

LACER SMALL BUSINESS SUPPORT: DIGITAL REVIEWS

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of the report is to seek approval to scale up the provision of digital reviews for small businesses to assist their recovery and growth, using the remainder of the funding allocated to business grants via the Local Authority COVID Economic Recovery (LACER) money from the Scottish Government.
- 1.2 In 2022 approval was given for £355k of Argyll and Bute's £1.449m total LACER allocation to be used for direct business support through two grant funds; a business start-up grant and a business development grant both administered through the council's Business Gateway service. The funding was committed in full by December 2022 and the scheme closed to new applicants. However, some businesses subsequently claimed less than their approved grant, leading a total of c£35k to be decommitted across both grants.
- 1.3 To help local businesses continue with their post pandemic recovery by improving their online presence, it is proposed that the c£35k be allocated to expanding the provision of one-to-one digital support in the form of digital reviews.
- 1.4 Having an effective digital presence and trading online offers Argyll and Bute's small businesses a host of benefits, including wider customer reach, cost savings, marketing opportunities, data-driven insights, and enhanced customer engagement.
- 1.5 The digital review programme offers fully funded digital audits to micro and small businesses based in Argyll and Bute. The reviews are undertaken by digital experts already on the Business Gateway Specialist Advice Supplier Framework. The digital reviews audit a business's online presence and make a set of recommendations to improve digital activity, aligned to that business's goals.
- 1.6 In March 2024, the Council supported 25 businesses, funded by the remainder of DigitalBoost monies from the Scottish Government. Rolling out the programme with LACER money would support an additional 45 businesses, with a focus on businesses in rural remote communities.

RECOMMENDATIONS

It is recommended that the Policy and Resources Committee consider and approve the use of £34,365 earmarked for business grants within existing LACER schemes to provide additional fully funded digital reviews to assist the growth and recovery of small businesses in the area, particularly in remote rural communities.

LACER SMALL BUSINESS SUPPORT: DIGITAL REVIEWS

2.0 INTRODUCTION

- 2.1 Following the Scottish Government provision in 2022 of £1.449m to Argyll and Bute through Local Authority COVID Economic Recovery (LACER) funds, £355k was allocated directly to two business grant schemes administered via the council's Business Gateway service.
- 2.2 The Business Start-up grant and Small Business Development Grant were launched in May 2022 and closed to applications in December 2022 when funds were fully committed.
- 2.3 Not all businesses claimed their allocated grant, either because they did not go ahead with planned activity or because their claim was not compliant. This led to 9.7% of the funds being decommitted after the fund closed to new applicants, a total of £34,365.18.
- 2.4 Until 2023 the DigitalBoost programme, funded by the Scottish Government, provided one-to-one digital support to businesses in Argyll and Bute. More than 90 businesses have benefit from funded expert help worth more than £135,000 since 2018. Most of these businesses required a review of their existing digital presence as part of their support.
- 2.5 In 2023, the Scottish Government ceased to fund DigitalBoost due to budget pressures, despite recognising the value and impact of the programme to date. The Business Gateway national unit at COSLA has provided funding to continue the provision of national digital skills webinars and online resources. There remains a gap in the provision of funding for local one-to-one digital support to help businesses review and improve their online presence.
- 2.6 This report provides Members with details of the proposal to use the remainder of the earmarked LACER business support allocation of just under £35k to provide digital reviews to support small business growth and recovery. This aligns to the agreed purpose of the LACER funds and helps to support more businesses, including those in remote rural communities.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee approve the use of £34,365 earmarked for business grants within existing LACER schemes to provide additional fully funded digital reviews to assist the growth and recovery of small businesses in the area, particularly in remote rural communities.

4.0 DETAIL

- 4.1 COSLA Leaders and Ministers agreed an £80m Local Authority COVID Economic Recovery (LACER) Fund available to Local Authorities in 2021/22. Argyll and Bute Council share of the funding was £1.449m. This funding was designed to empower Local Authorities to deliver funding where they considered it best addressed local circumstances in terms of economic recovery.
- 4.2 At the Council's Budget Meeting held on 24th February 2022, Council agreed to the delegation of Argyll and Bute Council's allocation of the funding to the Leader, Depute Leader, and Leader of the largest Opposition Group.
- 4.3 Officers prepared a report with a suite of options and under the delegation agreed by Council, the Executive Director with overall responsibility met with the Leader, Depute Leader, and Leader of the largest Opposition Group on 4 April 2022 to agree the suite of options, and an update on the options explored was presented to the Council at its meeting on 28th April 2022.
- 4.4 The agreed options included two direct business support grants administered via the council's Business Gateway service; a New Enterprise Support Grant (subsequently renamed Business Start-up Grant) allocated £155k and a Small Business Development Grant allocated £200k.
- 4.5 These schemes launched in May 2022. Uptake was strong and both funds closed when fully allocated in December 2022. However, not all businesses subsequently claimed their allocated grant, either because they did not go ahead with planned activity or because their claim was not compliant. This led to funds being decommitted at the end of the programme.
- 4.6 The Business Start-up Grant was open to pre-starts and recent starts (trading for less than 3 months) based in Argyll and Bute. It provided a grant of up to £3k to help new businesses to start up and establish.

Business Start-up Grant	
Allocated	£155,000
No. of applications received	58
No. of applications approved	50
No. of applications rejected	8
Total value of grants approved	£148,196.36

Total value of grants claimed and paid	£134,900.91
Total decommitted	£13,295.45
Allocated funds remaining	£20,099.09

- 4.7 The Small Business Development Grant was open to micro and small businesses based in Argyll and Bute trading for at least 3 months. It provided a grant of up to £3k to help improve their resilience or growth, payable at 75% of total costs.

Small Business Development Grant	
Allocated	£200,000
No. of applications received	90
No. of applications approved	76
No. of applications rejected	14
Total value of grants approved	£205,285.51
Total value of grants claimed and paid	£185,733.91
Total decommitted	£19,551.60
Allocated funds remaining	£14,266.09

- 4.8 This leaves £34,365 from the original allocation earmarked for direct business support via the council's Business Gateway service.
- 4.9 The Scottish Government did not set a deadline for LACER funds to be used, but advised the money should be used as soon as reasonably possible, to support COVID economic recovery locally.
- 4.10 As there is now a current grant offering, for both start-up and small business development, available through the council's share of the UK Shared Prosperity Fund (UKSPF), it is not proposed that the LACER grant schemes are re-opened for a brief period to allocate a further c11 grants.
- 4.11 The decommitted funds could be added to the UKSPF business support programme. However, current demand for grants and expert help is expected to be met by the £454k UKSPF allocation and there is a hard deadline of March 2025 for all UKSPF spend.
- 4.12 The proposal is therefore to allocate the remaining funds earmarked for direct business support to fully funded digital reviews for small businesses in Argyll and Bute, to help improve their online presence and widen their customer base. This will assist business growth and resilience, in line with the specified use of LACER monies provided by the Scottish Government.
- 4.13 Having an effective digital presence and trading online offers Argyll and Bute's small businesses a host of benefits, including wider customer reach, cost savings, marketing opportunities, data-driven insights, and enhanced customer engagement.
- 4.14 By using the right digital platforms and e-commerce solutions, small businesses can overcome traditional barriers to entry and compete on a more

level playing field with larger businesses. Through e-commerce platforms and marketplaces, such as Amazon, eBay, and Shopify, businesses can showcase their products to consumers worldwide. In some cases, online trading can also reduce overheads, enabling small businesses to operate more cost-effectively.

- 4.15 Digital marketing can target specific demographics and drive traffic to online shops. One of the most significant advantages of online trading is the wealth of data and analytics available to businesses. Through website analytics, sales reports, and customer feedback, businesses can gain valuable insights into customer behavior, preferences, and purchasing patterns. This data-driven approach enables businesses to refine their product offerings, pricing strategies and marketing campaigns to better meet customer needs and maximise sales.
- 4.16 Consumer preferences continue to shift towards online shopping, so it is vital that small businesses embrace online trading if they are to succeed in the digital economy. To help with this, Business Gateway nationally has a wide range of online resources and webinars available. However, one-to-one support is also needed to help businesses develop their digital skills.
- 4.17 Previously 1-3 days of support was available via the DigitalBoost programme, funded by the Scottish Government and administered by Business Gateway locally. 94 businesses were supported in Argyll and Bute between 2018-19 and 2022-23, benefiting from one-to-one expert help worth more than £125,000. Most of these expert help sessions included an element of reviewing the businesses' current digital presence.
- 4.18 Since the Scottish Government ceased to provide DigitalBoost funding in 2023 due to budget pressures, there has been a gap in the provision of longer in-depth digital support. The current UKSPF business support programme does provide some digital expert help but does not replicate the previous DigitalBoost in-depth support. This leaves a gap in helping small businesses one-to-one to comprehensively audit their digital presence and create an action plan for improvement.
- 4.19 The Council's Business Gateway service does provide one-hour surgeries with a digital expert, but it is not possible to comprehensively audit a business's digital presence in these short sessions.
- 4.20 Maintaining and optimising digital assets can be daunting for many business owners. An in-depth digital review by a digital expert can help them take action to enhance online visibility, engage customers, and drive growth in several ways:
 - Visibility and Brand Awareness: A digital review evaluates online visibility across various platforms, including websites, social media, and online directories. It identifies gaps and opportunities to improve brand visibility, with potential to attract new customers and increase website traffic.

- Customer Engagement and Interaction: Effective customer engagement helps small businesses build lasting relationships and drives loyalty, so that customers do not just buy on price. A digital review can assess the quality and responsiveness of online interactions with customers. A proactive social media management strategy can help drive repeat business and foster loyalty.
- Website Performance and User Experience: A user-friendly website is essential for capturing and retaining customer interest online. A digital review provides insights into website performance, usability, and search engine optimisation (SEO), helping to attract organic traffic and generate leads.
- Online Reputation Management: Maintaining a positive online reputation builds trust and credibility. A digital review can help businesses monitor and manage online reviews and ratings across platforms. By addressing customer feedback, satisfaction can be enhanced.
- Performance Benchmarking: A digital review will help small businesses to measure their performance against competitors and industry standards. Based on review insights, social media engagement and website traffic can be improved, driving up sales and revenue growth.

4.21 Clients previously benefiting from in-depth DigitalBoost support which included reviewing their existing online presence have been positive about the support received.

“Great insights about strengths and weaker areas. His technical skills and knowledge of social media, email marketing and website design were excellent, enabling us to go into detail and about where I could create change” Kerry MacKay, 2022.

“One to one is extremely valuable to a small business, with help for your specific business” Yvonne Campbell, 2023.

“Specialist was open to helping with my specific needs. It was tremendous personal technical support and development” Katie Richie, 2022.

4.22 The remaining Digital Boost monies provided by the Scottish Government has allowed the Council to support 25 businesses. Digital reviews fall within the activity already approved by the Scottish Government and the DigitalBoost project team under one-to-one digital support for SMEs in Argyll and Bute.

4.23 The reviews are aimed at existing businesses looking to get more from their current digital presence. A Business Gateway adviser refers a business for a digital review. The reviews are done by digital experts on the Business Gateway Specialist Advice Supplier Framework Agreement. Each digital review requires the equivalent of one day of supplier time and follows a one-hour digital surgery to assess suitability.

4.24 Businesses may be eligible to apply for UKSPF grants and/or further digital expert help to help implement the digital recommendations identified in the review.

- 4.25 With no new DigitalBoost funding available from the Scottish Government, the request is to use the remaining LACER funding earmarked for direct business support to continue the provision of digital reviews throughout 2024-25. An additional 45 businesses could be supported this way.
- 4.26 In particular, businesses in remote rural areas can benefit from this upweighting of the digital review programme. As the high quality support from a digital expert is provided virtually, there are no barriers to remote rural businesses accessing the support. Small businesses in remote rural areas play a key role in supporting the local economy and attracting and retaining an economically active population.
- 4.27 Through outreach activity by the Business Gateway business advisors and targeted marketing, the digital reviews can be promoted to businesses in remote rural communities. In spring 2024 Business Gateway advisers will be visiting Tiree, Coll and Islay to promote the support available, with plans for Cowal, Rosneath, Jura and Colonsay, Bute and Inveraray later in the year.
- 4.28 If demand for digital reviews is strong and the impacts are beneficial for recipients, they could be included in future externally funded business support programmes from March 2025, when the current UKSPF programme ends.

5.0 CONCLUSION

- 5.1 This report provides Members with details of the proposal to use the remainder of the earmarked LACER business support allocation of just under £35k to expand the provision of digital reviews to support small business growth and recovery. This aligns to the agreed purpose of the LACER funds provided by the Scottish Government.
- 5.2 Having an effective digital presence and trading online offers Argyll and Bute's small businesses a host of benefits, including wider customer reach, cost savings, marketing opportunities, data-driven insights, and enhanced customer engagement.
- 5.3 The remaining earmarked LACER funds could provide digital reviews for an additional 45 small businesses based in Argyll and Bute, including more in remote rural areas.

6.0 IMPLICATIONS

- 6.1 Policy – Scottish Government Policy is to ensure that LACER funding is used to support local economic recovery, and cost of living impacts on low-income households.
- 6.2 Financial – No additional resources are required. It uses funding already earmarked for direct local business support from the Council's share of the LACER funding provided from Scottish Government.

- 6.3 Legal – None.
- 6.4 HR – None.
- 6.5 Fairer Scotland Duty:
 - 6.5.1 Equalities – None.
 - 6.5.2 Socio-economic Duty – None.
 - 6.5.3 Islands – The digital reviews will be equally available to businesses across Argyll and Bute including the islands.
- 6.6 Climate Change – The digital reviews will be undertaken remotely and meetings with the business will be online, so no travel is required .
- 6.7 Risk – None.
- 6.8 Customer Service – None.
- 6.9 The Rights of the Child (UNCRC) – None.

Kirsty Flanagan, Executive Director responsible for Development and Economic Growth

Councillor Math Campbell-Sturgess, Policy Lead for Business Development

9 April 2024

For further information contact:

Fergus Murray, Head of Development and Economic Growth

Email: fergus.murray@argyll-bute.gov.uk