as champions for social value as a result of their commitment to local communities. They are often willing to add value and take the risk to set up enterprises in disadvantaged or remote and underserved communities.

Key Statistics

The Centre for Research in Ethnic Minority Entrepreneurship (CREME) report that there are 250,000 firms led by ethnic minority entrepreneurs whose collective contribution to the British national economy is £25 billion of GVA. They also quote research by the Centre for Entrepreneurs' (CFE) on immigrant entrepreneurs which found that in the "heartland SME segment of the economy" (companies with a turnover between £1m and £200m), foreign-born owners of small corporate enterprises were, amongst other things, almost twice as entrepreneurial as UK-born individuals.

"We are a small community pharmacy based in Solihull. We are proud of the fact that, in spite of extenuating circumstances presented to us due to COVID, ...we have helped our elderly patients offering them free deliveries for dispensing in the month of March - our business made 1,011 deliveries and for April 922 deliveries!"

Pharmacist, Solihull.

"Retailers are a resilient breed and it's great to see that some of our retailers actually sourced PPE for the NHS - absolutely fantastic"

Ralph, Convenience Store Owner.

"Taxi and private hire drivers have remained at the frontline of transport throughout the coronavirus pandemic and continue to offer their services to key-workers, on most occasions at a reduced price or even free, as well as offering 'essential goods' delivery services in many locations around the UK."

Emdad, Taxi Driver, Bristol.

Chapter 1: Why This Consultation?

UK Ethnic Minority Businesses



In 2018, around

250,000

firms were
ethnic minority led
(EMBs)



Economic contribution

£25bn

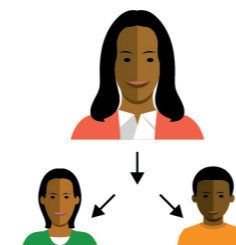
by ethnic
minority entrepreneurs
to the UK's gross value



Since

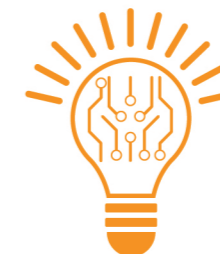
2002

ethnic minority entrepreneurs
have reported a higher activity
rate than non-ethnic entrepreneurs



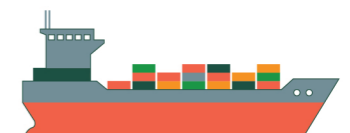
17%

of all ethnic-led
firms were
led by



30%

of EMB's engaged in recent
product or service innovations,
11 percentage points higher than



EMB

owners in every
UK region were
more likely to export

Source: The Centre for Research in Ethnic Minority Entrepreneurship – Unlocking Opportunity Report – July 2020

Facts and Figures

In 2018, 5.4% of small and medium enterprise (SME) employers were led by a majority of people from an ethnic minority (excluding White minorities)

The accommodation and food services sector had the highest percentage of ethnic minority-led SME employers

The agriculture and utilities, manufacturing, and construction sectors had the lowest percentage of ethnic minority-led SME employers

Northern Ireland was the country with the highest percentage of White-led SME employers

In 2018, 4.4% of SMEs with no employees were majority led by those from an ethnic minority SME employers that were majority led by ethnic minorities were more common in England (5.9%) than in Scotland (1.8%), Wales (1.8%) or Northern Ireland (1.2%)

Source: Department for Business, Energy & Industrial Strategy -
12 September 2019

Chapter 2: Methodology

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Chapter 2: Methodology

Virtual Public Consultation

This report has been compiled using the findings of a public consultation of BAME business owners. It aims to present a qualitative snapshot of their opinions at that time, about how the COVID-19 pandemic impacted them. It was held approximately three months after the government's national emergency lockdown had commenced to try to control the spread of the coronavirus.

Due to social distancing restrictions during the pandemic, the event was conducted as a virtual conference on the 8 June 2020 between 14.00 - 16.00 hours and was video recorded.

Consultation Format

The consultation was designed as a "Listening Exercise" in the form of a panel discussion to give BAME business owners the opportunity to share their experiences about the impact of COVID-19 with each other a panel of experts in ethnic minority entrepreneurship. Attendees had been previously informed that their views would be captured and shared with policy makers. The discussion was structured around direct questions about their experiences but it also encouraged and enabled business owners to volunteer additional information about issues that they wanted to flag up to policy makers.

Co-Chairs

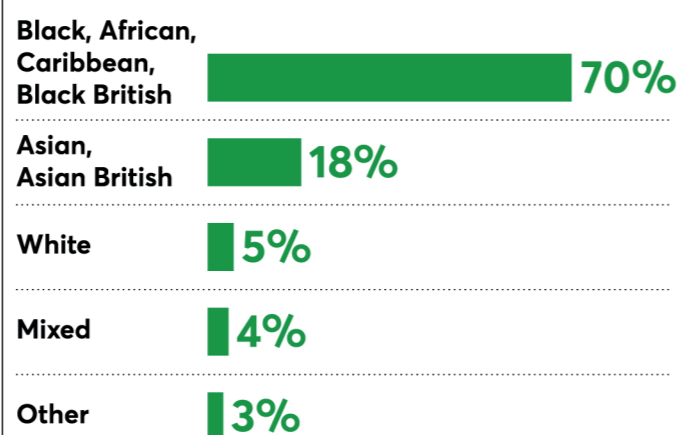
The event was co-chaired by Labour MP Chi Onwurah Shadow Minister (Business, Energy and Industrial Strategy), and Shadow Minister (Digital, Culture, Media and Sport) and Baroness Burt of Solihull long time Liberal democrat spokesperson for small business and women.

Panel of Experts

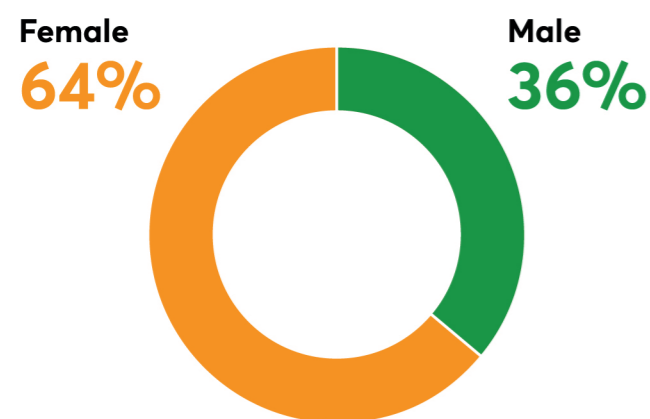
A panel of experts in ethnic minority enterprise were invited from diverse industry sectors and sector trade associations including:

- Professor Monder Ram from the Centre For Research In Ethnic Minority Entrepreneurship-(CRÈME).
- Representatives from key trade associations including hospitality and retail were also in attendance
- Representatives from Asian and African Caribbean diaspora business networks
- Major business membership and support and organisations and including the Federation of small business, the British and Asian Chambers of Commerce, Institute of Directors the British libraries IP and business support what network
- The panel was made up of a representative sample of grassroots business owners from across the UK and from a range of sectors, ethnicity and gender. Panel Members were drawn from a cross the UK to give as wide a regional picture as possible. For the full list of panel members please see References.

Ethnicity



Gender



Attendees

- BAME business owners - 439 grassroots BAME business owners from a range of sectors and regions.

Consultation Format

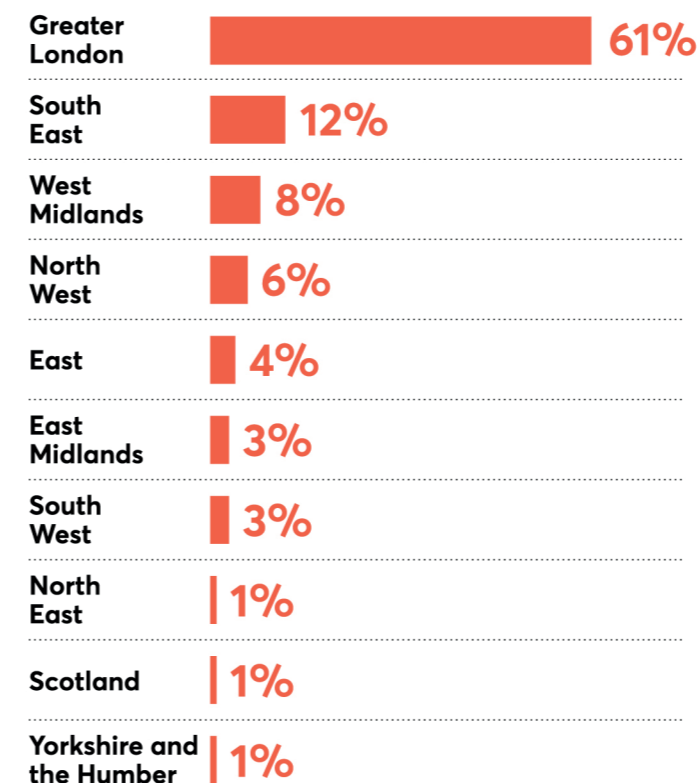
• Video Consultation Via A Digital Event

• Consultation Questions

Attendees were invited to discuss the impact of COVID-19 on their businesses by answering three main questions:

1. What is the biggest challenge that your business has experienced during the COVID-19 crisis?
2. What government support measures have you found useful/what has not worked for you?
3. How would you like the government to continue to support you when the UK economy begins to return to normal?

Regions



• Polls

Two snap shot polls were conducted during the event:

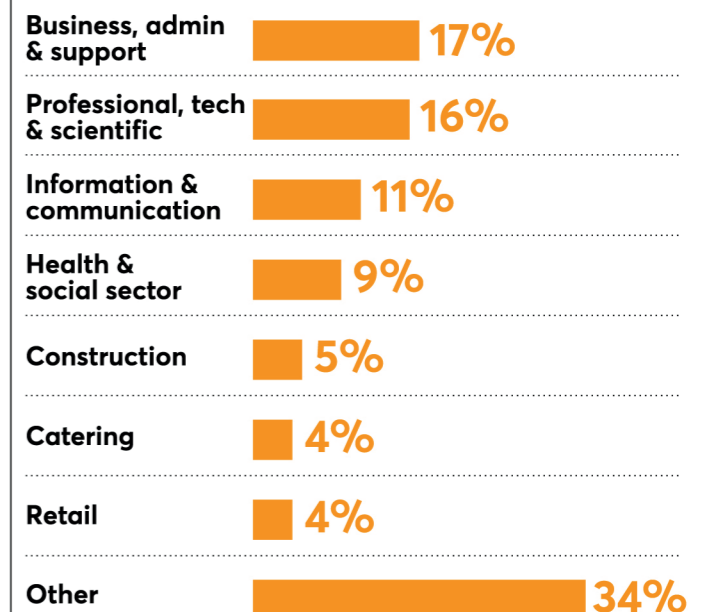
1. Have you been able to successfully access the COVID-19 business support funding provided by the government?
Yes/No

2. Have you found the information that the government supplied about COVID 19 business support clear enough?
Yes/No

• **Questions and Answers** – attendees were given the chance to submit comments and ask questions via online chat boxes throughout the entire event.

• **Mini survey - at the end of the event attendees were given the opportunity to complete a short on screen survey which including an open text box to enable the submission of additional comments. The survey was resent a week after the event to give attendees an additional opportunity to comment.**

Sectors



Chapter 2: Methodology

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Chapter 2: Methodology

Semi-Structured Interviews

A small number of semi structured interviews were conducted following the event to gain a further insight into the experiences of BAME business owners in specific industry sectors including retail, pharmacies, hospitality and transport. Interviews were also conducted to get a snapshot of opinion about the impact of COVID-19 on BAME led enterprises at a regional level.

- 21 Interviews were conducted by telephone by members of the All Party Parliamentary Group's members' and key members of the Federation of Small Business's networks.
- 2 Interviews were also conducted with business owners for whom English was a second language.
- 19 Interviews were conducted by the National Pharmacy Association *

Literature Review

A literature review was also done of relevant reports, journals and articles that cover the experiences of BAME people and/ or BAME entrepreneurs in particular. Of particular interest were a number of reports published during the spring and summer of 2020 that examined the impact of COVID-19 on BAME people. These were reviewed and where relevant referred to in this report. They include:

- Unlocking Opportunity: The Value of Ethnic Minority Firms To UK Economic Activity And Enterprise- Centre for Research in Ethnic Minority Entrepreneurship in collaboration with FSB - July 2020
- Over-Exposed and Under-Protected – Runnymede Trust - August 2020
- COVID-19: Review of Disparities in Risks and Outcomes – Public Health England- 2 June 2020
- COVID-19: Understanding the Impact on BAME Communities - Public Health England - 16 June 2020
- Impact Of Covid-19 On The BAME Community and Voluntary Sector - The Ubele Initiative April 2020
- Racial Injustice In The Covid-19 Response - #CharitySOWHITE – May 2020
- Access denied: The Human Impact of the Hostile Environment – Institute for Public Policy Research – Sep 2020

Consultation Limitations

Intersectionality

The key limitations of the consultation is that it did not look at issues of intersectionality in detail. The complexities of how different identity traits such as race, gender, disability, sexuality can differently impact the experiences and outcomes for individual business owners are acknowledged as a critical factor but has not been dealt with in detail in this report.

Term BAME

In addition whilst it acknowledges the need to use a collective term to describe important key themes that impact BAME business owners, this report also acknowledges the limitations of using the collective term BAME to describe business owners that identify as Black, Asian and Minority Ethnic because the acronym has a tendency to conflate the details of the diverse needs of these communities.

Chapter 3: Findings

Impact of COVID-19 on Health & Safety

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Chapter 3:

Impact of COVID-19 on Health & Safety

BAME Business Challenges During the Pandemic

BAME business owners express worries about the disproportionate impact of COVID-19 on their health and safety as a result of the higher risk of death or serious health complications that the coronavirus poses to them. The elevated risk has been well documented with statistical evidence that people of Black, Asian and Minority Ethnic (BAME) heritage are up to twice as likely to die of COVID-19. General risk factors include age, male sex and specific comorbidities (e.g., cardiovascular disease, hypertension and diabetes), but there is increasing evidence that BAME people have a disproportionately higher risk of being adversely affected by COVID-19. Public Health England found that people of People of Chinese, Indian, Pakistani, Other Asian, Caribbean and Other Black ethnicity had between 10 and 50% higher risk of death when compared to white British, whilst people of Bangladeshi heritage were dying at twice the rate.

"I provide publications for many off-licenses and convenience stores who were required to stay open during the lockdown. Unfortunately, some of these business owners have passed away during the pandemic."

Kalpesh, Asian Media Group.

Front Line Business Exposure

The elevated death rate has led to heightened anxiety since many BAME business owners are overrepresented in sectors where it was not possible to follow government advice to work from home to protect themselves from the coronavirus.

In their August 2020 report – 'Over-Exposed and Under-Protected' – the Runnymede Trust found that black and minority ethnic people are more likely than white people to be working outside of their home with 33% of them working outside compared with only 27% of white people. They also found that these differences were even higher among people of African origin since they are 41% more likely to be working outside of their home.

BAME business owners express specific concerns about their potential level of exposure to COVID-19 as a result of their over representation in sectors with higher levels of customer facing roles, including: retail, hospitality, transport, accommodation and health. These roles have been linked to higher death rates. This anxiety is further exacerbated since many of these sectors generate lower profit margins and so require business owners to work longer hours to ensure profitability which also increases the risk of exposure to COVID-19.

"Professor Emmanuel Ogbonna, who chaired the COVID-19 expert advisory group in Wales argued that: "people are not dying of COVID-19 directly because of their ethnic origins. Instead, it was because their backgrounds exposed them to the type of jobs that put them more at risk and made them more worried about complaining about issues such as lack of PPE."

Report into the factors influencing negative COVID-19 outcomes for individuals from BAME backgrounds June 2020.
The Independent, 15th June 2020.

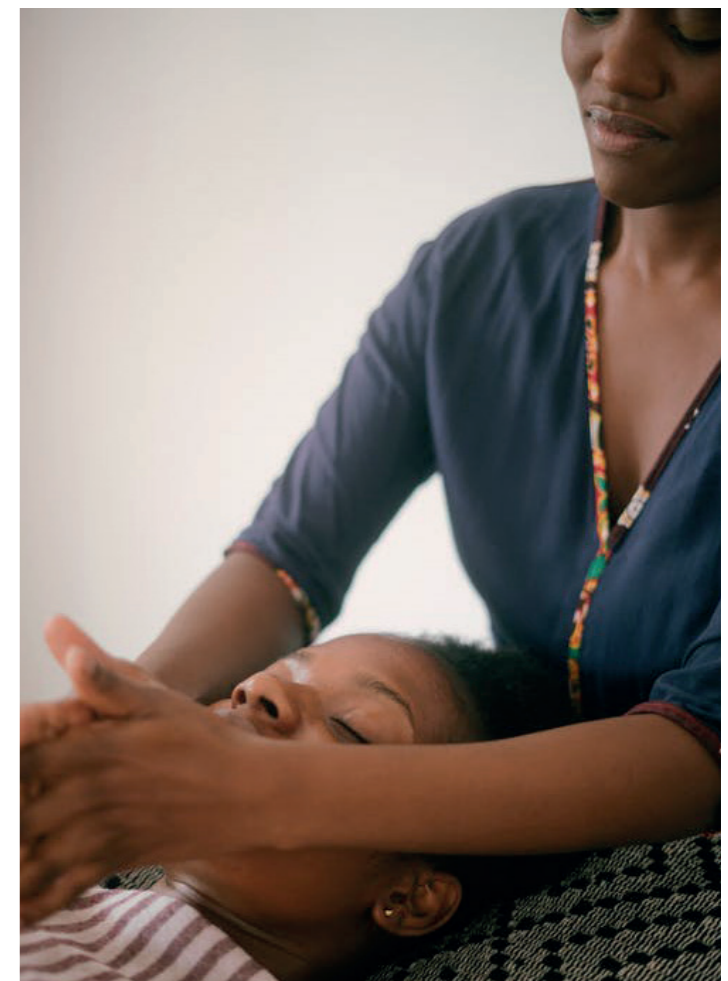
Wider Family Risk

A significant feature of many BAME enterprises is that they involve family members working together. This potentially creates an exponential risk of exposure, not just to the family members that they work with, but also to family members that they live with since many ethnic minorities live in extended and/or multigenerational units. However there is limited detailed statistical data about the number of BAME led businesses that employ family members. This is a well-established pattern of entrepreneurship for BAME entrepreneurs. For example the 2018 Association of Convenience Stores report that 41% of independent convenience store owners are Asian. They also report that 63% of retailers employ at least one family member.

A paper about Pakistani entrepreneurs in the UK reports:

"family dynamics in ethnic minority-owned family businesses in the UK ...including those of Pakistani, Indian, Asian and Caribbean descent, are making significant contributions to UK economic development." In particular it found sizable Pakistani business communities that often employ nuclear and extended family members.

BAME families are more likely to live in multi-generational and/or multi-family households which means that the risk of transmission from working age adults to vulnerable elderly or other at risk family members is heightened.



"Family run independent café had to close as not financially viable to stay open as I have a wife, who works in the café and we have a 3 year old girl and there is no childcare. Takeaway would cost more in wages and bills so stayed closed. Am losing money closed but less than if I open. BAME groups are likely to live together and family members working and bringing the virus home, especially to the elderly."

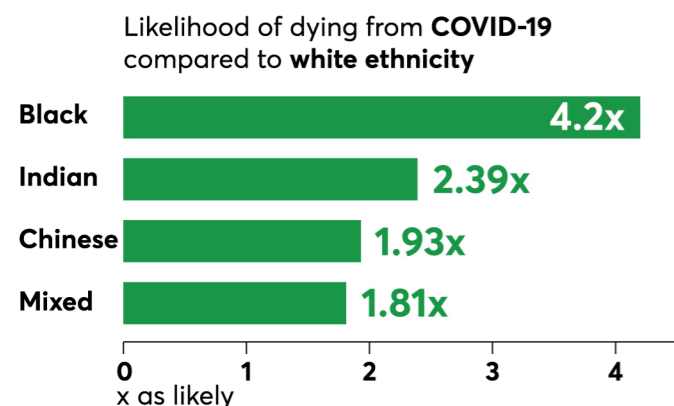
Henal, Café Owner, Harrow.

RISK OF COVID-19 RELATED DEATH RATES BY ETHNICITY

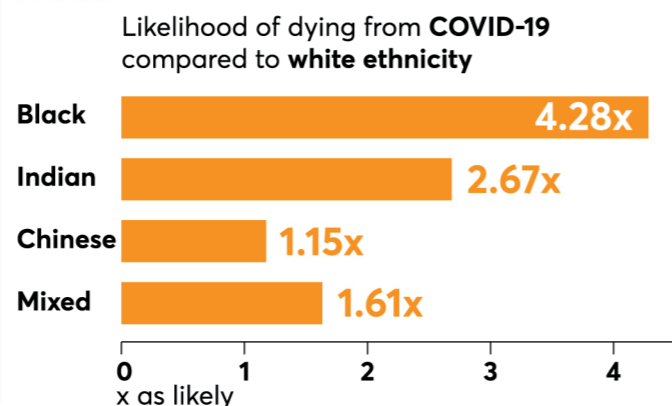
2 March to the 10 April 2020

Source: ONS

Male



Female



Chapter 3: Impact of COVID-19 on Health & Safety

Experiences of Government Support Measures

BAME business owners express concerns about the lack of specific guidance about how to mitigate the elevated risks that they face. They also express concerns about the additional risk factors including the employment of family members or living in multigenerational households.

Personal Protective Equipment (PPE)

BAME business owners express confusion about the lack of clarity about how to reopen their businesses safely given the elevated risk that they face.

Early on in the pandemic it became clear that PPE was being recommended by the government as critical to protect frontline workers in the NHS and care sector who are at an elevated risk of exposure.

Frontline Service Providers

Critically during the height of the first wave of the pandemic businesses that provide essential frontline services were encouraged to remain open by the government during the lockdown. These services included convenience stores, takeaways, pharmacists, taxi drivers and charities that serve local communities.

However, BAME business owners express fears that despite the obvious risks they were not given adequate health and safety guidance or access to PPE.

"The advice on masks has been contradictory and there has been no guidance on plastic-screen partitions. I can't work from home, and it is hard to socially distance in a cab, but I am self-employed so need to work."

Taxi Driver, East London.



Chapter 3: Impact of COVID-19 on Health & Safety

Do-It-Yourself PPE

The fear of the risk from COVID-19 has led some business owners to frantically resort to making their own arrangements to develop PPE. A key example was reports from taxi drivers desperate to stay safe with limited funds and poor official guidance, who attempted do-it-yourself partitions in their cars using a number of different materials including Perspex panels, plastic shower screens, and even cling film taped to the car's interior.

Missing Data About Deaths

BAME Business owners raised serious concerns about the lack of official statistics about the death rate of BAME business owners from COVID-19. This issue came into sharp focus when examining reports about the potential number of BAME business owners that have died.

Clues

Since there are no official disaggregated figures about BAME business owners a look at the death rates of workers gives business owners useful clues about which sectors are at higher risk. The Office for National Statistics has done research into the death rates of BAME workers during the pandemic. In addition Public Health England report that employment sectors with increased risk of COVID-19 exposure and infection also have higher proportions of people from BAME backgrounds including: healthcare, retail, hospitality, transport and security.

"We need access to PPE for SMEs and Charitable Organisations which are also in frontline services and were not in receipt of PPE the way the NHS and Social Care sector was."

Retail Management, London.

"In April, only a month after the lockdown begun, Stuart Reddish, the national president of the Federation of Independent Retailers (NFRN), reported that their organisation was 'deeply saddened' to have lost four of its members and it is doing everything it can to support their families at this time."

Nick Enoch, Mail Online, 20 April 2020.

A brief examination of transport business and convenience store owners support these reports:

i. Taxi Drivers

Transport businesses – specifically taxi drivers and chauffeurs, 53.8% are from a BAME background. There have been a significant number of deaths. Indeed, the Office for National Statistics reported that between 9 March and 25 May 2020 there were 134 male taxi cab drivers and chauffeurs who died after testing positive for the coronavirus in England and Wales.

ii. Convenience Store Owners

Convenience stores owners have also suffered a high number of deaths. From 9th March to 25 May 2020 there were 43 deaths of sales and retail assistants. A significant number of these are BAME business owners. The 2018 Association of Convenience Stores report that 41% of independent convenience store owners are Asian.

Lack of Official Data

It was widely reported during the early part of the pandemic that elevated patterns of death was being noted amongst BAME people. It became clear that the authorities were hampered, not only by the fact that scientists were in the dark about why and so scrambling to learn as much as possible about the novel coronavirus, but that it was difficult to decipher the pattern of disproportionate deaths amongst ethnic minorities because it was not official policy to record the ethnicity of the deceased on their death certificates. This is despite a report as far back as 2003 noting that collecting this information was vital for tackling health inequalities.

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Forced to Extrapolate

In response to this emergency, the Office for National Statistics reported having to conduct research by extrapolating ethnicity data from the 2011 census which despite being nine years old, was the timeliest data that they had available. They looked into the disproportionately high death rates amongst different ethnic groups who had contracted the coronavirus in England and Wales between the 2 March to 15 May 2020.

Data Collection about BAME Business Owners

Respondents to the consultation expressed the need for urgent answers about why there is a lack of official data about the death of BAME entrepreneurs and a call for immediate monitoring to begin.

Indeed, the Unlocking Opportunities report published in July 2020 by the Centre for Ethnic Minority Entrepreneurship, highlights the lack of a national system of collecting data about minority led enterprises.

Paying the Cost of Social Distancing

As well as a lack of specific guidance about how to interpret social distancing to mitigate the additional risks that they face, BAME business owners complain about the disproportionate cost of social distancing for their businesses.

The cost of social distancing measures creates an additional burden on them since they are disproportionately represented in sectors such as retail and hospitality where higher levels of adaptation are required to make business premises safe for staff and customers. The Federation of Small Business report that businesses face paying out over a thousand pounds each to meet social distancing costs. As a consequence BAME business owners call for grants and tax breaks to be urgently provided to help them to cover the extra costs.

Mental Health

The impact of the lockdown and anxieties about the wider COVID-19 pandemic crisis has been particularly difficult for the mental health of BAME business owners.

"Data is everything. How can you change anything without knowing the scale of the issue."

CEO, Charity, Rochdale.

"Without up to date data we'll never be able to see the extent to which BAME businesses are being disproportionately impacted by COVID-19 or not. Without such insight won't it be difficult to tailor the support that BAME businesses might need to survive."

Donna, Management Consultant.

"Without accurate and up to date data, policies continue to take a one size fits all approach that consistently fails to meet the needs of many in the wider BAME community, and leaves the BAME business community consistently overlooked and underserved."

Professor Monder Ram, Centre for Research in Ethnic Minority Entrepreneurship.

"The scale of the COVID-19 challenge for community pharmacies has created significant pressures on staff due to increased demand on services. Added this, illness and self-isolation mean some pharmacies are operating with 50% fewer staff, resulting in longer working hours. They are facing new and rising costs of medicines and PPE, and an increasing wage bill to keep pharmacies open. Some have even been forced to close or are facing unprecedented financial pressures causing cash flow problems due to real-term funding cuts prior to the current environment, the COVID-19 pandemic."

Neil Bhayani, National Pharmacy Association.

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The trauma of higher bereavement levels and the anxiety created by worry about higher risk of death or serious health complications, is further exacerbated by the financial pressures of the lockdown.

The strain is further exacerbated by the frustration at the lack of specific measures to address the mental health needs of BAME communities more widely and business owners more specifically at this critical time.

Physical and Mental Health Vulnerabilities are Inextricably Linked

The British Medical Journal reports that physical and mental health vulnerabilities are inextricably linked and so as a result of the heightened physical risk that ethnic minorities face, they are also at increased risk of mental health difficulties.

"My main concern is how to enforce social distancing in my corner shop because people don't always comply and we are worried about safety. We have done okay financially because we were able to get the government grant and the store is very busy. However, I do think the government could do more to help BAME business owners because of the risk to us."

Hussain, Corner Shop & Off License Owner, Bristol.

"There is clearly a need for counselling support for BAME business owners and their employees many of whom have suffered considerable loss."

Retail Management, London.

"Financial issues are affecting a great number of people along with uncertainty about the future and this has created a lot of undue stress and anxiety. I am concerned that this will in turn lead to Mental Health and Wellbeing issues and so I would like to see the government take action to promote mental health awareness and address these issues."

Moslek Uddin, UK Curry Connect.

"The first three days were hell. I felt lost and cried. I am lucky to have found the need to help others, NHS, care homes, local

community, small charities, other hospitality independents via webinars and setting up various groups. Spending more time with my daughter has been the big saviour."

Café Owner, London.

"I've been a people's person my entire life, always creating the opportunity to be around others. I now find myself irritated by everyone, can't even be bothered to talk on the phone!!! No expert, but I might be suffering depression."

Convenience Store Owner, Bristol.

"Company directors do not benefit much from the Furlough scheme and I feel that they have been ignored whilst staff and the self-employed have had help. I have no income coming in from the business and my personal finances have been stretched as I am the only household income earner. My mental health has suffered not knowing when and how I can go back to normal and questions like whether the business will survive and would be able to continue is a constant source of anxiety. I do not feel that the government has been very reassuring."

Shalim, Indian Restaurant Owner, London.

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Perspectives on Future Support

Call for Urgent Government Response

BAME business owners are asking the government for urgent tailored guidance and support to address the health and safety issues that they, their staff and families face. In particular they are asking for clear and specific tailored guidance about how to come out of the lockdown and resume their businesses in a COVID safe manner as the pandemic runs its course.

As a result of the disproportionate number of BAME people that have lost their lives to coronavirus and critical evidence of the link between higher death rates and exposure at work, BAME business owners are calling for an urgent review of health and safety guidance to help them to mitigate against the increased risks that they face.

Address lack of Data Evidence

Inadequate data capture and monitoring of mortality rates has emerged as a matter for urgent action. As the pandemic unfolded it was clear that people from BAME backgrounds were at increased risk from COVID-19 but that there was little or no access to timely and accurate data to enable analysis or to provide evidence for policy decisions about health and safety measures.

"There is a great need to train community leaders and BAME led businesses on mental health awareness and mental health first aid. Funding is a major issue as most cannot afford the Mental Health First Aid cost?"

Marketing Consultant, Gloucester.

"Emotional and Mental wellbeing has affected us all but in particular BAME communities during this global pandemic. I would like to see grassroots organisations be given grants funding to provide cultural specific therapeutic support."

Counsellor, London.

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Recognise Health Needs of BAME Business Owners

There is a call for self-employed BAME business owners to be recognised by government statisticians as a separate category that is distinct from employed BAME workers to enable research into the specific health needs of BAME entrepreneurs. This research will be critical to enable policy makers to understand their vulnerabilities and the risks that they face as a result of the make-up of their enterprises and the way that they conduct business. A key example would be to examine how some BAME businesses have additional vulnerabilities and face additional risks during the pandemic if they are family run or are dependent on close peer networks of suppliers and/or professional services.

There is also a need to understand how long standing health inequalities expose them to a disproportionately greater risk of death or serious health complications. There is also a need to urgently address these issues with culturally specific services for physical and mental health and wellbeing.

Framework of Financial Support

As well as health and safety measures, BAME business owners are also calling for a framework of accessible financial support measures that is staggered to enable them to weather the disproportionate health and wellbeing impacts of the pandemic. These measures would also enable them to make their businesses COVID secure so that they are able to recover and rebuild their business and overcome the disproportionate impact of this crisis on them.



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BAME Business Challenges During the Pandemic

The government's swift response to providing financial support for businesses after the lockdown was announced on the 23 March 2020 was generally positively received by the BAME business community.

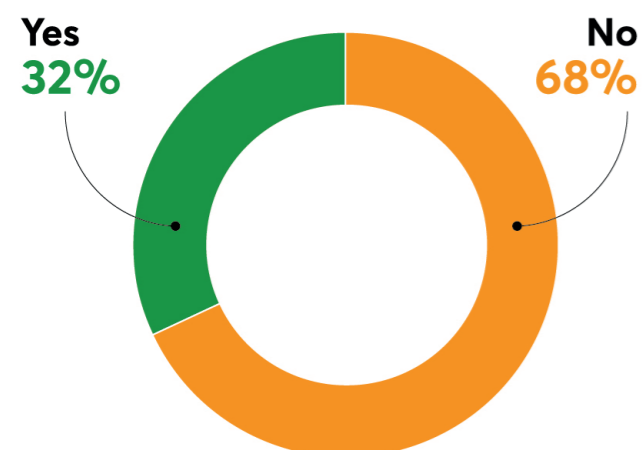
However, many BAME business owners have struggled to access financial support to enable them to maintain the viability of their enterprises. As a consequence, these businesses have been disproportionately hard hit by the impact of the COVID-19 national emergency.

In fact, problems with accessing the government's financial support was almost universally cited as a key challenge for BAME led businesses during this consultation. This has led to reports of major cash flow and liquidity issues with the potential to cause businesses to fail.

At the time of the consultation on the 8th June 2020, a snapshot poll of the attendees showed that almost two thirds (68%) of BAME business owners had been unable to access any of the government's financial support measures. Whilst only one third (32%) were able to successfully access funding.

Poll Result

Have you been able to successfully access the COVID-19 business support funding provided by the government?



Cash Starved and Higher Barriers

Difficulties in accessing funding during the lockdown has exacerbated the situation for BAME led businesses as a result of the fact that they report already often being 'cash starved' and less financially resilient. Persistent underinvestment and a range of historical structural and systemic issues that create higher barriers to funding have long been reported.

These barriers mean that BAME led enterprises:

- **tend to be disproportionately represented in sectors with lower start up costs but also generate lower profit margins**
- **have less access to lucrative markets and procurement contracts.**
- **are also less likely to have access to bank financing, venture capital or angel investments.**
- **are highly represented in service industries that require physical proximity to others and exposure to the coronavirus**

"Access to business finance was a problem for BAME business before COVID-19, the pandemic has compounded it and probably pushed it down the political agenda. Great that the APPG for BAME Business Owners is making sure it gets pushed up the agenda."

Image Consultant, London.

"Many of our members did not know about funding or how to apply. We hired a financial consultant to explain via webinar. We are planning another webinar soon to provide training on completing the applications. The main issues were lack of access to information, issues with qualification criteria and also a lack of training on completing the applications. We are keen to provide training on completing these forms and generally supporting in any way we can."

Efuru Obua, African Business Network.

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Experiences of Government Support Measures

Respondents' Experiences

The following summary of respondents' comments to this consultation supports the finding that a significant number of BAME business owners were unable to access the government's coronavirus financial assistance and shows some common themes.

1. Trust and Confidence

Trust and confidence were reported as long standing issues when it comes to applying for financial support. Many BAME business owners report previous difficulties in accessing funding support and so during the coronavirus crisis felt little or no trust or confidence that if they applied for funding their applications would be treated fairly

• Not motivated to apply for funding when needing it

Several business owners report that they had 'not bothered' to apply for funding assistance as a result of trust issues. This attitude applied across all types of assistance, and did not appear to improve even when grants that did not need to be paid back were offered. Research in the U.S. by their Small Business Administration found a similar pattern with a lack of motivation amongst ethnic minorities who reported avoiding applying for funding when it was needed as a result of historic barriers to minorities getting funding. They found that 58.5% African American and 53.1% of Hispanic business owners reported that they felt it was not worth their while to spend time to apply for a fear of rejection. Research in the UK showed a similar trend among ethnic minorities who were more likely to "exhibit discouragement when applying for finance."

"I run a business support and training consultancy and many business owners reported not having the confidence to apply for funding because they were convinced that they would be turned down by official funding sources. As a result, several confided that they had preferred to turn to other means like crowd funding instead."

Grace Graham, Trainer, London.

• Trusted Providers

Trust is a key cultural factor in the way that BAME business communities do business. A lack of knowledge or failure by policy makers to understand and address this factor, particularly by not providing guidance and pathways to funding via trusted community peer networks and professional advisors, may have contributed to lower levels of application rates amongst BAME business owners. The critical need to build trust is backed up by research by the European Commission's Enterprise and Industry Directorate which found that across the EU migrant and ethnic entrepreneurs preferred trust-based relations with trusted advisors rather than other parties.

• Hostile Environment

Legacy issues as a result of the 'Hostile Environment' government policy which aimed at identifying and reducing the number of immigrants in the UK with no right to remain has had an arguably unintended consequence of creating trust barriers with BAME business owners. A report by the National Institute for Health Research in Bristol points out that whilst many BAME business owners may be in need of assistance, trust issues and anxieties about dealing with officials may prevent them from applying as some migrants may not want to make themselves known to the authorities.

2. Fear of Debt

Given the lack of an even playing field with disproportionate barriers to finance, BAME business owners expressed concern that during the emergency government policy to offer loans had placed an unfair general burden on them. Historic financial insecurities have led BAME business owners to be wary about taking on a debt for fear that they may not be able to pay it back. They are also concerned that at this time there may be real income barriers that may hamper their ability to trade sustainably as a result of a lack of consumer spending confidence or, another major lockdown in response to a second spike in the coronavirus.

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• Grants v Loans

There was broad approval for grant funding such as Small Business Grants Fund (SBGF), Retail and the Local Authority Discretionary Fund. There was also a positive consensus for other support measures such as the Furlough job retention scheme where staff received up to 80% of their wages; the Self-Employment Income Support Scheme (SEISS) and HMRC VAT deferment measures.

By contrast the provision of loans as a part of the package of government measures such as the Coronavirus Business Interruption Loan Scheme (CBILS) and the Bounce Back Loans (BBL), caused concerns. Many BAME business owners worry that they may not be able to pay back any new loans that they have to take out during this period. Of the two loan schemes Coronavirus Business Interruption Loan Scheme and the Bounce Back Loans, the latter was preferred because of the easier application process.

3. Unequal Access to Markets

Anxieties about debt are further exacerbated by the ongoing structural inequalities in the market place that BAME business owners face. BAME entrepreneurs complain about the comparatively minimal access they have to more lucrative markets through public and private procurement contracts that could potentially provide greater financial security for their businesses. MSDUK report that there are significant barriers for BAME SMEs in accessing procurement contracts in general, and in accessing government supply chains in particular. These barriers in turn have a limiting impact on the capacity of these enterprises to scale up and grow.

4. Desperate Measures

Some business owners complain that the lack of access to government funding left them so anxious and cash strapped that they resorted to desperate measures such as taking out pay day loans, appealing to community peers for support through crowd funding, using savings or support from friends and family has been a common route.

"I'm a Co-Founder of an advertising media agency launched less than 2 years ago. Our pipeline that has dried up with brands pulling budget or delaying their marketing spend. We are already burdened with a loan and are concerned about another loan (also our bank is not on the list of approved banks) and we found that we fall between the cracks for any other support."

Owner of Advertising Agency, London.

"I've been able to get the bounce back loan, this might be helpful in bridging the gap of not having access to the grants. It's not ideal as it is a loan but the criteria are open to smaller businesses."

Career Coach, Hertfordshire.

"The application process for the business interruption scheme, was a nightmare, the amount of information that my bank wanted was unreal and we were still trying to compile all the information when the bounce back loans became available, which was a welcome relief."

Owner of Domestic & Residential Cleaning Co.



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5. Discrimination

BAME business owners complain that the pandemic has exacerbated their experiences and perceptions of discrimination. Structural and systemic barriers have historically operated to hinder access to finance and investment. Many BAME business owners perceive these barriers to be the result of discriminatory practices from funders. As a consequence, the lack of tailored government guidance or signposting to specific pathways to help deal with these obstacles has also done little to address concerns about discrimination.

6. Inadequate Funding Levels

For many businesses, a key financial impact of the COVID-19 has been urgent cash flow problems.

However, BAME business owners complain that whilst the government's funding measures were welcome, for those that were able to access them, they did not adequately cover business expenses. A particular concern was from the catering and retail sectors who complain about high rents, especially for larger premises that were hit by either no sales during lockdown or lower consumer sales if they could remain open.



"Black people running social enterprises are bridging this financial gap by themselves, often using 'payday loans' and hoping that they will receive grants at a later date."

Bayo, Director of Technology Innovation UK & Africa.

"It is worrying to hear of BAME founders who are having to resort to payday loans as the only option for funding in this pandemic due to not being able to access any gov't funding. What is the government doing to prevent unscrupulous and even illegal lenders profiteering during this time?"

Marketing Consultant.

"Biggest Challenge-Mandala Theatre Company is a CIC-one of two BAME-led cultural organisations in Oxford. More than 12+ White led organisations received Emergency funding and we didn't! It is an example of the injustice that persists structurally. What can the arts sector do to really make a change?"

Arts Development Manager, Oxford.

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7. One Size Did Not Fit All

A 'one size fits all' approach to providing funding by the government created barriers for many BAME business owners who struggled with a combination of practical issues or ability to meet funding requirement criteria. The impact was to deepen and reproduce structural inequalities in accessing funding and support during the crisis.

Practical problems encountered include:

i. Qualification/application issues

A significant proportion of BAME business owners reported that they failed to qualify for many of the government's funding support measures for a range of issues including:

- **Not having the right type of bank account** - many self-employed people had personal rather than a business bank account which excluded them from getting a Bounce Back Loan (BBL).
- **Not directly renting or owning a premises** - businesses with a premises in shared office locations or where their landlords paid the rates, found that they were not able to access the Small Business Grant Fund through local authorities
- **Running a business from home** - home run businesses

or properties occupied for personal use are exempt from paying business rates and so are not eligible for the Small Business Grant Fund

- **Running a new business** - there was no provision for start up businesses less than one year old
- **Not taking a regular salary** - business owners who draw dividends to pay themselves rather than through PAYE found that they did not meet criteria for any funding or grants even though they have a registered limited company
- **Staff wages are partially covered by discretionary payments** - in sectors where BAME business owners are highly represented such as hospitality or transport, discretionary cash tips and bonuses are a critical part of worker's incomes. The Furlough scheme pays staff up to 80% of their earnings but does not cover discretionary payments.
- **Not able to access relevant documentary evidence** - many business owners reported problems in accessing documentary evidence required for the Coronavirus Interruption Loan Scheme -(CBILS) during the height of the lockdown. Factors included not being able to access accounts stored in locked premises, or the inability to contact professional advisors.

"Yes I applied. Most has gone on rent as landlord not willing to help. Have payed bills and spent on Tech and alterations as best I financially can till now, but need more support to survive and continue as cannot predict sales/revenue. If I, staff or customers catches the virus and via the track and trace, we have to self isolate for two weeks, I will not be able to reopen again as I am only able to open again one more time, it's the last chance or I have to find a job without any more savings. Support for this outcome needs to be considered"

Takeaway Owner, London.

"I have been able to access the Bounce Back Loan, but the amount I was able to access was very minimal. COVID has led to every event I have had booked in (from March) until October to be cancelled. I have had to pivot and adapt my business model completely. I was getting into a position where I would have been employing up to 5 people. COVID has put paid to that as the money I can access is not sufficient to allow me to grow the business."

Marketing and Awards Business Owner, Bristol.

"There needs to be a range of support options and access to finance, including for those who aren't able to prove their income and success in traditional formats."

Food and Beverage Business Owner, Birmingham.

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ii. Business Entity-Side Hurdle

A significant number of BAME business owners report being ineligible for support because of the legal format of their business enterprises. These business formats range from self-employed contractors on temporary contracts right up to entrepreneurs who own multiple registered businesses. Additionally, there were a significant number of business owners who describe their enterprises as a 'side hustle' that brings in extra cash alongside paid employment.

The eligibility criterion required to access grants, loans or the Furlough Job Retention Scheme was found to be inflexible and so provided no support for more complex operating business models or hybrid self-employment and business income models.

The legal framework adopted by some BAME business owners adopt is often influenced by the fact that many minorities found, particularly at an early stage in their business enterprise, that it is necessary to retain additional sources of income such as part time or freelance work whilst building their businesses because alternative options such as bank loans or investments financing are not available to them. Research in the UK by the Global Entrepreneurship Monitor (GEM) shows that 25% of gig workers describe themselves as new or established business owners.



"We have not been able to apply because we do not have a business rates number due to being in shared spaces."

Bayo, Director of Technology Innovation UK & Africa.

"Even for those of us who pay ourselves by PAYE, depending on how you do this—for instance not paying yourself monthly, sometimes it means that you are still ineligible"

Business Consultant For The Health & Social Care, Coventry.

"Not being able to get money to cushion your income as a director was a challenge. I pay myself minimum wage and supplement my income with dividends when my company can afford to pay me more. The government have not accounted for or provided help for this group of people."

Owner of Domestic & Residential Cleaning Co.

"I have been doing my self assessment year in year out for almost 16 years. However, when it came to receiving help in the way of the government paying me up to £2500 a month, all of a sudden, I don't qualify!!!! So I am scrapping the barrel at the moment!"

Takeaway Owner, Bristol.

"I wonder about access to funding for those of us in the Crafts/Creative sector. I, have not been able to obtain government funding to support my Jewellery design/making business because it is a limited company. I also cannot apply to local government because I work from home therefore exempt from paying business rates. It is an extremely challenging time. A loan is not the ideal option but a last resort."

Jeweller, London.

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iii. Practical Issues

BAME business owners highlight a range of practical issues that created real barriers for some when attempting to apply for the government's financial assistance.

- **Navigating information** - issues raised included a basic lack of knowledge about how to navigate government information to find what support was available. Disengagement with centralised TV briefings and information on the internet particularly as these were not supported by clear sign posting or guidance for those that needed it
- **Lack of IT skills** - the digital application process for the government's financial assistance assumed that applicants would have access to the internet and have the ability to present financial information without access to financial or other professional advisors.
- **Language barriers** - for business owners for whom English is a second language, a lack of translated application options or foreign language guidance presented a huge barrier.
- **'Know How'** - There was no helpline or "how to" guidance about completing the application process or dealing with queries



As a black female business owner and founder of Director of Midlands Business Leadership Academy Limited I have had no new sales income since March 2020. I have used the last of my savings to keep the business 'live' and used income from freelance work to pay bills and buy food. I've used the lockdown time to work on my business plan, transition to a full online delivery and developed a strategy to come out of COVID-19. During this time I also tried to access funds and made inquiries to complete the eligibility check for government funding with the Bounce Back loan-however eligibility for the loan is based on business profits over the last two years. I was in employment during this period whilst building the business part-time there was no profit, so I was not eligible to apply. Therefore access to Government funding in response to COVID-19 as of 8th June 2020 has been nil so far."

Update

Following my initial finding that I was ineligible to apply for the Bounce Back Loan I took further advice from the Birmingham Chamber of Commerce who explained that I was eligible after all. As a result, I applied and have now successfully received it. I was advised that any business that can't demonstrate a previous trading history would be allowed to provide an estimated turnover instead. I would not have been able to work that out from the guidance and needed advice. I am highly educated and articulate but I think my experience epitomizes how unuser friendly the application process was. "

Susan Bedward Midlands Business Leadership Academy Ltd, Birmingham.

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8. Cultural and Religious Norms

Feedback from some attendants indicated that the government's package of measures did not work for cultural and religious reasons. There was disappointment at this basic lack of understanding and sensitivity to these important aspects of the manner in which BAME communities conduct business.

These issues have had a considerable impact leading some business owners to report feeling unable to apply for support. Cultural issues range from negative community attitudes towards incurring debt and stigma around accepting what is perceived as a state hand-out. Business owners cite worries about recurring media themes that negatively link BAME communities with ideas that they are disproportionately in receipt of state hand-outs.

"Obviously I can't work from home and being a taxi driver is NOT safe so I don't have no income at the moment. I found it difficult to work out what financial assistance was available for me so in the end I applied for the Furlough scheme but I am not sure if I will qualify."

Masumul, Taxi Driver, Bristol.

"A key issue for some parts of the BAME community was the lack of support for people who were unable to understand the application forms. Many potential applicants were not able to understand some of the language used. Also, it may be beneficial to use multiple forms of communication, as some business owners have not been able to go to their place of work during the lockdown."

Sharniya Ferdinand, Business Inclusion Programme, Manager, NatWest.

Religious strictures that govern whether or not assistance is acceptable can create real and insurmountable barriers for some communities. For example, a lack of Sharia compliant loans can present a barrier for Muslim communities because the collecting or paying of interest is prohibited under Islamic law.

Indeed, research by the Joseph Rowntree Foundation showed that cultural and religious norms had the potential to influence whether people from BAME backgrounds would access state assistance.

For instance, they found that Pakistanis showed a negative perception of credit which was heavily influenced by their Islamic faith.



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"The Asian Business Chamber of Commerce based in Birmingham, reported that from the beginning of the lockdown in March to the consultation in June, a significant proportion of the businesses owners that approached their helpline service needed help with completing applications for COVID-19 financial assistance. There was widespread confusion about what funding options are available. Business owners also report struggling with the application process itself. In fact, in some cases desperate business owners had previously resorted to paying third parties to help with applications before approaching the Chamber.

Some Asian businesses have struggled to access the right information, either because there is a language barrier or because they do not generally use mainstream media channels and missed messages about coronavirus business support. In addition there were widespread misconceptions concerning available grants, many business owners erroneously believe that they would be forced to re-pay any money received."

Anjum Khan, Asian Business Chamber of Commerce.

9. Banking Issues

Many BAME business owners encountered banking problems when trying to access government funding. This was despite the government calling on banks to relax strict criteria in order to make finance more accessible to companies during the lockdown emergency. Unfortunately BAME business owners report that they found that these criteria were almost universally adhered to by the banking sector.

Underserved

Critically the pandemic shone a spotlight on the history of structural and systemic barriers which have meant that BAME business owners have been underserved by the Banking system for decades.

The legacy of this has been the development of a record of negative experiences and mistrust of the sector backed up by third party reports that highlight that banks have not had a strong track record of supporting BAME led enterprises.

Fairer Alternatives

There was a significant consensus that BAME business owners would like to see change. They do not think that it is reasonable to continue with a banking system that has consistently failed to serve their needs and are calling for policy makers to address this. There are also calls for the exploration of a fairer system of finance either through alternative accessible arrangements with existing lenders or access to finance via alternative organisations with a history of more supportive financial relationships with BAME business owners. Alternative lenders such as Credit Unions, Community Development Finance Institutions (CDFI), as well as local and culturally specific arrangements were discussed. The view was that these types of organisations are more likely to have an understanding of the needs of BAME led businesses and so may be more supportive and likely to approve lending.

"The BAME community is one of the hardest hits in this pandemic and what is needed is community focused support that takes into account the norms of that society. The approach of a one size fits all cannot work here."

Shah Athar, UK Curry Connect.

"I am disappointed that the government didn't provide a Sharia-compliant funding resource."

Business Consultant, London.

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Signposting and Capacity Building

Hand in hand with access to funding is a need to provide support and guidance to enable BAME business owners to successfully navigate funding applications and to help them to build the capacity which would allow them to successfully meet the requirements of funders. There was also a call for accelerator business support to enable BAME business owners to get the support that they need to maximise finance options to enable them to scale and grow. They also call for a network of decentralised community partners with good local and cultural knowledge to provide tailored signposting, guidance and support.

Customer Service

BAME business owners reported severe customer service problems that created barriers to accessing funding including bank telephone helplines and emails remaining unanswered for hours and even days. Business owners also report long delays in getting face to face appointments or being told that they were simply not available because many branches were closed.

There were also complaints that some banks were favouring their own customers which left business owners whose banks were not directly involved in the government's funding measures struggling to access funding.

The general consensus was that these customer service issues reflect the unrealistic expectations on banks to be able to deliver new measures immediately after they were announced without adequate time for prior planning. It became clear that during the first few weeks of the lockdown a key issue was the unprecedented volume of applications for support which quickly overwhelmed the banks' capacity to respond. It also underlines a key rationale behind why some BAME business owners called for the provision of alternative pathways to funding to meet their emergency needs during the pandemic.

"Make it easier for BAME business to obtain finance. not only in difficult times, but all the time."

Director, Fitness Business.

"Bounce Back Loans from the government were routed through the banks ignoring the Community Development Finance Institutions (CDFI) and Credit Unions set up to serve underrepresented businesses. This is a potentially huge long-term problem, as the banks will not continue to serve these businesses post COVID and the CDFIs and Credit Unions are being starved of their customers and put at risk?"

Tom, Technology Entrepreneur, London.

"There is a need to use different measuring tools for BAME business people to enable them to access funding. Governments or banks should partner with credit unions to enable access as this facility as the preferred option for BAME individuals who are often turned away from main stream banks and do not fair well in their framework of services."

Director of Finance and Investment Business, London.

Transparency and Accountability

There were also calls for greater transparency and accountability about the amount of assistance that BAME business owners have received during the crisis. Professor Monder Ram director of the Centre for Research in Ethnic Minority Entrepreneurship calls for greater accountability:

"No one is keeping track of progress. We need to keep banks' feet to the fire. Minorities feel they are less favourably treated. So, they get discouraged and exclude themselves by not applying. Lenders needed to seek out these entrepreneurs, provide mentoring and point them to support networks."

Chapter 3: Impact of COVID-19 on Finance

Perspectives on Future Support

The COVID-19 emergency provides the opportunity for policy makers to address the deep rooted issues which create barriers to BAME business owners accessing effective financial services. These issues have remained unresolved for decades despite being widely reviewed and reported with multiple recommendations that have failed to deliver sustainable results. In the meantime, the structures and systems that continue to reinforce and control who can get access to business finance.

"It was a very difficult process which took far longer than it should have. I applied for CBIL as soon as it was introduced, however like always, banks were not helpful. Email replies took a week to ten days and phone calls could take hours to get through. Even when you got through the person on the other end was as much help as umbrella without fabric on a rainy day! Finally once the BBL was launched we got somewhere. Again, that isn't help, it's a loan with interest that needs to be paid back at a time when realistically no one in their right mind would borrow. Also I question why the banks are allowed to make money from us at this difficult time."

Owner of Education and Business Consultancy,
Brighton.

Address Access Barriers

During the consultation it became clear that BAME business owners are disappointed that long standing barriers to finance seem to have been overlooked during the COVID-19 national emergency. As a result, they are asking policy makers to urgently address these and open up pathways to the government's emergency financing measures to mitigate against existing barriers.

Moreover, it became clear that BAME business owners are also asking for more fundamental changes in the default operating models of key institutions such as high street banks. Widespread disappointment was expressed about

their failure to modernise and adapt to a multi-ethnic business community in order to effectively serve their cultural and business needs.

Call For Consultation

The APPG for BAME Business Owners is calling for an urgent consultation with key stakeholders to enable the development of financial support measures that are calibrated to open up accessible pathways for BAME entrepreneurs during the COVID-19 emergency.

This consultative approach would go a long way toward building the confidence of BAME business owners.

It would also provide an important forum to enable ongoing dialogue to provide the critical information and understand for policy makers to enable the development a sustainable package of transformational measures.

"The government should encourage ethnically diverse representation on funding decision-making bodies. A good first step would be...to include other underrepresented founders."

Tom, Technology Entrepreneur, London.

Shorter Term Measures

Urgent short and medium term measures are required to enable BAME business owners to access emergency finance in order to survive and minimise debt and insolvency. A key ask was is for the government to provide a flexible framework of measures with accessibility at its heart to reduce rigid qualification barriers that exclude many BAME business owners.

Longer Term Measures

In the longer term a wider paradigm shift is required to provide a fit-for-purpose accessible model of financing to enable BAME led businesses to scale up and maximise their potential. A key objective would be to deliver the seismic shift that is required to enable the levels of access to finance and investment that would maximise their potential to support the growth of the UK's economy.

Chapter 3: Impact of COVID-19 on Finance

Key Recommendations include the following:

Flexible and Tapered COVID-19 Support

In a move away from a reactive 'one size fits all' approach to the COVID-19 crisis, the BAME business community ask for a proactive framework of financial measures that can be adapted and tapered to meet business cash flow requirements whilst allowing time to rebuild revenue levels as customer confidence and spending grows. This approach would enable more sector specific support with the scope to provide business owners with additional support if a second wave required more stringent lockdown measures. An important feature of a flexible package would be its adaptability and ability to be stepped up or down over time to meet the diverse needs of different types of business.

Examples of the type of support required include more tailored measures such as grants for social distancing measures, flexible VAT payment and rent-free periods to help businesses that are grappling with lower cashflow from reduced consumer spending due to social distancing measures.

Meet Capacity and Cultural Needs

BAME business owners are a diverse group with very different skills and abilities. A tailored approach is required to build confidence and increase engagement. Clear sign posting and the provision of explainer 'How to' guidance in a variety of accessible formats would help to reduce confusion about available funding and build capacity to better navigate funding applications. Simple practical measures such as alternatives to internet applications and foreign language options would provide much needed avenues for business owners who have struggled with these types of practicalities. Financial guidance and support by advisors trained to build capacity and deal with the needs of BAME business owners was a critical request.

Signposting and Support

Hand in hand with access to funding is a need to provide support to build the capacity of BAME business owners to successfully identify and navigate funding applications. A network of decentralised community partners with good local and cultural knowledge, to deliver tailored signposting, guidance and support would be key to this strategy.

Alternative Funders

BAME business owners call for the provision of a wider range of options for accessing funding as an alternative to high street banks. They are particularly interested in finding options via alternative organisations that have a track record of support for BAME business owners such as credit unions and Community Development Finance Institutions. In addition, culturally appropriate services such as Sharia compliant funding would also enable more BAME business owners to benefit from emergency funding. A well sign posted network of accessible local community based pathways to support was also flagged as essential to improving access and ensuring that funders have a good understanding of regional issues.

Ring Fenced Funding

A key ask is for the provision of ring-fenced funding for start-ups and scale ups as a part of an inclusive strategy for growth. This measure would work best with capacity building initiatives that require banks to provide sign posting to "gate way" services that enable BAME business owners to build the required credentials to qualify for traditional financing and investment.

Transparency, Engagement and Consultation

A lack of trust and confidence was an important underlying theme in discussions about access to funding. The historic systemic and structural issues that have created barriers to accessing finance has left its mark leaving some BAME business owners demotivated and unwilling to apply for funding even when they need it. Clearly this issue needs to be urgently addressed.

Greater transparency and accountability were called for to require financial institutions to report on their lending and investment levels to BAME business owners. They also ask for reporting to include information about actual action taken including targeted initiatives to improve service provision and funding levels.

The ultimate objective of this approach would be to create a strategic paradigm shift that would lead to better financial services provision to BAME led businesses to ensure that they are able to bounce back post-COVID and maximise their potential to scale up and help rebuild the UK economy.

Chapter 3:

Impact of COVID-19 on Business Support

BAME Business Challenges During the Pandemic

This consultation flagged up the fact that BAME business owners were disproportionately impacted by problems with accessing timely business support. The professional advisors and peer networks that they generally refer to for support and advice, were also largely unavailable during the early part of the lockdown. As a result of these difficulties some BAME business owners reported not being able to access the guidance and support that they needed to enable them to successfully identify and access the government's business support measures.

Underserved and Underrepresented

The COVID-19 emergency shone a spotlight on the fact that BAME business owners have historically been underserved and underrepresented in mainstream business networks. This is particularly the case with mainstream membership based business support organisations.

The pandemic, did not resolve this historic lack of engagement. So despite the fact that many business support organisations provided freely available information and advice via their websites, many BAME business owners reported a lack of engagement with them and complained about a lack of awareness about where to turn for credible help and advice. A key problem was the fact that many BAME business owners did not have pre-existing relationships with business support organisations and so, during the coronavirus national emergency, they were reluctant to establish new untested relationships with them.

Mainstream Business Support

The key mainstream organisations include the Federation of Small Business (FSB), British Chambers of Commerce (BCC), Institute of Directors (IOD) and Confederation of British Industry (CBI). These organisations generally require a fee based membership subscription. However during the COVID-19 national emergency, the information that they provided was largely internet based and apart from subscriber seminars where business owners needed to book

with a membership number, the information provided via their websites was freely open to non-members.

Other mainstream providers include England's 38 Local Enterprise Partnership (LEP) Growth Hubs which provided a variety of free COVID-19 support services to local businesses. These services range from sign posting to the government's information website through to dedicated helplines. Their national website www.lepnetwork.net provides signposting to the local websites of regional services; however, at the time of the consultation, these appear to be a lottery with some local websites only offering links to the government's official information website, whilst others provide dedicated hotline services offering one to one support for business owners.

"For an experienced BAME business, that focuses on researching information from government sources, networking, due diligence and having a reasonable relationship with our banks, the process was straightforward. However, if a BAME business, is new, or not familiar with the workings of the government and lacks support from networks, the simple process, is difficult. Sometimes, the language of government, needs to be demystified, made simple with support as banks could be very unhelpful. I would recommend such business, be made aware to network, with other more experienced businesses, and possibly, get or seek professional advice. Pop up assistance via the local councils, can be helpful. We were able to successfully get the Bounce Back Loan after we found out about it through our networks, and from regular newsletters and updates and our bank."

Salome Ahenkora, Tour Operator, Essex.

Chapter 3:

Impact of COVID-19 on Business Support

Experiences of Government Support Measures

1. BAME Business Perceptions

BAME business owners report a lack of engagement with business support organisations. The extent of the lack of engagement varies between organisations and from region to region. However, there are some key themes that BAME business owners report about their perceptions of mainstream business support organisations including:

- **A lack of knowledge and confusion** – BAME business owners report a lack of awareness about mainstream business organisations and their service offerings. They also report being unclear about whether the information that they provide is relevant to non-members during the COVID-19 emergency.
- **A lack of confidence and trust** – BAME business owners report not knowing which organisations to trust for credible information and advice during the lockdown. To some extent this is due to the fact that they report not having enough information and/or experience of dealing with mainstream organisations before the lockdown.

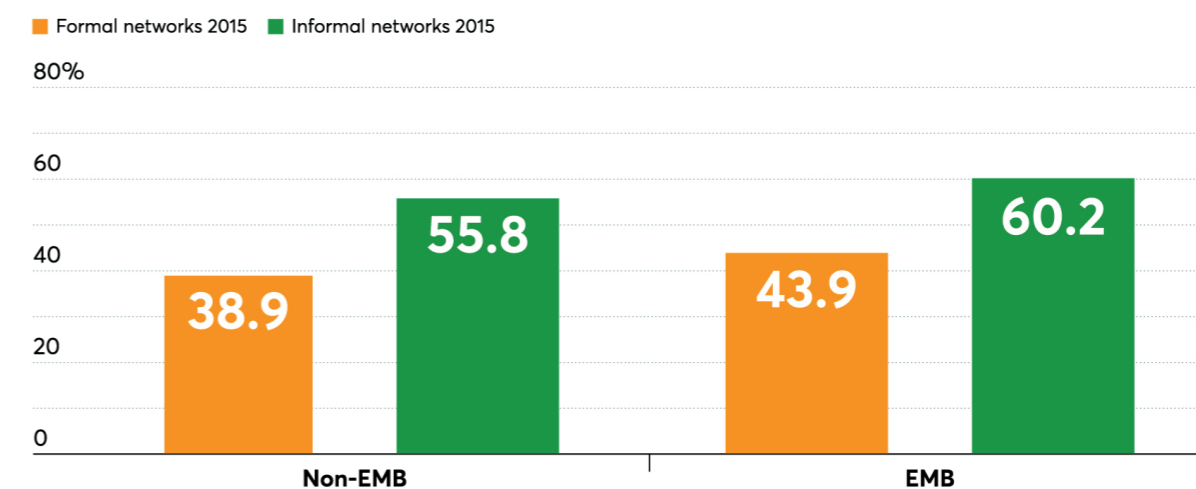
Research by the European Commission Enterprise and Industry Directorate found that, in general, migrant and

ethnic entrepreneurs prefer trust-based relations (e.g. with accountants, tax consultants, lawyers) with persons from their own ethnic group. They also found that in general migrant and ethnic minority businesses tend to rely less on formal help and support providers than the average business. They also prefer informal networks for obtaining information and assistance. To some extent this is due to a lack of knowledge and to some extent it might also be a matter of choice as a result due to a lack of trust of advisors from mainstream support organisations.

"My social enterprise supports a lot of BAME businesses that tell me that they didn't know where to seek credible business support to help them deal with the pandemic. I don't understand why there are not more options for support from local agencies rather than a centralised one-size-fits-all form of help. It is also clear that to be able to truly meet the needs of BAME business owners they need to provide more tailored support to meet cultural and religious differences."

Ammar Mirza CBE, Asian Business Connexions, Newcastle Upon Tyne.

PROPORTION OF SMEs ENGAGED IN FORMAL AND INFORMAL BUSINESS SUPPORT NETWORKS, SPLIT BY EMB v NON EMB



Source: The Centre for Research in Ethnic Minority Entrepreneurship - Unlocking Opportunity Report & FSB - July 2020

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"Business advice and support has to be relevant to the needs of BAME businesses. Therefore, it is important to ensure that any individual providing this support must have Inter Cultural Competencies and that they can relate to the needs of the BAME business. This is not something unique as the same criteria needs to apply to any business seeking advice."

Business Programme Manager, London.



"With limited funds for business support services to support enterprise and the focus on recovery and resilience-how can entrepreneurs still be supported by local Growth Hub LEP?"

Business Growth Manager, London.

"Perhaps, as well as future funding you could add business support and mentoring."

Salome Ahenkora, Tour Operator, Essex.

"Our community needs funding but also capacity building and strategy development business support. We need resources to encourage skills training. Local government should be resourced to provide localised business support and training."

Isi Inyang, Owner of International Trade Business.

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- **Lack of tailored support Service** - a key issue was the lack of provision of tailored business support for BAME business owners. They did not engage with the 'one size fits all' approach to business support provided by most organisations because it was perceived to be irrelevant as a result of it not being tailored to meet diverse cultural needs or address the business barriers that BAME business owners face.
- **Lack of signposting** - the pandemic also flagged up the urgent need for signposting and local pathways linked to BAME business civil and faith groups as well as business communities. These connections would facilitate the ability of BAME business owners to easily find business support and/or other resources
- **Lack of Cultural Competency** - the lack of cultural competency of mainstream business support organisations became even more pressing as early on anxiety levels rose, it became clear that the coronavirus disproportionately impacts BAME people causing higher death levels. The lack of information from official sources about how to mitigate the higher risk levels has been compounded by a lack of culturally sensitive business support services
- **Not representative** - the membership networks of mainstream business organisations are perceived as not being inclusive which causes some BAME business owners to report to feel unwelcome. Furthermore, the lack of diversity amongst their leadership teams and business support staff are factors which reduces confidence in their ability to address or to understand the barriers that they face.
- **Not qualified to support BAME business owners** - during the pandemic a key issue was the inability to find business support services that were tailored to meet the specific needs of BAME business owners. This omission was compounded by concerns that business advisors are not required to meet a nationally accredited professional standard so that BAME business owners can be confident that they have the appropriate business and cultural competency to serve their needs. Without this level of professional competency there is little confidence that services are truly inclusive.

Perspectives on Future Support BAME Business Owners call for:

1. Provision of tailored business support to enable them to access business support from advisors who are trained to deal with the additional structural and systemic barriers that they face.
2. Provision of funding, training and accreditation to enable business support organisations to build their cultural competency and capacity to provide relevant and effective services to the diverse range of BAME business owners
3. Provision of clear signposting to qualified and culturally competent business support organisations via a central database
4. A dynamic two-way relationship between business support organisations and ethnic minority communities through outreach and consultation to build up credibility and trust of business support providers
5. Collaboration with representatives from ethnic minority businesses to build knowledge of local and regional business sectors
6. Employment of business advisors, coaches and trainers from ethnic minorities and migrant communities to increase the diversity and credibility of business support organisations.
7. Research to build a knowledge base of the key issues and challenges that BAME business owners face to inform policy and business support providers
8. Requirement for business support organisations to publish key performance indicator information about their services. Also increase accountability by linking key performance indicators with user outcome targets which include a specific focus on business start-up and growth
9. Bursaries - provide business development bursaries for BAME business owners to encourage engagement and adoption of business support services
10. Support an inclusive economic development strategy by ensuring that business support organisations provide integrated rather than stand-alone services for ethnic minorities and migrants are not.

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"In order to build confidence, there is a need to develop a professional standard qualification for business support organisations so that they can develop their capacity to deliver effective services for BAME business owners. What we need is a nationally recognised and accredited standard with an organisation such as Small Firms Enterprise Development Initiative (SFEDI)."

Susan Bedward Midlands Business Leadership Academy, Birmingham.

Good Practice COVID-19 Business Support

During the pandemic many business support organisations provided additional services for business owners. However, there were some notable provisions that were tailored to meet the needs of BAME business owners. These services provide useful models of innovation and good practice of how to provide relevant and useful support measures for minority led businesses.

• Asian Business Chamber of Commerce

The Asian Business Chamber of Commerce based in the West Midlands opened up their normally membership only services to all businesses regardless of their membership status. This service included the creation a dedicated helpline with multilingual business advisors to provide information on how to complete funding applications. Advice and guidance were provided in a range of languages, including, but not limited to, Urdu, Punjabi, Bengali and Bangla.

• British Library Business and IP Centre

The British Library Business & IP Centre National Network provided accessible information and support services including free and low-cost workshops to business owners. Between the beginning of the lockdown on the 23 March and the date of this consultation on the 8th June they delivered:

Over 175 webinars

Over 150 1:1s advice sessions with business owners

Provided support to over 5,000 people

- They conducted ongoing monitoring of the ethnicity of their users and found that 34% were BAME. Their model of service provision "has been very successful with BAME business owners and women because as well as its range of excellent free and affordable business services, its strategy of outreach to local communities through its national network of 14 business centres situated in regional public libraries has been very accessible to local business communities.

• African Business Network

The African Business Network (ABN) provided responsive business support to assist their members who needed support with accessing information and deciphering which funding provision was appropriate for them. ABN organised an information webinar and hired a financial consultant to answer queries and talk to members about the various COVID 19 grants and support from government available to them.

"We found widespread confusion about the range of funding options and that many business owners struggled with the application processes due to language and technological barriers. Some business owners had been so desperate for help that they paid third parties to complete applications before having approached the Asian Business Chamber of Commerce."

Anjum Khan, Director, Asian Business Chamber of Commerce, Birmingham.

"Democratising Entrepreneurship" is a strategy of providing good quality business services and tailored advice in the heart of local communities to builds confidence amongst local business owners and make them more accessible"

Isabel Oswell Head of Business Audiences, Business & IP Centre, British Library, London.

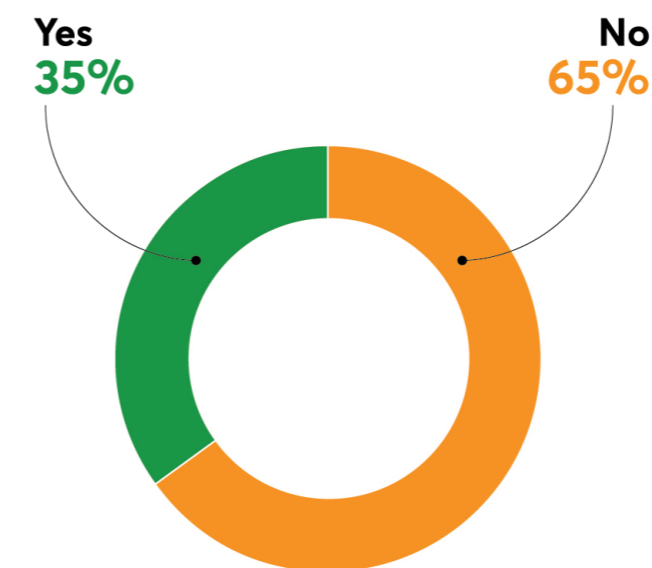
Chapter 3: Impact of COVID-19 on Access to Information

BAME Business Challenges During the Pandemic

A central thread that ran through the consultation were the problems that BAME business owners experienced when trying to locate and access clear and relatable information about the government's response to the COVID-19 pandemic. A poll of attendees which asked whether government guidance information about COVID-19 measures were clear enough found that 35% did find it clear enough but a 65% majority did not find it clear.

Poll Result

Did you find government information about COVID-19 measures clear enough?



The COVID-19 emergency highlighted the need for an information strategy to enable greater engagement and reach. This was particularly important during the lockdown emergency when critical messaging needed to reach everyone as quickly and clearly as possible.

A major issue was that the government's public information strategy was found to be overly generic and centralised making it less relatable for different cultures, sectors and regions. Of particular concern was the lack of specific tailored health and safety guidance for BAME business owners. They expressed anxiety and disappointment about this critical issue as it became clear early on in the pandemic

that BAME people faced a disproportionately higher risk of death from the coronavirus.

Other key concerns included confusion as a result of a lack of clarity and guidance about how to interpret the government's financial support and social distancing measures for individual business circumstances.

Key Facts

*The Association of Convenience Stores report that across the UK 41% of independent convenience store owners are Asian, with 66% in London and 53% in the Midlands, 18% speak Punjabi, 10% speak Hindi, 9% speak Gujarati and 5% speak Hindi.**

Experiences of Government Support Measures

BAME business owners complained about the government's generic "one size fits all" public information strategy which did not meet their very diverse language skills, cultural traditions and customary methods of communicating amongst the different ethnic groups.

Centralised, monocultural and generic messaging lacked cultural sensitivity and so emergency messages did not engage and reach the breadth of BAME business communities as intended. Many business owners complained about a lack of clarity about the vital elements of the government measures especially as a result of the sometimes complex language used. BAME communities are also more likely to have language and interpreting needs that may limit their ability to access information. Diverse BAME business communities may also access public information through a range of culturally specific media and channels from newsletters and newspapers through to cable TV and digital radio. They are also heavily reliant on faith and community peer to peer networks as trusted sources of information. Information did not reach and engage a result of:

- **Lack of translations** – for BAME business owners for whom English was a second language
- **Use of jargon** – rather than laymen's language making it less accessible
- **Assumed IT skills** – which was problematic for people without technical skills

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- **Assumed access to the internet** – which was a barrier during lockdown when people without access at home when business premises were closed and other civic options such as libraries were inaccessible.
- **Provided no support or guidance** – to assist with navigating the government's measures of for deciphering the application process for those that needed it
- **Unnecessarily complicated information requirements** - for some applications such as the Coronavirus Interruption Loan Scheme (CBILS)
- **Not enough detail** – to enable BAME business owners to interpret guidance for their individual businesses

"We need help and advice on how to make all employment spaces COVID secure? Not every understands responsibilities under new government guidelines."

Business Manager, Tower Hamlets, London.

"I would take all steps to be COVID safe if I knew what that was. The 43 page guide is as useful as cactus in my pants. Example, how on earth is an independent small outlet supposed to securely store individual info of all customers visiting? Or how are we to determine if those dining together are allowed to dine together as in same household and so on? Or that the toilet needs sanitising after every use! Who's going to pay for all the extra staffing that this will need, it certainly won't be covered by the already reduced capacity. it's a small margin at full capacity and regular staff numbers!!!!"

Takeaway Owner, Bristol.

Perspectives on Future Support De-centralised and Syndicated

BAME business owners call for a move away from a generic "one size fits all" communication strategy that cannot meet their diverse cultural needs. Instead they ask for the development of a syndicated multi-channel public information strategy to enable critical government messaging to be tailored to the needs of the diverse business communities.

This decentralised strategy would enable information and guidance to be disseminated via multiple communication channels with culturally sensitive information in the format and appropriate language required to ensure higher levels of comprehension across the whole community.

Need for Diverse Communication Channels - Adapt, Reach and Deliver

The development of a decentralised local and regional network of culturally partnerships with relevant community leaders and agencies will enable the creation of culturally appropriate information outlets and channels. These outlets will be closer to community organisations and therefore more likely to be trusted in their neighbourhoods. As a consequence they will be better placed to appropriately adapt and effectively reach and deliver key government messages and meet the needs of these communities.

Emergency Planning

As the COVID-19 consultations unfolded it became evident that to enable the government to deploy urgent messaging that can effectively reach all sectors of the business community, it needed pre-laid plans for a syndicated communication strategy that was:

- Incorporated into the government's wider emergency planning strategies
- Provided an effective template for a framework of key central messages, rather than one generic one to enable them to be accurately adapted and tailored to make them more accessible to diverse communities
- Calibrated to suit the different formats and different preferred community based media channels, cultures and languages

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- Funded to support the deployment of the communication strategy via a syndicated network of regional and community partners to ensure an efficient and properly resourced local and regional messaging system

"We need more in languages and to make leaders of different faiths help to spread the knowledge more. We all have to take responsibility as well."

Café and Takeaway Owner, London.

Two Way Consultation

The weaknesses in the government's information strategy hampered its ability to effectively reach and deliver key messages to some sections of the BAME business community, due in part to a lack of consultation of these communities. This lack of communication means that vital community knowledge and connections had not been made prior to the emergency to enable prompt, efficient and tailored urgent public messaging to reach and engage diverse communities.

All Party Parliamentary Group for BAME Business Owners - Consultation

Prior to the COVID-19 pandemic, the All Party Parliamentary Group for BAME Business Owners had recognised the need for greater consultation and representation of BAME entrepreneurs. Key objectives were to provide BAME business owners with a representative voice and to facilitate a two way communication between grassroots business owners and policy makers to raise awareness of the key issues and priorities.

As a consequence, this consultation aims to establish a precedent for a national consultation which both provides a forum for BAME business owners to raise awareness of the key issues that they face; and also to provide policy makers with critical information about BAME entrepreneurs in order to facilitate a more inclusive approach and maximise their potential to contribute to the success of the UK's industrial strategy.

"We are living in uncertain times at the moment where things are changing constantly, so it is important to reach out to the communities and review how they are getting on in order to understand what level of support could be required rather than leaving them to their own devices. We want to avoid businesses from closing down by being proactive rather than reactive as by then it would be too late to offer any support."

Restaurant and Takeaway Owner, Birmingham.

"Government guidance started too late. It was straightforward at the start and then became unclear and confusing. The guidance for hospitality could have been released earlier like Ireland, this would have given more time to prepare as I feel businesses are rushing for the 4th July. I cannot open then as there is too much to do to follow guidelines and make my place safe and secure."

Takeaway Owner, London.



Chapter 3: Impact of COVID-19 on Sectors & Regions



BAME Business Challenges During the Pandemic

This consultation was aimed at a national audience and so efforts were made to engage with regional representatives after the consultation event to get feedback from a range of BAME business owners from across the UK. This included telephone interviews with key business community representatives based in: Newcastle upon Tyne, London, Bristol, Birmingham and FSB Wales representative. This part of the consultation is limited in scope and so to widen it a literature review was also conducted.

The findings are qualitative and limited in scope but they flag up the need for further research to ascertain a more detailed picture of the range of issues that BAME business owners face in different sectors and regions. However the findings indicate that some sectors and regions have been more adversely affected than others by the COVID-19 national emergency.

"Some of my colleagues translate the NHS message in different languages and we shared this on our social media platform. Just today, we have translated in Urdu, Punjabi and Bengali information for the community about business support that is available in the Greater Birmingham and Solihull area."

Anjum Khan, Asian Business Chamber of Commerce.

"Our members are restaurant owners and takeaway owners that are still trying to work out how to interpret the social distancing guidelines. Typically, they ask questions about how to interpret government guidance about issues such as what to do if a venue has fixed seating that can't easily be moved or what to do when customers are required to sit side by side on benches or in cabin style seat. We also get a range of other practical queries about whether takeaways and restaurants are required to provide single use or digital menus or for more details around the correct protocol for using disposable gloves when serving."

Moslek Uddin, UK Curry Connect.

Chapter 3: Impact of COVID-19 on Sectors & Regions

Access to Data

Access to detailed disaggregated data about the impact of COVID-19 on BAME led businesses is not currently available. As the emergency continues to unfold it will be critical to assess the fate of these enterprises and in particular to quantify the number that have been forced to close as a result of the pandemic. Access to data would give a clearer picture of what is happening to BAME led businesses on a regional and sector level. As a result, it is apparent that there is an urgent need for detailed quantitative and qualitative research.

Sectors

The current crisis has hit some sectors more severely than others with particular difficulties for sectors that require proximity to customers such as retail, hospitality and transport which BAME business owners are heavily represented in.

The Institute for Fiscal Studies found that certain minorities, in particular Pakistani and Bangladeshi workers are heavily concentrated in sectors that have been heavily hit such as taxi driving, and hospitality. They have also had to face more difficulties as a result of the cost of social distancing rules which compound the difficulties that some BAME business owners report about accessing government financial support. The financial difficulties have also impacted household incomes since many BAME men who work in these sectors are also more likely to be the sole earners in their households.

Longer to Bounce Back

There is a need for a flexible range of measures to accommodate those businesses and regions that may not deliver a 'V shaped' recovery and may take longer to bounce back. Indeed, the Institute for Fiscal Studies report that sectors such as restaurants, hospitality and personal services face the prospect of lower earnings and that going forward, local areas with a greater share of workers in these sectors are more likely going to experience greater economic distress because of the crisis.

In the first half of May, the hospitality sector had the largest proportion of its workforce furloughed, at 83%. Other sectors that were heavily hit including the arts, entertainment and recreation sector has had a 63% fall in turnover.

The picture for general retail was mixed with sales from March to June decreasing by 9.5% whilst food sales rose by 5.3% higher and internet sales went up by a dramatic 53.6% as consumers switched to internet sales.

"From the moment the prime minister told the public to avoid restaurants, and this was a week or two before lockdown. Business nose dived!!!!"

Takeaway Owner, Bristol.

"UK Economy returning to Normal", will be good for everyone - However in case of a recession, it is predictable that BAME communities will have a worse outcome both in relation to businesses and employment opportunities. Is it possible to take any preventative measures in place to protect livelihoods?"

Business Coach, Birmingham.



Chapter 3: Impact of COVID-19 on Sectors & Regions

Targeted Measures

There is a need to provide targeted support to address the disproportionate regional and sectoral issues which BAME business owners face. Henry Overman Professor of Economic Geography at the London School of Economics argues that there is a need to target immediate support through existing mechanisms to reach people who are most vulnerable to the impacts of the current crisis.

Doing this will also help the most vulnerable communities where these people live. Arguably this approach would also go a long way to towards addressing the inequalities that BAME business owners and their communities face.

Regions

Many aspects of the government's emergency response strategy have been coordinated at a central level but on the ground the pandemic has been managed and delivered at a regional level. However, there are challenges.

The current crisis may well exacerbate existing regional inequalities. Key regions that have been hardest hit are host to significant populations of BAME business owners. The largest concentrations of BAME business owners are based in Greater London, the West and East Midlands, North West England and West Yorkshire. The Office for National Statistics reports that nine of the ten worst affected local authorities are in the Midlands or the North West.

This situation has been further exacerbated since some urban areas with larger self-employed ethnic minority populations, such as the midlands and the north, have had spikes in infection rates which, since this consultation has led to targeted local lockdowns. As a consequence, the impact on struggling local businesses and ethnic minority communities continues to be severe as a result of the fact that many of these communities are areas of high social deprivation. A key local concern has been the potential stigmatisation of ethnic minority communities. There have also been reports about inadequate information sharing about infection rates with local health authorities and community networks.

"The government must devolve its policy to localised needs within the regions. A one-size-fits all simply does not work as there are competing priorities and challenges to each locality that are distinctly different across England. A Pakistani business person in Newcastle does not necessarily have the same experiences, needs or wants as that of a Pakistani business person in Bradford or Birmingham. Any approach taken to support local BAME communities needs to be considered and evidence based, factoring in localised established groups—community, religious, and business—to engage and co-create support programmes. A "done with, rather than done to" approach that ultimately mainstreams the support offered so that there is no need for BAME support to be any different to generic support. However, must factor in religious and cultural considerations."

Ammar Mirza, CBE, Asian Business Connexions, Newcastle upon Tyne.

Reboot Local Industrial Strategies

To rebuild these regions, post-COVID, BAME business owners are calling for an urgent reboot of government plans to develop local industrial strategies to create new opportunities for business innovation by building on existing regional business capabilities and specialisms.

Direct Involvement in Development Plans

An important consideration is the need for community partnerships to ensure that BAME business owners are directly involved and consulted in regional redevelopment plans to deliver a truly inclusive local development strategy. Critically this approach would be better placed to maximise the potential of the whole of these business communities.

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Sector Support

BAME business owners ask for a flexible package of measures that can be applied differentially to meet the needs of diverse business sectors. A move away from a 'one size fits all' approach and the creation of a framework of measures that can be adapted to meet the different needs of each sector and the range of requirements for individual business owners. A multidisciplinary approach with access to business support and access to tapered financing would be an ideal approach. In addition, the creation of additional support through measures such as business tax relief, VAT and rent holidays to help with cash flow would be welcome to prevent firms from hitting a cliff edge.

Intersectionality

Many groups have experienced disproportionately negative impacts during the pandemic. The intersectionality of key identity characteristics and personal circumstances can significantly impact the experiences and outcomes for BAME business owners. Any combination of traits including gender, disability, sexuality, age, health, location and educational background are just some of the factors that can intersect with any other traits such as ethnicity, religion and class which in turn can influence how the individual experienced the emergency.

BAME Business Women

BAME business women have been disproportionately hit by the COVID-19 measures. In research published by the Fawcett Society BAME women report that 4 in 10 of them would struggle to make ends meet over the following three months when compared to white women. Additional factors showed that BAME women workers are particularly vulnerable to the economic impacts of the pandemic but there is limited access.

"With a crisis in the hospitality industry, will the government reduce or make VAT Zero rated like other nations in the world?"

Business Consultancy, London.



"Restaurants need help with bringing staff back part time on the Job Retention Scheme. No VAT so we can plan a menu price. If I, staff or customers catches the virus and via the track and trace, we have to self isolate for two weeks, I will not be able to reopen again as I am only able to open again one more time, it's the last chance or I have to find a job without any more savings. Support for this outcome needs to be considered."

Restaurant Owner, London.

"Post CV19 When will there be clear distinction mandatory regulations and guidelines that are Sector specific. We need timeframes and signposting to available support."

Business Coach, Bristol.

"Going forward the arts sector needs more core funding especially for the BAME led grass roots organisations so that we can become more sustainable and resilient. So often the large companies get this support."

Arts Development Manager, Oxford.

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Structural disadvantages that BAME female entrepreneurs face mean that they have been disproportionately impacted by qualification restrictions that mean that they have not been able to access government funding. For instance, they are more likely to be disqualified from government schemes such as the Self-Employment Income Support Scheme (SEISS) since they are more likely to continue to work as an employee when they commence a business enterprise or become self-employed.

More generally women make up large portions of the self-employed and part-time workforce due to the compatibility of such work with caring responsibilities and are more likely to run businesses in sectors where social distancing is more difficult and so are more likely to be subject to longer term restrictions.

However, the absence of gender and race disaggregated data about BAME female entrepreneurs during the COVID-19 crisis means that the statistical evidence needed to enable detailed analysis is a significant barrier to policy makers and reflects a tendency to ignore BAME women from narratives about BAME led or female business. This flags up the urgent need for additional research into the impact of the pandemic and wider issues that impact BAME female entrepreneurs to enable a more target approach to their needs.

Impact on Young People

The impact of COVID-19 on young people has been dramatic. The lockdown has led to them suffering the highest unemployment rates and across the board loss of educational and training opportunities. Furthermore, there is a longer term concern that this generation of young people may suffer long-term scarring on their careers as a result of entering the labour market at a time of severe recession. 44% of 18- to 24-year-olds lost their income, compared with 36% of 55- to 64-year-olds and 11% of over-65s.

Young people from BAME backgrounds have long been documented as being disadvantaged in comparison to their non-BAME peers and the COVID-19 has only aggravated this situation. There are reports of the disproportionate social, economic, and psychological impacts on them and their communities.

Data from one of the biggest providers of NHS-funded online mental health support shows that this continues with the mental wellbeing of children and young people of BAME origin having been affected disproportionately over the last three months compared with their white counterparts. The higher risk of BAME people dying is a key issue behind the rises in anxiety. – Guardian 21 Jun 2020

The government's Kickstart job creation scheme for young people was announced on the 8th June 2020 and was broadly welcomed. However there have been criticisms that it is late at four months after the start of the lockdown. Moreover, it does not go far enough to provide the specific and targeted support that young people from a BAME background need to address the disproportionate impact of the crisis on them.

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"It is widely recognised and recorded the single primarily effected group impacted by COVID is 18-24 year olds. Within the BAME community young people already feel isolated and alienated. Focusing on young Muslims, a small minority are confused and conflicted by their religion and local environment, particularly in divided communities in the disadvantaged areas within England. This feeling of despair has undoubtedly been compounded by COVID and creating further division. A specific and targeted programme focusing on supporting BAME young people is required. This programme should be co-created with young people and include local role models to positively engage and influence. Recognising that young people are particularly tech savvy, the programme should incorporate technology with a focus on raising ambitions and aspirations. Communities should be galvanised through the promotion of their strengths and helping address any individual weaknesses."

Ammar Mirza, CBE, Asian Business Connexions, Newcastle upon Tyne.

Charity Sector & Community Impacts

Disadvantaged and vulnerable populations are particularly at risk from the direct and indirect impacts of COVID-19. BAME communities in the UK are among the poorest socioeconomic groups.

The sudden increase in pressure caused by the pandemic has impacted BAME communities on a greater scale than other groups, leaving them more vulnerable to deeper financial hardship and marginalisation.

This disadvantage has been exacerbated by the almost systematic underfunding of BAME led charity and social enterprise organisations that work directly with the most

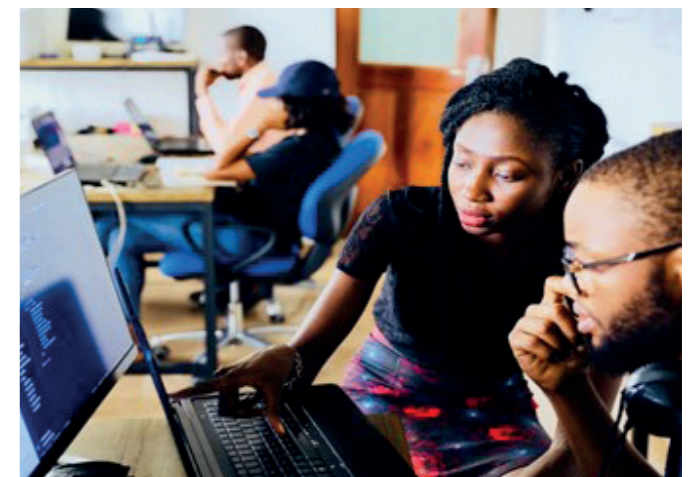
marginalised and disadvantaged BAME communities. The COVID-19 emergency has failed to adequately address this despite the increased need at this critical time. A survey by the Black South West Network found that 83% of voluntary and community organisations were currently unable to deliver services, while 92% expect community needs to increase due to Covid-19.

Government Charity Funding

The Government's £750 million charity funding was met with mixed reviews as BAME led organisations complain that they were either unable to decipher the criteria for funding or found that they do not meet qualification thresholds.

Research from the Ubele Initiative has estimated that without a sharp injection of additional funds, 9 out of 10 BAME led charities could fold as a result of the Coronavirus crisis. In response a campaign has been launched by a collective of BAME led charities - #CharitySoWhite campaign published an open letter calling for funders to ring-fenced 20% of funding for BAME led organisations that support BAME communities.

Funding bodies have shown over many years that they prefer to fund mainstream larger organisations that are often not led by BAME teams. In addition, public sector commissioning processes tend to be overly bureaucratic and unfair. As a result, BAME led not for profits and social enterprises tend to be smaller which often prevents them for bidding for funding at the first stage because their incomes are deemed to be inadequate.



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"In 2019 pre-COVID 19 our social enterprise ProudtoBeme was not successful in any of the funding applications submitted, despite our work being carried out in one of the most deprived and high risk areas in England. We provide personal and career development for vulnerable disadvantaged young people who have been very hard hit by the lockdown. ProudtoBeme began 2020 with very little optimism for the future of the organisation, and then Covid impacted us to the extent that we had to abruptly shut down the face to face workshops we were running in a school in Southwark.

Although it has been recognized that BAME non profits have been severely affected by the impact of the pandemic, we are struggling for the few funds we are eligible for. The bench marks/criteria are unnecessarily high, e.g. based on a particular amount of annual income or trading figures. The large funders such as BBC Children in Need, have constantly refused to fund us, during COVID we applied once again and were declined due to a large amount of applications. (no effective feedback). With some funders , we have met all the criteria but have received very lukewarm feedback.

We are an award winning Social Enterprise with a qualified and professional team of directors, volunteers, facilitators who have also worked with at least four universities. The government's package of measures fall into a similar category where smaller funders struggle to qualify despite us doing emergency response work in our communities during the pandemic."

Lola Owolabi, Founder, ProudtoBeme, Social Enterprise.

"Our charity provides a range of community support services including child care and adult care. We also provide a bi-lingual welfare advice service for those that struggle to access the support they need due to language barriers. We have experienced a lot of and frustration in accessing any support from government for our Youth Project. We have been serving the communities of Rochdale for over 40 years but are struggling now and require some financial intervention. We were not eligible for the small business grant (as a charity) and we are having trouble accessing the BBLs from a bank. Our bank is CAF and they are not listed as an approved Gout lender."

CEO, Charity, Rochdale.



Chapter 4: Recommendations

Conclusions

It is clear that the government's range of emergency support measures were effective at providing assistance to the wider business community as the pandemic emerged. The speed with which these measures were put in place was particularly impressive but, arguably, this haste was at the cost of specific arrangements to meet the needs of BAME business owners.

This consultation shines a spotlight on the fact that the interests of BAME business owners are being systematically underrepresentation at government level and as a result, these entrepreneurs are, too frequently facing policy decisions that directly or indirectly hamper their progress. It also illustrates how the long standing structural and systemic barriers that these business owners have faced continued to play out during the pandemic with some tragic consequences.

The impact of the coronavirus pandemic has clearly illustrated how the omission of a detailed strategy for BAME business interests, including specific emergency planning, has led to a disproportionately negative impact.

Disproportionately high death rates and devastating financial losses are the direct result, not just of the coronavirus, but of a range of barriers created by a lack of accessible financial measures, inadequate 'one size fits all' business support and monocultural public information strategies are amongst the key issues.



There is an urgent need for the interests of BAME enterprise to be represented at the policy table. The main ask is for political representation to ensure that BAME business owners' are properly represented at the very highest levels of government.

Ambitious and Inclusive Forward Plan for UK PLC

Going forward, there is a critical need for political representation of BAME led businesses at the highest levels of government. BAME businesses are key drivers of the UK economy, contributing £25bn annually. At this critical time, when a robust and ambitious recovery plan will be essential post-covid-19; and to enable the scaling up of new international trading links to successfully propel BREXIT trade plans forward, now is the time to harness the potential of all wealth creators by embarking on an inclusive industrial strategy.

A lack of adequate integration of BAME business owners into the UK's industrial strategy, means that the opportunity to maximise investment in upskilling, innovation and growth of this powerhouse of talent is being consistently missed.

Action Plans

In order to equip and inform policy makers with their action plans there is an urgent need to implement a systematic national data gathering, research and monitoring strategy of BAME entrepreneurs and their enterprises. Hand in hand with this is the need for greater consultation of grassroots BAME business owners to inform policy makers and ensure that their policies are appropriately calibrated to meet the needs of BAME business owners. The All Party Parliamentary

Group for BAME Business Owners would be a good place to start. An important impact of this strategy would be to give grassroots business owners a voice and build confidence. Without it, policy makers are severely hampered in their efforts to understand and meet the diverse and sometimes complex needs of BAME business owners, which can be further complicated by regional and sector issues.

To address this issue with the recommended measures would provide policy makers with the data, resources and grassroots engagement levels that they need to plan and deliver an ambitious and inclusive growth policy for UK PLC.

Chapter 4: Recommendations

The government's swift emergency support for business was broadly welcomed, however we discovered structural inequalities which were highlighted by the pandemic, so we have included more general recommendations as well as in response to the pandemic.

REPRESENTATION AT THE HIGHEST LEVEL OF GOVERNMENT

To ensure that BAME business interests are at the heart of the "levelling up" strategy and included in resilience planning for the UK.

HEALTH & SAFETY

Urgently provide tailored health and safety guidance to minimise the risk and enable COVID-secure business operations for BAME business owners. The development of health strategies to include, data collection, risk assessments and monitoring for BAME business owners as well as workers.

NATIONAL SYSTEM OF DATA COLLECTION

Using the resources of the ONS in monitoring and reporting on BAME businesses to inform government. This would provide the critical data analytics required to enable more effective policy making. It would also enable a more inclusive economic strategy and aid allocating resources such as business support and finance.

FUNDING

Provide ring fenced finance for BAME enterprises linked to start up and scale up targets. Require transparent monitoring and reporting on investment, loans and grants. A step away from the 'business as usual' approach to financial services and open up decentralised, accessible pathways to funding via alternative institutions and proactive support programmes that target, upskill and finance BAME led enterprises. Provide signposting to local and regional providers.

TAILORED BUSINESS SUPPORT SERVICE

Create a national accreditation standard for business support for BAME led businesses to enable the delivery of tailored relevant support and business development. Require business support advisors and organisations to meet a national standard in order to be a recognised provider. Provide clear sign posting to a network of partners with accredited business support services. Provide accessible pathways to funding bursaries to BAME business owners as part of accelerator/training/mentoring programmes to build skills and confidence as well as encouraging the take up of business support services.

COMMUNICATION

Develop a coherent public information strategy to enable the deployment via a network of partners to ensure that critical messages are quickly disseminated to key local communities. Move away from a 'one size fits all' approach and enable tailored messaging to meet the needs of diverse cultures, sectors and regions. Embed two way consultation into communication strategies through the development of a consultation framework that works to deliver important data, ideas and feedback to ensure that policy makers are kept up to date about opportunities, trends, ideas or risks and critically, the impact of their policies.

SOCIAL VALUE

Build fairer access routes for BAME business owners to markets by ensuring diversity and social value is part of the public procurement architecture. We want to see ambitious strategies for engaging ethnic minority businesses in public sector procurement supply chains. This must include measurement and reporting of ethnic minority business on-boarding onto public sector frameworks and contracts. Build capacity by providing culturally appropriate pathway programmes via network partners of accredited trainers/advisors for BAME business owners.

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