

## Digital Britain – Management Summary, June 2009

The long awaited Digital Britain report has finally arrived, highlighting how a successful Britain must be a Digital Britain. Here are our thoughts about some of the key points.

### Introduction

The Digital Britain report is jointly resourced by BERR and DCMS.

The UK is already a digitally enabled, and to a significant degree, digitally dependent economy and society. The Digital Britain sector accounts for nearly £1 in every £10 that the whole economy produces each year. The [Digital Britain report](#) aims to be a guide for how Britain can sustain its position as a leading digital economy and society.

The author of the report Lord Carter, Communications Minister, may have announced his intention to resign, but that does not necessarily diminish the importance of the report. The Minister was appointed with the task of commissioning and producing the Digital Britain report and will put in place an implementation plan before stepping down.

Digital Britain represents a strategic plan to accelerate growth and secure the UK's position as a world leader for innovation, investment and quality in the digital and communications industries.

The focus of the Digital Britain report has been:

- Digital inclusion
- Digital participation
- Digital infrastructure
- Digital content

### The Objectives

The Interim Digital Britain report was published at the end of January, and identified 5 objectives:

- Upgrading and modernising digital networks so that Britain remains globally competitive in the digital world

- Dynamic investment climate for UK digital content, applications and services
- Securing a range of high quality public service content, particularly in news
- Developing the nation's digital skills at all levels
- Securing universal access to broadband, increasing its take up and using broadband to deliver more public services more effectively and efficiently

### **Responses to the Interim Report**

The responses were clear that there needed to be more explicit recognition of the transformational power of the internet and the impact of its cheap scalability and interactive nature on how as a society and as an economy, we think and organise ourselves.

There was widespread agreement about the importance of Digital Britain for the wider economy and society. However, there were also warnings that an excessive focus on the sector could stall operational negotiations and decisions while the market waits to see how new Government proposals might affect their position. This led to a relatively short timeframe between the Interim Report and the Final Report.

The Liberal Democrats argued that plans for a Digital Britain in the Interim Report lack ambition. The Conservative Shadow Culture Secretary, Jeremy Hunt, said that 'most people' would be disappointed with the Interim Report. He said that the UK was lagging behind on broadband speed and connection rates, and also was below other countries on next generation broadband.

The final Digital Britain report is a pragmatic approach to addressing these key focus areas, some of which are discussed below.

### **Universality**

The Digital Britain report makes digital inclusion and digital skills central to Government plans for the UK of the future. People are a big part of this report, and the implication is that it is use of technology which will help drive the economy out of the recession.

Helen Milner, from UK Online Centres, has highlighted how there is more broadband in the country than people using it. UK Online Centres called for more emphasis on people and less on pipes with the Interim Report, but they welcomed the final report for building the case for informal digital skills. The online world is moving from conferring advantage on those who are in it to conferring active disadvantage on those who are without – whether for children's homework, to accessing cheaper utility deals, to public services.

Affordability of broadband in the Digital Britain report is addressed in part through the roll out of the Government's £300 million Home Access Scheme for low income families. The market will also address this issue through the wide availability of new lower cost devices, new schemes for recycling PCs to low income households or new prepay mobile broadband.

Martha Lane Fox, co-founder of LastMinute.com, has been appointed as the new Champion for digital inclusion. The hope is that she will create leadership for digital inclusion and galvanise real action on the ground, so she is a really important person to engage with for all companies who are involved in broadband technology.

There is a push in the report for increased use of the Internet. The report highlights how 2MB download speed is the digital minimum aim by 2012 – the Universal Service Commitment (USC). The USC has been compared to the Minimum Wage – so it is a minimum download speed, with an aspiration to increase that number. Fibre-optic network company Geo attacked the target saying it leaves the UK open to ridicule - The UK is the world's sixth-largest economy, yet this report says it cannot justify similar investments to those already promised in the US, Australia, Singapore, Korea and Japan, which are aiming to deliver 100Mbps as standard.

This USC can be delivered through upgrades to the existing copper and wireless networks. There are some issues around this target, with different industry bodies, including the British Chambers of Commerce (BCC) believing it to be very modest. There could be a strong case, given the pace of technology, for a longer term strategy with a higher target.

The TalkTalk group points out that while 2MB is good for domestic users, it is not going to help UK businesses to effectively compete in the future, or accommodate requests for flexible working. TalkTalk highlights that for flexible working to be a viable option, home workers need to be able to enjoy the same user experience in terms of speed, performance and security as they would in the office. This would usually involve running some form of IP VPN as well as the use of desktop conferencing. This requires broadband that is both ubiquitous and capable of providing the performance and speeds to support them.

TalkTalk feel that a minimum recommendation of 2Mbps is a step in the right direction and the benefits will certainly be felt by consumers. TalkTalk considers that a framework must be put in place to support the new raft of high bandwidth, business critical applications required for UK businesses to complete.

## **Internet Skills**

Digital Britain needs people with the right skills in the right place at the right time to develop and apply the new technologies. As part of the report, the sector skills councils, e-skills UK and Skillset made recommendations for a healthy pipeline on talent in the professional digital workforce.

UK Online Centres have found that internet users' confidence in their ability to find work outstrips non users by 25%, and that they are more likely to rate their general confidence and quality of life higher. They also find it easier to plan travel and organise social gatherings, and feel much better informed about current affairs. Having the skills to take advantage of technology can clearly improve lives, job prospects and work performance. Therefore, there are some positive outcomes from the report. For example, at primary school level, the Government has endorsed the Rose Review of the Curriculum which upgrades digital (ICT) competence to a core competence alongside English, Mathematics and personal development.

However, there is still a lot more to be done – research by the UK Online Centres shows that less than half of MPs think digital inclusion is a key factor in helping the country to recover from recession. 40% of MPs do not see digital inclusion as having a role to play in bridging class divides. For all organisations committed to bridging the Digital Divide, there is obviously still a significant job to be done to gain practical support in Parliament.

## **Public Sector Services Online**

Almost half the UK population use the internet to access information about Government or local council services, or to complete a Government transaction online - DirectGov receives 14m visits each month. The IT trade body, Intellect, points out that making the Internet the first port of call for public services could reduce the costs of government administration, while making services more flexible and accessible. Obviously in the current political climate, any way to deliver public services much more efficiently needs to be welcomed.

The move to universal 2MB broadband speed will be a trigger for a programme of Digital Switchover of Public Services before 2012. Online will become the primary means of accessing public services, with a safety net for those unable to access the service online. It could help transform services ranging from health to the criminal justice system and Government departments will be asked to identify candidate services to form part of this switchover.

## **Next Generation Broadband**

The Digital Britain report has pledged to deliver quality broadband access to every home, every community and every business across the country, by 2012. The Report supports next generation broadband, but points out that this will be a longer term project. A recent study by LSE has suggested that up to 280,500 jobs could be created or retained by Next Generation Broadband Networks, so this is clearly an important area in which to engage with the parliamentary stakeholders involved in implementing the Digital Britain report.

Next Generation Broadband networks offer high definition video and access to cloud computing which substantially cuts cost and allows more rapid product and service innovation.

The Government believes that the fairest and most efficient means of ensuring that the overwhelming majority of the country has access to Next Generation Broadband is to create an independent Next Generation Fund, based on a supplement of 50 pence per month on all fixed copper lines. This initiative is not popular and led the media coverage on the report. For example, The Internet Service Providers Association (ISPA) notes that the proposal to create a Next Generation Fund was enabled by the 'historic fall in telecoms prices', but feels that, in effect, customers and the ISP industry are being penalised for successfully bringing prices down.

People in rural England are at risk of constantly playing digital 'catch up' unless there is a firm commitment to improving communications access is the key message in 'Mind the Gap – Digital England: a rural perspective'. The report, published on the 23<sup>rd</sup> June, contains a series of recommendations to Government from the Commission for Rural Communities (CRC) to ensure an effective and sustainable communications future for rural England, and is part of the organisation's contribution to the Digital Britain report. First Generation Broadband is unlikely to be capable of meeting the needs of a large proportion of rural areas, but the Government is committed to bridging that access gap with Next Generation Broadband, so there is a real opportunity for industry and communities to join in that effort. The report recognises, however, that Next Generation Access is a colossal financial undertaking and likely to be more complex and take longer in remote areas.

## **Creative Content**

The fact that digital media can be replicated so easily makes it harder to monetise creative rights. The Government states that piracy of intellectual property for profit is theft. Therefore the Government policy is to provide a framework that encourages the growth of legal markets for downloading that are inexpensive, convenient and easily accessible for consumers. The aim is that action can be taken against repeat infringers through existing legal channels,

letting judges, not rights holders, determine lawfulness. ISPA has welcomed the recognition of the need for a framework to encourage legal markets for content distribution to develop.

### **Political Responses to the Digital Britain Report**

Jeremy Hunt, the Conservative Party's shadow secretary of state for culture, media and sport, called Digital Britain a "colossal disappointment" and lambasted the plan's [proposal for a monthly 50p tax on fixed copper lines](#). Hunt said a better tactic would be to stimulate investment by changing regulations to encourage providers to spend on fibre development.

Don Foster, the Liberal Democrat shadow culture, media and sport secretary said that the plans for rolling out Next Generation Broadband are a step in the right direction but rural areas may face a wait of nearly a decade to see the benefits. They broadly welcomed paying for Next Generation Broadband, however suggested the Government must consider exemptions for pensioners and other less well off people.

### **Conclusion**

It is clear that there are a number of positive developments for industry from the Digital Britain report, in a very pragmatic report. Where market sectors are working well, there has been limited political intervention or interference.

However, as we move towards implementation now is the time to engage with the Government and other key stakeholders to maximise the opportunities available.

There are going to be some key changes in legislation such as the **Broadband Universal Service Commitment**, ensuring that the UK has a first class digital infrastructure, in particular universally available broadband. Digital inclusion is clearly an important issue on the political agenda this year, and may well feature in the forthcoming election campaign.

Over the next 12 months, the IT industry has a real chance to define its own political path. Now is the time to really get involved in the political debate and maximize the opportunities that are presented, or else risk more political interference.

For an informal chat on how we can help you engage in the political arena, please call Letitia Hughes on +44 (0) 208 322 1922 or [letitia.hughes@gbcpublicaffairs.com](mailto:letitia.hughes@gbcpublicaffairs.com).