

A Consultation on the Digital Strategy for Scotland

A response from the FSB in Scotland

December 2020

FSB in Scotland

A digital strategy for Scotland

Introduction

The Federation of Small Businesses (FSB) is Scotland's leading business organisation and aims to help smaller businesses achieve their ambitions. These micro and small businesses comprise the majority of all enterprises in Scotland (98%).

We welcome the opportunity to contribute views on an updated Digital Strategy for Scotland.

Building Scotland's digital capabilities is a key priority for Scotland's small business community. Scottish Government research has consistently demonstrated that businesses regard digital technologies as critically important to their plans for growth.

FSB welcomes the move to develop a joint digital strategy between central and local government in Scotland. Further, we support the intention to build on this collaborative and partnership approach to digital with other organisations and sectors across Scotland to maximise the impact of the strategy.

FSB broadly supports the vision that the Scottish Government outlines in the consultation. However, we would highlight that there's much interdependence between the detailed objectives, and few details regarding timescales for delivery. For example, arguably the Scottish Government's ambitions regarding digital public services and/or a digital economy are only possible once shortfalls in digital infrastructure are addressed.

Digital and small business

FSB is pleased to see the discussion document recognise that small and medium sized businesses are going to be critically important in developing Scotland's digital aspirations. As the

consultation recognises, a significant share of Scotland's small business community innovated using digital technologies during the pandemic, and it is our view that government needs to support firms to consolidate these gains.

On the other hand, it could be argued that the coronavirus pandemic further widened the gap between the most digitally advanced businesses and the wider enterprise community. Given that the wider Scottish small and medium sized business community supports around half of all private sector employment in Scotland, it is important that these firms are given an opportunity to build their digital capacity against international competition.

The recent Logan review into Scotland's tech sector made some very valuable contributions regarding the steps the country needs to help that sector flourish. And FSB recognises that many of the measures his report recommends would bring benefits to the wider economy.

However, it is our view that a similar review in scope to the Logan review should be commissioned to examine how to build the digital capabilities of Scotland's wider business community. This study would focus in particular on the opportunities and threats for traditional operators, as well as looking at building the digital skills for workers and businesses outside the technology sector.

Existing support

FSB welcomes the support provided through the DigitalBoost programme. We also strongly support the grant support provided through this initiative aimed at boosting smaller firms' digital capabilities.

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FSB finds that the majority of small business owners are keen to use new technologies for sales and marketing purposes, but more reluctant to look at other parts of their organisation. Therefore, we would argue that DigitalBoost, and other similar schemes, need to look to encourage firms to use digital technologies to improve all parts of their operations and upgrade/redesign processes. FSB would therefore support the development of new analytic services to help firms identify areas where their digital capabilities are falling behind.

FSB notes that there are now a large number of publically funded enterprise support and skills development initiatives operating in Scotland aimed at boosting SMEs' capabilities.

The recent Enterprise and Skills review received significant evidence from Scotland's business community that a more strategic and less 'cluttered' approach to business support may improve the effectiveness of interventions.

Therefore, the Scottish Government should analyse the help on offer to find the most effective scheme/s; instruct bodies operating in this space to collaborate more closely (e.g. colleges and enterprise agencies); and look to simplify the support while filling any significant gaps. In addition, we would ask Ministers to examine whether the funding system for universities and colleges could be adapted to encourage more short, practical courses that help local workers and businesses succeed.

Lastly, Ministers should integrate cyber security and connectivity advice with mainstream enterprise support, rather than deliver this help through stand-alone bodies and initiatives.

Infrastructure

Official statistics show that Scotland's digital connectivity is improving, with figures from Ofcom showing that both superfast and 4g availability is improving for both households and business premises. However coverage gaps remain which continues to hamper individual businesses and local communities, and FSB would highlight that many firms complain about the quality of the services they receive despite government investment.

Therefore FSB supports both the R100 programme and the 4GI initiative as mechanism to address some of the remaining coverage gaps. However we would underline that the delay in the delivery of the R100 programme has frustrated many rural businesses, and may have hampered some of their efforts to adapt to the coronavirus crisis.

Ministers should:

- Look to accelerate the R100 programme and investigate how to improve broadband speeds in non-intervention areas;
- Continue to support the 4Gi initiative, looking to build expertise for future mobile coverage projects;
- Survey end-users of their digital infrastructure initiatives to ensure their investments are delivering for communities and businesses.

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Digital public services, the coronavirus crisis, and Scotland's business community

We would highlight that small businesses are regular users of government services (e.g. tax and regulatory systems, enterprise support). This point is neglected in the document despite the fact that in our experience business-facing services require modernisation.

The coronavirus crisis – and in particular the approach taken to support grants and communications to the business community – demonstrated significant weaknesses in the Scottish and UK public sector's approach to supporting and interacting with the small business and self-employed community.

For example, the pandemic revealed that central, local government and agencies in Scotland are reliant upon the non-domestic rate and licensing systems to identify the business community, when increasing number of firms do not operate from dedicated premises. We would observe that when it became necessary to provide financial support to firms, the systems that agencies and local government utilised often appeared unsophisticated and did not provide an acceptable level of transparency. We accept that public bodies faced their own unprecedented pressures, but we would argue that there is now an opportunity to address these systemic problems.

From the perspective of small business as digital service-users, we would ask policymakers to look at collaboration with regulators and tax authorities, within Scotland initially but ideally developing a joint approach between reserved and devolved institutions. Our

aspiration would be for businesses to avoid the situation where they have to submit the same information to multiple public bodies, or worse, the same information to multiple department within the same public bodies.

If we examine the approach taken to public procurement reform in Scotland, it can be observed that a voluntary approach to reform and collaboration between public bodies does not always work, and that a legislative approach may become necessary. FSB is of the opinion that the Scottish Government – in collaboration with key partners – should bring forward legislation, such as a Digital Public Services Bill, to make it mandatory for public bodies to adopt commonly agreed standards and approaches.

Further Information

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The FSB campaigns for a better social, political and economic environment in which to work and do business. With a strong grassroots structure and dedicated Scottish staff to deal with Scottish institutions, media and politicians, the FSB makes its members' voices heard at the heart of the decision-making process. It is therefore recognised as one of Scotland's most influential business organisations. The FSB also provides a suite of services to help our members reduce the cost and risk of doing good business – from legal and tax protection to business banking.

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