

Save Our Startups: an open letter with over 1,800+ signatories

Crowdcube has launched "Save Our Startups" campaign, an Open Letter to Boris Johnson outlining what needs to be done to protect Britain's entrepreneurial future from the economic crisis caused by COVID-19.

Temps de lecture : minute

6 April 2020

The open letter and campaign "Save Our Startups" is an opportunity for founders, employees, shareholders, customers and the wider ecosystem to support Britain's startups and high-growth businesses by telling the UK Government what needs to be done to protect them at this time.

Despite a proud history of innovation, enterprise and entrepreneurship, today's entrepreneurs are worryingly overlooked by government during this COVID-19 crisis, which threatens their existence.

In the UK, about 30,000 startups and high-growth businesses employ nearly 330,000 people. These businesses are contribute massively to the economy but are often yet to make a profit because they are investing in their people, technology and bringing innovative products and services to market.

As such, they may not qualify for the Coronavirus Business Interruption Loan Scheme (CBILS), which was introduced to provide financial support for SMEs during this pandemic.

The French and German Governments have already outlined and

deployed the support that can help their startup ecosystems through this crisis and this three-point plan outlines what needs to be done to protect Britain's startup and high growth businesses:

The Government needs to provide an equity-based liquidity package suitable to save startups at risk - While the CBILS covers a proportion of UK businesses, the majority of startups and high-growth companies will be excluded and as a result, unsupported. Without support, thousands of startups will fold in the coming months. The Government must provide a fresh capital injection for startups and high growth businesses through an equity-based solution.

The Government must fast track payments to startups from public funding schemes, in particular, R&D tax credits and Innovate UK funding grants - Private sector liquidity has taken a major hit during the crisis with angels and micro-funds unable to provide startups and high growth businesses with bridging money. It is within the Government's power to provide these companies with immediate liquidity by expediting the release of these funds.

The Government must change EIS, SEIS and VCTs to stimulate private equity investment into startups and high growth businesses - Startups are in freefall as they have been left without any debt or equity support. They will need to be able to access more investment from existing investors through Government schemes. If companies and investors hope to recover from this time of great uncertainty, they need a much stronger incentive than currently exists.

<https://twitter.com/saveourstartups/status/1246725012805103617>

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