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Bilbrough Jeanne - Cabinet Secretary's Office

From: Talbot Mark - Cabinet Secretary's Office -
Sent: 01 April 2005 08:00
To: PS Sir Andrew Turnbull
Subject: FW: Digital Strategy

From: Aldridge Stephen - Strategy Unit-
Sent: Friday, April 01, 2005 8:00:11 AM
To: Talbot Mark - Cabinet Secretary's Office -
Subject: FW: Digital Strategy
Auto forwarded by a Rule

Sir Andrew may like to see

-----Original Message-----

From: Woods Jan - Communication Group -
Sent: 01 April 2005 07:41
To: Strategy Unit
Subject: Digital Strategy

Attached is a pdf of the Strategy Unit report, Connecting the UK: the Digital Strategy, published on our website at 8.30 this morning and launched at a No10 reception by both the PM and Patricia Hewitt.





CabinetOffice

Prime Minister's Strategy Unit

Connecting the UK: the Digital Strategy

March 2005

A joint report with:
Department of Trade and Industry

dti



Contents

- Forward by the Prime Minister and Secretary of State for Trade and Industry
- Executive summary
- Section 1: A 'digitally rich' UK – progress to date
- Section 2: The 'digital divide': problems with low take-up
- Section 3: Why should the Government intervene to promote take-up?
- Section 4: How can we close the digital divide and become a world leader in digital excellence?
 - ***Raising our game:
Making the UK a world leader in digital excellence***
 - Action 1: Transform learning with ICT
 - Action 2: Set up a "Digital Challenge" for LAs
 - Action 3: Make the UK the safest place to use the Internet
 - Action 4: Promote the creation of innovative broadband content
 - ***Constructing a robust strategy to achieve our vision***
 - Action 5: Set out a strategy for transformation of delivery of public services
 - Action 6: Ofcom's strategy should consider improving competition and take-up in the broadband market
 - ***Tackling social exclusion & bridging the digital divide***
 - Action 7: Improve accessibility to technology for the digitally excluded and ease of use for the disabled
 - Action 8: Review the digital divide in 2008

Forward by the Prime Minister and Secretary of State for Trade and Industry

This Government has always recognised the impact that information and communication technology can have on our everyday lives, at home and at work. We have worked successfully with industry and invested in a range of ground-breaking programmes to transform the UK from a poor relation to a digitally rich nation in just a few years. We now have a world-leading position in digital TV. We have the most extensive – and one of the most competitive – broadband markets in the G7. And virtually all households in the UK are within easy-reach of a UK online centre where they can access the internet in a safe, secure and supportive environment.

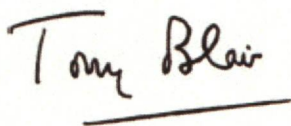
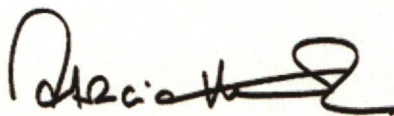
While we can rightly celebrate this progress, we cannot, and should not, think the job is done. We must harness the power of ICT to modernise public services so they are as personalised, efficient and responsive as the most successful companies. We must be in the forefront of new technologies to remain globally competitive. And most important of all, we must make sure the whole of society can experience the benefits of the internet. Too many people still don't enjoy the advantages of that ICT offers.

We are committed to ending the digital divide for families with children by the end of the third term. The Prime Minister's Strategy Unit and the DTI, in partnership with industry, are setting out this strategy to make the UK a world leader in digital excellence and the first nation to close the digital divide.

The strategy set out in this report includes a national scheme to give secondary school pupils the opportunity to access PCs and laptops – all equipped with parental controls - at home and new ways to fight against internet crime including a new multi-agency child internet safety centre to protect out children. We have a range of measures to improve accessibility to technology for the digitally excluded and ease of use for the disabled including giving all learners on basic skills courses an email address.

We will also launch a 'digital challenge' – modelled on the highly successful European City of Culture competition – which will be an exciting opportunity for local authority partnerships to develop and showcase really innovative ways of modernising public services and engaging the hard-to reach with the digital world.

We strongly welcome this report as a clear sign of our continuing commitment to ensure that everyone in our country has the opportunity to benefit from the transformative power of ICT. The conclusions in this report will be implemented by government and will play a crucial role in improving the cohesion of our society, the wealth of our economy and the quality of life of our people.

Handwritten signature of Tony Blair in black ink, with a horizontal line underneath.Handwritten signature of Patricia Hewitt in black ink.

Rt Hon Tony Blair MP and Rt Hon Patricia Hewitt MP

Executive summary

1. In the last five years, we have made substantial progress towards our vision of a 'digitally rich' UK. Since 1999 there has been a transformation in the way the UK economy and civil society has embraced new technology and the UK has moved from bottom of the pack into the premiership of digital excellence. We have a world-leading position in digital TV. We have one of the most advanced and most competitive mobile phone markets in the world with 3G now starting to make a real impact. We implemented the EU telecoms framework rapidly and in full, and with the advent of Ofcom we remain the leader in regulatory - and deregulatory - innovation.

2. In broadband, we have gone from being a poor relation to having the most extensive – and one of the most competitive – broadband markets in the G7. By this summer, over 99% of the population will have broadband services available. Prices are falling and data speeds are increasing. In terms of competitiveness, the UK has maintained its third position overall, behind Japan and Canada.

3. However if the UK is to thrive in the future, to succeed in competitive markets and to enjoy better and better services, all of us need to be confident and comfortable, living and working in a digital world. Information and communication technology (ICT) has become all pervasive in our working lives and increasingly in our homes as well. How we adopt and use this technology will be crucial for our future prosperity.

4. We need therefore to create a country at ease in the digital world. Where all have the confidence to access the new and innovative services that are emerging, whether delivered by computer, mobile phone, digital television or any other device, and where we can do so in a safe and secure environment.

5. But there is still evidence of a digital divide with some groups largely excluded from benefiting from access to the Internet. But cost is not the only

or even the main barrier to take-up. First, some individuals may not have the confidence or skills to use computers, even though they may actually want to get online. Others do not see the relevance of the Internet to their needs. They do not see how ICT and broadband particularly can transform their lives.

6. Government has a clear role in helping to promote and increase public awareness about the Internet and harness the economic and social returns in a way that benefits all society. We aim to make the UK a world leader in digital excellence with public services that are even more responsive, personalised and efficient than the leading companies that have so successfully deployed the Internet to serve their customers. We will help protect consumers from the dangers of the "darker side" of the digital world. We will use ICT to minimise social exclusion and ensure that the UK is the first nation to succeed in closing the digital divide.

7. In order to achieve this vision we need to harness the transformative power of ICT and to make the rewards of that transformation available to all by overcoming the barriers to take-up. The Government is therefore committed to taking the following action:

- The Government will ensure that ICT is embedded in education to improve the quality of learning experience for all, re-engage those who have been disaffected and equip children with skills increasingly essential in the workplace. All learners will have their own **virtual learning space** where they can store and access their work. We will also aim to give all secondary school pupils – including those from low-income backgrounds - the opportunity to access **ICT at home** and ensure schools can buy equipment at the lowest possible prices through a **national procurement scheme**. As part of this scheme, we will aim to have anti-virus software, firewalls and parental controls installed as standard.
- The Government will launch, in collaboration with industry a "**Digital Challenge**" awarded to a local authority and its partners – both public and private - to establish by 2008 universal local access to advanced public services delivered through and powered by information technology. The

winner will have the opportunity to demonstrate the ability to transform service delivery through a holistic use of technology to deliver truly modern services for modern citizens.

- The Government will work with the ICT industries to create the safest possible online environment. Backed by the police, charities and the industry, the Home Office will set up a **multi-agency national Internet safety centre** to deter criminals targeting the UK for Internet crime and reassure parents. We will work with the **banking** industry to make that sector a market leader in terms of online authentication. The Department of Trade and Industry will explore with industry how best to deal with unsuitable material, including more effective use of parental controls, firewalls and web blocking technology and to raise awareness on best practice in operating safely online.
- The Government will work to create the right environment for the creation of innovative broadband content. We will set out **guidance on broadband content procurement** by the public sector, informed by an industry perspective. We are already a leader on mobile and wireless technologies. We want the UK to be a world leader in allowing people to use or reach any content, with any device, anywhere, anytime. Content, whether as a business tool, for entertainment, a community portal, e-learning or generated by consumers themselves is the main driver for increasing the effective use of ICT.
- The Cabinet Office e-Government Unit and the new Council of Government Chief Information Officers (CIO Council) will draw up a cross-government **vision of public service delivery transformed by modern technology and a strategy for achieving that vision**. As part of that strategy, the Government will consider how it moves its business to a wholly digital environment where it is appropriate and cost-effective. Private-sector services transformed by modern technology to give more choice, greater personalization, convenience and flexibility have become enormously popular. There is a real opportunity to transform public service

delivery if government seizes the opportunity offered by effective use of modern information technology in a strategic way.

- The Government will ask **Ofcom** to set out in their regulatory strategy for the market in broadband a forward look on the prospects for home broadband take up, with a particular focus on uptake amongst the more disadvantaged. We will also ask Ofcom to monitor take up across social groupings and age bands to give a clear picture of the development of the market and the prospects for widening access to broadband technologies.
- The Government is committed to improving accessibility to technology for the digitally excluded and ease of use for the disabled.
 - We will take further steps towards closing the digital divide by building on the network of UK Online centres and other communal access points - giving **adult learners** the support, incentives and skills they need to make the most of ICT. We will also ensure that **every adult who enrolls on a basic skills course is given an email account.**
 - We will assess any changes necessary to the **Home Computing Initiative** to make it more attractive to lower earners and to businesses to implement.
 - We will give a clear commitment to ensuring that all government websites and online services present no barriers to use for those with **disabilities**. We will also **raise awareness** both in private and public sectors about these barriers.
- These measures will make substantial inroads in creating a more digitally inclusive society. We also expect the market to drive take-up and use, through the creation of new and innovative services, falling prices and awareness-raising. So the Government will **review the position in 2008** in order to explore whether further action is necessary to close any residual digital divide.

8. The issues raised above are truly cross-departmental. Taken as a whole they go beyond the scope of any one department or the new e-Government Unit and even beyond government into the private sector. It is therefore important to establish a process or structure that drives forward the implementation of the digital strategy and reports on progress. Under Ministerial ownership, OGC and eGU will support DTI in determining the right structure to drive forward a programme to implement the strategy. This will include appropriate representation from government departments, No10, and other key stakeholders.

A 'digitally rich' UK – progress to date

"Universal internet access is vital if we are not only to avoid social divisions over the new economy but to create a knowledge economy of the future which is for everyone. Because it's likely that the internet will be as ubiquitous and as normal as electricity is today. For business. Or for individuals."

The Prime Minister – Knowledge 2000 Conference.

1. The Government in 1997 identified the growth and application of ICT and the development of electronic services and the skills to use them as crucial to the UK economy. The UK was lagging behind and the Government resolved to tackle these issues and move the UK to the forefront of e-commerce and digital services. Modernisation of the UK's economy and public services through new technology was placed centre stage in the 1998 Knowledge Economy White Paper and the consequent decision to create the Office of the e-Envoy and Minister for e-commerce.

2 In the last five years, we have made substantial progress towards our vision of a 'digitally rich' UK. We have a world-leading position in digital TV. We have one of the most advanced and most competitive mobile phone markets in the world with 3G now starting to make a real impact. We implemented the EU telecoms framework in full with the advent of Ofcom and we remain the leader in regulatory – and deregulatory - innovation.

The picture in 1999

3. On the eve of implementation of the White Paper the first e-envoy had to coach a country at the bottom of the league in key areas of the e-economy. Internet access prices were among the highest with the UK costing around \$15 per month more than leading countries for moderate levels of use. Our broadband market was non-existent placing us 24th out of the 32 OECD

countries for take-up. Less than 1 in 10 households were online and the population that were online were predominantly young, rich and male: only 9% of the over 65s, 3% of the lowest income decile and 52% of males compared to 39% of females were online in 1999.

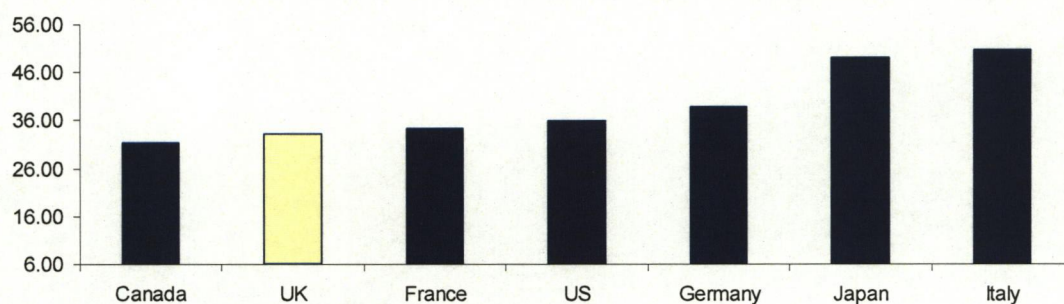
4. It was a similar story for UK businesses. UK business attitudes towards the Internet were conservative with only 7% of board directors seeing the Internet as a strategic issue for their business. As a result only 25% of businesses had a web site and fewer than 16% were selling online.

5. Furthermore the use of ICT in education was seriously lagging – only 17% of primary schools were connected to the Internet and pupil/PC ratios were high with 18 pupils per PC in primary schools and 9 in secondary.

The Turning Point

6. Since 1999 there has been a transformation in the way the UK economy and civil society has embraced new technology and the UK has moved into the premiership of digital excellence.

Pro-competitive policies have driven access prices down to among the lowest in the world



Source: [OECD Communications Outlook Sep 2002 Off-peak @ 40hrs/ month rate](#)

UK - the most extensive & competitive broadband market in the G7

7. In broadband, we have gone from being a poor relation in 2001 to having the most extensive – and one of the most competitive – broadband markets in the G7. At the beginning of 2002 only 66% of the population had broadband services available to them, and there were only 350,000 subscribers. Now, 7 million addresses (twenty times as many) have broadband connections with a new connection being made about every ten seconds.

8. By this summer, over 99% of the population will have broadband services available. Prices are falling, data speeds are increasing; and services are becoming more and more compelling – for example online photo albums, auction sites, and most recently, the delivery of video on demand. In recent months we have seen a range of higher speed broadband services (2 to 8 Mbit/s) being launched by operators.

9. These developments combine to place the UK in a strong position internationally. In 2001 we said that we wanted the UK to have the most extensive and competitive broadband market in the G7 by 2005. The recently published International Broadband Market Comparisons shows that the UK reached the position of the most extensive broadband market in the G7 during Q3 2004, jumping from third place by overtaking Japan and Canada. In terms of competitiveness, the UK has maintained its third position overall, behind Japan and Canada. BT, in response to competitive pressures, has invested hundreds of millions of pounds to bring broadband to over 99% of the population this year.

Rural Areas have not been left behind

10. The digital revolution has not been restricted to metropolitan centres. The Government has worked closely with those in rural areas to ensure that the benefits technology can deliver are shared across the UK. We have worked with stakeholders at all levels in the public, private and voluntary sectors to

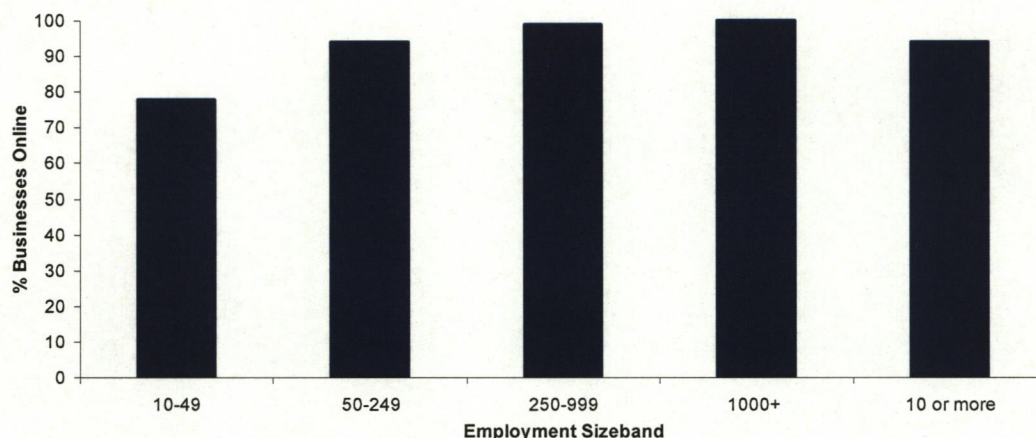
identify best practice and value for money to address the problems and issues relevant to rural areas.

11. And the results have been impressive. Just recently the Community Broadband Network announced that it had identified community broadband activity in more than 550 locations in the UK (and many of which have been in rural areas), with services provided by 260 organisations (community, public and private enterprises). Many of these projects are innovating around access technologies (mainly wireless networks), community engagement and the development of new content and services.

UK – the best place in the world for e-business

12. We also said we wanted the UK to be the best place in the world for e-business and this is fast becoming a reality.

Business use of ICT has become pervasive



Source: Employment weighted data from 2002

13. The International Benchmarking Study, released in November 2004, shows that UK businesses are now amongst the most sophisticated users of ICT in the world, certainly competing with the G7 and Australia, Ireland, South Korea and Sweden. The study places the UK in third place (almost level with

Ireland and very close to leaders, Sweden) according to its index of sophisticated use of ICT - this is a leap of four places from 7th in the previous year. The report also shows that 69% of UK businesses are now using broadband. Other key findings include:

- UK businesses are amongst the leaders for adoption of **new technologies** such as Voice over IP and desktop video conferencing.
- The proportion of **micro and small businesses** with a website increased by 16 percentage points.
- 30% of micro businesses are now trading online, up from 17%, and 31% of small businesses are trading online, up from 22%.
- Many more businesses now measure the benefits of ICT and are among the most likely to have both a written business plan and a documented ICT strategy.
- Businesses are using ICT more to interact with others. UK businesses are among the most likely to publish information for customers online and more businesses are buying from suppliers online.
- More businesses are connected to the Internet through broadband, due to xDSL usage increasing from 13% last year to 24% this year

14. Today the effective use of broadband is the key to improved productivity and economic competitiveness. This is well understood by our competitors and our inward investors. A survey by the Institute of Directors¹ found that 84% of respondents using broadband saw a quantifiable increase in productivity and 61% said broadband had delivered cost savings.

Ofcom: Creating dynamic and competitive market place

15. Regulatory change has played an important part in the creation of the UK's strong broadband market. The UK has put in place a world-leading regulatory framework, bringing the regulation of the converging markets of

¹ Institute of Directors, 2004 'Broadband: its impact on British Business'

broadcasting and telecommunications under a single regulator, Ofcom, in December 2003.

16. The reduction in cost of *local loop unbundling services*² is another key development for UK broadband competition. BT have now unbundled over 31,000 loops (fully and shared). We are seeing existing LLU operators operating more aggressively, launching new services of increasing sophistication and speeds of 4Mbps and more, and we are also seeing serious investment commitments by new LLU operators. **LLU prices are now amongst the lowest in Europe.** By the end of March 2005 LLU operators will be providing service from more than 600 exchanges. Many of these will have multiple operators providing service. These developments will provide the platform for operators to grow towards their forecasts of 1 million LLU lines by December 2005.

The safest place in the world to access the Internet

17. Notwithstanding the many opportunities created by the rapid development of ICT, there are also risks and threats. The government has worked with industry to make the UK one of the safest places in the world from which to access the Internet.

Protecting children

18. The UK is now a world leader in child protection on the Internet. The Internet Watch Foundation (IWF) was set up with the industry and law enforcement agencies to combat the incidence of child pornography images. The Home Secretary's Task Force on Child Protection on the Internet was established in 2001 to help protect children the world over from abuse fuelled by criminal misuse of new technologies. The Task Force has, for example, developed and run public awareness campaigns, developed models of good practice for providers of various Internet services, developed training for

² A process by which BT's exchange lines are physically disconnected from BT's network and connected to other operators' networks. This enables operators other than BT to use the BT local loop (the access network connection between the customer's premises and the local exchange, usually a loop comprised of two copper wires) to provide services to customers.

professionals and proposed changes to legislation. Task Force members are currently working with the BSI to develop a kitemark standard for child protection software.

19. The UK is now setting the agenda in the G8 where for example we are working to develop an international database of child abuse images and tackle organised crime's involvement and we are planning an Internet safety conference to raise the profile of the issue and share good practice with our G8 colleagues.

Combating e-crime in general

20. There has been much work on information security. Recent successes include the progress on Project Endurance - a public/private partnership to help consumers and small businesses protect themselves against security threats. In addition, a new ITsafe (www.itsafe.gov.uk) service will provide the less technically literate users with proven, Plain English advice on protecting their computers and mobile phones. The Home Office is also working on an e-crime strategy that will enhance the ability of the National High Tech Crime Unit, set up in 2001, and local police forces to pursue cybercriminals.

UK is a world leader in high-quality, innovative content

21. People buy modern technology for the services it delivers, not for its own sake. Much of the emphasis over the last three years has been on ensuring that the infrastructure for broadband technology is widely available. This infrastructure facilitates the growth of high-quality, sophisticated broadband content. These networks enable the government to deliver advanced broadband services in education and health and other key public services – such as medical imaging transfer and video and audio-rich pedagogic material – more freely. The National Programme for IT in the NHS demonstrates that the government is committed to using broadband to deliver services, but putting the service/content first and using broadband as a necessary platform to deliver it.

22. With our end-to-end capability in content production and distribution, there is considerable potential for the UK to leverage these advantages, to accelerate growth and international competitiveness. The UK's world-class creative industries have the potential to take advantage of the growth of broadband and its pivotal contribution to a thriving knowledge economy.

Government investment has brought Internet access into every community

23. In order to tackle the clear inequality of access to the Internet in 1999 we have invested in bringing the Internet into every community. There are now over 6,000 UK online centres in the UK – places where people can access the Internet in a safe, secure environment and where they also receive technical support and training. UK online centres have targeted areas where they are likely to have the most impact on inequality – they operate in all 88 Neighbourhood Renewal Areas and in 2000 deprived wards. Centres are in diverse venues ranging from community centres to libraries, colleges and high street cyber-café's. **95% of households are within 5 km of a centre** and virtually all households in the UK are within 10kms of a UK online or Learn Direct Centre. Independent research has found that 96% of the population is aware of where they can access the Internet. Over 75% of centres are broadband connected.

Modern services for modern citizens – public service delivery powered by information technology

24. Modern services in the public and private sector are powered by robust, functional information technology. Technology delivers the right information to the right place at the right time to allow the front line worker to do their job. The use of information technology allows a decision to be taken in real time, without back office processing or data entry delays. The technology is, quite rightly, invisible. Services are also increasingly provided on a self-service basis over the Internet.

25. The Government is investing billions of pounds in new systems to support service delivery. In many cases, such as the NHS National Programme for IT, we are delivering radical solutions, unique in the world. The following are only a few examples:

Self Assessment online: Individuals can see their tax accounts live online; raise questions for personal reply; and opt to receive reminders by email or mobile phone. This facility, developed, built and delivered in under a year, was used 4 million times last year.

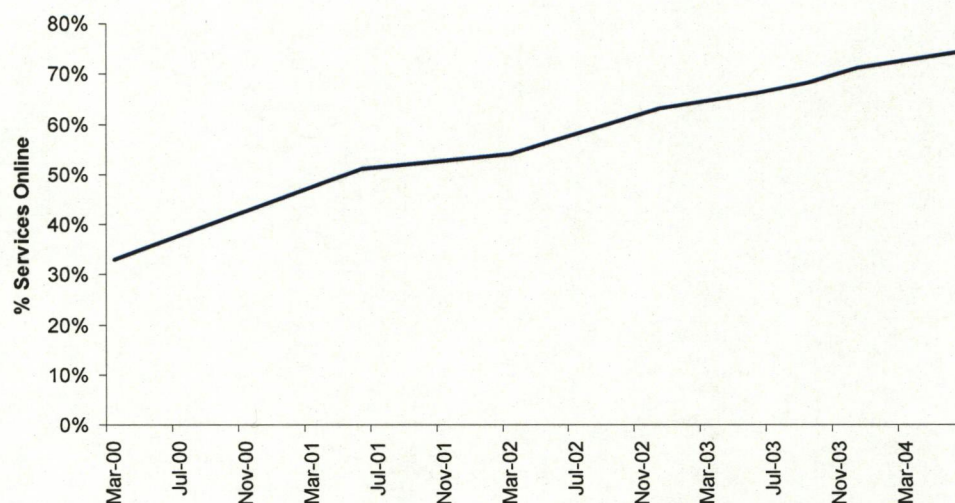
Directgov: Launched in April 2004, this is the Government's flagship digital service, designed around the needs of the user. It brings together information from across many Whitehall departments in one place, making it easier for people to find and access government information and services. A powerful demonstration of how departments can work together to deliver more public services built around the needs of the citizen. January 2005 saw more than one million unique users accessing the site.

Halton 'Benefits Express': an IT system on a bus, connected to council networks by mobile phone. Benefits' staff are able to process claims in people's houses, and help with access to other services. Processing time for benefits claims has been reduced from eight weeks to less than a fortnight, saving time and avoiding frustration for both claimants and front-line staff.

The Government Gateway: Running for the past four years, the Gateway is a centralised registration point for government services online, offering nearly 50 services from 20 different government entities to 5.1 million registered users. Over the last 12 months, Gateway has had 100% operational availability, while January 2005 saw 275 000 successful authentications take place in just one day. Over the next 12 months, more than 24 new

departments or Local Authorities are due to make services available on the Gateway.

Three-quarters of Government services are now available electronically



8,600 Jobpoints: This is the world's largest network of touch-screen kiosks and the most popular government webservice. Jobpoints are provided in Jobcentre Plus offices and other locations - ranging from supermarkets to prisons – for people to search for and display job vacancies, training courses, childcare providers and other information.

Department for Work and Pensions Payment Modernisation Programme:

Direct payment of benefits into a bank or building society account is replacing the old fashioned order book, providing a safe, convenient, modern and more efficient way of paying benefits. Over 21 million accounts are already being paid by direct payment, now the normal method of payment for new customers.

Pension Credit: A complex IT project to deliver the new Pension Credit system. 1.8 million personnel records were migrated without disruption, and

the system is now delivering Pension Credit to 2.6 million households (3.2 million individuals). It won Project of the Year 2004 from the Association for Project Management.

OS MasterMap: a definitive digital map of Great Britain, providing detailed geographic information for a wide range of business and government purposes. OS MasterMap underpins a huge range of commercial services used by millions of people every day.

Young people's services – UCAS for instance is on the brink of going all-electronic. Student Loans are moving online. Nearly 30% of practical driving test bookings are now made online - around 40,000 bookings a month. Booking of theory tests online has now reached nearly 40%, with over 170 000 tests booked in the last quarter of 2004.

Companies House electronic registration service: This electronic service was developed in partnership with Company Formation Agents. 65% of company registrations are now made via the electronic route – **reducing red tape, making it easier to start a business.**

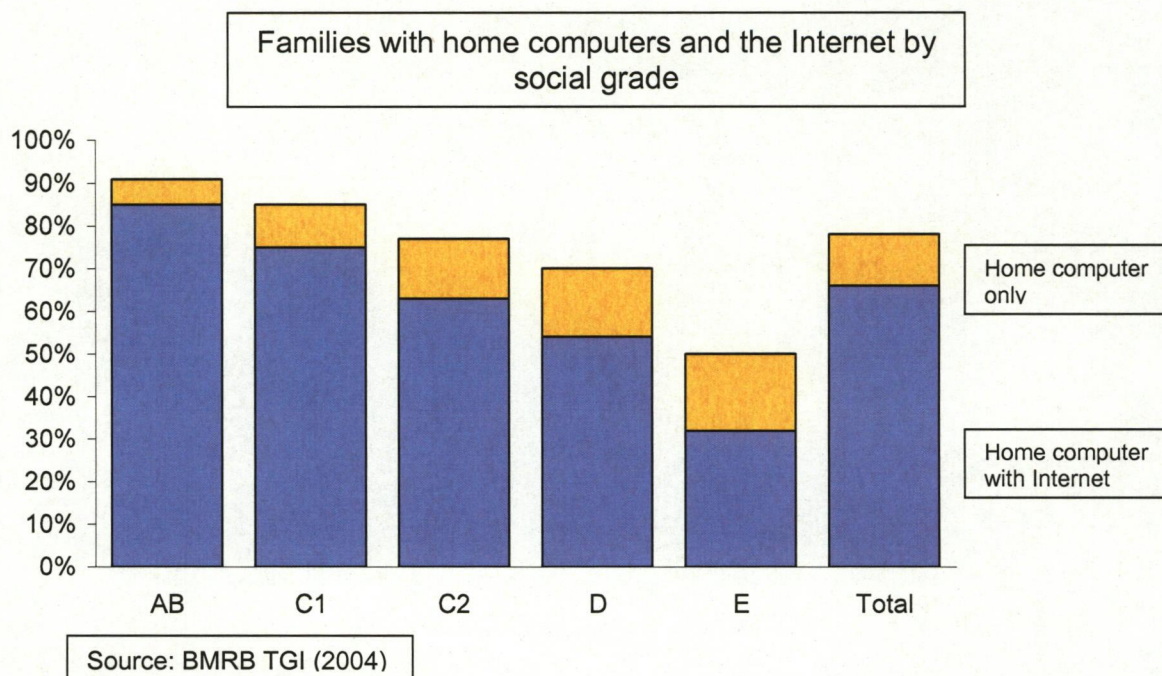
Businesslink.gov.uk: A website providing business, particularly SMEs, with easy access to government information, advice, funding and training. The site has had more than 5 million visits since its launch with around 1 million page views per week by the business community.

26. Looking forward, the challenge for Government is to ensure that we seize the opportunities offered by the widespread availability of high speed networks and the growing acceptance of electronic services in people's daily lives. Some services enabled by modern technologies have had a profound impact that was not foreseen: the budget airline industry is now a social phenomenon reaching almost all parts of society, but would not have been

possible without the Internet. Mobile phones are very much the norm in almost all sections of society below a certain age and people use them to maintain their personal networks of friends, family and contacts in a way that was not envisaged when they were first launched. The message for us is that people will adopt new technologies when the value proposition to them as individuals or families is strong enough, and that we must be open and quick to seize the opportunities that present themselves to us over the coming years – opportunities that we may not yet recognise. Rising to this challenge will be an important task for the e-Government Unit as it draws up a strategy for the use of ICT in transforming public services.

The digital divide: problems with low take-up

1. Despite this significant progress, take-up of e-services remains an issue particularly for some groups who have most to gain. There is clear evidence of a digital divide which prevents those from low income backgrounds from benefiting³.



2. What do we know about the “digital divide”?

- There is a strong correlation between household income and Internet access. People from socio-economic groups A/B are three times more likely to have home access than DE members.⁴
- In the third quarter of 2004, 48% of households in the UK had not chosen to access the Internet from home.⁵
- Increases in take-up of home Internet have been entirely among the C1 and AB groups. The rate of connection among the DE groupings has remained around the 20% level since 2001.⁶

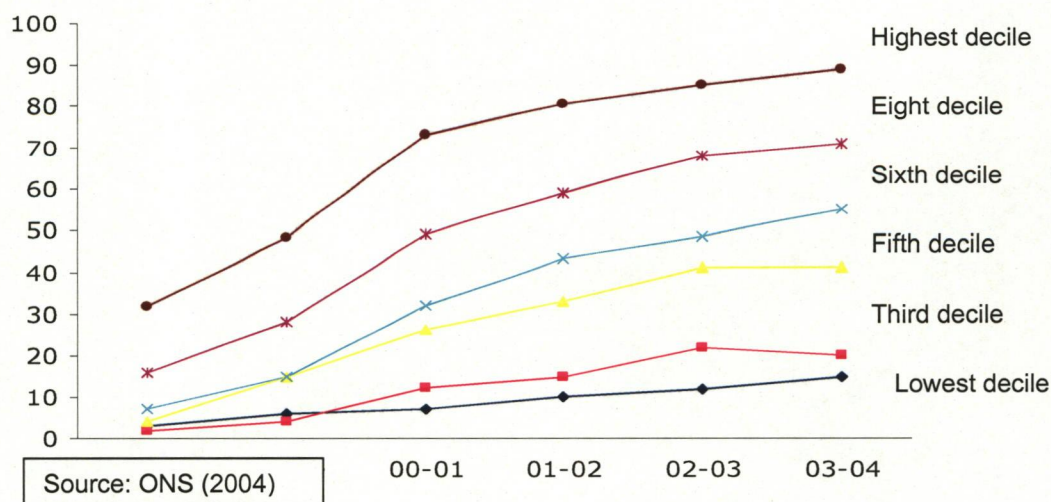
³ SEU, 2005 'Inclusion through Innovation' forthcoming report from the Social Exclusion Unit

⁴ BMRB TGI (2004)

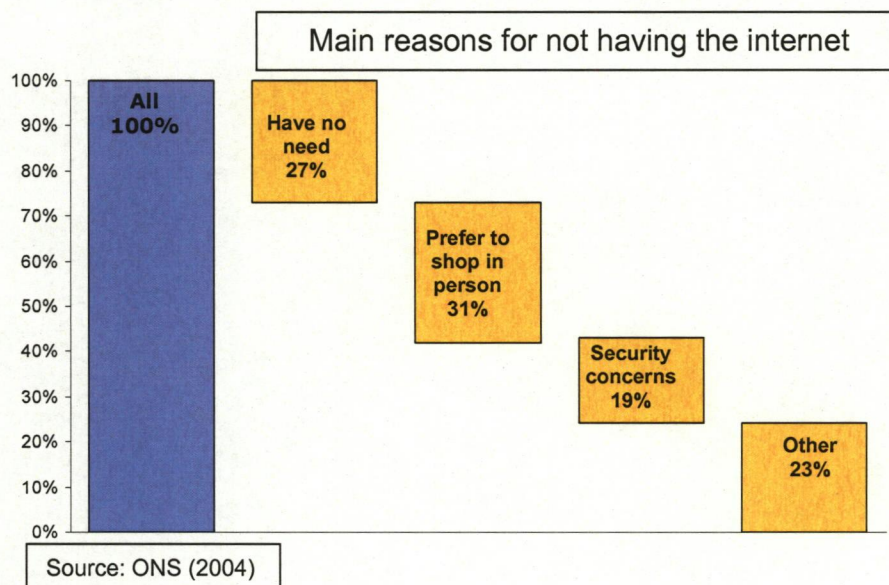
⁵ ONS, December 2004, 'Internet Access' <http://www.statistics.gov.uk/cci/nugget.asp?id=8>

⁶ Hall Aitken, 'Evaluation of CMF funded UK online centres - final report'

Proportion of households with home internet access, by income decile



- According to the ONS, 40% of children have no home access to the internet.⁷ However, it should be noted that Prof Sonia Livingstone⁸ found that 23% of children have never accessed the internet from home and currently 29% lack such access.
- Single parent households are significantly less likely to have home Internet access than households with two adults.⁹



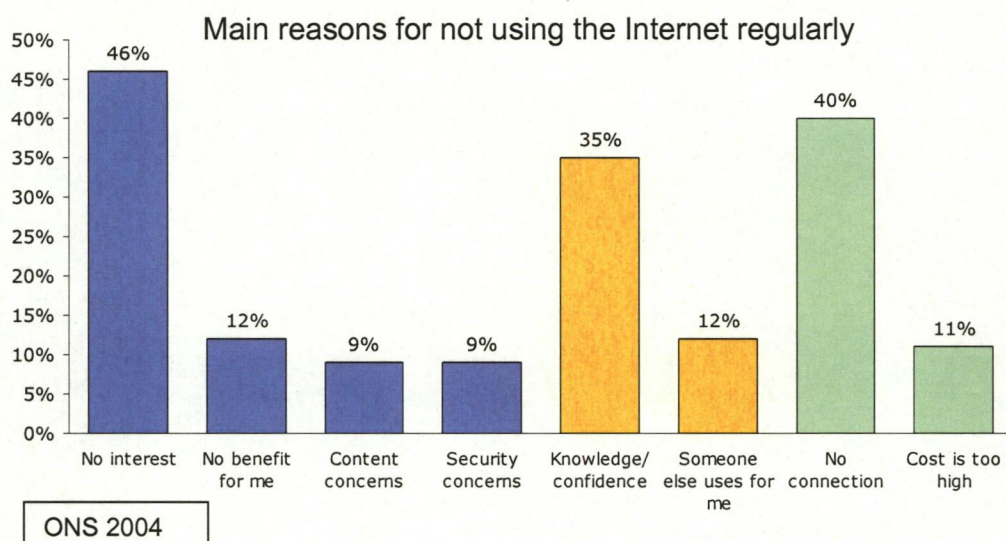
⁷ ONS, December 2004, 'Internet Access' <http://www.statistics.gov.uk/cci/nugget.asp?id=8>

⁸ LSE, UK Children Go Online

⁹ Family Resources Survey - Great Britain 2001-02

3. Why does the divide exist?

- Research evidence shows that improving access can help to some extent in bridging the digital divide. **By far the biggest barrier to accessing ICT is interest and motivation**, followed by a lack of perceived need.¹⁰ 53% of adults who do not use the internet state that they 'Do not want to /need to / have an interest'. Trials aimed at closing the digital divide in disadvantaged areas suggest these perceptions do change once internet technology is introduced into lives.
- **Confidence & knowledge** - 37% of all Internet non-users lack the knowledge or confidence to use the Internet.¹¹
- **Total operating costs** of PCs and the Internet are still too high. However, research shows that many non-users estimate the costs of purchasing computing equipment and the expenses incurred for Internet access to be more than twice the real cost.¹²
- **PC packages are too complex** which reinforces the view that 'PCs are not for me'.



¹⁰ Hall Aitken, 2003 'Evaluation of CMF funded UK online centres'

¹¹ ONS, October 2004 'First Release: Internet Access.'

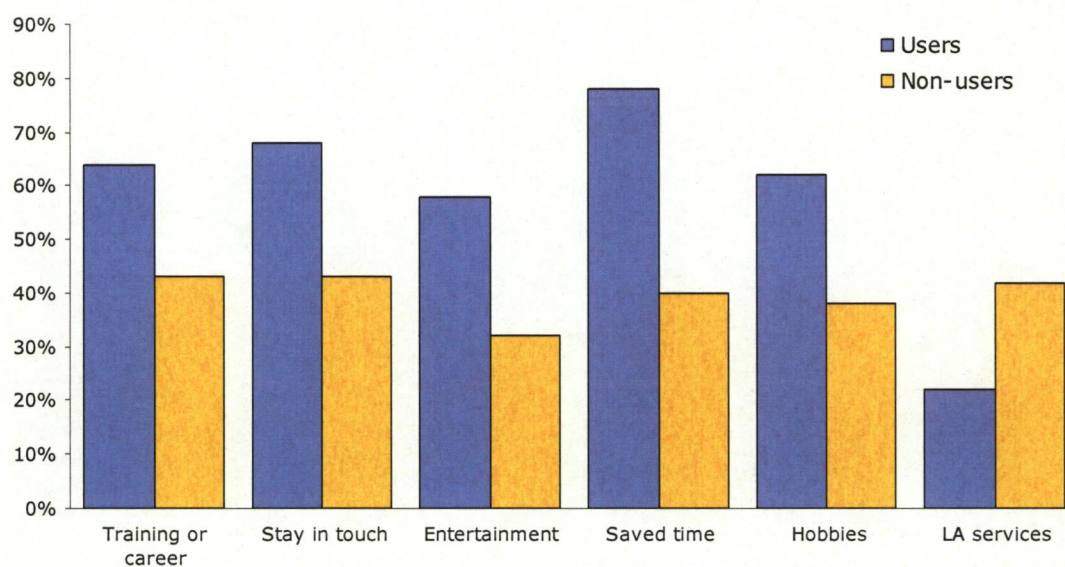
¹² GLA, 2003, 'Connecting people, tackling exclusion?'

¹³ Hellawell, 2002 'Beyond Access – ICT and Social Exclusion'

- **Content** is critical. Most people who suffer social exclusion have yet to be convinced that there is content relevant to them. Driven by the market, the Internet is full of content aimed at affluent consumers targeted at middle income groups¹⁴
- **Broadband is important in 'hooking' users as it** supports a richer, more interactive content, increases reliability, and makes the Internet a more satisfying experience – less waiting, more surfing.

4. Education, information, support and easy access to ICT are therefore crucial to ensuring that people from low income backgrounds reap the benefits of the digital world.

% of respondents agreeing benefits of the internet: comparison between trial and control disadvantaged areas



Source: Everybody Online annual report (2004)

¹⁴ Hellawell, 2002, 'Beyond Access – ICT and Social Exclusion'

What is the rationale for Government intervention?

1. A sound efficient strategy should rely primarily on *market dynamics* to increase uptake by households and firms. Intense competition, falling prices and increasingly useful services, applications and content are currently driving 50,000 broadband connections per week. Telecoms and Internet access have pronounced economies of scale, and prices are falling as uptake increases (from about £25 to £16 per month for a broadband connection in the last year). At the same time, we are seeing a major downwards adjustment in the price of PCs, with a good system retailing at £350 compared to over £600 for the lower-function entry-level system 12 months ago. New broadband technologies - wireless, 3G and fibre - are also emerging and growing. The market is working well at present, and a prime objective of policy should be to maintain that momentum.

2. But there is clear rationale for government involvement in tackling the digital divide and minimising social exclusion; ensuring the correct national skills framework; regulating where there is market failure; and delivering responsive public services

3. A competitive ICT market is key to driving down price and improving choice. Some form of market regulation may be required to ensure the market continues to function competitively and that there is no abuse of significant market power or blockages to new technologies. Ofcom are currently undertaking a strategic review of telecommunications which is examining these issues in consultation with the industry.

4. ICT promotes economic and efficiency gains and improves quality of life. The move to e-government should result in significant efficiency savings. For example, the long-run economic gains from broadband technology have

been estimated as being between £5-22bn per year¹⁵. Realising these gains will require widespread adoption and familiarity with ICT and broadband, and this might only be achieved with government intervention. As section 2 stated, currently there is a **lack of knowledge and information** about the benefits that ICT can offer and **lack of skills** in making the best use of ICT.

Strengthening community access with national, regional and city-wide initiatives will also play a role in marketing the benefits of ICT in a cost effective manner.

5. Government has a role in reducing the digital divide & social exclusion in general. Technology has an important role and huge potential as an enabler to help bridge the existing barriers to inclusion – either by improving access to information, connecting disparate communities together or by empowering service providers to deliver joined up services to those with multiple problems. There is considerable evidence of the benefits of access to a PC and the Internet at home or in the community for the excluded:

CRISIS –Evidence from the Crisis Open Christmas shows the potential of ICT to engage homeless people. The Crisis Open Christmas Internet Café saw over 100 users a day. ICT is also one of the most popular services on offer at Crisis Skylight where it is used by homeless people to keep in touch with friends, look for work and education opportunities, and access services.

- **Increased public service access:** Research shows that low income groups who have Internet access make more use of public services than those who do not.¹⁶
- **Improved employment prospects:** Over 30% of Internet users in the UK have searched for jobs online.¹⁷

¹⁵ A CEDR report for the Broadband Industry Group, November 2003 'The economic impact of a competitive broadband market'

¹⁶ GLA, 2003 'Connecting people, tackling exclusion?'

¹⁷ Digital Europe, March 2003 'Social Responsibility in the Information Society'

- **Financial benefits:** Research has shown that using the Internet for four years or more saves people an average of £268 per year.¹⁸
- **Social benefits:** ICT can repair some of the social 'despair', which can blight old age. Age Concern research shows that 66% of the people aged 55 years and over who are computer users felt that it has a positive impact on their lives.
- **A lifeline:** Online forums can provide a 'lifeline' to people suffering from debilitating conditions, depression and insomnia. For example a symptom of Parkinson's disease is insomnia - the Parkinson's disease online forum attracts a high proportion of visitors at night-time, when other forms of support may not be as readily available.

Claire Russell from the Big Issue Foundation points out that:

*"The interesting thing about the Internet is ... It's actually very equalising for the people we work with. They don't need to have a home, can access it at any time, and it's anonymous. It has definitely enhanced the skills and knowledge base of homeless people."*¹⁹

- **Reaching the hard to reach:** For a number of groups including homeless people, people leaving institutions, and young runaways, the ability to send emails via personal Internet accounts, provides a way of re-establishing contact, rebuilding and maintaining relationships with friends and family.

6. In summary, there is now a strong rationale for a new emphasis in public policy towards harnessing the economic and social returns on these investments and doing so in a way which benefits all parts of society. The Government has a clear role in:

- Ensuring competitive regulation

¹⁸ GLA, 2003, "Connecting people, tackling exclusion?"

¹⁹ The Guardian, 16 July 2001 'Using the Internet to help the homeless'

- Helping promote and increase public awareness about ICT
- Pressing ahead with delivering public services online
- Developing public infrastructure to ensure universal availability
- Ensuring that everyone has the opportunity to acquire key ICT and basic skills to make best use of ICT

7. These objectives may be reinforced through government support for pilot programmes at the local and/or community level.

8. ICT can either create the new class divide or can reduce barriers. Our policies have to ensure the latter.

How can we close the digital divide and become a world leader in digital excellence?

1. The Government has succeeded to a large extent in creating an environment in which ICT can flourish and has taken steps to tackle the digital divide. But to harness the transformative power of ICT and to make the rewards available to all by overcoming the barriers to take-up, the Government is committed to taking the following action:

Raising our game:

Making the UK a world leader in digital excellence

ACTION 1: Transform learning with ICT.

2. Education is one of the public services that stands to benefit most from the power of information and communications technology (ICT). It is through a direct experience of the opportunities and enjoyment that ICT offers that children and their parents are most likely to be turned on to the ways that ICT can transform their lives.

3. While we have seen government investment and local innovation in this area, growth has also been haphazard: systems are often incompatible with each other. Each institution or organisation has the freedom to buy its own system and support services. The result is that they are often more expensive than they need be. There are too few economies of scale.

4. We need a more strategic approach to the future development of ICT in education, skills and children's services. To address this need, the Government has set out a bold, but deliverable e-strategy to maintain our world leading position in the use of ICT in pedagogy over the next [10?] years. The strategy (<http://www.dfes.gov.uk/publications/e-strategy/>) focuses on what the technology can do for informing and advising citizens, for supporting children, young people, and adult learners in their encounters with the system, and for transforming the experience of learning.

Impington Village College (near Cambridge) - Impington Village College finger prints each child before each lesson. All 1,300 students arriving for classes have to place their fingertips on a scanner, which then registers them as present. If a pupil does not check in, a text message or email is sent to the child's parents to inform them that their child is absent from school.

5. Our strategy is about embracing this future so that all can benefit. We can only harness the new technologies to our ambitions if we are clear about what we want, and how to use ICT to achieve it. A society in which every child, every learner, every citizen, has the opportunity to develop their potential, is feasible if we know how to exploit these technologies. In five years we can build the common ground that brings all our education and children's services to the critical baseline of being able to use the technology well. In ten years, building on the newfound capabilities of our workforces, our newly skilled graduates, and our new appetite for innovation, we could be anywhere – if we have the ambition and the imagination to go there.

6. We want to use technology to make it easy for learners of all ages to manage their learning and educational progress. In the early stages this will mean having a **personal online learning space** provided by their school or college, where they can store their own course materials and assignments in digital form, and record their achievements.

An electronic portfolio for lifelong learning

7. Over time we should see the technology join up better across institutions, so that this is available to learners to build on wherever they go – to further learning, or to work-based learning. And in the future it will be more than simply a storage space - a digital site that is personalised, that remembers what the learner is interested in and suggests relevant web sites, or alerts them to courses and learning opportunities that fit their needs. We will

encourage all organisations to support a personal online learning space for their learners that can develop eventually into an electronic portfolio for lifelong learning.

No more school satchels!

Example of school which participated in BECTA study²⁰

A 12 year old girl entered the classroom and logged onto the school intranet and located her personal folder to continue working on a project which she began by reviewing her progress to date. Adjacent to her sat a boy who had also entered the room carrying no work materials. He immediately logged onto the intranet, checked his inbox and located the comments and suggestions that his teacher had provided. Having accessed his previous work he now made a number of alterations, building upon the advice received. He saved the revised version to his folder. He then began work on the new task that he had received from his teacher. He saved this as a rough draft in his personal folder and e-mailed his teacher to confirm that he had completed the work set. The teacher sends feedback to the student via email.

More opportunities for dialogue with the school

8. This personal online support opens up real possibilities of keeping parents much more engaged with what their children are doing, and able to have an **online dialogue with the school** on how they are progressing. The school record on their child's progress could be made available, under the right security arrangements, for the parents to link to online.

²⁰ Underwood et al, 2004 "Connecting with Broadband: Evidence form the Field

Facilitating collaboration between schools

9. For teaching staff it means easy and efficient ways of keeping in touch, giving feedback on students' progress, and managing marking and assessment. Unifying our approach to technology means they will be able to collaborate more easily with colleagues in other institutions and offer wider curriculum choice. With more flexible e-learning resources available online, teachers can adapt the curriculum to their learners' needs and interests. Technology is the key to personalised learning.

Victoria Crivelli, vice-chair of the British Dyslexia Association's computer committee:

"Computers are endlessly patient - to hear something like a talking book spoken back to you as many times as you like is great for pupils who need literacy support or have short-term memory problems."

(Many word processing packages speak back text and offer on-screen word banks, from the simple to the more complex.)

Encouraging lease of laptops²¹ & PCs to pupils

10. Every learner should be able to have **full home access, both hardware and connectivity** so that they can take full part in the advantages of e-learning. 56% of households with children have Internet access. This is relatively high by international standards but still means that 44% do not have access. There is evidence to suggest that pupils who have access to computers at home, controlling for other factors, have higher attainment than those who do not have access at home.

11. Eggbuckland community college (winner of the BT award for most innovative use of ICT) introduced a "laptop stream". Five classes - two each in years 8 and 9, and a pilot group, now in year 10 - lease laptops via a

²¹ The term laptop is used throughout this section to include other portable computing devices such as a notebook, a dossier or tablet PC or a PDA.

charitable fund set up by the school, and use them in classwork and homework. In a skills-based assessment, the average achievement of year 8 students in the laptop stream was that expected by year 11s, and last year the laptop group outperformed the rest of the year in SATs. When the year 10 class was awarded £1,000 to spend on equipment, they decided as a group that lockers would be useful, worked out the necessary specifications themselves, and sourced a supplier half the price of the one the school had found.

Broad Green High School in Liverpool raised sponsorship funding and suggested to the parents that they help buy laptops that students could take home on a rota. Although the school is in a relatively deprived part of Liverpool and 51% of the pupils are on Free School Meals, 42 parents are making regular contributions of £2 per week.

Assessment of the impact has been largely anecdotal but nevertheless very promising. There have been reports of parents preferring to work on the computer with their children and children preferring the computer to hanging around on the street. School attendance has also improved, particularly on the day students collect their laptop at 8.30am. Indeed, one of the additional benefits of schemes to give pupils access to laptops is that their families can also gain access. In the case of Broad Green High School many families were able to experience computer technology for the first time.

12. Most schools can only afford to provide laptops to pupils through setting up a parental contribution scheme. These schemes are often facilitated by the E-Learning Foundation. The contribution requested of the parent varies and some schemes allow for smaller contributions from parents with relatively low incomes.

13. Despite some of the benefits of pupils having access to laptops as demonstrated by the examples of best practice above, less than 10% of schools operate laptop leasing schemes. The main barrier is cost. The

parental contribution schemes do overcome this barrier in some schools. But for others, persuading parents to contribute is more difficult. This is because they do not have much spare cash and moreover, need to be convinced of the benefits of a laptop scheme – that they will in fact gain a bang for their buck.

14. The E-Learning Foundation has come up with a scheme to address this problem. It offers a finance deal to lease laptops for four years but the parents and the school do not have to pay anything for the first year. In fact they only have to start paying after 15 months. By this time parents are usually persuaded of the value of enabling their children to access laptops and are willing to make a contribution. But the scheme is self-funding for most schools as the E-Learning Foundation recoups the cost of the first year's lease through a levy it charges to manage the scheme when it is up and running. The Donation Management Service removes the administrative burden of managing parental donations and also claims Gift Aid for the schools. The E-Learning Foundation is a not-for-profit organisation so the costs of this scheme are kept as low as possible. The scheme also offers full warranty and insurance cover which is important as some heads have experienced problems obtaining affordable insurance because of the excessive wear and tear caused by children handling the laptops.

Summary of Connect & Learn offer

- A deferred four year lease on portable computing devices – either a laptop, a notebook, a dossier or tablet PC or a PDA.
- A grant for the cost of the extra year.
- Four year warranty on the devices.
- Insurance against accidental damage and theft
- Microsoft Windows XP Operating System (unless otherwise specified).
- Administrative support from the Donation Management Service.
- Additional options such as an 'airbag' laptop rucksack, Tracker software and GAP insurance; subject to availability.

15. Only in the schools with the highest numbers of Free School Meal pupils does the scheme need additional funding from the E-Learning Foundation. For example, Hilton Primary (58% FSM) in the North East was awarded £10K. The 2005 Budget announced that DfES will double their contribution to the E-Learning Foundation from 2005-06, so now more schools can be supported in implementing leasing schemes. In addition, the 2005 budget has announced that a further £25m per annum will be available in 2006-07 and 2007-08, for **schools in deprived areas to invest in home access to ICT for their neediest pupils.**

16. The E-Learning Foundation scheme focuses on leasing laptops; we would also aim to give parents and pupils the choice of a whole range of ICT equipment to access at home. PCs may in some cases be more suitable particularly for younger children; rather than laptops which are more vulnerable to damage and loss. The more pervasive use of memory sticks will also reduce the need for laptops.

17. To further reduce the costs of purchasing or leasing hardware, **we will introduce a national procurement scheme.** Currently there is little co-ordination in IT procurement as a whole with many schools even negotiating their own individual deals. BECTA is currently charged with devising framework contracts which would give schools some choice of supplier but achieve greater economies of scale. However, we will aim to go one step further by constructing a procurement model based on the 'reverse auction' principle procurement, which has been successful in health procurement and will be developed by the Office of Government Commerce (OGC) in partnership with BECTA.

18. So through our new national procurement scheme, the additional funding for schools in deprived areas and the E-Learning Foundation's 'Connect and Learn' scheme, **we will aim to give parents and pupils the opportunity to benefit from access to computers at home at a low cost.**

ACTION 2: Set up a "Digital Challenge" for Local Authorities to achieve both excellence and equity in ICT.

18. Together with industry the Government should sponsor a "Digital Challenge" prize for a local authority and its partners – both public and private - to establish by 2008 universal access, advance public service delivery and provide a test-bed for best practice in e-government.

19. This could be a groundbreaking partnership of the private, public and community sectors in demonstrating the best e-enabled public services as a model for the future. It would focus on extending the reach of e-services to excluded groups such as older people or children in poor families without access to e-services as well as driving take-up by the e-literate. But emphasis would also be placed on piloting high-quality, high-speed public services. Candidates would be able to draw upon proven expertise and techniques highlighted by the experience of ODPM's national programmes for IT, the forthcoming e-government unit strategy for future government services and build upon the lessons for using technology to address inequality highlighted by the forthcoming report from the Social Exclusion Unit ('Inclusion through Innovation').

20. This proposal has been welcomed by the private sector. There is considerable good will and an appetite on the part of some of the major players to demonstrate what can be done. This is a virtuous circle in that extending e-services has clear benefits in extending the market reach of service providers. It would also have tremendous synergy with the excellent work being done to nurture hi- tech sectors under the Science Cities concept which is developing the regional science and innovation agenda.

21. Equally from a local e-government perspective there are at least a dozen localities where the service and technical infrastructure is already sufficiently developed that they would enthusiastically rise to the challenge of creating the next generation of e-services by building on the successful implementation of the first phase of service delivery. Clearly the efficiency agenda could also

benefit significantly from this. But we would make clear that the focus was on service delivery, and in particular on bridging the digital divide.

22. We could use this as a **test bed** to learn more about delivery of e-government services – for example, what does the citizen customer want from digitally-enabled government? What density of community access is required? What support is needed? What obstacles arise and how are they overcome? We should require a strong emphasis on **evaluation and behavioural research**, especially into the customer proposition and behaviour. We would also hope for democratic innovations to be employed – such as business improvement districts or new mechanisms such as neighbourhood improvement districts to be used to fund and manage additional infrastructure.

23. The challenge will last for three financial years 2006/07 to 2008/09, with details to be announced in summer 2005. In summary the scheme will involve:

- Regional 'heats' of the competition to select the Local Authority partnership which should represent their region.
- Each regionally nominated community will receive £100,000 to develop their bids.
- The national competition would be based on the 'City of Culture' model with an independent panel composed of a range of experts and stakeholders as selected by the joint governmental steering group.
- The winning bid would be awarded the Digital Community status and a substantial cash prize to implement its bid. Both the public and private sectors have expressed a strong commitment to contribute funds to the challenge. We are aiming for a cash pot in the region of £10m - the exact amount will set out in a prospectus published in the autumn.
- Digi-community designation would be for three years and would include dissemination and experience sharing, not just delivering in the locality. The lessons would feed into the broader UK Digital strategy. (See annex 1 for more details on the Digital Challenge).

ACTION 3: Making the UK the safest place to use the Internet.

24. As we all, and particularly children, increasingly use ICT as an important part of our daily lives, the issue of safety is becoming more important. We must work to ensure that everyone, but particularly parents and children, are confident in how to effectively manage how the day to day risks that manifest themselves on the Internet.

25. Clearly there are trade-offs. Prioritising safety above efficiency and ease of use could impose costs on industry which would be passed on to consumers and inhibit innovation. We need to work with industry to strike a balance between ensuring that either at work or at home, the Internet is safe to use, while still encouraging an innovative Internet sector.

New Measures

26. The government has worked with industry to make the UK one of the safest places in the world from which to access the Internet. However, more needs to be done to continue to address this challenge:

1. A multi-agency national Internet safety centre

The Home Office - backed by the police, children's charities and industry - will set up a multi-agency child Internet safety centre. The exact details of the centre are to be worked out, but it is likely to: carry out proactive operations to deter paedophiles and identify priority targets; produce, co-ordinate and disseminate tactical and strategic intelligence for local police forces, including managing the database of recovered illegal images; act as a centre of expertise and advice for law enforcement, communications industry, child protection and offender management; act as a point of contact for UK ISPs, children and parents and overseas law enforcement; and carry out research. The creation of a "national centre" sends a powerful message to reassure parents and children that we are putting in place dedicated expert resources to protect children and that UK law enforcement will continue to identify and

prosecute paedophiles. The centre will also rely on support from the industry to provide a significant contribution building on core Government funding.

2. On-line identification

Criminals use false identities to commit crime online.

- We will work with the **banking** industry to make that sector a market leader in terms of online authentication. A framework that enabled greater confidence in the identity of online participants would create a higher level of confidence in both transactions and social contact.
- Subject to Parliamentary approval, the Home Office will ensure that **ID cards** are developed in such a way that they add value to the whole range of digital transactions.

Identity management is an important part of the strategy being drawn up the e-Government Unit. This will work with **Government Connect**, a new programme - which is being rolled out to all Local Authorities in England by Dec 2007 – designed to tackle identity management. Our aim is to achieve an environment wherein customers will be able to complete government transactions online without having to send by post their passport, driving licence or utility bill as proof of identity.

3. Better use of tools to manage digital content

Much illegal content is promoted by spam. This is certainly true of phishing, viruses and other malware, illegal pornography etc. The Internet Watch Foundation reported a fall in the number of reports of images of child abuse in 2004 and partly link this to increased use of spam filters by ISPs and consumers.

- The Department of Trade and Industry explore with industry new ways of dealing with unsuitable material, including more effective use of

parental controls, firewalls and web blocking technology and to raise awareness on best practice in operating safely online.

- As part of our home IT leasing scheme for schools, we will ensure that equip all laptops and equipment leased to children with AV, firewall and parental controls as standard.

ACTION 4: Work to create the right environment for the creation of innovative broadband content.

27. We want the UK to be a world leader in allowing people to use or reach any content, with any device, anywhere, anytime. Content, whether as a business tool, for entertainment, a community portal, e-learning or generated by consumers themselves, is key to driving up the effective use of ICT. Through the DTI's Technology Programme, the Government is already providing funding to encourage innovation and research in developing broadband content. We are also working with the RDAs and Devolved Administrations in implementing initiatives to promote high quality content, focusing on policy outcomes for the regions and nations in four key areas: business, learning, public sector and community.

28. In addition the Government places importance on the following objectives.

- There must be respect and understanding for the role played by intellectual property in content creation. Theft of intellectual property undermines investment and devalues the value chain.
- The development and intelligent use of digital rights management (DRM) solutions should be encouraged, as they provide protection for intellectual property and the potential to expand consumer choice in the content market. The ultimate success of DRM however will be determined by the market, notably consumer acceptance.

- The role of the BBC will be critical in broadband service delivery. The BBC has the resources to experiment in ways that the commercial market cannot and to provide support, both through commissions and partnerships, for the nascent broadband content sector. The Graf report into the BBC's online activity set out measures to reduce or mitigate any crowding out effect of the BBC in the marketplace.

29. The Government will set out guidance on broadband content procurement by the public sector, informed by an industry perspective. We will continue to strive to create a policy framework which will best underpin investment in broadband content by addressing genuine market failures and ensuring that there are no barriers for which government is responsible, to allowing entrepreneurs to invest in content creation.

Constructing a robust strategy to achieve our vision

ACTION 5: Set out a strategy for transformation of delivery of key public services.

30. Modern technologies such as the Internet, the mobile phone, information technology in supply chains and the service sector are transforming the way that consumers engage with companies. Services and products have become cheaper, easier to access, more personalised and are delivered in real time. For consumers and businesses, choice is increasing, prices are falling and even traditional markets are beginning to change radically. More decisions are put into the hands of consumers themselves, rather than being made by the supplier – even price. These changes have permeated popular culture: whether it is buying a book, booking an airline ticket, buying a car, or insurance or simply clearing out the garage and selling things online. After the hype of the dot-com era, society is now moving to an information age.

31. People using these private sector services do so in a continuum with the public sector services that they also consume. People will increasingly expect public sector services to deliver the same personalization, choice, speed and '24x7 access' they become used to from good private sector services. As society changes, the public sector has to change with it. Rather than simplistic cost-cutting and performing existing processes more efficiently, the challenge is to transform the delivery of public services, where cost effective and appropriate, seizing the opportunities presented by using modern information and communications technology. Given the scale upon which the public sector operates, it is only the best use of information and communications technology that can provide a comparable degree of choice already apparent in commercial services. And, in many cases, despite the large scale of the public sector, the same technology and techniques used by companies can be used – reducing delivery risk and cost.

32. The Government is investing billions of pounds in new systems to support service delivery such as high speed networks to move vital data around the country – everything from children's homework to MRI scans to criminal case files. The transformation of the criminal justice system exemplifies the scale of change required:

Criminal Justice

33. In the criminal justice system (CJS) the Government is delivering the technology to allow information to flow throughout the system and deliver faster, more reliable and more accurate services to frontline workers, victims and witnesses. Under-investment in ICT has been as serious and endemic a problem in the CJS as that identified by Wanless in the NHS. By March 2008 anyone involved in criminal justice – its users or people working within it - should have electronic access to the information they need, when they need it. Ending the great criminal justice paper chase will improve performance across the whole CJS and benefit everyone who uses it.

34. To achieve this, the Government is making an unparalleled investment in criminal justice IT. £2.24 billion is being ploughed into infrastructure and systems between 2003 and 2008. To maximise the benefits, we have set up a co-ordinated and comprehensive programme right across the system which includes:

- Modern IT infrastructure, so that people working in criminal justice have access to standard office applications such as email and internet-based services;
- National systems for managing cases with priority given to the police, CPS and magistrates' courts;
- Linking up the case management systems in each agency so that information can be shared and made available to those who are authorised to see it. We are also working with practitioners, such as barrister and solicitors, to help them make the business changes necessary to achieve the full benefits of the technology.

Health

35. The Wanless report identified huge historic underinvestment in effective, joined up ICT in the NHS. This government has corrected this imbalance with an unprecedented national programme with world class leadership. The National Programme for IT (NPfIT) will improve the quality and convenience of care - by ensuring that those who give and receive care have accurate, timely information. This represents an initial additional investment of £2.3bn on new information technology systems and services for the NHS to April 2006, increasing over the following seven years of the Programme, and is an essential element in delivering the NHS Plan.

36. We are providing an **electronic patient record** for every person. Subject to confidentiality and security safeguards and a framework of patient consent your medical record can be accessed at any time day or night to enable precise, personalised care taking account of all relevant parts of your medical history. This is impossible with a paper-based system.

37. **Paper prescriptions** will gradually be replaced by an electronic system that, among other benefits, will lead to fewer injuries and deaths every year by accidental mis-prescribing where prescription forms are handwritten and misinterpreted, or where misunderstandings occur between GP and pharmacist. The electronic transmission of prescriptions will make it easier for GPs to issue prescriptions and more convenient for patients who will be able to choose where to collect their medicines. The system will be safer for patients and prescription errors will be fewer in number. The system will be more efficient overall and will save costs and time.

38. The confusing and worrying chore of manual **appointment booking** to see a consultant will be replaced. When a patient needs to be referred to a consultant they will be asked by their GP where they want the treatment to take place. They will be able to "book" the appointment on the spot and leave the surgery with their appointment time and date.

39. Critical aspects of service delivery will be transformed by the use of IT to put the patient at the heart of the system. Health care is the ultimate personalised service – the government wants to ensure that front-line healthcare workers have the right information in the right place at the right time to deliver basic things easily and free up their time for more value-added tasks.

40. These examples – health and criminal justice - are at the heart of public service delivery. The information systems being put in place will, by-and-large, function behind the scenes as enablers for successful public service delivery.

A strategic approach

41. The Cabinet Office e-Government Unit is working with the newly-created Council of Government Chief Information Officers to set out a vision of public service delivery enabled and delivered through technology and a strategy to achieve that vision. This work is intended for publication in the Autumn; it will be driven by how to modernise services to citizens and to business in such a way as to make a difference to their daily lives not by technology itself.

42. As part of that strategy for modern services for modern citizens, the Cabinet Office and CIO council will have to consider how some services will transit to an almost exclusively digital environment. They will have to examine how and when continuance of a traditional delivery mechanism is uneconomic and does not serve the customer well – for instance by denying choices that a digital service can deliver. Some Departments such as the Department for Work and Pensions have already confronted that challenge in the process of phasing out of order books in favour of electronic payment of benefit – something inconceivable ten years ago. The strategy will have to consider how lessons learned from services that have made that transition can inform generic guidance for the digital switch-over of government services. And ensure that switch-over will only happen as the conditions become right for each service; no-one will be denied access to services because they are delivered electronically.

ACTION 6: Ofcom sets out regulatory strategy.

43. Ofcom has a duty to ensure that a wide range of electronic communications services – including high speed data services – is available throughout the UK. Ofcom has indicated that by the end of 2007/8, its *“aim is to have encouraged the development of an environment in which there is much more competition and innovation in broadband networks and services”*.

44. We will ask Ofcom to take account of the prospects for home broadband take up, with a particular focus on uptake amongst the more disadvantaged. We will also ask Ofcom to monitor take up across social groupings and age bands to give a clear picture of the development of the market and the prospects for widening access to broadband technologies.

Tackling social exclusion & bridging the digital divide

ACTION 7: Improve accessibility to technology for the digitally excluded and ease of use for the disabled.

Building on UK online Centres

40. Because the barrier for many people getting online is to do with knowledge and confidence, government should focus its investment on *communal* Internet access points, through schools and online centres, with a focus on reaching hard-to-reach groups and providing enhanced support at such locations. This would build on the strong foundation created by UK Online Centres.

41. It is important that those that cannot afford it or otherwise determine not to have broadband access at home can use the Internet through online centres or other means. For some, *communal* access may be a superior option: allowing support for both computer use and content; avoiding the user having to set up and maintain a computer; providing childcare facilities; in some cases offering a less chaotic environment; and provision of language services. Ideally, the benefits of communal access should be enhanced by home access and we are active in promoting the latter²². But as universal home access is still to be achieved and may no prove to be possible, we will ensure that everyone is at least within easy reach of a computer and the internet.

42. Evaluation evidence²³ has demonstrated that the UK online centres have been largely successful in meeting the ICT needs of learners from the target groups within areas of deprivation. Some key findings from the evaluation were: 74% of users were digitally excluded; almost all users said that their confidence had improved since coming to a centre; 84% said they had learned new skills that they would not have otherwise; 50% of users who had vested for six months went on to do learning that earned them a certificate. In

²² See Hall Aitken, 2002 "Evaluation of CMF funded UK online centres"

²³ Hall Aitken; Environmental Resources Management

addition a recent research conducted by SQW/ Mori for DfES showed that centres want to take a more active role in supporting online government service take-up and that if they did 34% of citizens say they would access, or learn to access these services at a centre.

43. Although online centres have been successful in attracting those who need training and support, more could be done to reach out to the most socially excluded. Lessons should be learnt from the most successful online centres who devote a lot of energy to outreach work and marketing and which combine basic skills courses with IT training.

44. ICT training is often seen as a major motivator for people to develop literacy, numeracy and language skills and is an increasingly popular way to acquire these and other skills. Similarly evidence suggests that basic skills training facilitates the acquisition of ICT skills. Lessons should be learnt from centres which have close relationships with basic skills providers and greater emphasis should now be placed on building the capacity of centre staff to provide support and guidance on how to improve their skills (see para x).

45. We will ensure that every adult who enrolls on a basic skills course is given an email account. A problem for adult learners is the interruption of study due to life circumstances. There is evidence that interrupted study is a principal cause of drop-out for adult learners – once lost to a course, they are often lost to the system. With online contact they could be offered pro-active personalised support to persist with learning, at their convenience, within the local community of providers. An email account for every adult would give them access to information, advice, guidance and e-learning resources to continue their studies and also provide one way of encouraging them to learn ICT skills alongside basic skills.

46. From April 2003, Ufi/**learn**direct took on the management and development of UK online centres. The initial injection of funds from the Capital Modernisation Fund and Big Lottery funds have now come to an end and Ufi are working with centres to preserve the UK online centre network and

improve their longer term sustainability so they can better support the Government's agenda.

47. In particular, **Ufi will build the capacity of centre staff** through: an expanded centre staff training programme to identify and refer learners through improved partnership links; build and diversify the 'First Time Online' portfolio of Internet tasters and skills checks to engage and progress more citizens into learning; develop a UK online centre membership structure and improve quality standards to manage and incentivise the network and increase confidence in centres by citizens and referral networks - including Government Departments; establish the reputation of centres as a key intermediary and provider of online Government services with Ufi acting as a broker and facilitator.

48. With an existing network UK online and **learndirect** centres there is a ready-made infrastructure to reach out to citizens and engage them to get online. UK online centres are an important national resource and we should look to build on their success and increase their usage to support the wider government agenda and therefore ensure their longer term sustainability.

49. We will therefore be working closely with UFI and DCMS²⁴ to explore the funding opportunities that are available to promote their continued good service. DfES will lead on this component.

Reform the Home Computing Initiative

50. In a bid to boost the penetration of computers into the home, the then Office of the e-Envoy, with the DTI and the Department for Education and Skills prepared guidelines for companies who wished to offer home computing initiatives to their staff (www.ukhomecomputing.co.uk). These initiatives allow an individual through their employer to have the use of a personal computer up to the value of £2500 per annum as a tax free benefit. However, **the scheme should be reformed further to benefit those most in need of Government help in accessing ICT.** HMT will review the impact and cost of

²⁴ Most centres are funded by UFI and some by the National Lottery

the Home Computer Initiative to ensure that it is targeted most effectively at those with the lowest take up.

51. Most initiatives run by employers are run in conjunction with salary sacrifice. This has had an unforeseen impact, in that those on minimum wage cannot enter such an arrangement. **The Government is committed to exploring further how this might be resolved and will commission the Low Pay Commission to consider the problem as soon as possible.**

52. Another barrier to some companies – particularly SMEs - implementing the scheme is the requirement for the Office of Fair Trading to formally approve implementation of the HCI. An amendment to the Consumer Credit Bill which would remove the need for OFT to check every scheme received its third reading earlier in March 2005. There needs to be consultation on new guidance, and under the current timetable the new regime will apply from October. **The Government will ensure that this barrier to implementation of the scheme is removed.**

Improve access for people with disabilities

53. ICT and the internet in particular have real potential to improve the quality of life of people with disabilities. However, many websites present barriers to accessibility for many people with disabilities. The challenge is how we utilise new technologies in a way that generates benefits not barriers.

54. The Disability Discrimination Act requires people providing services to take reasonable steps to ensure those services are accessible to disabled people. This includes services or information provided through a website. Despite this legislation, an investigation by the Disability Rights Commission found that 81% of sites failed to satisfy basic accessibility criteria. Although in some areas the public sector accessibility is ahead of the private sector, both fall well short of true accessibility.

55. The Government has taken steps to promote accessibility to the Internet. For example, our e-strategy for the education and skills sectors includes a

commitment to the 'MyGuide' project to improve the accessibility of all government websites for people with disabilities, and people reluctant to use the Internet, by developing a radically simple interface.

New Measures

56. But more could be done. Government will:

- ❖ Give a clear commitment to ensuring that all government **websites and online services** present no barriers to use for those with disabilities.
- ❖ Facilitate the development of **best practice guidance** for accessible website development and an accreditation process
- ❖ **Raise awareness** both in private and public sectors about these barriers. The UK will also take a lead on promoting action and raising awareness on this issue within the EU when it assumes Presidency this year²⁵.

ACTION 8: Review the digital divide in 2008.

57. The measures outlined in this document will make substantial inroads into achieving our aspiration of a more inclusive and efficient digital nation. We also expect the market to drive take-up and use, through the creation of new and innovative services, falling prices and awareness-raising. So the Government will **review the position in 2008** in order to explore whether further action is necessary to close any residual digital divide.

²⁵ An event on e-accessibility is already planned for October in London and this will focus on an EC communication of e-accessibility that is expected to be published in early May 2005.

Next Steps: Implementing the Strategy

58. The issues raised above are truly cross-departmental and they constitute a whole programme of action rather than individual policy initiatives. Taken as a whole they go beyond the scope of any one department and even beyond government into the private sector. It is therefore important to establish a process or structure that drives forward the implementation of the digital strategy and reports on progress. Under Ministerial ownership, OGC and eGU will support DTI in determining the right structure to drive forward a programme to implement the strategy. This will include appropriate representation from government departments, No10, and other key stakeholders.

59. Going forward the UK is extremely well positioned for the future. We have a world-leading national infrastructure and a world beating ICT sector. However if the UK is to thrive in the future, to succeed in competitive markets and to enjoy enhanced services, all of us need to be confident and comfortable, living and working in a digital world. We need to create a country at ease in the digital world. Where all have the confidence to access the new and innovative services that are emerging, whether delivered by computer, mobile phone, digital television or any other device, and where we can do so in a safe and secure online. We will not only tackle the digital divide but also use ICT to minimise social exclusion. By harnessing the transformative power of ICT and making the rewards available to all, we aim to make the UK the world leader in digital excellence.

ANNEX 1

The Digital Challenge – A digital vision for the digital age

To create an award that:

- i) encourages innovation test bed for new ideas;
- ii) builds on existing achievements
- iii) enlarge government networking and collaboration within a healthy spirit of competition

The Challenge

To develop a truly innovative digital vision for an area/region/city, that identifies how they could combine, expand and utilise digital technology to combat exclusion and deprivation and demonstrate the benefits to local industry and all their citizens.

Process and scope

The proposal specifications would not be over prescriptive with scope for innovation and the degree of focus on for example, young people or older people. However, we would anticipate that the bids should at minimum:

- Be developed 'bottom up' building on the local knowledge of existing partnerships such as Local Strategic partnerships and the existing experience local authorities have
- That improving access to the Internet and overcoming the barriers to Internet access (including the need to incentivise access to online public services) are central and that thorough evaluation of the initiative will be integral to the proposal and will lead to a detailed strategy for wider delivery of e services. Similarly, investment would favour communal access
- That the approach does not just rely on web based services alone but builds on multi-channel e-enabled services (including mobiles

and digital TV) which have higher penetration among some excluded groups

- The bid is realistic, credible, efficient with a high probability of delivery success. A winning bid would build upon the existing investment in service modernisation and aim to make the transition to a fully modernised digital service for as little money as possible. Like the City of Culture, the Digital Challenge would award the top prize to a community which demonstrates both great potential to become a digital centre of excellence and evidence that the foundations of this aspiration have already been laid.
- The bid must also show evidence of sustainability of the vision. This is particularly important as the prize will be a one-off sum.
- That the priority focus for the initiative should be on families with children given the clear evidence of educational attainment improvements linked to Internet and PC access.

The Digital Challenge would include the following phases:

Phase One - Planning

1. Establish a joint governmental steering group (JGSG). The Devolved Administrations are also welcome to participate
2. Agree aims and purposes of the challenge
3. Identify regional judges
4. Develop criteria for Awards taking into account any governance and structural issues faced by the Devolved Administrations.

Timescale – Spring 2005

Phase Two – The Call

Summer 2005

Phase Three - Regional Winners

1. 'Silver Badge' for Digital Vision for the best two from all sub-regions
(All those who submit could receive 'Bronze Badge')

2. Top two outline approaches from each region to JGSG for recommendation to Ministers on the best twelve – ie. one from each region and Devolved Administrations.
3. Best 11 awarded Digital Vision and 1 'best loser'

Timescale- Autumn 2005

Phase Four – Digi-Challenge Network

1. The top 12 outline approaches are awarded £100k each (ODPM to fund 9 of these for English areas plus £100,000 running costs - £300k to be found from other departments)
2. This funding is to enable the top 'areas/cities/sub-region' to develop a more in depth Digital Challenge Strategy for their area.
3. These to be represented back to the JCGSG

Timescale – Summer 06

Phase Five - National winners

1. JGSG recommend to Ministers the 'winning challenge' December 06
2. Winners awarded with 'Platinum Badge' for Digital Challenge Winners

Timescale – December 06

Phase Six

1. Should further CG funding be available this could be invested in April 07 ie. 07/08 financial Year.

ANNEX 2

This report was prepared by the Prime Minister's Strategy Unit in partnership with the Department for Trade and Industry and guided by the Minister for e-Commerce, Mike O'Brien.

The report was written with the help of:

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Prime Minister's Strategy Unit

Mark Swarbrick

DTI

Matthew Taylor

No 10 Policy Directorate

Pip Spence

DTI

William Perrin

e-Government Unit

Gareth Davies

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R

dti

Mike O'Brien MP

MINISTER FOR ENERGY and e-COMMERCE

2 February 2005

The Rt Hon Paul Boateng MP
Chief Secretary to the Treasury
The Treasury
1 Horse Guards Road
London
SW1A 2HQ

✓ *Ci Watmore*
Britton



Our ref: 00516351boateng

Dear Paul

Re: Broadband for Disadvantaged Families – Narrowing the Digital Divide

Thank you for a copy of your letter of 18 January 2005 in response to Ruth Kelly's letter of 24 November about plans to deliver the 2008 Digital Divide target which the Prime Minister announced on 28 September. DTI is fully committed to this agenda through its work to make the UK the best place in the world for e-business and its sponsorship of the Broadband Stakeholder Group (BSG).

2. I support your view that this is an important but challenging policy area and one that requires considerable thought. I am keen that my officials should participate in the work to develop a fully worked up approach building on Ruth's helpful first thoughts.
3. My view at this point is that the social policy nature of this target means that it is not a natural fit with DTI's objective to support increased business productivity through ICT. Therefore we are unlikely to be able to commit any significant resource to it given our other commitments under SR2004. However our existing links with the industry, BSG and collaboration with others (e.g. the joint DTI/Defra Rural Broadband Team) give us substantial understanding of many of the issues faced by the market in delivering and exploiting broadband; therefore we are well placed to contribute to the policy debate.
4. The UK needs improved business productivity, better informed consumers with greater choice, social inclusion, better school & lifelong learning and healthcare provision. The take-up and use of broadband has the potential to deliver benefits to all these areas of our lives. Networking communities has the potential for improved participation by all in the life of those communities, whether they are geographically defined or defined by their areas of interest or need. For business, broadband offers flexibility in employment patterns.

Department of Trade and Industry

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improved competitiveness, access to markets and suppliers; for the citizen, it offers access to resources that can touch almost every aspect of our lives; for community sustainability, it offers opportunities to bring added value from economic and social activities by loosening the constraints of "location".

5. The last three years have seen a remarkable transition in the fortunes of the UK broadband market. Government leadership in setting a target for the UK to have the most extensive and competitive broadband market in the G7 looks set to all but solve the geographical access limitations next year. While the new regulatory regime implemented by Ofcom is helping drive up competition and drive down prices for broadband access.

6. The BSG has been of great help in providing advice and stimulating interest in broadband in both private and public sectors. For example, they released (in conjunction with DfES) a report in March 2003, demonstrating the benefits of the widespread use and exploitation of broadband within the education system. This report also identified the potential barriers to the use of broadband in education.

7. I am aware that the BSG has been in conversations with industry representatives on this issue and is thinking about what terms might be workable for a deal on subsidised connectivity and customer premises equipment of the sort that Ruth outlined.

8. On the proposal for a "Connected Cities Challenge". There have been and continue to be smaller scale projects which may provide a relevant evidence base, e.g. :

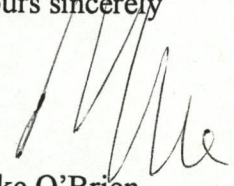
- the Wired-Up Communities programme that was run by DfES – now completed but could be evaluated further;
- the Shoreditch Wired Network – which will use funding from ODPM's New Deal for Communities programme and the EU Social Fund;
- the ODPM Millennium Communities – of which Oakgrove has a specific broadband/ICT focus.

10. I am also aware that several other local authorities are very interested in the use of ICT to promote regeneration and the Social Exclusion Unit (ODPM) is currently exploring obstacles to ICT take up by disadvantaged groups together with possible policy responses.

11. Whether or not monies can be found for a new Challenge Programme I am sure that these existing projects and enthusiasm might be readily harnessed to provide a platform for the delivery of attractive and innovative public services.

12. I am copying this letter to the Prime Minister, Ruth Kelly, Stephen Timms, David Miliband, Ian McCartney, Phil Hope, and Sir Andrew Turnbull.

Yours sincerely



Mike O'Brien



[Handwritten mark]

HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

David Miliband MP
Minister for the Cabinet Office
Cabinet Office
70 Whitehall
London SW1A 2AS



18 January 2005

[Handwritten signature: David]

**BROADBAND FOR DISADVANTAGED FAMILIES -
NARROWING THE DIGITAL DIVIDE**

I am replying to Ruth Kelly's letter of 24th November on
Broadband For Disadvantaged Families.

2. I very much agree that this is an area where there is
scope for imaginative thinking on how technology can be a
driver for educational progress and economic growth - and
specifically how we best tackle access for disadvantaged
families.

3. Inevitably, there are complexities in this area that need
careful consideration before we can firm up policy
proposals. In particular, any intervention in the
telecommunications sector will have to take account of the
legal and regulatory framework. We also need to assess the
best potential means of delivery of our objectives in this



area, recognising that new money is not available above existing allocations.

4. On the other hand, the background is encouraging, in terms of growing success in market delivery; broadband is now both reducing in price and rapidly increasing in take-up. We should build upon the successes in this area and look at where there might be most benefit from further Government initiatives in ICT.

5. My officials have had preliminary discussions with the Strategy Unit on how we could advance this agenda. I would like them to work closely with Strategy Unit and other relevant departments on this I will ask them to get in touch to set this work in progress.

6. I am copying this letter to the Prime Minister Ruth Kelly, Stephen Timms, Ian McCartney, Phil Hope, Mike O'Brien and Sir Andrew Turnbull.

A handwritten signature in black ink, appearing to be 'P. Boateng', written over a horizontal line.

PAUL BOATENG

Diment Peter - Cabinet Secretary's Office -

From: Office, CST's [CSTs.Office@hm-treasury.x.gsi.gov.uk]
Sent: 18 January 2005 14:59
To: PS Minister for the Cabinet Office
Cc: Prime Minister; Secretary of State for Education & Skills; FST, Info; PS Ian McCartney; PS Sir Andrew Turnbull; Phil.Hope_MP@odpm.gsi.gov.uk; psmrobrienallstaff@fco.gov.uk; Office, CST's; Dennison, Susi
Subject: broadband for disadvantaged families narrowing the digital divide cst to miliband 18.1

Please see attached letter

David Tappenden

Tel 020 7270 4374

Fax 020 7270 5456

HM Treasury

1 Horse Guards Road London SW1A 2HQ

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Office of the
Deputy Prime Minister
Creating sustainable communities

R

RESTRICTED - POLICY

Phil Hope MP
Parliamentary Under Secretary of State

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Tel: 020 7944 4400 Fax: 020 7944 4339
E-Mail: phil.hope@odpm.gsi.gov.uk

Rt Hon Paul Boateng MP
Chief Secretary to the Treasury
The Treasury
1 Horse Guards Road
LONDON
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www.odpm.gov.uk

Our Ref: PH/022924/04

15 DEC 2004



Dear Paul.

BROADBAND FOR DISADVANTAGED FAMILIES - NARROWING THE DIGITAL DIVIDE

Ruth Kelly wrote to you on 24 November about plans to deliver the 2008 Digital Divide target, which the Prime Minister announced on 28 September. ODPM is fully committed to this agenda, and is already involved through Local e-Government, the DirectGov Home and Communities Franchise. The Social Exclusion Unit's 'Inclusion through Innovation' project, which will examine how Information and Communication Technologies and technological innovation can be used to tackle disadvantage, is also relevant and supportive of innovative approaches to tackling the digital divide.

The proposals in Ruth's letter certainly merit detailed examination. Ruth asks specifically about the availability of Local e-Government money for a pilot. We may be able to help. Last month we launched the second round of the e-Innovations Fund. One of its four categories is seeking ideas around social inclusion. It is only open to local authorities, but if a partnership bid were successful we might be able to allocate up to £0.5m to support a pilot. I have asked my officials to contact Ruth's office to arrange an early meeting.

As you know, the e-Innovations Fund apart, we are working full tilt with local authorities towards delivery of their 2005 PSA target on electronic service delivery, and this will take up all the funding available to us. We have already had to find the resources for the DirectGov Home and Community Franchise work, and more recently a contribution towards DirectGov's central costs.

Even before we start looking at the funding of the proposed pilot, which I think might be on too large a scale to start off with in any event, we need to be clear about the sort of funding model that might be applicable for a wider national roll out, and that the Treasury can find whatever funds would be needed from Central Government. These could be substantial.

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ODPM is already more than stretched for the SR04 period on existing commitments, and I am afraid could not possibly help with this as an additional demand. That said, however, I am happy for my officials to contribute towards the drawing up of more detailed proposals for consideration at PSXe.

I am copying this to the Prime Minister, Charles Clarke, Ruth Kelly, Stephen Timms, Ian McCartney, Mike O'Brien and Sir Andrew Turnbull

Yours ever

Phil

PHIL HOPE



Ruth Kelly MP

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The Rt Hon Paul Boateng MP
Chief Secretary to the Treasury
Treasury
1 Horse Guards Road
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SW1A 2HQ



24 November 2004

cc. P. Britton

Dear Paul

BROADBAND FOR DISADVANTAGED FAMILIES – NARROWING THE DIGITAL DIVIDE

In his speech to Labour Party conference on 28 September the Prime Minister spoke of

“ending the digital divide by bringing broadband technology to every home in Britain that wants it by 2008”.

The Prime Minister sees home use of broadband as one measure of the technology skills vital to our future competitiveness. Ubiquitous uptake of broadband in the UK will deliver a competitive edge over economies that remain more dependent upon less efficient media. Broadband ubiquity will also allow the public sector more easily to transit to more efficient means of online service delivery.



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Broadband will be brought to the majority by healthy competition to deliver the price and product they require. Families that understand the educational potential of broadband for their children can choose from a range of products. However, there will be families lagging behind that don't understand and can't or won't afford a computer and broadband connection. Children in such families will be at a disadvantage, unable easily to access the resources of the Internet for their education outside school hours. These families are likely to perpetuate a digital divide: children from richer families are able to access information and learn from home whereas poorer children cannot. They will either have to suffer the slow, frustrating experience of a dial up connection or not have a computer at all. Public service providers could be loath to exploit the scope of broadband if they feel it will exacerbate inequalities.

The Prime Minister is concerned that we should find ways to address this issue such that by 2008 as many people as possible want broadband and are able to get it. A modern, progressive solution would be a partnership with industry encouraging them to target the hard to reach groups. The justification is simple: Government recognises the essential educational and social justice benefits; industry gains customers who are hard to reach.

There are at least two ways to achieve this by building upon existing work.

Firstly the government could drive demand through provision of better public services and the private sector could subsidise supply. This would lever the work you have led through PSX(e) and capitalize upon new government services that drive demand for broadband. As a quid pro quo for delivering new services, government seeks to negotiate with industry a deal for poor families. We understand that Keith Todd of the broadband stakeholder group might be able to pull an industry consortium together to do a deal.

Education is the most natural area in which government services drive demand for broadband and IT kit. Charles has done a superb job at DfES to

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drive ICT kit to every school and give teachers the skills to use it. Number Ten officials have been in discussion with Charles' officials about where this might go next. A rich education content offer ('on-line curriculum', 'online work spaces', 'broadband homework' etc), would drive millions of families to buy ICT and broadband faster than they might otherwise do. As a quid pro quo it could be possible for industry to bring down the cost of computer kit and a first year's broadband access to the point at which it would be available for a small payment to, say, families on the maximum rate of Child Tax Credit. I know that Charles is thinking this over.

The work done by Parry Mitchell and the e-Learning Foundation on low cost, charitable leasing of laptops for £5 a month shows what can be done. For comparison, the average mobile phone bill is about £24 a month. It should also be possible to promote better the excellent Home Computer Initiative tax scheme Revenue devised to encourage employers to supply computers to their staff.

There is the potential for creating a virtuous circle here for the PSX(e) agenda: the more people in lower social and income groups have broadband, the more government can use the potential of broadband further to transform services, communication and processes.

Secondly, an easier, more traditional possibility could be a 'connected cities challenge' in which industry and Government agreed to fund the connection of every family in the City or borough that puts together the best online public service content offer. Such an offer could be a pilot for making big savings on paper based processing and a root and branch modernization of public service to electronic delivery. An initial trial of a specific city or region would be the best way to prove this. It may be possible to use some of the money allocated to local e-government in this way, although I don't have sight of how this is committed.

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An initiative in this space will require the commitment of a number of Government Departments. Firm leadership will be needed from the appropriate Department to compose a service offer and negotiate a deal with an industry group.

I am writing to ask whether you share my enthusiasm for this way of tackling the digital divide and whether this might be a suitable area for PSX(e) to discuss. We would need to move quickly if we are to have a policy ready for announcement by next spring or early summer. Perhaps we could meet to discuss.

I am copying this letter to the Prime Minister, Charles Clarke, Stephen Timms, Ian McCartney, Phil Hope, Mike O'Brien and Sir Andrew Turnbull.

Best wishes
Ruth

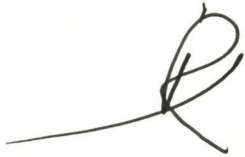
RUTH KELLY

Bilbrough Jeanne - Cabinet Secretary's Office -

From: Gale-Ward Lloyd - Ministerial Support Team - MST - on behalf of MST
Sent: 24 November 2004 18:52
To: Chief Secretary
Cc: Prime Minister; Secretary of State for Education & Skills; 'Stephen Timms MP'; PS Ian McCartney; Phil.Hope_MP@odpm.gsi.gov.uk; 'mpst.obrien@dti.gsi.gov.uk'; PS Sir Andrew Turnbull
Subject: 89624 - BROADBAND FOR DISADVANTAGED FAMILIES - NARROWING THE DIGITAL DIVIDE

Please see attached letter from MCO. A hard copy will follow to Chief Secretary only.

Many thanks,
Lloyd Gale-Ward
Ministerial Support Team
Private Office Group
Cabinet Office
70 Whitehall
tel : 020 7276 1208
fax : 020 7276 0080
GTN: 7276 1208


From: Sue Bateman
e-Government Unit
6th Floor, Stockley House
Tel: 7276 3247
Fax: 7276 3293
Date: 17 November 2004

PS/MINISTER FOR THE CABINET OFFICE

cc



PS/Sir Andrew Turnbull
PS/Sir David Omand
PS/Colin Balmer
PS/Ian Watmore
Andrew Stott, eGU
Paul Waller, eGU
Ewen McKinnon, eGU
Michael Wilkinson, eGU

89025: AOL BROADBAND EVENT

Issue

How to reply to an invitation to participate in a round table discussion on broadband

Recommendation

1. Priority 3: Poor Use of Time. We recommend that the Minister decline the invitation and send the draft reply attached at Annex A.

Timing

2. Immediate. The organisers have requested a response by 20 November 2004.

Background

3. AOL recently commissioned the think tank Demos to research the impact of broadband on society in the UK. To mark the publication of the first stage of their research, AOL are hosting an event on the morning of 30th November. The event will begin with a presentation by Demos on their initial findings followed by a round table discussion, at which the Minister has been invited to participate.

4. The e-Government Unit's interest in this area is around the take-up of online government services. In this respect we are interested in how broadband might be used as a lever to increase take up of online government services, as research suggests that broadband users transact more often and in a more sophisticated way than narrowband users. However, this is the extent of our interest. DTI take the overall lead for broadband strategy and would be better placed to participate in the round table discussion. Indeed, colleagues at DTI have confirmed that Stephen Speed, Director of the Broadband team, will be attending the event on their behalf.

5. We would therefore recommend that the Minister declines the invitation, as it would not make the best use of her time. A draft reply is attached at Annex A.

Presentational issues

6. There are no presentational issues.

Sue Bateman

Draft letter from PS/Ruth Kelly to Rosie Heather

[By e-mail to rosie.heather@bluerubicon.com]

November 2004

89025: AOL BROADBAND EVENT

Thank you for your letter of 11 November 2004 inviting Ruth Kelly to participate in a round table discussion at The Hospital, Covent Garden on 30 November.

Unfortunately due to a prior diary commitment the Minister will be unable to accept your invitation.

I would like to pass on my best wishes for a successful event.

PS/RUTH KELLY

Bradley Alice - Cabinet Secretary's Office -

From: Sue.Bateman@cabinet-office.gsi.gov.uk
S: 17 November 2004 16:47
T: PS Ruth Kelly; Ministerial Support Team
Cc: PS Sir Andrew Turnbull; Omand David - Permanent Secretary -; Balmer Colin - Managing Director -; ian watmore; andrew stott; Michael.Wilkinson@cabinet-office.gsi.gov.uk; McKinnon Ewen - e-envoy
Subject: 89025 - AOL Broadband - v1.doc

Importance: High



89025 - AOL
Broadband - v1.doc..

Dear Sima

Please find attached advice and draft reply for 89025 AOL broadband event as requested.

Regards
Sue

Sue Bateman
Ministerial Business Manager
e-Government Unit
Cabinet Office
Tel: 7276 3247
(See attached file: 89025 - AOL Broadband - v1.doc)



LEADER OF THE HOUSE OF COMMONS

THE RT HON PETER HAIN MP

f. P. Britton
R. Fellgett.

De Mike,



Our Ref: LP3363

14 October 2004

TEN MINUTE RULE BILL – RURAL BROADBAND FACILITATION

Thank you for your letter of 16 September seeking LP clearance to oppose Ian Liddell-Grainger's Rural Broadband Facilitation Bill. You may take it that you have LP clearance for your proposed handling and the necessary steps will be taken to block the Bill at Second Reading.

The Bill aims to introduce tax breaks for companies who install the UK's broadband infrastructure.

As you point out in your letter, it is agreed Government policy to allow competition in the broadband market in response to demand, the current regulatory regime has allowed real progress to be made and any intervention could stifle the market.

No replies have been received. You may therefore take it that you have LP clearance to oppose the Bill, and to take the necessary steps to block the Bill at Second Reading, if the Bill as published contains the provisions it is expected to.

I am copying this letter to the Prime Minister, members of LP, Sir Andrew Turnbull and First Parliamentary Counsel.


PETER HAIN

Mike O'Brien MP
Minister for Energy and e-commerce
Department of Trade and Industry

Bilbrough Jeanne - Cabinet Secretary's Office -

From: Stansfield Michael - Leader of the Commons -
Sent: 14 October 2004 17:23
To: LeaderC - LP (Officials); LeaderC - LP; Kelly Mark - Government Whips - Commons -
Subject: Response for: PMB Ten Minute Rule Motion: Rural Broadband Facilitation - LP3363



LP3363 - Ten
Minute Rule Bill ...

This document has been distributed for your information. Thank you.

R
V.V.
Britten
Callgett

dti

Mike O'Brien MP
MINISTER FOR ENERGY AND
e-COMMERCE

16 September 2004

The Rt Hon Peter Hain MP
Leader of the House of Commons
2 Charlton Gardens
London
SW1Y 5AA



Our reference: 0060002hain

Dear Peter

Private Members Bill Ten Minute Rule Motion: Rural Broadband Facilitation

I write with regard to Ian Liddell-Grainger's Private Members Bill – Rural Broadband Facilitation – which is set for its Second Reading on 15th October.

The main purpose of the Bill is to provide tax breaks for companies who install the UK broadband infrastructure. The Bill argues that infrastructure providers are reluctant to make the necessary investment to install fibre that will allow much higher speed broadband as the demand for such services is unknown. Tax breaks it is argued will allow this investment to take place.

I believe that Mr. Liddell-Grainger's introductory speech was valuable in highlighting some of the issues in relation to broadband in rural areas. However, notwithstanding this, I believe that the Bill is unnecessary.

Existing Government policy is that competition is central to strengthening and maintaining a healthy broadband market. The Government is not in favour of subsidies to companies to stimulate roll out but prefers to rely on competition to respond to real market demand and to support technical innovation to address diverse topographies and circumstances. This, along with the regulatory regime we have put in place, has led to excellent progress in the roll out of broadband throughout the UK.

In April 2004 BT committed to making a significant investment in the existing

Department of Trade and Industry

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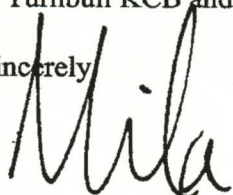
infrastructure recently by announcing that they intend to enable all exchanges that were part of their 'trigger level' programme. Along with their trials to extend the range of ADSL, I understand that broadband services will be available to 99.6% of UK households by the Summer of 2005.

The Government has taken a technology-neutral approach and believes that all broadband delivery technologies (xDSL, cable, satellite, wireless, mobile/3G) have a role to play to deliver the communications infrastructure and services that our citizens demand. The broadband market is still developing with a number of competing players and new entrants emerging regularly. The Government believes that innovation in business models and technologies has yet to run its course and that any intervention would stifle what is currently a very healthy and dynamic market to the detriment of the consumer.

Given these points, the Government should not support the Bill – and therefore arrangements should be made to block the Bill at Second Reading.

I am copying this letter to the Prime Minister, members of the LP Committee, Sir Andrew Turnbull KCB and First Parliamentary Counsel.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mike', written over the words 'Yours sincerely'.

Mike O'Brien

Bradley Alice - Cabinet Secretary's Office -

From: O'Brien MPST [MPST.O'Brien@dti.gsi.gov.uk]

Sent: 17 September 2004 12:41

To: 'psmrmacshane@fco.gov.uk'; MST; PS Sir Andrew Turnbull; Chief Whip (HoL); Deputy Commons Leader; ps/advocategeneral@scotland.gsi.gov.uk; Attorney General; PS Ian McCartney; PS Lord President; Secretary of State for Scotland; 'csts.office@hm-treasury.x.gsi.gov.uk'; Secretary of State for Wales; Secretary of State Northern Ireland (London); lordchancellor@dca.gsi.gov.uk; Deputy Prime Minister; Leader of the House of Commons; Prime Minister; Secretary of State for Transport; Howes Linda - Parliamentary Counsel Office -; Healy John - Parliamentary Counsel Office -; PS Sir Andrew Turnbull

Subject: Private Members Bill Ten minute Rule Motion: Rural Broadband Facilitation

Dear All

Please see the attached letter from Mike O'Brien to Peter Hain re. the above.

<<170904_Rural Broadband 001.pdf>>

Best regards

Richard Lindsay

DTI

MPST - Mike O'Brien & Nigel Griffiths

Room 838

1 Victoria Street

London SW1H 0ET

Tel. 020 7215 5533

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Phil Hope MP
Parliamentary Under Secretary
of State

Rt Hon Paul Boateng MP
HM Treasury
Chair - PSX(E)
1 Horse Guards Road
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**OFFICE OF THE
DEPUTY PRIME MINISTER**

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18 MAR 2004

Dear Paul

Building Regulations and Electronic Communications Services (Broadband)

I am writing to you in your capacity as the Chairman of the PSX(E) Committee, to advise of the outcome of a public consultation we undertook last year and to seek the agreement of colleagues for us to proceed with the development of related guidance.

My predecessor, Chris Leslie, wrote to you on 29 November 2002, requesting the Committee's clearance, which was granted on 24 January 2003, to publish a consultation on the subject of the Building Regulations and Electronic Communications Services (Broadband). This consultation had been recommended by the UKOnline Annual Report of 2001 and was carried forward into the Annual Report of 2002.

The specific recommendation was that Government should "... *consult with the building industry and broadband service providers to identify the best approach to ensure cable ducting is installed in all new buildings.*" The consultation, which ran from March to June 2003, aimed to establish wider views on whether people are experiencing any significant difficulties in the physical installation of broadband services into existing properties and, if so, could those difficulties be stifling the take-up of broadband services. Three key issues were:

- Whether consultees thought the lack of proprietary ducting to and around a building was a barrier to broadband take-up.
- If so, whether the installation of cable ducting leading to and around new buildings would make the retrospective installation of broadband service cables easier.
- If so, was it considered necessary and/or appropriate for there to be new Building Regulations requiring the installation of cable ducts or could they be provided voluntarily by property builders?

The exercise resulted in a range of responses including those from representatives of the construction and telecommunications industries, trade associations and professional

bodies. It had proposed three broad options, to which the proportion of responses were:

- Do nothing (20%)
- Develop guidance on the subject (34%)
- Introduce one or more new requirements of the Building Regulations requiring ducting to be provided to and around new and altered buildings (32%)

Qualitative analysis of the responses from key stakeholders showed that, apart from the telecommunications sector - which showed only a narrow preference for regulation - most expressed a preference for guidance. In considering the options, we also took account of the following:

- The Building Regulations generally apply to new buildings and certain alterations of existing buildings in England and Wales. Therefore the majority of properties, in the existing stock, would be unaffected by any new requirements of the Regulations.
- For most situations it is more difficult to supply broadband services to a property through integral ducting than it would be by traditional means, which involve work such as a small amount of drilling and the loose laying of cables. This may mean that ducting would not be used even if it were provided.
- The increased availability, reliability and speed of wireless technology is likely to result in decreasing dependency on cable technology and ducting.
- The cost of providing ducting to and around new buildings is not insignificant (in the order of £450 for a typical new house) and the benefits of it are difficult to quantify.

It is our policy that regulations should only be introduced where no other option is considered to deliver the benefits sought. In this case, insufficient evidence exists of a need to regulate, which was confirmed by the responses to the consultation, and I consider that, in a rapidly developing technological environment, guidance on the subject may be more effective in raising awareness and stimulating demand and supply, whilst also establishing best practice.

To maximise the benefits, we intend that the guidance should take a holistic approach - addressing more than just the issue of ducting to and around buildings. It could also cover other areas of Government policy areas such as satellites and aerals (Planning interest); digital television (DTI interest), and general industry practice. It could also be targeted to a wide audience; be officially supported/sponsored by a number of Government departments and other organisations; and promoted as an industry standard and represent best practice.

Officials in ODPM's Buildings Division are already working closely with Planning Directorate colleagues and officials at DTI, the Office of Government Commerce, OFCOM (formerly OFTEL) and the Office of the e-Envoy. In taking the project forward, we intend to continue this cross-departmental approach, and, assuming your agreement to the proposal, I hope I can rely on the continued assistance of the respective officials.

We would hope to issue the guidance document early next year, after consulting with other Government Departments and key stakeholders from the construction and telecommunications industries. This approach was approved on 18 December 2003 by

the Building Regulations Advisory Committee (BRAC), which is a statutory committee set up under section 16 of the Building Act 1984 to advise Ministers on issues in relation to Building Regulations.

I therefore trust you and colleagues will be content for us to proceed on the basis of broad-based guidance, rather than regulation, and look forward to hearing from you. I would be grateful for any comments colleagues may have by 29 March. I am copying this letter to colleagues on PSX(E), the Prime Minister and Sir Andrew Turnbull.

Yours ever

Phil

PHIL HOPE



Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0870 0012345 dfes.ministers@dfes.gsi.gov.uk
Rt Hon Charles Clarke MP



The Rt Hon Paul Boateng MP
Chief Secretary to the Treasury
Treasury Chambers
1 Horse Guards Parade
London
SW1A

16 December 2003

f. Mr Batten

UK Online Centres: Supporting e-Government Services

Last March I wrote jointly with Tessa Jowell and Patricia Hewitt to update you on the milestone we had reached in setting up a network of UK online centres. I also said we would set up a project and work with other government departments to look at the feasibility of centres supporting access to e-government services to help drive up usage, especially amongst disadvantaged groups.

I am now writing to you, in your role as Chair of PSX(e) with an update on the project's progress.

The project is well under way. We have formed a cross department Project Board consisting of eleven key departments to steer the project. I am grateful to the Departments listed in the attachment for their continued support. The Board has selected nine important e-service packages to test out – one in each English region. These pathfinder projects will run for three months and take place between January and June 2004. Detailed project planning is now in process. In addition to the pilots, we have also commissioned research in to citizen demand and centre capability. Findings will be available in March 2004.

Once research and the pathfinders are complete, we will evaluate the project and report on our conclusions in September 2004. Looking ahead, should the project demonstrate that UK online centres can add real value to Departments' e-service delivery objectives, it is important that Departments consider the cost/benefit implications and to what extent they could deploy any existing resources to this new delivery channel. This would aid decisions on the feasibility of a wider roll out.

You and PSX(e) colleagues may wish to take a view as to whether the project's emerging findings could form the basis of an agenda item at a future meeting in the spring.

department for

education and skills

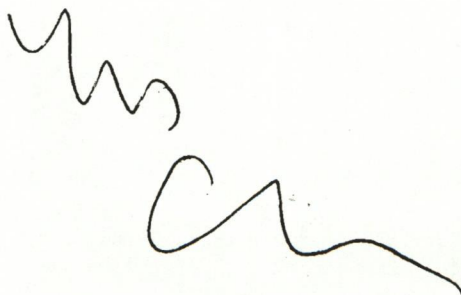
creating opportunity, releasing potential, achieving excellence



INVESTOR IN PEOPLE

I attach a fuller description of how each pathfinder is taking shape.

I have copied this letter to the Prime Minister, members of PSX(e) Committee and to Sir Andrew Turnbull.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Charles Clarke

A handwritten signature in black ink, consisting of a single, long, slightly curved horizontal stroke.

UK online centres: e-Government Services Project

Progress Report December 2003

Key Achievements

- A wide range of Government Departments and agencies have given their support both at Project Board and working level. These are DfES, ODPM, DWP, IR, DTI, (Small Business Service), Home Office, DEFRA, NHS Direct, Office of the e-envoy, DCMS, Re:source and Ufi Ltd. These are the key Departments / agencies likely to have e-services relevant to UK online centre customers. Ufi/learnirect and UK online centres are fully engaged
- Market research testing citizen demand and centre supply has been commissioned and will report in March 2004.
- The e-service packages we intend to test out are built around 9 themes we believe will be of benefit both to UK online centre customers by delivering services they need, and to Departments by helping them to engage with hard to reach groups. They are:
 1. **Sole traders/micro business** – This pathfinder is aimed at the small business community. Services based around new development site www.businesslink.gov.uk (vast range of gov services supporting business), www.businesslink4london.com (advice to London's small and medium sized businesses) plus Newham specific services 'The London Market Place, AtUKplc, and J4B.' Looking at feasibility of arranging demonstration sessions, signposting and general awareness raising to customers. (London Region)
 2. **Family e-learning** – Working closely with NHS Direct and DfES to provide services connected with www.nhsdirect.nhs.uk, (health issues) and www.parentcentre.gov.uk (Support for information about school and schooling). Some other services we are also considering including are www.governornet.co.uk (support and information for school governors), www.gridclub.com (web based learning for 7 – 11 yr olds), www.rif.org.uk (reading initiative of the National Literacy Trust) www.childcarelink.gov.uk (finding childcare), www.lcd.gov.uk/family/divleaf.htm (Changes in your family) (North West)
 3. **Benefits-older people** – using centres to support the delivery of benefits to older people and the use of health services. Working closely with DWP, NHS Direct and Rotherham Council (who are leading a nationwide project on benefits in the local government community). Services based around www.thepensionersservice.gov.uk (issues around retirement), www.over50.gov.uk (help and advice through national and local government), www.pensionguide.gov.uk (impartial pensions info), www.nhsdirect.nhs.uk (health issues), + sub sites of local authorities. (West Midlands)
 4. **Community engagement** – using centres to facilitate engagement of communities with their local representatives; promotion and signposting to other local govt services and encouraging participation. Pathfinder

still in concept stage. Exploring a range of avenues to link in to local government services and to encourage citizens to interact with councils/authorities etc. Keen interest expressed by a range of centres to participate. (East Midlands)

5. **Online Government Store** - Currently discussing with OeE potential role in pre-pilot exercise of OGS. Possible pilot centres identified. (Yorks and Humberside)
6. **Benefits – working age**, - testing how well various sorts of UK online centres can support the delivery of benefits to working age people. Services based around www.jobcentreplus.gov.uk (Help and advice on benefits), www.dwp.gov.uk (Help and advice on claiming benefits), www.inlandrevenue.gov.uk (advice on tax, tax credits etc). Also piloting national benefits demonstrator, Rotherham Council (covers wide range of benefits) (South East)
7. **Supporting Citizenship** - Working on advice and service offer for refugees and those seeking British citizenship and to test ways of progressing them in to further learning. Planning well under way. Home Office, NHS Direct engaged, exploring learndirect learning options and links with jobcentre plus. (North East)
8. **Jobsearch** - to test the most effective ways UK online centres can support the unemployed. Services built around www.worktrain.gov.uk (Job, careers and learning opportunities), www.jobcentreplus.gov.uk (job fairs, workplace learning, Workstep, New Deal). Also exploring related information advice and guidance websites (Eastern)
9. **Rural Services** - To test how services specifically for rural communities can be supported by UK online centres. Working closely with NHS Direct and Defra. Clear project plan now emerging. Identified over 14 e-services thought specifically relevant to rural communities. (South West)

Outlook

- Complete detailed project planning working closely with Ufl/learndirect and Re:source so that the first pathfinders are ready to go live by January 2004.
- Raise awareness in Departments of the need to consider cost/benefit implications and any deployment of existing resource should the findings from the project be favourable (Jan to April 2004)
- Monitor and evaluate pathfinders through their lifespan (Jan to June 2004) with a possible discussion at PSX(e) if members think it is appropriate.
- Evaluate market research data together with pilot results and determine the scope for expansion (July – August 2004).
- Put forward report and recommendations to Ministers (September 2004).

Harston Johanna - Cabinet Secretary's Office -

From: Sec-OF-STATE.PS@dfes.gsi.gov.uk

Sent: 16 December 2003 12:18

To: mpst.timms@dti.gsi.gov.uk; Joanne.drean@homeoffice.gsi.gov.uk;
DFT.MINISTERS@dft.gsi.gov.uk; mos-w-ps@dwp.gsi.gov.uk; psdalexander@cabinet-
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cst.office@hm-treasury.gsi.gov.uk; phil.hope@odpm.gsi.gov.uk

Cc: privateoffice@no10.x.gsi.gov.uk; pturnbull@cabinet-office.x.gsi.gov.uk; andrew.pinder@e-
envoy.gsi.gov.uk

Subject: UK Online Centres: Supporting e-Government Services

<<EF591A00.PDF>>

Charles Clarke to Paul Boateng 16/12

Coped to the Prime Minister, PSX(e) committee, Sir Andrew Turnbull and to Andrew Pinder.

Rosemarie

Sec-of-State's Private Office

0207 925 5335

Xmas - Box TIMES

RESTRICTED - POLICY



From: Zahaan Bharmal
Assistant Director
Central Strategy Unit
Office of the e-Envoy
6th Floor, Stockley House
Tel: 020 7276 3270
Date: 9th December 2003

PS/ PATRICIA HEWITT
PS/ DOUGLAS ALEXANDER

CC: PS/ Charles Clarke
PS/ Stephen Timms
PS/ Sir Andrew Turnbull
Andrew Pinder
Chris Parker
Jeremy Heywood
William Perrin
David Hendon
Jim Godfrey
Ayesha Hazarika
John Bretherton
Margaret Bennett

2003 UK ONLINE ANNUAL REPORT

Issue

1. Publication of this year's UK online Annual Report.

Recommendation

2. That Ministers approve the attached:
 - text of the 2003 UK online Annual Report (Annex A); and
 - text of two accompanying Press Notices on: a) the publishing of the UK online Annual Report; and b) the announcement of the proposed Head of e-Government. (Annex B)

Timing

3. Urgent. We are waiting for final confirmation on the publication date but our current working assumption, following discussion with Ministers' offices, is Monday 15th December. In order for COI to print copies of the Annual Report in time for this date, Ministers' approval is required by 2pm on **Thursday 11 December**.

Background

4. Graham Walker circulated a first draft of the UK online Annual Report on 3 November. In the revised version, taking on board Ministers' and colleagues' comments, changes have been made relating to four key points:
- The wording on the internet access target has been softened. We do not claim victory but report that **"independent research shows that opportunities to physically access the internet – either at home, at work, through mobile technology, or at a public access point – are now available to all."** This statement is supported by wording and statistics which emphasise that physical access is no longer the key issue. We report that going forward the Government will focus on the main challenges that remain – motivating those groups that are still disinterested in the internet and encouraging more sophisticated patterns of use by those who are online.
 - Wording on our intention to work more closely with industry partners on digital inclusion has been strengthened in line with the option to establish a Digital Inclusion Panel outlined in Jeremy Heywood's 4 December note. **"We will work to support a private sector-led Digital Inclusion Panel, which will provide advice to Government and industry about how we can work together to ensure a digitally United Kingdom. The Government's aspiration is to ensure that every home in the UK should have a connection to a digital network by 2008 – whether through a personal computer, DTV or other device."** As this proposal is subject to Ministerial approval and further advice from No.10, we will revert to non-specific text, in both the Report and relevant Press Notice, on our intention to work more closely with industry if agreement is not reached ahead of copy deadlines.
 - The "Online Government Store" is now no longer referred to in explicit terms. OGS is an internal working title that is not suitable for external publication. By removing direct reference to the OGS we also avoid the risk of brand dilution when the pilot is launched in the new year. A more generic form of words has therefore been agreed that focus on describing benefits: **"The OeE will be piloting an enhanced customer offering for the delivery of electronic services designed around the needs of customers, not the structure of government."**
 - The report describes that the e-Government aspects of Andrew Pinder's role will be taken forward by a new Head of e-Government, when his contract expires in April 2004. **"The Government has therefore decided to appoint a Head of e-Government, whose role will be to give strategic leadership and drive to the application of ICT within government to support the reform and modernisation of Britain's public services."** To avoid any potential confusion with Government communication activity, this role is not referred to as a Chief Information Officer (CIO), although the role will be analogous to that of a Corporate or Group CIO found in the private sector.

Media Handling

5. If Ministers are content to approve the text in the Annual Report and attached Press Notices, we will then circulate a detailed media handling strategy - including defensive Q&A and draft speaking notes – later this week, in time for the anticipated launch on December 15 .
6. We currently plan that the launch will comprise a short media event hosted jointly by Patricia Hewitt and Douglas Alexander at the DTI. Both trade and national journalists will be invited to the launch, where they will be given copies of the Annual Report and the two Press Notices. We envisage that Patricia Hewitt will open proceedings with a few words highlighting achievements made by Government over the last four years in developing the UK's knowledge economy. Douglas Alexander will then outline the proposed appointment of a Head of e-Government. There will then be an opportunity for journalists to ask questions. Andrew Pinder will also be on the platform to support Ministers. We anticipate this event lasting a maximum of forty-five minutes.

Zahaan Bharmal

Contents

1. Opportunity and Prosperity for All

- Summary 4
- Internet access for all who want it 5
- Sophisticating use – to realise the full value of access 11
- Competitive and extensive broadband market 14
- The number one country for the supply of ICT skills 18
- Light-touch regulatory framework 20
- A world leader for electronic business 22

2. First-class Public Services

- Summary 26
- An e-enabled government 27
- Customer focused services 29
- More efficient government 33
- Increasing participation 34

3. Looking to the Future 36

4. Devolved Administrations

- Scottish Executive 38
- Welsh Assembly 38
- Northern Ireland 39

Foreword

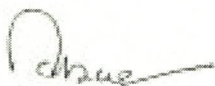
Four years ago the Government appointed an e-Envoy and an e-Minister to drive forward UK online – a programme of work and a commitment to make the UK a leading knowledge economy. The exploitation of information and communication technologies has the potential to benefit millions. The role of government has been to maximise these benefits: for society, the economy and our public services. This report describes our progress in turning this potential into a reality.

For society, our goal has been to ensure that the benefits of Information Communication Technology (ICT) are spread equitably and fairly. Access to the internet has to be universal not partial and, thanks in part to the development of a network of UK online centres, we have made considerable progress on this front. Indeed, recent independent research shows that opportunities to physically access the internet – either at home, at work, through mobile technology, or at a public access point – are now available to all.

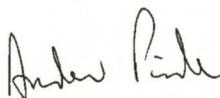
For our economy, the challenge has been to use ICT to increase the productivity and competitiveness of UK business and to maintain macroeconomic stability. The market has been the key driver of progress, but the role of government has been to create a world-class market environment for electronic business.

For government, our goal is to create modern, customer focused and efficient public services that stand comparison with those offered by the private sector. Our strategy has been one of investment in manpower, capacity and technology backed with reform. Over the next year we will be piloting an enhanced customer offering for the electronic delivery of services designed around the needs of customers, not the structure of government.

Looking to the future, the challenge for government will be to capitalise on the potential of ICT to transform service delivery and achieve a step change in operational efficiency across the public sector. An understanding of the potential of ICT is now deeply embedded across government and we are confident that departments will continue to drive progress across the UK e-economy. This will therefore be the last UK online Annual Report to be published by the e-Minister and the e-Envoy. Support from the centre of government will now focus on the business transformation of government itself. In 2004, the Government will appoint a Head of the Office of e-Government to give strategic leadership and drive to the application of ICT within central government and to support the reform and modernisation of Britain's public services.

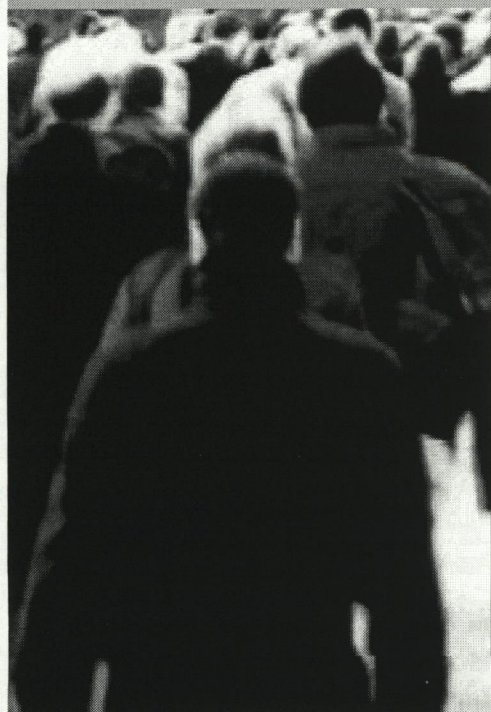


Patricia Hewitt
e-Minister



Andrew Pinder
e-Envoy

part 1



"The key [to greater economic stability] is to build an economy based on knowledge, on the alliance between technology and human capital, so that we are continually developing more high value-added goods and services."

Tony Blair, November 2002

Opportunity and Prosperity for All

Summary

In 1999, the Prime Minister appointed the e-Minister and the e-Envoy with a remit to maximise the opportunities which new technologies open up for every individual and business in the UK. Since then we have come a considerable way and our model of having strong and committed political leadership across the e-agenda has been shown to be effective.

- Opportunities to physically access the internet are now available to all:
 - One in two homes now has internet access compared with one in ten in 1999.
 - Price is no longer a barrier to internet use – our internet access charges in 1999 were among the most expensive in the world, but our pro-competitive policies have helped drive them down to among the lowest in the world.
 - The opportunities to get online outside the home are now pervasive: whether at work; through community access and commercial internet cafes; or through the use of alternative technologies such as digital television (DTV) and mobile phones.
 - Over £400 million has been invested in the national network of UK online centres, which are now as near as your local library and provide an important safety net for internet users who do not have access at home.
- From a virtually non-existent broadband market in 1999, good progress has been made towards our target of creating the most extensive and competitive broadband market in the G7 by 2005. Regulatory change and market forces have helped drive down prices in the broadband market, stimulating exponential growth in take-up:
 - Today, 80% of the population has access to a mass-market broadband solution.
 - By end October 2003, there were over 2,850,000 broadband subscribers in the UK.
 - We have the fastest growing broadband population in the G7.
- The UK has put in place a world-leading regulatory framework, bringing the regulation of the converging markets of broadcasting and telecommunications under a single regulator, the Office of Communications (Ofcom), in December 2003.
- The UK is now a world leader for electronic business. Independent, industry-led benchmarking shows that our environment for e-commerce is the second strongest in the world – behind the US but ahead of Europe and Japan. e-Commerce transactions across the internet have flourished and exceeded £18 billion in 2002. Businesses have been transformed by the efficiency-enhancing opportunities afforded by new technologies and continue to use ICT in increasingly sophisticated ways.

There still remains more to be done, and this report sets out the Government's priorities:

- addressing motivational barriers which are keeping some segments of society away from internet use (eg the elderly) and encouraging more sophisticated patterns of use for those who are already online;
- increasing user confidence and trust in the internet (eg privacy);
- promoting ICT skills as a third skill for life and embedding e-learning into the wider educational agenda;
- encouraging employers to run Home Computing Initiatives (HCIs) for their staff, so that more and more individuals can enjoy using personal computers (PCs) from the comfort of their own homes, whilst facilitating industry-led initiatives to promote wider digital inclusion;
- working to support a private sector-led Digital Inclusion Panel, which will provide advice to government and industry about how we can work together to ensure a digitally United Kingdom;
- helping businesses implement their adoption of ICT;
- encouraging the widest possible broadband availability through the exploitation of public sector broadband aggregation; and
- helping companies by providing information about government services and regulatory issues through a convenient one-stop location.

Internet access for all who want it

In 2000 the Prime Minister set a target for internet access for all who want it by 2005, underlining the Government's commitment to ensuring that the opportunities of the digital age are extended to all. The target recognises that, unless tackled, digital exclusion may reinforce rather than address broader social inequalities. Over the past three years the Office of the e-Envoy (OeE) has supported and helped co-ordinate work across government, notably by the Department for Education and Skills (DfES) and the Department for Culture, Media and Sports (DCMS), to promote internet access.

Research shows that opportunities to physically access the internet are now available to all, whether at home or at work, in the community or through the possibilities afforded by new mobile technologies and DTV. An independent survey published by the Oxford Internet Institute in September 2003 emphasises that physical access is no longer the key issue. It found that 96% of Britain's population are aware of a place where they can readily access the internet.¹ With a network of over 6,000 UK online centres,² the furthest anyone without home or work access needs to travel to get online is their local library. Public access points are providing a valuable safety net, with 10% of all internet users – equivalent to over 3 million people – reporting that they have recently accessed the internet in a library.³

The challenge for government now is to build on substantial physical access achievements and focus on the key issues that remain. Firstly, we must continue to help those –

particularly the elderly and those people on low incomes – who are less likely to see the benefits of getting online to take advantage of the opportunities for access that now exist. Secondly, for those who are online we should promote the wider benefits that can be realised by taking full advantage of the internet, for example encouraging people to transact with government online – a productive use of the internet which delivers benefits to both parties. We can encourage such productive use of the internet by developing ICT skills training, promoting wider internet access in the home, fostering greater trust and supporting access to government services.

Changing our focus from a purely access target also provides an opportunity to reflect on how the internet access and use agenda is an integral part of the work of government in a way that it was not when UK online was established. Departments, supported by the OeE, are driving forward progress in their respective areas. We must ensure that momentum is not lost – and that the continued energy and support of the private and voluntary sectors to promote digital inclusion is fully captured.

Progress overview

The relative immaturity of the e-economy in 1999, when the OeE was established, is well highlighted by the small minority of the population who had access to the internet at home at that time. Only 9% of UK households were connected, the vast majority using metered dial-up packages – a significant barrier to increased use.

¹ New Internet Survey (OxIS), Oxford Internet Institute, September 2003. <http://users.ox.ac.uk/~oxis>

² UK online centres are based in England. Devolved Administrations have their own arrangements for public internet access.

³ ONS Internet Access Survey, September 2003. www.statistics.gov.uk/ci/hugget.asp?id=8

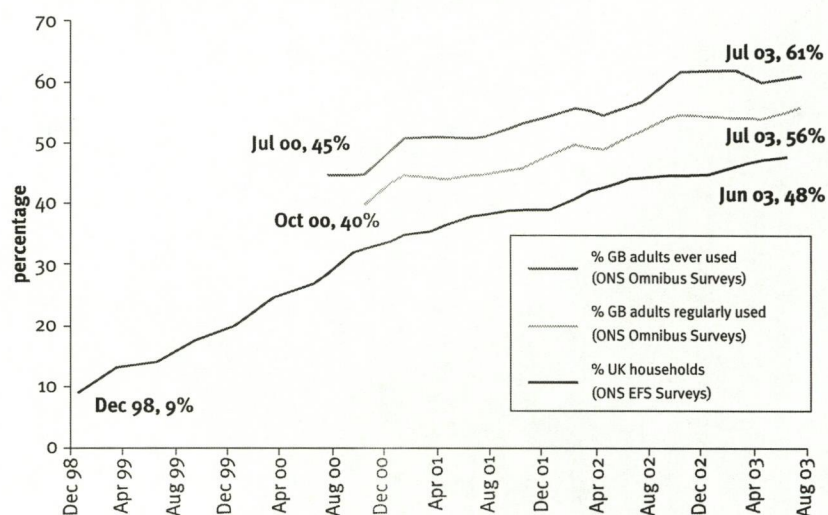
Progress since then has been rapid. Early deregulation of the telecoms market and the introduction of Flat Rate Internet Access Call Origination (FRIACO) have laid the foundations, stimulated competition, and driven down consumer and business access prices. The UK now enjoys some of the lowest internet access prices in the world, and levels of use have grown rapidly as a result. Today, 48% of UK households have access to the internet, representing over five times the number in 1998. Regular adult internet use has also grown significantly, rising to 56% in 2003, representing consistent year on year growth of over 5 percentage points. With 61% of the population now reporting that they have used the internet at some time, 'e-citizens' now make up a majority of the adult population.

While the computer remains the dominant access technology – 99% of regular internet users in July 2003 reported that they had used a

computer to access the internet⁴ – recent years have also seen the expansion of the use of mobile phones and DTV as a means of internet access. In 1999 just 2% of UK households owned a DTV, today this figure has reached nearly 44% with the UK recognised as a world leader.⁵ Approximately 9% of adults who have ever accessed the internet have done so using a mobile phone, while around 6% have done so using DTV.⁶ With penetration of DTV and mobile phones spread more evenly throughout society, new technologies have the potential to help address inequalities in internet use. Increasingly, being a digital citizen will be about having access and familiarity with a wide range of new technologies.

Broadband, by offering a richer online experience, is also changing the way people access the internet. After a slow start, the UK broadband market has expanded rapidly in the last 18 months. (See 'Broadband' section

Figure 1: Internet adoption – adults and households



⁴ ONS Internet Access Survey, September 2003. www.statistics.gov.uk/cji/hugget.asp?id=8

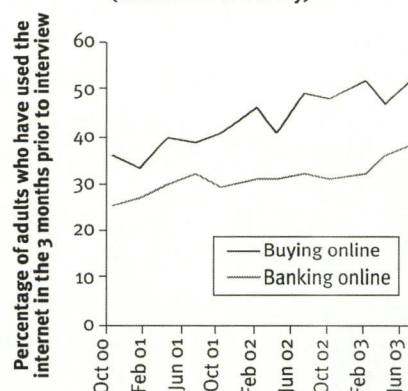
⁵ *International e-Economy Benchmarking Report*, The World's Most Effective Policies for the e-Economy, Booz Allen Hamilton/INSEAD, November 2002. www.e-envoy.gov.uk/Resources/ATReportsArticle/fs/en?CONTENT_ID=400004&chk=R7qwkr

⁶ ONS Internet Access Survey, April 2003. www.statistics.gov.uk/pdfdir/into403.pdf

for full details.) From less than 50,000 in 2000 there are now over 2.6 million broadband subscribers in the UK.⁷ Increasingly people are choosing to move up the adoption ladder from narrowband to broadband as they recognise the benefits that an always-on, high-speed, unmetered internet connection can offer. From a low base in 2000, the latest Office of Telecommunications Regulation (Ofcom) figures show that 18% of UK internet households now use broadband – up 11 percentage points since last year.⁸

The growth of the consumer broadband market is now reinforcing trends that the early introduction of competitive flat-rate narrowband packages established – longer duration of use and more sophisticated use. With many Internet Service Providers (ISPs) offering flat-rate internet access for as little as £13–£16 a month and broadband packages starting at £15–£30,⁹ people are now spending longer online than ever before. Households are now spending an average of ten hours a week online compared to six hours in May 2000. Importantly, research suggests that those who spend longer online are increasingly likely to be engaged in more sophisticated activities such as buying and banking online – and gain more from their online experience.¹⁰ In 2000, 28% of internet users had bought goods or services online. By 2003 this figure had reached 52%. UK internet users are the second most likely to buy online after US consumers in the G7.

Figure 2: Buying and banking online
(ONS Omnibus Survey)¹¹



Challenges

UK citizens have therefore been quick to embrace new technologies, and levels of internet access and use continue to grow. However, it is recognised that some groups are still being left behind. In the UK, as in other countries, the two most transparent dimensions to this 'digital divide' are age and income. Our lowest income households – who face social exclusion more broadly – are, at 12% of the population, over seven times less likely to be online than those in the top income group, of whom 86% have home internet access. Similarly, while over 78% of 16–24 year olds are regular internet users, this falls to just 16% for those over 65.¹²

It is important to be clear about the key reasons for non-use. Recent surveys by the Office of National Statistics (ONS) confirm that motivational barriers – not ones of access, costs or skills – are the most significant for non-users. Of the 39% of UK adults who have yet to go online, over half (57%) refer to a general lack of interest as a key reason and 39% a lack of understanding of the benefits of the internet. ONS findings are reinforced by a recent survey by the Oxford Internet Institute which found that 61% of the offline population simply remain unconvinced of the benefits of using the internet.

⁷ Internet and Broadband Brief, Ofcom, September 2003.

www.ofcom.gov.uk/publications/Internet/Internet_brief/broad1003.pdf

⁸ Internet and Broadband Brief, Ofcom, September 2003.

⁹ www.ofcom.gov.uk/publications/consumer/consguides/broadguide0803.htm#choosing

¹⁰ ICT and Economic Growth, Evidence from OECD Countries, Industries and Firms, OECD 2003.

<http://oecdpublications.gfi-nb.com/cgi-bin/OECDBookShop.storefront/EN/product/922003031P1>

¹¹ www.statistics.gov.uk/STATBASE/Source.asp?vlnk=657

¹² ONS Internet Access Survey, July 2003. www.statistics.gov.uk/pdfdir/into703.pdf

Internet access

While challenges remain, the environment we see today is very different to the one which existed when the Prime Minister set a target for internet access for all who want it by 2005. Today research shows that opportunities to physically access the internet are now available to all. Independent research by the Oxford Internet Institute found that 96% of the population are aware of a place where they could get online. It also found that most people have access to the internet in at least two out of four places: home, work, school or at a public library. New mapping by Birkbeck College shows that UK online and Learndirect centres alone result in over 99% of households being within 10 km of an access point, 95% within 5 km and 89% within 3 km. Considering all the opportunities that exist for getting online, the race for physical access is over.

Reporting against an *access* target no longer embodies the key challenges that we must address going forward. Principally, the challenge is how we can continue to encourage those who remain disengaged to take advantage

of the opportunities for access that now exist, and how we can help expand the activity of those who are already online so that the full potential of the internet may be harnessed for users, businesses and public service providers alike.

Widespread opportunities for physical access are in part due to the early and significant investment the Government made to provide community-based internet access. In total over £400 million was invested between 1999 and 2003 to establish and sustain over 6,000 UK online centres.¹³ Centres are based in a range of locations, from shops and community centres, to schools, colleges and over 3,000 public libraries.¹⁴ Importantly, evaluation shows that centres are successfully reaching out to key target groups, helping either those without home internet access or those who need additional support to get online. Today, 10% of all internet users report that they have recently accessed the internet in a public library – this equates to over 3 million people.

Community-based internet access provision therefore complements the significant investment that has been

Table 1: Percentage of households within x km of a public internet access point

	3 km	5 km	10 km
EAST	82%	92%	99.5%
EAST MIDLANDS	87%	94%	99%
LONDON	100%	100%	99.5%
NORTH EAST	97%	99%	99.5%
NORTH WEST	94%	98%	99.5%
SOUTH EAST	83%	92%	99%
SOUTH WEST	82%	91%	99%
WEST MIDLANDS	91%	95%	99.5%
YORKSHIRE AND THE HUMBER	89%	95%	99.5%
TOTAL	89%	95%	99.5%

¹³ Breakdown of funding: £199 million from Capital Modernisation Fund, £120 million from People's Network, £77.5 million from New Opportunities Fund and £5 million DfES funding.

¹⁴ This figure refers to public libraries in England. The People's Network programme has connected all public libraries in the UK to the internet.

made in schools to help embed ICT into the national curriculum. Between 2002 and 2004 DfES is making over £710 million available for schools' ICT infrastructure. Already over 99% of all schools in England are connected to the internet, and by 2006 DfES plans to provide all primary and secondary schools with broadband connectivity.¹⁵

Future strategy

Work across government towards the access target in the last three years means that the roadmap for engaging remaining offline groups and increasing the benefits of the internet through more sophisticated use is in place.

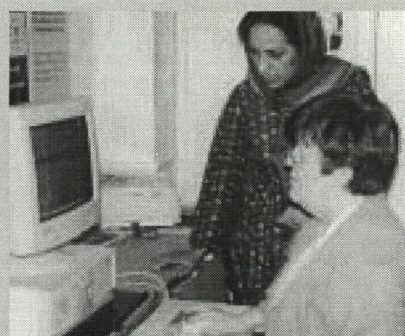
Engaging remaining non-users

To motivate people from key offline groups to use the internet and take advantage of existing access infrastructure, in May this year we launched a two-month campaign – *Get Started* – to promote the benefits of the internet. Working with partners¹⁶ from the private and voluntary sectors with the support of DfES, DCMS, the University for Industry (Ufi)¹⁷ and Resource, nearly 37,000 people took up the offer of a free internet starter session in one of nearly 7,000 venues countrywide (UK online centres, Learndirect and other partner IT centres). Additionally some 130,000 people responded to the campaign by requesting further information through

the helpline, website and DTV.

Importantly, the campaign effectively reached out to target offline groups. Nearly 40% of those who responded were over 65, over 16% had disabilities, 14% were unemployed and 20% were from ethnic minorities.

The communications structure of the *Get Started* campaign provides a valuable model for future work to engage those who remain disinterested in the internet. The importance of working in partnership with the private and voluntary sectors that have resonance with particular offline groups cannot be overstated. For example, to a large extent the success the campaign had in engaging older



Isabel Chapman at the Millin Centre



Cassie MacDonald at Gateshead Central Library with a trainee librarian

Case Study

BELLNET, Millin and Gateshead Central Library UK online centres.

Isabel Chapman from Newcastle is an elderly learner who had never touched a computer before attending the BELLNET, Millin UK online centre. Now she uses spreadsheets for her local voluntary work, writes letters on the computer, searches the internet for local information and is even learning digital photography. "Six months ago, I didn't know anything about computers at all. I was frightened to touch the keyboard. I was terrified in case I wiped anything off. I'm not frightened of it anymore. When I come to the centre they work at my speed, I don't feel silly, or stupid."

Isabel is not alone; 39% of adults who are non-users said that a lack of knowledge or confidence was a barrier to them accessing the internet.¹⁸ Statistically the age dimension of the digital divide is the most pronounced, with 78% of 16–24 year olds going online regularly, while only 16% of people aged over 65 do so.¹⁹ Consequently, older users were one of the *Get Started* campaign's target groups. With the help of Age Concern, the campaign helped introduce over 11,000 older people to the internet. Campaigns like *Get Started* and supportive services offered at UK online centres are vital in boosting skills and confidence in older users, and it is hoped that they will lead to more sophisticated use in the future.

Cassie MacDonald, at age 101, is an inspiration to anyone who thinks they are too old to learn. She learned to use the internet at Gateshead Central Library to e-mail her son who lives in America. She said: "This is wonderful. When I was a girl we learned to write with a blackboard and chalk or a fountain pen and ink."

¹⁵ DfES plans to provide all primary and secondary schools with 2Mb and 8Mb broadband respectively by 2006.

¹⁶ *Get Started* partners: Granada, Arriva, BT, Cable & Wireless, Dixons Store Group, Expedia.co.uk, Intel, Microsoft, Packard Bell, Hewlett Packard, Dell, BBC, Age Concern, the Ethnic Minority Foundation, Citizens Advice Bureaux, the National Library for the Blind, The Prince's Trust, the RNID and the National Council for One Parent Families.

¹⁷ The University for Industry (Ufi) is a government-funded organisation set up in 1999 to increase the skills of the UK workforce and make learning more accessible to adults who may have been excluded from learning earlier in their lives.

¹⁸ ONS Internet Access Survey, July 2003.

¹⁹ ONS Internet Access Survey, July 2003. 'Regularly' is considered to be within the three months prior to the survey.

people reflects an extremely effective partnership with Age Concern. They were able to use their infrastructure and wealth of experience in communicating with an elderly audience to great effect, introducing over 11,000 older people to the internet. This partnership and others demonstrated that a 'segmented' approach, channelling communications activity to particular groups and demographics, works best. The 'hooks' that engage older people will not be the same as for those with disabilities or for those who are unemployed – a broad 'one size fits all' campaign would be unlikely to yield the same results.

The support of private and voluntary sector organisations for the *Get Started* campaign also demonstrates the real enthusiasm and commitment

that exists for working in partnership to tackle digital exclusion.

Going forward, the OeE will ensure that the lessons learnt from the campaign are fed into the work of departments who oversee key offline groups. Findings will also be passed on to Ufi²⁰ and Resource, who collectively manage the UK online centre network so that future marketing activity can build on the campaign's successful approach. The OeE will also embed an understanding of how to engage hard-to-reach groups within the work of the e-Government Delivery Programme (e-GDP). This will be particularly important for services that are aimed at disproportionately offline groups – for example those for people with disabilities or for the elderly. In the

Working in partnership to support disabled people

Over 16% of those who responded to the *Get Started* campaign had disabilities, which is an encouraging outcome. But stimulating interest alone will not account for increased take-up of ICT by disabled people if practical solutions are not made available. A number of initiatives have sought to make the internet more accessible:

- **800 adaptive kits** have been provided in UK online and Learndirect centres. Training for staff and users is included, as is a range of broader learning opportunities.
- The **A-sites web portal** was launched by the National Library for the Blind in May 2003. All the websites referenced on this portal were evaluated for their accessibility, providing visually impaired users with an invaluable resource with which to surf the net. This project was an example of government successfully working in partnership with industry sponsors to support a voluntary sector organisation.

Two further initiatives were announced at an event in October 2003 in which the OeE joined forces with AbilityNet – a leading charity that brings the benefits of computer technology to disabled people.

- The **Cybrarian Awards** aim to celebrate and reward excellence in accessible web content and assistive web technology.
- The **Disability Champions** project, launched in conjunction with Ufi and AbilityNet with funding from the European Social Fund, hopes to enable thousands of disabled adults in England to access new learning opportunities. A comprehensive package of services will be provided, including disability access audits, equipment advice, assessments of individual learners' needs, training and learner support.

²⁰ DfES passed administration of CMF-funded centres to Ufi in the 2003/04 financial year.

long term, to achieve high levels of e-service use, a critical mass of confident internet users will be necessary among all groups that specific services are aimed at.

In addition to communications-based activity such as the *Get Started* campaign, another strand of work to encourage non-users has been promoting the production of innovative content. Culture Online, a £13 million DCMS initiative, will use digital technology to create innovative projects to widen access to the nation's cultural heritage. Culture Online is committed to uniting the abilities of cultural organisations and the private sector – including broadcasters, education professionals and those on the cutting edge of digital technology – to create world-class educational and recreational tools for adults and children. The first tranche of seven projects was commissioned in October 2003 and in total around 20–30 projects will be developed by the end of 2004. While some will support the curriculum and others promote innovation, nearly a quarter will be specifically designed to engage hard-to-reach audiences, encouraging them to discover the potential of new digital technologies. Culture Online therefore complements the New Opportunities Fund (NOF) Digitisation of Learning Materials Programme. Launched in March 2003, over 150 projects are already up and running and by 2004 a total of nearly £50 million will have been invested in generating stimulating electronic content by converting a wide range of existing materials. Projects are designed to appeal to a broad range of audiences including socially excluded groups (see www.EnrichUK.net).

Looking to the future
To build on this momentum and develop the real enthusiasm that exists for working in partnership, we

will work to support a private sector-led Digital Inclusion Panel, which will provide advice to government and industry about how we can work together to ensure a digitally United Kingdom. The Government's aspiration is to ensure that every home in the UK should have a connection to a digital network by 2008 – whether through a personal computer, DTV or other device.

Sophisticating use – to realise the full value of access

Encouraging remaining non-users onto the first rung of the internet ladder will remain an important challenge to guide policy in the next few years. However, for individuals to fully realise the benefits of the internet we must help them move up the ladder – to move from basic activities such as e-mail and browsing to more advanced uses such as e-learning and transactional activities like buying, banking and accessing government services.

Promoting skills

Nowhere is the importance of sophisticating ICT skills clearer than in the recent DfES White Paper *21st Century Skills, Realising Our Potential*.²¹ It makes a commitment to help adults gain ICT skills as a third skill for life alongside literacy and numeracy. DfES' aim is to enable all adults to have the ICT skills they need to learn effectively online, become active citizens in the information age and, with 62% of adults stating that ICT skills are essential to their current or future job,²² contribute productively to the economy.

ICT will become as embedded in the work of DfES as literacy and numeracy. DfES will manage and facilitate the work of a range of partners to take forward the White Paper commitment –

including the Learning and Skills Council, the Qualifications and Curriculum Authority, Ufi/Learndirect and e-Skills UK. Joined-up action will bring a more coherent approach to delivering ICT skills and this will benefit employers and individuals alike. New standards and curricula, flexible enough to move with changes in technology, will be developed, as will qualifications that have the support of industry and are valued by employers as a mark of ability and quality. Assessment and diagnostic procedures will be implemented that are relevant, consistent and reliable, allowing both learners and employers to assess needs and initiate relevant training programmes.

While proposals are still being developed, an important part of ICT as a third skill for life will be an entitlement for all adults to gain ICT 'level 2'. ICT training is often seen as a major motivator for people to develop other basic skills. Through achieving a particular level of competence in ICT, the aim is to promote an individual's quality of life, particularly their employability, job mobility and participation in society.

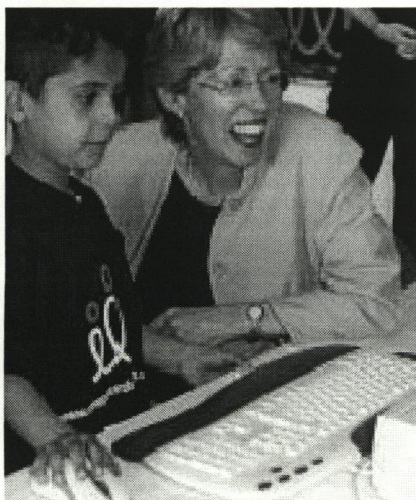
The Skills Strategy, combined with proposals being developed to embed e-learning into all aspects of education,²³ builds and gives coherence to the significant investment that DfES has already made in improving access to high quality learning and ICT skills throughout education and lifelong learning. For example, the Curriculum Online programme will provide teachers with access to digital learning materials, including over £300 million in e-learning credits between 2003 and 2006, to support teaching across the curriculum. In lifelong learning, Learndirect, the e-learning network run by Ufi, is already helping improve the skills of

²¹ www.dfes.gov.uk/skillsstrategy

²² DfES research.

www.dfes.gov.uk/research/programmeofresearch/projectinformation.cfm?projectId=13647&resultspage=1

²³ The consultation ended on 31 October 2003. www.dfes.gov.uk/skillsstrategy



Patricia Hewitt launching an Interactive Helpdesk while attending the National Council for One Parent Families' annual conference (May 2003)

adults through a diverse range of courses. In total, Learndirect offers over 600 courses and has helped over 900,000 learners either remotely or through one of 2,040 Learndirect centres. Courses covering basic ICT skills have been among the most popular, accounting for 61% of all courses taken.²⁴

Building on existing infrastructures

Work to sustain and add value to existing physical infrastructures is another key element in our strategy to promote more sophisticated ICT use. UK online centres already provide new users with an introduction to the internet and in the future this offer will be developed and given more structure. Working in partnership with Ufi and Resource, DfES will complete the development and national roll-out of an introductory offer to enable citizens to become autonomous users of the internet and progress to further learning. Originally known as UK online First Steps, this offer will now be incorporated into DfES' broader work to promote ICT as a third life skill.

A further project to develop and help sustain the UK online centre network is work led by DfES to establish what role centres might play in supporting e-service delivery. Centres have already shown that they can engage hard-to-reach groups who are disproportionately heavy users of some government services – so potentially there may be a role for them to support e-service delivery to these groups. In July this year, DfES commissioned research to establish how centres might develop capacity to fulfil this role and determine if there is demand from users for centres to support access to

e-government services. A series of pathfinder projects are also planned for the first two quarters of 2004 to establish whether specific e-government support functions might be rolled out on a broader scale.

Boosting home internet access

Sustaining and developing community-based internet access provision is essential, but continued growth in home access is vital if more sophisticated patterns of use are to become more widespread. Typically, home users spend longer online and are more likely to become sophisticated users of ICT – helping individuals fulfil their own developmental potential as well as contributing more broadly to a knowledge-driven economy.

A key initiative in the next year to boost home internet access is work to promote take-up of employer-provided HCIs. The 2002 International e-Economy Benchmarking report identified tax-advantaged home computing schemes as a key factor in establishing Sweden as the benchmarked country not only with the highest levels of PC penetration and home internet access, but also as a country with advanced e-learning, strong online citizen interaction with government and sophisticated e-business. Importantly, HCI schemes helped drive home PC ownership by appealing to people to whom traditional retail routes were either not appealing or not financially viable.

A similarly permissive framework for HCI schemes exists in the UK. In the 1999 Finance Act the Chancellor, recognising Swedish success, introduced a £500 annual exemption from the taxable benefit on loaned PCs. This exemption, when combined with a salary sacrifice mechanism – which

²⁴ www.ufi.com/press/facts/default.asp

employers typically use to offset the costs of loaning their employees computing equipment – provides an environment for HCI schemes very similar to that which exists in Sweden. However, unlike in Sweden – where after implementation, as many as 27% of private sector employees were receiving computers through employer schemes – in the UK take-up has been limited.²⁵

Prompted by the benchmarking study and changes in salary sacrifice rules in April 2003²⁶ (which now enable public sector organisations to take advantage of the mechanism), the OeE has established a joint industry-government group to promote HCI schemes. The group aims to tackle the key barriers to take-up that have been identified – mainly lack of employer awareness about the tax exemption, a lack of understanding around the benefits both for individuals and businesses, and a lack of clarity around the technical details of implementation.

In October, with strong support from the Department of Trade and Industry (DTI) and DfES, we published a consultation on our proposals for tackling these inhibitors and plan to publish early in 2004 comprehensive guidelines for employers on how to implement HCI schemes.²⁷ These guidelines will support a broader awareness campaign led by industry partners to promote the benefits of HCI schemes for both individuals and for businesses.²⁸

Promoting trust

Complementing work to boost home internet access, the DTI and Home Office continue to help promote trust in the internet. While lack of trust is not a major factor in keeping people

from getting online in the first place, it can act as a barrier to more sophisticated use. In November 2002 the DTI launched the second phase of its *Safe Internet Shopping* campaign. Working in partnership with the private sector, the campaign aimed to promote online shopping by explaining to consumers how they could do so safely. Similarly, to facilitate cross-border online shopping within the EU, the DTI worked with other Member States to complete the pilot phase of the European Extra-Judicial Network (EEJ-Net) in June 2003. By helping people access alternative dispute resolution mechanisms within other Member States, EEJ-Net aims to promote consumer confidence in cross-border transactions.

The Home Office continues to lead and drive forward broader work to ensure that people, and children in particular, can use the internet safely and with the confidence they need to get the most from their online experience. In January 2003 the Home Office launched a second *Child Safety on the Internet* campaign. The aim was to raise awareness of internet safety among target groups – reminding them of simple steps to take to stay safe online – while not scaring parents or their children away from positive uses of the internet.²⁹ Evaluation showed this approach to be an effective one, with the key campaign message ‘I know that people online might not be who they say they are’ reaching target audiences. To underpin and continue to support the trust that people need as they become more advanced internet users, the Home Office is developing a comprehensive e-Crime Strategy to pull together issues surrounding online crime for publication in 2004.

²⁵ *Statistics on Swedish take-up from International e-Economy Benchmarking Report, The World's Most Effective Policies for the e-Economy, Booz Allen Hamilton/INSEAD, November 2002.*

²⁶ *Prior to April 2003, public sector employers could not make use of salary sacrifice. This was changed to allow public sector employers to offer childcare vouchers on a salary sacrifice scheme.*

²⁷ *The consultation document can be downloaded at www.e-envoy.gov.uk/Resources/Consultations/fs/en*

²⁸ *These benefits are set out in greater detail in the HCI consultation document.*

²⁹ *www.homeoffice.gov.uk/crimpol/crimreduc/internet*

Competitive and extensive broadband market

One technology with clear potential to transform not only business but also society more generally is broadband. Broadband is the term used to describe a wide range of technologies that allow high-speed, always-on access to the internet and other electronic services. On a basic level, it makes using the internet a more vibrant and satisfying experience, allowing for a more sophisticated range of activities and applications. Broadband encompasses high capacity data transfer, video conferencing, video on demand, interactive games, audio, online banking and shopping, local area network (LAN) access and web serving. Its broader implications for business are manifold: from improving business processes, such as online procurement and working collaboratively with partners and suppliers, to achieving greater levels of internal efficiency and customer service through improved online communications and customer relationship management (CRM). Fully harnessed, broadband has the potential to increase productivity, enhance competitiveness, open new markets and encourage new ways of flexible working. The importance of broadband is reflected in the challenging target the Government has set: for the UK to have the most extensive and competitive broadband market in the G7 by 2005.

Progress and strategy

The UK broadband market has experienced exponential growth since the launch of UK online in 1999. At that time broadband was still very much an emerging technology in the UK, with insignificant take-up. The picture we see today is very different, surpassing some of the most optimistic forecasts. By the end of October 2003, there were over 2,850,000 broadband subscribers in the UK – more than double the number reached at this time last year, and a significant increase compared to October 2001, when just 180,000 subscribers accessed the internet using broadband. In the year to March 2003, the UK had the fastest growth of broadband penetration in the G7 at over 350%.³⁰ Coverage in the UK has been extended to 80% of the population, ahead of the USA, France and Italy.³¹ The number of subscribers is currently growing by some 150,000 a month. This means that the UK could have over 3 million broadband subscribers before the end of 2003. UK businesses are helping to lead this charge towards a broadband Britain. According to the latest figures from Oftel, 34% of online Small and Medium-sized Enterprises (SMEs) are now using broadband connection, with a further 31% stating their intention to upgrade to broadband in the next 12 months.³² For larger companies, the take-up rate is higher: 78% use broadband as their main connection type.³³

³⁰ *Analysys for DTI, May 2003.*

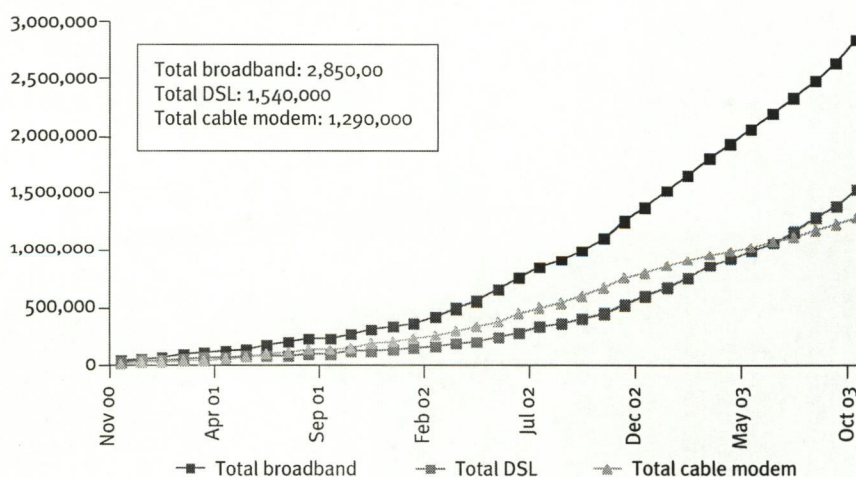
³¹ *Analysys for DTI, October 2003.*

³² *Small and Medium Business Survey Q14, Oftel, August 2003, published October 2003.*

³³ *e-Commerce Survey of Business, ONS, October 2003.*

Good progress has been made towards our target of creating the most extensive and competitive broadband market in the G7 by 2005. While other countries have advocated state subsidies to speed up the roll-out of broadband networks, this Government has always believed that the right strategy is to stimulate competition. Today, statistics show that this strategy has been the right one. Over the last two years, wholesale prices for broadband have fallen, and a combination of regulatory initiatives by Of tel and cost reductions by industry have seen a dramatic change in the market. Together these measures helped encourage more providers to move into the retail space and offer a proliferation of competitively-priced product offerings. There are now over 150 ISPs offering Asymmetric Digital Subscriber Loop (ADSL) services and prices have fallen dramatically. The cable TV companies have continued to enable more of their networks for broadband, bringing infrastructure competition to 45% of the population. The UK has been transformed from having some of the most expensive broadband prices to having some of the most competitive costs of all benchmarked nations. In the last six months alone prices have dropped between 10–14%.³⁴ The gap between broadband and narrowband prices has also continued to narrow to the point where one ISP has recently announced that their high-speed offering will be priced at the same monthly rate as their narrowband product. Collectively, significant strides have therefore been taken towards establishing a competitive broadband market which offers customers value for money across a range of products. The UK has now moved from fourth to third in the G7 for competitiveness, overtaking the US.

Figure 3: UK broadband users as at end October 2003



A competitive market underpins and drives the second component of our broadband target – extensiveness. Ensuring that all parts of the country, including rural areas, can access the benefits of broadband technologies remains a priority, and significant progress has been made. Today, 80% of the population has access to a mass-market broadband solution. ADSL and cable remain the dominant broadband technologies with over 78% and 45% of the population having access to these types of connectivity respectively.³⁵ Commercial drivers continue to push these figures up and several ISPs have now introduced registration schemes to assess the demand for broadband in areas previously not thought to be commercially viable. For example, in response to consumer demand, BT has enabled 1,852 exchanges for ADSL – of which over 570 have been upgraded as a direct result of BT's demand registration scheme.³⁶ Taken together, these factors have seen the UK move from fifth in the G7 in terms of broadband extensiveness to equal third place – level with the USA and overtaking Germany.

³⁴ Internet Benchmarking Study of Internet Access, Of tel, October 2003.

³⁵ Internet and Broadband Brief, Of tel, September 2003.

³⁶ Internet and Broadband Brief, Of tel, September 2003.

Figure 4: Broadband availability map (Analysys, September 2003)



We recognise, however, that there are still challenges in providing commercially viable broadband solutions to rural areas. That is why, in November 2003, e-Commerce Minister, Stephen Timms, announced his ambition to make broadband available to every community in the UK by the end of 2005. Better partnerships between the broadband industry, government, the regions, local government and local communities will allow every community to experience the same advantages broadband brings to some rural communities already – and in a far shorter timescale than ever envisaged. Speaking at the CBI on 17 November, the Prime Minister reaffirmed this commitment, and

welcomed BT's intention to set triggers under its demand registration scheme for a further 2,300 exchanges covering rural areas. If all these exchanges hit their triggers, over 99% of UK homes and small businesses will be served by broadband-enabled exchanges. Government's strategy for achieving this ambition recognises the importance of three main elements:

- possibilities afforded by emerging technologies;
- potential of public sector broadband aggregation; and
- local and regional partnerships to stimulate demand for investment in and adoption of broadband.

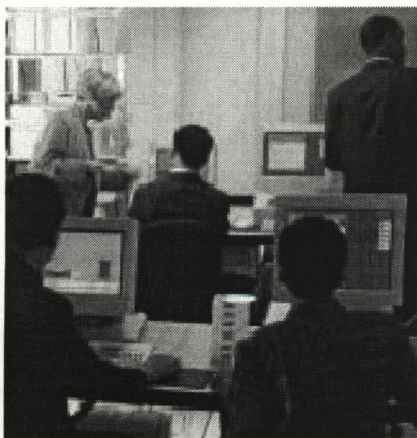
We are already starting to see the potential for emerging technologies, particularly wireless, third generation (3G) mobile and satellite, to extend the availability of broadband networks. 13% of the population have access to a fixed wireless broadband solution, and satellite services are available to almost 100% – although at significantly higher cost.

Deregulation has allowed public network operators to use certain parts of the spectrum which are exempt from licensing for wireless LAN (Wi-Fi) systems and several pilot projects are underway around the country. Additionally, spectrum auctions – such as that for 3.4GHz, which successfully received bids for all 15 regional licences – are paving the way for the development of fixed wireless access.

The aggregation of public sector broadband demand has clear potential to extend broadband availability into currently non-commercially viable areas. At the e-Summit in November 2002, the Prime Minister announced that £1 billion would be spent on public sector broadband connectivity. This investment will help achieve the modernisation of the criminal justice system, the introduction of electronic patient records, the connection of all GP surgeries, hospitals, trusts and health authorities and the connection of all primary and secondary schools in England by 2006. To achieve value for money it makes sense that some public sector organisations, including schools and hospitals, pool their demand for broadband. The DTI's Broadband Aggregation Project is aggregating this demand for broadband connectivity in public services in partnership with the Regional Development Agencies (RDAs) to make the most of this £1 billion spending power. In November 2003, the DTI announced

that nine new Regional Aggregation Bodies (RABs) and one National Aggregation Body (NAB) had been set up in each of the English regions in partnership with the RDAs. The RABs will be responsible for buying broadband services for public sector customers, particularly schools and hospitals. The Broadband Aggregation Project is also committed to working in partnership with the RDAs to ensure that once infrastructure driven by aggregation is in place the investment is translated into benefits for local businesses and households.

While we remain opposed to a wholesale system of subsidies to extend broadband networks to rural areas, we continue to recognise the importance of working collaboratively across government to help promote broadband extensiveness. In 2001, the Government established a £30 million fund which was distributed between RDAs and the Devolved Administrations to develop broadband networks and pilot projects in areas where broadband was not at that time commercially viable. Stimulating the roll-out of broadband across the UK remains a top priority. To support this aim, the DTI and the Department for Employment, Food and Rural Affairs (DEFRA) set up a joint dedicated Rural Broadband Team in May 2003 to work closely with partners including DEFRA, Government Offices and the RDAs. The Team will focus on the problems and issues for rural areas, including support for local campaign groups. A major objective of the Team is to produce a broadband toolkit to help rural communities and businesses understand the issues surrounding access to broadband. The Team will also be represented on the governing body for the Broadband Aggregation Project to address public sector demand.



The government emphasis on the competitive market has already led to a rapid growth in the number of broadband subscribers. However, in future the Government expects a demand for more sophisticated broadband services which are likely to include: faster connections, integration of mobile wireless devices, enabling richer applications and content which take full advantage of the technology. The Government will continue to let the market take the lead in maximising the opportunities presented by these new developments.

The number one country for the supply of ICT skills

At last year's e-Summit the Prime Minister reiterated the importance of improving the UK's skills base in order to realise our vision of becoming a productive, competitive and technological world leader. The relationship between improvements in skills and increased productivity is well documented. Research clearly and empirically demonstrates that for the productivity benefits of technology to be fully realised, investment in ICT infrastructure has to be complemented by a broader range of changes, particularly investment in IT skills.³⁷ The White Paper, *Opportunity For All in a World of Change*, published in February 2001, therefore set out the Government's challenging ambition for the UK to become the number one country for the supply of ICT skills. In response to a DfES survey last year, 62% of UK adults stated that ICT skills were essential to their existing job and future prospects. Some estimates have placed this figure as high as 90%.³⁸ Either way, it is clear that

investment in education, skills and lifelong learning are all vital if we are to succeed in a knowledge-driven economy. In addition, as noted previously in the 'Sophisticating use' section of this report, the DfES White Paper *21st Century Skills, Realising Our Potential*³⁹ lists ICT as a third skill for life alongside literacy and numeracy.

Progress and strategy

Our goal to become the number one country for the supply of ICT skills was given a boost by the findings of the International e-Economy Benchmarking report published last year. It found that one of the UK's particular strengths was our strong 'brainpool' of ICT-literate citizens provided for by our heavy and continued investment in ICT in education. Between 1998 and 2004 the Government has made available over £1.8 billion to increase access to ICT in schools, providing a solid foundation for additional investments in skills more broadly and lifelong learning.⁴⁰

In recent years, the market landscape in which the Government – through the work of the DTI and DfES – has driven forward its Skills Strategy has changed significantly. In the late 1990s the technology sector was expanding dramatically and by 1999 the UK was experiencing the highest employment growth in the ICT sector of all benchmarked nations.⁴¹ At this time the key challenge for UK employers was to find workers with the right skills to fill the many vacancies generated by rapid growth – supply was struggling to keep pace with demand. Downturn in the high-tech sector was to change this dynamic – and by 2002 employers were reporting that the intensity of skills shortages had considerably reduced.⁴² A more pressing challenge

³⁷ ICT and Economic Growth: Evidence from OECD Countries, Industries and Firms, *OECD*, 2003.

³⁸ Work Skills in Britain 1986–2001 and Adult Basic Skills Strategy Unit Survey 2003.

³⁹ www.dfes.gov.uk/skillsstrategy

⁴⁰ See 'Sophisticating use' section for further details.

⁴¹ *International e-Economy Benchmarking Report*, The World's Most Effective Policies for the e-Economy, *Booz Allen Hamilton/INSEAD*, November 2002.

⁴² e-Skills Regional Gap, *e-Skills*, 2002.

for employers was the need to improve skills of existing employees in order to mitigate mismatches between the skills needs of their organisations and the skill sets of their workforce. Going forward, our strategy must therefore recognise both of these dimensions – the need to ensure that skill shortages do not re-emerge as an acute issue in any future upturn and the need to continue work that mitigates potential skill mismatches.

An important part of both of these strands is maintaining an accurate picture of the skill demands of the labour market. With the support of the DTI and DfES, e-Skills UK published its second Regional Skills Gap report in July 2003.⁴³ The report provides an analysis of the ICT workforce and skills issues, with recommendations for the continuing development of a competent ICT workforce for the UK. In the same month e-Skills also joined forces with the British Computer Society (BCS), the Institute of Electrical Engineers (IEE) and the Institute for the Management of Information Systems (IMIS) to found the Skills Framework for the Information Age (SFIA) Foundation. The foundation will build and develop the SFIA, which is one of the most sophisticated ICT skills classification frameworks in the world. The framework helps individual organisations identify their skill requirements and contributes to the body of data on the labour market as a whole, which enables government to evaluate how effectively education supply is meeting demand.

To promote long-term solutions to skill shortages and mismatches, continued investment in specialist and further education is a priority. Last year we reported on the creation

of a regional network in England of New Technology Institutes and the investment in developing specialisms such as electronics, ICT and design and technology. The 2002 Spending Review also clearly underlined the Government's commitment to addressing the current decline in numbers of young people studying physical sciences, engineering and maths. It announced that by 2006 an additional £1.25 billion will be invested in science, engineering and technology. The 2003 budget offered further support to this strategy.

Whilst investment is an important part of our strategy, the Government's role must also be one of enabling a long-term, joined-up culture in which business, educators and government are engaged in a dialogue which can be translated into sustained competitive advantage. Exemplifying this joined-up approach, DfES, supported by the DTI, are overseeing the creation of a new network of Sector Skills Councils – by linking employers with educators and government, Skills Councils are uniquely positioned to define and resolve the skills issues in their sectors. e-Skills UK, as the Skills Council for the IT, telecoms and contact centres sector, was one of the first to gain a licence in April 2003. e-Skills' remit extends beyond addressing the skills needs of the IT and telecoms industries, to looking at the e-skills of the UK as a whole. e-Skills also helps drive forward work to help the technology and IT sector of the future become a more diverse and representative part of the economy. Although improving, women are still under-represented in IT jobs and the ICT sector more broadly. *Computer Clubs for Girls* (CC4G) is therefore a flagship e-Skills project

⁴³ The full report can be found at www.e-skills.com/cgi-bin/go.pl/publications/index.html

that aims to change the attitudes and abilities of a whole generation of girls in terms of careers in IT. The CC4G programme has been receiving excellent feedback from the first 26 pilot schools in the South East and work is well underway to develop a national roll-out to make the clubs available in every region of the UK.⁴⁴

Light-touch regulatory framework

In recent years e-commerce has generated rapid growth, transformed business models and revolutionised trade – with cross-border transaction volume estimated to reach 4.6 billion transactions worldwide by 2007,⁴⁵ its impact cannot be overstated. But it has also blurred market boundaries and generated new legal uncertainties – about taxation, security and safety, copyright and intellectual property, content and liability, privacy and crime prevention. Domestic and international regulatory and legal frameworks must adapt and modernise if they are to avoid becoming obsolete and provide the foundation for sustained long-term growth.

Progress and strategy

The modernisation of the regulatory framework therefore continues to be an integral part of the Government's broader e-strategy and takes into account developments at both the European and global levels. Our strategy aims to remove barriers to e-business and delivery of online government services and ensure that individuals feel confident to use the internet safely and engage in an increasingly sophisticated range of transactions and activities. We remain committed to avoiding unnecessary regulatory burdens, while continuing to promote competition and maintain consumer confidence. Where

appropriate we encourage co- and self-regulation models.

The foundations of a modern and enabling regulatory framework are now largely in place – a fact recognised by last year's benchmarking report which found that our regulatory framework was particularly favourable. For example, a supportive regulatory environment was an important catalyst for the rapid development of the UK's mobile telecom market which resulted in the widespread and early adoption of new services and standards, such as SMS. But a global economy also requires a broader perspective and in this respect the UK is committed to a continuing dialogue with international partners such as the USA and Canada, with a view to developing an open and competitive global telecommunications market. Moreover, we will continue to work with international organisations like the EU and the Organisation for Economic Co-operation and Development (OECD) to discuss co-regulatory approaches and promote best practice in the development of a supportive international environment for e-commerce.

The following summarise some key trends and notable examples of regulatory modernisation in recent years:

OFCOM

The most significant regulatory development in the last year has been the creation of OFCOM. Due to the dynamic and converging nature of the telecommunications and broadcasting sectors, a more integrated approach to regulation was necessary. OFCOM was set up by the Office of Communications Act in 2002. Under the Communications Act, which gained Royal Assent in July 2003, OFCOM will assume the powers of the five existing regulators of the telecommunications industry in

⁴⁴ For further details of the work of e-Skills UK see www.e-skills.com

⁴⁵ www.dti.gov.uk/jwt/ecommerce.htm

December 2003.⁴⁶ The creation of OFCOM will bring a more strategic overview to the whole sector and will instigate a flexible regime that will support a dynamic and competitive marketplace while protecting consumers and citizens. As this convergent market matures and develops, we expect that further deregulation may be appropriate in some areas and that self-regulation should be further encouraged wherever possible.

An international regulatory approach

- e-Commerce has changed the regulatory paradigm – when trade and transactions transcend national boundaries, the premium on working collaboratively with international partners has never been higher. An early example of supranational working was the adoption of the EU e-Commerce Directive in June 2000 which established a new regulatory framework for online services in Europe. The Directive, which was brought into force in the UK in 2002, has helped establish a level playing field for e-economy companies trading across Member States, stimulating innovation and competitiveness. Importantly, the Directive limits the liability of ISPs who unknowingly carry or store unlawful content.
- Nowhere has the need for an international approach been clearer than in the complicated area of intellectual property rights. While UK domestic law has proved remarkably future-proof in this area, early steps have also been taken to develop international copyright rules. The 1996 WIPO (World Intellectual Property Organisation) treaties represented a small but important step towards an international copyright regime. The

EC Directive on Copyright and Related Rights in the Information Society – which the UK implemented in December 2002 – cleared the way forward for the EU and Member States to ratify these treaties. The new UK regulations, which came into force in October 2003, build on existing provisions in the Copyright, Designs and Patents Act 1988, bringing the Act into line with the Directive. The WIPO treaties and the EU Directive both aim to strike a fair balance between copyright owners and legitimate users of protected material. Such a balance is crucial if we are to encourage innovation and creativity and promote technology transfer between developed and developing countries.

Privacy

- One of the most acute regulatory challenges the online world presents is how individual privacy rights may be balanced against the needs for e-commerce to thrive unburdened, and the need to protect the public from crime. Perhaps more than any other single area, issues surrounding privacy have generated intense public debate and, in the case of the Regulation of Investigatory Powers Act (RIPA), obliged the Government to re-visit our approach.
- In September this year the Home Secretary laid a new order before Parliament regulating access to communications data under RIPA. This order followed renewed public consultation on proposals which had been radically revised in response to public concerns. The new measures safeguard privacy by clearly restricting who in public authorities can access communications data and the types of information available to them.

The Home Office, based on consultation, also placed a code of practice before Parliament for the voluntary retention of data by communications service providers under the Anti-Terrorism, Crime and Security Act. The voluntary code aims to strike a balance between what is required to combat terrorism and what is reasonable to ask industry to deliver.

- A further step forward in terms of protecting privacy was taken in September 2003 when the DTI presented Parliament with regulations for implementing the EU Directive on Privacy and Electronic Communications, following consultation earlier in the year. The Directive updates current rules on data protection in light of new technology and will come into force in the UK in December. Provisions include new requirements for firms using cookies and similar internet tracking devices to provide users with clear information about their use and the opportunity to decline them. Importantly, the Directive helps tackle the global nuisance of unsolicited e-mail (spam) which is estimated to account for 50% of all e-mail traffic.⁴⁷ To send unsolicited e-mail and text messages (SMS) to a private individual, companies will now in most cases need their prior agreement. However, with an estimated 90% of all spam originating in the US, the new EU framework is only a partial answer to the problem. Fostering greater international collaboration will therefore be a priority in the future.

⁴⁶ The Broadcasting Standards Commission, the Independent Television Commission, Ofcom, the Radio Authority and the Radiocommunications Agency.

⁴⁷ 2003 Gartner Research.

A world leader for electronic business

In 1998, the Prime Minister announced plans to make the UK 'the best environment in the world for e-commerce', recognising the transforming potential of ICT to drive greater productivity, increase competition and contribute to greater prosperity for all. Over the past five years substantial progress has been made and today we can be proud of our achievements. Last year at the UK Government's e-Summit we reported against our e-business target when the Prime Minister announced the results of an independent International e-Economy Benchmarking report. It found that the UK had the second best environment for e-commerce in the world, behind only the US. This demonstrates the real progress that has been made since 1998 when our fledgling e-economy trailed not only the US but also Australia, Canada and several of our European neighbours.

The environment which exists today is much more advanced. The enthusiasm and hype of the dot-com boom has retreated and we now have a mature e-economy which is no longer a separate or novel entity, but an intrinsic part of the economy as a whole. Businesses have been transformed by the efficiency-enhancing opportunities afforded by new technologies and continue to deepen and sophisticate their use of ICT.

This sophistication is true of government too, so the OeE increasingly supports activity by mainstream government departments to deliver the Government's target for the UK to become the best place in the world for e-business.

Transforming business

Internet-enabled business has undergone significant change since the rapid and unsustainable growth of the late 1990s, and today a more mature industry is emerging in response to more challenging marketplace realities. Recent research indicates⁴⁸ that widespread and effective use of ICT is increasingly important if UK businesses are to bring about necessary improvements in productivity. Central to this is the recognition that businesses can transform themselves via ICT. They must move beyond e-commerce – and must fully integrate technology across all business and work processes – driving greater efficiency, productivity and fundamentally changing the way in which they interact with their customers, partners and people.

Progress and strategy

In recent years the Government has helped oversee this transformation. In 2000, we launched UK online for Business, a DTI-led initiative to help businesses, particularly SMEs, exploit the business benefits of ICT. Since launch, UK online for Business has helped several hundred thousand businesses, with over a quarter of a million interactions with businesses each year. Initially the focus was to raise business awareness and understanding of ICT and to help companies develop a web presence, particularly so that they might trade online. In this area significant progress has been made. By 2001, the UK had overtaken the USA as the country with the highest percentage (80%)⁴⁹ of companies with a web presence. Importantly, businesses rapidly embraced online trading – now 32% of businesses allow customers to order online, up from 27% in 2000. The percentage of business buying online (placing orders online) has increased from 45% in 2001 to 54% in 2003.⁵⁰

⁴⁸ Reality Bites – The Second Annual Report on e-Business in the UK, 2002; CBI e-Business Prospects: Findings from an Expert Panel, 2002; ICT and GDP Growth in the UK, ESRC, DTI Cisco Systems commissioned report, 2003.

⁴⁹ International Benchmarking Study, DTI, 2001. Note: all percentages on business use of ICT are weighted by number of employees.

⁵⁰ International Benchmarking Study, DTI, 2003. Note: due for publication December 2003.

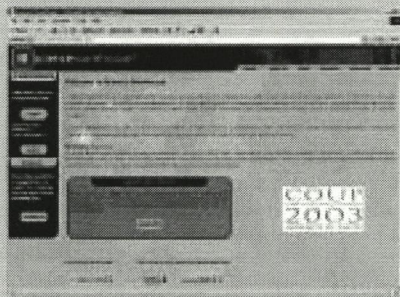
Case Study

e-Procurement transforms the life science community

Internet technology is transforming the way life science professionals are procuring laboratory equipment and reagents.

Leeds-based Science Warehouse has grown to become the leading UK e-marketplace in life sciences. Science Warehouse provides an e-commerce service which links buyers with suppliers through a state-of-the-art electronic marketplace. Through its interactive website, life science professionals are able to search for products from leading laboratory suppliers, compare product specifications, see correctly discounted prices and buy online. Requests for quotations from suppliers are also available online.

Designed by life science and procurement professionals, the e-marketplace delivers considerable savings in time and cost as well as offering full procurement control. The system also gives buying organisations an opportunity to have a unified e-procurement service as products needed outside the life sciences are also available.



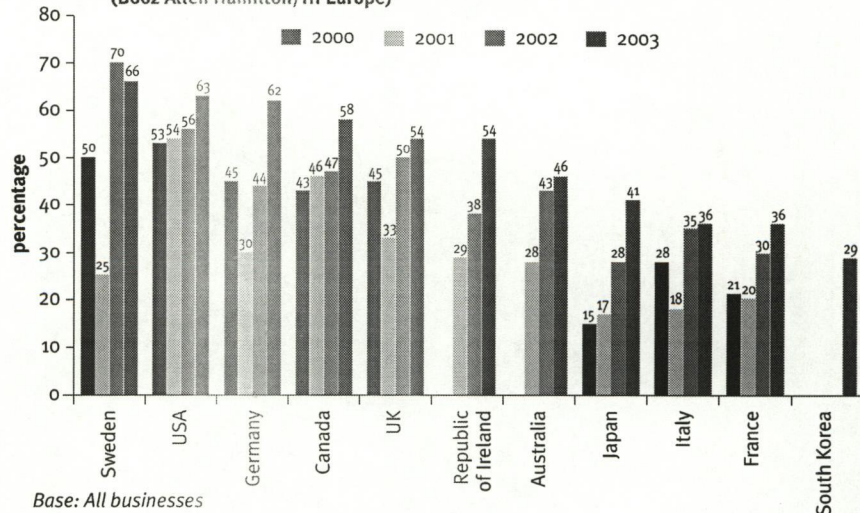
David Hames, Vice Chairman, Science Warehouses: "From my own experience within the research sector, I know how time consuming and complicated the traditional procurement routes can be – whether it is the time taken up comparing a multitude of different catalogues or the frustration of constantly trying to obtain up-to-date information on products, prices and available discounts.

"e-Procurement has made it possible to increase the efficiency of the buying process, saving time costs for all participants, yet allowing the buying organisation to retain full control. Through using internet technology, we are able to introduce flexibility into the system so that the e-service we provide closely fits the buyer's requirements. This individual customer focus will become increasingly important and expected by the customer."

Alison Owen, UK online for Business adviser for West Yorkshire, commented: "Science Warehouse has demonstrated how e-commerce can transform an everyday work process, such as procurement, to meet today's high customer standards. More importantly, it has also shown how e-commerce can help businesses carry out basic office functions more effectively and economically."

The strategy of UK online for Business has evolved as the business sector has matured. An extra £30 million was allocated to the campaign over 2001–04 to assist companies in their transition from e-commerce to e-business. A more holistic approach to business strategies has been encouraged, recognising that people, process and technology are all integral to success. There are early signs that this integration is taking place. Businesses are now recognising that e-business needs to be mainstreamed into the organisation, to become part of the core business strategy, rather than being seen as something separate or 'bolted on'. UK businesses are amongst the most likely in the world to integrate their orders with other internal systems. While such progress is encouraging, we recognise that in some areas we risk slipping back. The International Benchmarking Study 2002 showed a decline for the first time in the take-up of connectivity technologies

Figure 5: Businesses that place orders online 2000 to 2003
(Booz Allen Hamilton/HI Europe)



amongst the UK's micro and small businesses. There are signs too that other countries are now progressing in the use of ICT at a faster rate than the UK.⁵¹ This reflects the challenging market conditions that businesses have had to face in the last few years, but it also illustrates a broader point: as the sector matures and initial, rapid growth levels off, we will have to work harder to sustain and build on our achievements. Continuing to provide a legislative framework that is conducive to e-commerce is therefore essential – a principle reflected in this year's budget when improvements to the R&D tax credit along with an extension of first year ICT capital allowances were announced.

These measures and others will continue to foster an environment in which businesses of all sizes can fully take advantage of the transforming potential of new technologies. Our strategy going forward will also reflect the reality that the e-economy is now an integral part of the broader economy. Underlining this approach,

the activities of UK online for Business will now increasingly be integrated into the wider activities of the DTI under DTI branding, to support business and promote commercial best practice. There is also a need for e-business to be mainstreamed into the wider policy and delivery objectives of Whitehall and other government departments. ICT is an enabler which is capable of contributing to the successful conclusion of other policy agendas. The general approach will be to place greater emphasis on assisting companies to implement their adoption of ICT. Some awareness activity will remain, but will be targeted towards CEOs and MDs whose leadership is crucial if adoption is to be successful. Content development will continue to be built around the provision of impartial and independent advice on key e-business issues, with greater attention paid to the development of tools which support the implementation of ICT strategies.

⁵¹ International Benchmarking Study, DTI, 2002.

part 2



"For the public services, the real opportunity is to use information technology to help create fundamental improvements in the efficiency, convenience and quality of our services...Our task is to shape public services that meet modern expectations."

Tony Blair, November 2002

First-class Public Services

Summary

In 1999, only a handful of central government services were available online. e-Enablement was an integral part of the vision for public services set out in the *Modernising Government* White Paper published in March that year. This vision and the Paper served as the basis for the creation of the OeE, with a remit to deliver the target for making all services available electronically by 2008. Since then:

- The target was brought forward to 2005.
- Two-thirds of central government services have been e-enabled.
- All Local Authorities now have websites and the number of transactional sites is growing.
- We have transformed provision of government information which, previously only accessible on paper, is now freely available online.
- An increasing number of transactional services are being made available electronically.
- The Government Gateway delivers world-leading integration and authentication.
- It is estimated that one in four adults have accessed government websites in the UK.
- To increase the efficiency of electronic service delivery (ESD) we have set common standards and are putting key infrastructure in place.
- On the international stage, the UK's performance towards the vision of an e-enabled government is comparable to that of overseas governments.

- The ukonline.gov.uk portal was the fastest growing government website last year and now regularly attracts more than 500,000 users every month.
- Through its ukonline interactive service, the UK has a world lead in the provision of government information on DTU.

There still remains more to be done:

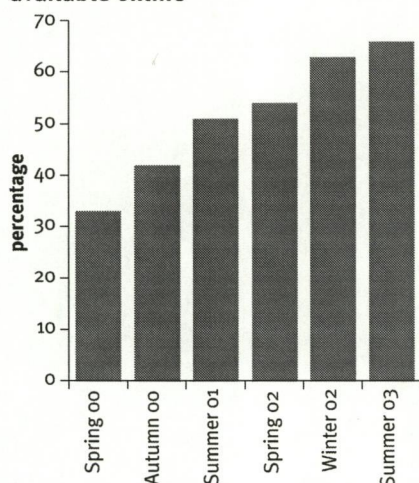
- We are now focusing on increasing the take-up of key services by increasing their customer focus.
- We are piloting an enhanced customer offering for the delivery of electronic services designed around the needs of customers, not the structure of government.
- We are working on a range of ways to give people more choice in the way they deal with government.
- We are paving the way for the further piloting of e-voting.

An e-enabled government

In March 1999, the Prime Minister published the *Modernising Government* White Paper, setting out a vision for the future of public services – built around the needs of citizens, not the convenience of service providers. e-Enablement was an integral part of this vision and the Paper served as the basis for the creation of the OeE in September that year, with a remit to deliver an initial target for all government services to be available online by the end of 2008.

By the beginning of 2000, good progress had been made. Citizens were able to access online information in areas such as health, overseas travel and consumer protection. Businesses were able to make online returns to Companies House and plans were well advanced to launch self-assessment tax returns. It was recognised that the pace of change needed to be accelerated and so, in March 2000, the Prime Minister announced that the target for making all services available electronically would be brought forward to 2005.

Figure 6: Increase in the number of government services available online



Note: Non-linear scale

Government services now online

• Access high quality health information and advice

The NHS Direct Online website provides high quality health information and advice for people in England and is unique in being supported by a 24-hour nurse advice and information helpline. The self-help guide is an easy-to-use guide to treating common health problems at home – using a Body Key, you can identify your symptoms and by answering simple step-by-step questions, work out the best course of action. The website's health encyclopaedia contains 600 topics covering illnesses and conditions, tests, treatments and operations. NHS Direct Online also provides a searchable database of hospitals and community health services, GPs, dentists, opticians and pharmacies. Users have the option of submitting personal requests for individual health information to an online enquiry service, and of storing personal health information in a personal health organiser called HealthSpace. Access to NHS Direct Online information is also available via touch screen Information Points in public places. An NHS Direct Digital TV service will be launched in 2004. www.nhsdirect.nhs.uk

• Search for jobs and training

Click onto the national jobs and learning site and you can get information to help with your search for suitable jobs or training, and with career choices, without having to visit a Job Centre. Worktrain will let you search for jobs, training courses, childcare provision and voluntary work. You can also look at information about different occupations to help you make informed career choices. It's not just a job site – it will help you make choices about the type of work you want to do, and help you find the training you need. www.worktrain.gov.uk

• Apply to Higher Education

You can now find the right HE course, make an application online, and track the progress of your application, all via the online University and College Admissions Service. The website gives advice for students and parents on choosing the best course and HE institution and provides information on how to apply – 40% of students now apply online. www.ucas.ac.uk

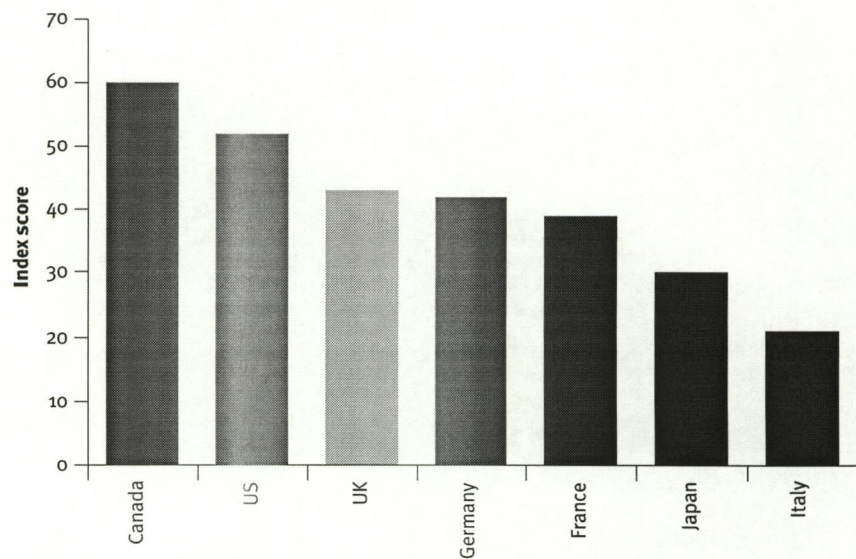
• Find out about local childcare and early education

The ChildcareLink website is where you can find out about a whole range of different types of childcare and early education in your local area in one place, without having to ring round various departments in your local authority and individually researching private childcare providers. Launched as part of the National Childcare Strategy in 1999, it helps people back into the workplace by removing the childcare barrier, comprising information collected from over 170 English and Scottish Local Authorities, with sign-posting information from the National Assembly for Wales to provide parents and carers with easy-to-find information to make the right choices. www.childcarelink.gov.uk/index.asp

• Access town and country planning information

The Planning Portal was launched in May 2002 to provide a one-stop shop for all users of the town and country planning system. It links together all Local Authorities and central government to provide electronic planning application forms, guidance, access to local development plans and a host of relevant information from a variety of sources. In little over a year, it has now signed up nearly 200 planning authorities, and is working with the remainder to achieve complete coverage by the end of 2005. Key to its success has been working with intermediaries – both planning agents (such as architects, surveyors and consultants) and ICT suppliers, who provide the back-office capability in local authorities through common XML standards. www.planningportal.gov.uk

Figure 7: e-Government service maturity index (Accenture, 2002)



This target served to galvanise the e-government agenda throughout Whitehall. A mass of government information previously only accessible on paper is now freely available online. Two-thirds of all central government services are now available electronically and departments continue to make progress towards getting all services online by 2005.

How we compare internationally

On the international stage, evidence shows that the UK's progress on e-enabling services is comparable to that of overseas governments. For example, last year's International e-Economy Benchmarking report, *The World's Most Effective Policies for the e-Economy*,⁵² confirmed that the UK is making good progress with higher growth than both the US and Canada. The Ernst and Young, Cap Gemini sophistication index,⁵³ developed for the EU and tracked between October 2001 and 2002, shows the UK behind Scandinavia, but near the top of the chasing pack within Europe. An earlier survey by the World Markets Research Centre⁵⁴ in 2001 paints a similar picture.

⁵² *International e-Economy Benchmarking Report, The World's Most Effective Policies for the e-Economy*, Booz Allen Hamilton/INSEAD, November 2002.

⁵³ *Web Based Survey of Electronic Services, Results of the Third Measurement*, Cap Gemini Ernst and Young, October 2002.

http://europa.eu.int/information_society/eeurope/2002/documents/CGEY-Report3rdMeasurement.pdf

⁵⁴ *World Markets Research Centre Global e-Government Survey 2001*.
www.worldmarketsanalysis.com/e_gov_report.html

Customer focused services

Towards the end of last year it was becoming apparent that the Government needed to prioritise its efforts by focusing on e-enabling a set of Key Services – in areas such as health, education, benefits and personal tax – that are likely to have most impact in terms of user benefit, government efficiency and alignment with overall policy priorities. Government's primary objective for each of these Key Services should be to ensure that they are attractive and beneficial to users so that they achieve high levels of take-up – crucial if the potential benefits to both users and government are to be realised.

That is why in September 2002, a new target for the delivery of e-services was set: 100% capability by 2005 *with Key Services achieving high levels of use*. This is an extremely challenging target. The scale, complexity and pace of change sought is in the global premier league of e-transformation programmes. To help drive forward delivery of the target, it was decided that a cross-departmental e-Government Delivery Programme (e-GDP), coordinated and managed by the OeE, should be established. The e-GDP has adopted a strategic approach centred on three core strands of work:

- building capacity to deliver services online;
- increasing the take-up of services by ensuring that they are focused around the needs of citizens; and
- building common building blocks involved in service delivery to optimise value for money.

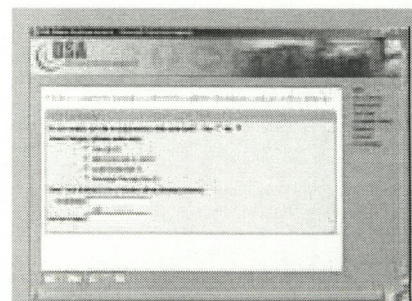
There are encouraging signs that the use of e-government services is increasing. The ONS survey published

in September 2003⁵⁵ showed that 50% of the internet population (29% of the adult population) had visited a government website in the last 12 months. Some services have achieved particularly high levels of use, eg university applications, vehicle registrations and company incorporations. Other services, such as self-assessment tax returns and money claims online, have shown strong growth over the past year. But, despite these successes, overall e-government transactions are still relatively low. Only 8% of internet users claim to have transacted with a government department online.



Companies House

Companies House has worked closely with intermediaries, company formation agents, to develop an electronic incorporation service. Take-up has been rapid and tangible efficiency benefits have been measured for both users and government. For government there are real time savings associated with not having to rekey data, running automated processing of applications and 4% reduction in errors due to validation of data at the point of entry. Users also benefit from an electronic service which in most cases provides a rapid turnaround similar to the premium same-day service but at a quarter of the price.



Driving Theory Test Bookings

One service that has been particularly successful is Driving Theory Test Bookings. In only 18 months the percentage of transactions that are now online has risen rapidly to 25%. This underlines the potential high demand for customer focused electronic services that provide value-added functionality to users above and beyond what is deliverable across other channels – in this particular case users can take mock tests online.

⁵⁵ www.statistics.gov.uk/pdfdir/into903.pdf



Providing joined-up services

Significant progress has been made towards the target for making services available electronically by 2005. However, that only meets half the target – we have to ensure that people use and benefit from e-government. In the past, services have tended to be built around departments with very little focus on the customer.

A major audit of customer preferences has shown that citizens want a single point for the delivery of government services that is clearly branded and heavily promoted. In contrast, government online services are currently fragmented across more than 3,000 gov.uk domain-name websites and 900 central government websites. The current UK online portal helps by providing a central signposting to navigate the maze of government websites. But this falls a long way short of providing a single delivery point for government services and the joining up of services that this entails.

Best practice analysis of online banking, online shops and overseas governments points clearly to the fact that, to increase take-up of online services, there needs to be a focus on providing more user-friendly services which are based firmly around customer needs. The OeE will therefore be piloting an enhanced customer offering for the delivery of electronic services designed around the needs of customers, not the structure of government.

The pilot project will present information in a consistent and useable way, clustered around customer groups and topics – for example parents and motorists. With multiple departments contributing relevant services to each group and topic, the concept will enable common customers of different departments to access services from a single location.

Specifically, customers will be presented with information and services that they might otherwise have been unaware of had they visited individual websites.

Offering choice

Take-up of e-services is also dependent on offering greater choice to users in the way in which they access services, either through the use of intermediaries, or through different channels.

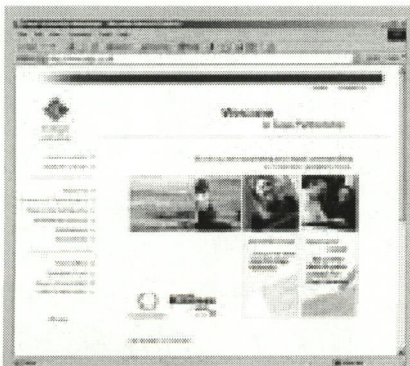
Intermediaries

There is no reason to assume that government acting alone will necessarily have the best approach to e-service delivery. We aim, therefore, to create a marketplace where government and intermediaries from the public, private and voluntary sectors can come together to deliver e-government services that better meet the needs of our customers.

In May 2003 the OeE published a draft policy framework⁵⁶ which described the principles of intermediary involvement, and the support being put in place to drive forward the agenda. The public consultation, which completed on 21 August 2003, identified both widespread support for the policy and a need for further guidance on its implementation. An official response was published at the end of October and will be followed by implementation guidelines, intended to build on the policy framework by providing clarification of the underlying principles and practical guidance on its implementation.

In parallel with developing written guidance, the OeE is engaged in driving forward the agenda, by providing practical support to potential intermediaries and public sector service providers in identifying opportunities for intermediation, and assessing and developing intermediary propositions.

⁵⁶ www.e-envoy.gov.uk/intermediaries



Case Study

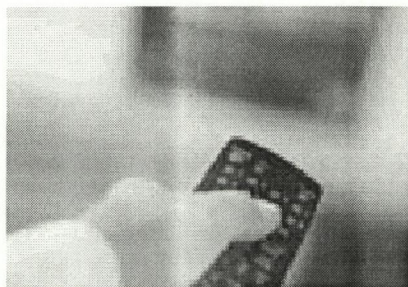
'Warm Front' e-application scheme for heating and insulating grants (Eaga)

The 'Warm Front' scheme is administered by Eaga on behalf of DEFRA. Eaga are a social enterprise who use their trading surpluses to expand their ability to tackle the housing problems of low income families. Eaga introduced the 'Warm Front' scheme in June 2000, which provides grants for insulation and heating to homes in the owner-occupier and private rented sector. The scheme is an important part of the Fuel Poverty Strategy, which aims to eliminate fuel poverty in vulnerable groups by 2010 as far as reasonably practicable. Citizens can apply online via the Eaga website for a grant of up to £1,500 to improve the heating efficiency of their home. So far the scheme has assisted over 300,000 households in providing insulation and heating measures to an average value of £445 for each household. This gave each home assisted the potential to save around £150 a year through reduced fuel bills.

Channels

It is essential that people are able to access e-services in ways that they want to. To meet this need, the Government must look at new ways of delivering services within a multi-channel environment.

In September 2002, the OeE published its Channels framework: *Channels Framework: Delivering Government Services in the New Economy*.⁵⁷ The policy framework addresses how to increase take-up and achieve more choice for customers through multiple electronic channels. The channels framework is currently being updated, and a new version is expected to be published early next year. This will look in more depth at multi-channel strategies, with a particular emphasis on the web, mobile communications and interactive digital television.



A separate policy paper for DTV – *Digital Television: A Policy Framework for Accessing e-Government Services* – will be published in early 2004. The framework has been developed in consultation with key stakeholders in the DTV industry and the public sector, especially the DTI and DCMS. Similarly, a separate policy paper on smart cards is currently undergoing public consultation, and is expected to be published early next year.

The OeE expects to publish a positioning paper by the end of the year exploring how to use mobile communication for delivering e-government services.

Overcoming barriers to use

e-Government services also need to enjoy the trust and confidence of those who use them. Two of the ways in which this is being tackled are:

Privacy and data sharing

The Lord Chancellor's Department (now the Department for Constitutional Affairs) was given the responsibility for this area and significant progress has been made, including:

- establishing a cross-departmental Data Sharing Practitioners Group (DSPG) to meet and consider problems and solutions;
- putting out a Public Services Trust Charter to two rounds of consultation, setting out a clear exposition of the standards that the public can expect from the public sector in the handling of personal data; and
- planning to issue, towards the end of this year, a 'how to' guide to data sharing for public bodies. This is in the form of a 'toolkit' including model protocols, codes of practice and a revised analytical framework, together with legal guidance, that should give public bodies the confidence to deliver a modernised service, making appropriate use of individuals' personal data within the law.

⁵⁷ www.govtalk.gov.uk

ANNEX B

PRESS NOTICE 1

PATRICIA HEWITT LAUNCHES UK ONLINE ANNUAL REPORT

Secretary of State for Trade and Industry and E-Minister, Patricia Hewitt, today launched the UK online annual report which confirmed the UK's position as one of the world's most connected economies and announced the Government's plans to work to support a private sector-led Digital Inclusion Panel.

The Annual Report outlines four years of continued progress, since the appointment of the e-Envoy and e-Minister, on the Government's commitments to extend the benefits of the internet to citizens, businesses, government, pointing in particular to:

- Independent research showing that opportunities to physically access the internet – either at home, at work, through mobile technology, or at a public access point (including over 6000 UK online centres) – are now available to all.
- E-commerce transactions across the internet exceeding £23billion¹ in 2002, and independent industry-led benchmarking showing the UK to have one of the best environments in the world for e-commerce
- Exponential growth in the broadband market – the UK now has the fastest growing broadband market in the G7 with over 3 million² subscribers, and 80% of the population now has access to a mass market broadband service
- Good progress on e-government – two thirds of government services are now online with recent ONS research showing that government and public sector web-sites have been used by half of the UK's internet users, a quarter of the UK adult population

Over the last four years there has been a five fold increase in home internet access in the UK and a four fold increase in DTV penetration. To build on this momentum Patricia Hewitt also announced the Government's plans to work to support a private sector-led Digital Inclusion Panel, which will provide advice to Government and industry about how we can work together to ensure a digitally United Kingdom.

The panel, whose membership will be announced shortly, will specifically look into

- identifying those groups most at risk of digital exclusion;
- identifying future actions that might encourage those homes to get digitally connected; and

¹ To note: the £18bn figure quoted in the Annual Report will be updated to reflect the latest ONS statistics published on December 4.

² To note: the 2.6m broadband subscribers figure quoted in the Annual Report will be updated to reflect latest OFTEL figures which report the 3 million figure quoted here.

- making recommendations about how to drive a digitally United Kingdom.

It is expected that the panel will publish its initial report and recommendations in April 2004

Speaking at the launch of the Annual Report Secretary of State for Trade and Industry and e-Minister, Patricia Hewitt said:

“The Prime Minister’s appointment of an e-Envoy four years ago has been a clear success. The UK is now one of the world’s most connected economies with ICT firmly embedded in the economy, education and wider society.

“The Government’s aspiration is to ensure that every home in the UK should have a connection to a digital network by 2008 – whether through a personal computer, DTV or other device. That is why I am announcing today the Government’s plans for the Digital Inclusion Panel”

Also speaking at the launch of the Annual Report, Douglas Alexander, Minister for the Cabinet Office, announced Government’s intention to appoint a Head of e-Government:

“The appointment of a Head of e-Government represents an evolution in the e-envoy role which will build on the achievements of the last four years. The Office of the Head of e-Government will play a pivotal role in supporting the Prime Minister’s vision for public service reform. Their task will be to focus on ensuring that IT supports the business transformation of Government itself so that we can provide better, more efficient, public services.”

ENDS

PRESS NOTICE 2

HEAD OF E-GOVERNMENT TO BE APPOINTED

Minister for the Cabinet Office, Douglas Alexander, today announced the Government's intention to appoint a Head of e-Government at the launch of the UK online annual report which confirmed the UK's position as one of the world's most connected economies.

Announcing the detailed responsibilities of the Head of e-Government, Douglas Alexander said:

"The appointment of a Head of e-Government represents an evolution in the e-envoy role which will build on the achievements of the last four years. The Office of the Head of e-Government will play a pivotal role in supporting the Prime Minister's vision for public service reform. Their task will be to focus on ensuring that IT supports the business transformation of Government itself so that we can provide better, more efficient, public services."

The Head of e-Government will be based in the Cabinet Office and will report to the Cabinet Secretary, Sir Andrew Turnbull. Their specific responsibilities will include:

- delivering the existing Cabinet Office PSA target for electronic service delivery;
- defining and driving implementation of a Government-wide information systems strategy to support the public sector reform agenda;
- defining the architecture, requirements, and standards, and be the intelligent customer, for common Government infrastructure and services;
- providing leadership and guidance for the Government IT community; and
- acting as the Central Sponsor for Information Assurance.

Also speaking at the launch of the Annual Report, Secretary of State for Trade and Industry and e-Minister, Patricia Hewitt said:

"The Prime Minister's appointment of an e-Envoy four years ago has been a clear success. The appointment of a Head of e-Government represents an evolution in the e-envoy role which will build on the achievements of the last four years. The UK is now one of the world's most connected economies with ICT firmly embedded in the economy, education and wider society."

ENDS

Mayhew Lucy - Cabinet Secretary's Office -

From: Zahaan.Bharmal@e-Envoy.gsi.gov.uk
Sent: 09 December 2003 16:09
To: psdalexander@cabinet-office.x.gsi.gov.uk; MPST.Hewitt@dti.gsi.gov.uk
Cc: Mpst.Timms@dti.gsi.gov.uk; sec-of-state.ps@dfes.gsi.gov.uk;
psandrew.turnbull@cabinet-office.x.gsi.gov.uk; andrew.pinder@e-envoy.gsi.gov.uk;
chris.parker@e-envoy.gsi.gov.uk; jheywood@no10.x.gsi.gov.uk;
wperrin@no10.x.gsi.gov.uk; david.hendon@dti.gsi.gov.uk; jim.godfrey@dti.gsi.gov.uk;
ayesha.hazarika@dti.gsi.gov.uk; john.bretherton@cabinet-office.x.gsi.gov.uk;
margaret.bennett@dfes.gsi.gov.uk
Subject: UK online Annual Report



ANNEX A - 2003
Annual Report T...



ANNEX B - Press
Notices.doc



UK online Annual
Report submis...



PS/Patricia Hewitt
PS/Douglas Alexander

Please find attached submission and two annexes asking for Ministers' clearance of the text of the 2003 UK online Annual Report and accompanying Press Notices.

Regards

Zahaan Bharmal
020 7276 3270



Fed back to AP.

PM is likely to use
CBI Speech as there
are a number of "good
news stories" that he
wants to give that
audience including
UK online & the Home
computing initiative.

AP is in discussion with
David O on some
Security issues to do with
the CIO role & Colin
Bulmer on what's
required for SAS.

He will be sending a
note on the online
Government store & the
issue of a service delivery
champion

S.

R

Matthew Lucy - Cabinet Secretary's Office -

From: Andrew.Pinder@e-Envoy.gsi.gov.uk
Sent: 06 November 2003 10:20
To: psandrew.turnbull@cabinet-office.x.gsi.gov.uk
Subject: PM's speech

AB/AS

Andrew

Sue told me yesterday that you were wondering why I had suggested the PM's speech to the CBI as a possible platform to announce the establishment of a CIO role. I actually got there through a thought process which started elsewhere but sort of led logically to it!

We were contacted by No10 a couple of weeks ago. They who were looking for Knowledge Economy candidates for the speech. We have a number of those, and they have gone into the machine. One, for example, is the Home Computing Initiative, which is a joint exercise between us and industry, aimed at employers and employees, and which we know the CBI regard as good news. But there are also opportunities for bragging about how many people UKonline can claim to have helped to get online (3 million), along with 600000 businesses which the programme has had a hand in helping. So, lots of good stats, coupled with a link back to last years e-summit, and the benchmarking we did then.

The speech, in this context, also allows the opportunity to 'declare victory' on the 'access for all' target we have, and arguably a further opportunity to draw a line under the e-envoy role (one that the PM set up, and notionally reports to him) in favour of some more narrowly defined initiatives, one of which would be around digital exclusion. Hence the positive gesture of setting up a digital exclusion unit in DfES, as suggested in my letter to Charles and Patricia. But if we go for this opportunity, we also have to say what is happening to the other things I work on, and a key component of that is the CIO role, to add teeth to what I have been trying to do without teeth in government.

So it's all about having an integrated story to tell, with the CIO piece being just part of it. We don't HAVE to do it this way, there may be other opportunities, but it was a chance to make it all part of a positive story, rather than run the risk in another context of it being run negatively. And the PM doesn't make all that many major speeches in a year, still fewer on Knowledge Economy matters, which he has linked his name closely to

Hope that helps

Andrew

I have no problem with this but I am surprised by the way the CBI would regard this as so interesting to them

Mayhew Lucy - Cabinet Secretary's Office -

From: Fletcher Ian - Cabinet Secretary's Office -
Sent: 04 November 2003 16:26
To: PS Sir Andrew Turnbull
Subject: FW: Andrew Pinder, OEE, MOG, Public appointments etc

From: William Perrin[SMTP:WPERRIN@NO10.X.GSI.GOV.UK]
Sent: Tuesday, November 04, 2003 4:24:10 PM
To: Jeremy Heywood; Fletcher Ian - CSO
Cc: Sarah Hunter; Geoffrey Norris; William Chapman; Simon Morys; Andrew Adonis; Geoff Mulgan
Subject: Andrew Pinder, OEE, MOG, Public appointments etc
Auto forwarded by a Rule

jeremy/ian

OEE advise that they have a number of Machinery of Government and and Public Appointment issues on the way, all of which i think are PM decisions in the final analysis.

They are seeking to announce these in or around the PM's CBI speech on 17 November. Not all of them may merit a mention in the speech but are useful in the surrounding material if the PM wishes to pursue the digital inclusion proposal we shall put to him this weekend. ||

I'd be grateful for advice on how/if the below might be processed or handled in time for the speech assuming advice needs to flow through SAT and one or two ministers.

As i understand it the OEE proposals are

- 1 - abolish the e-envoy
- 2 - create a Chief Information Officer for govt

Both 1 and 2 are i think covered in a note OEE put to SAT last night, but i don't have a copy of the final draft

- 3 - create a service delivery champion

i think OEE are drafting a note on 3

- 4 - MOG - wind up much OEE activity and transfer policy and presumably resources to DTI (for e-commerce) and DfES (digital inclusion)

Andrew Pinder has written to Charles Clarke and Patricia Hewitt about 4 i think. There are concerns in PD about sending digital inclusion to DfES.

wp

I don't mind
2 & 4 must be consensus
by now; 3 is more
but vague.
[Why CBI an interest
- this I don't know. It's
about how we manage our
business]

Andrew,
Is all this for
Sven?

B.

See below. Andrew B
is actually happy
to wait - he said
he could find other
ways of announcing
things.

B.



RESTRICTED - POLICY

From: **Graham Walker**
Director
Central Strategy Unit
Office of the e-Envoy
6th Floor, Stockley House
Tel: **020 7276 3235**
Date: **3 November 2003**

PATRICIA HEWITT
DOUGLAS ALEXANDER
STEPHEN TIMMS
ANDREW PINDER

cc **Andrew Turnbull**
David Hendon
William Perrin

UK ONLINE ANNUAL REPORT 2003

Issue

1. Clearance of the text of this year's UK online Annual Report.

Recommendation

2. That the e-Envoy and Ministers approve the draft text.

Timing

3. A response is required by Friday 7th November to meet COI publication deadlines.

Background

4. My submission of the 9th October outlined proposals for the content and structure of this year's UK Online Annual report. Our current target date for publication is 19 November.

5. In clearing the text, Ministers may want to be aware of the following points:

- The content of the report currently assumes that Ministers are content to agree the recommendations in Andrew's submission of earlier today – 'Knowledge Economy: Moving Forward' – which includes the advice that defined as *physical* access we have now met the Prime Minister's target of ensuring internet access for all who want it.
- The text provides some detail on our plans for the Online Government Store. This has been included on the assumption that Ministers are content to use the Annual Report as a sensible opportunity to set out our

RESTRICTED - POLICY

plans ahead of the OGS soft launch next February.

- There is some square bracketed text which covers the possibility that the e-government aspects of Andrew's current role will be taken forward by a successor who will be a central Government CIO rather than an e-Envoy. I have included this text in the draft because it would be very helpful to provide some clarity for internal and external stakeholders on this issue but if no decision has been made to this effect by our print deadline then this text will, of course, be removed.

Clearance

6. The main body of the report has been cleared with Departmental e-champions. Our approach to the internet access target has been cleared with the relevant officials in DfES and DCMS.

Next Steps

9. A full media handling strategy will be submitted for your approval by the end of this week.

Graham Walker

DRAFT FOREWORD FROM PATRICIA HEWITT AND ANDREW PINDER

Four years ago the Government appointed an e-Envoy and e-Minister to drive forward UK online – a programme of work and a commitment to make the UK a leading knowledge economy. The exploitation of information and communication technologies has the potential to benefit millions. The role of Government has been to maximise these benefits: for society, the economy and our public services. This report describes our progress in turning this potential into a reality.

For society, our goal has been to ensure the benefits of ICT are spread equitably and fairly. Access to the Internet has to be universal not partial and thanks in part to the development of a network of UK online centres [there is now physical internet access for all who want it]. For our economy, the challenge has been to use ICT to increase the productivity and competitiveness of UK business and maintain macroeconomic stability. The market has been the key driver of progress but the role of Government has been to create a world-class market environment for electronic business. For government, our goal is to create modern, customer-focused and efficient public services that stand comparison with those offered by private sector counterparts. Our strategy has been one of investment in manpower, capacity and technology backed with reform. [Over the next year we will be launching an Online Government Store that will offer a radically new model for dealing with government online].

Looking to the future, the challenge for Government will be to capitalise on the potential of ICT to transform service delivery and achieve a step change in operational efficiency across the public sector. An understanding of the potential of ICT is now deeply embedded across Government and we are confident that Departments will continue to drive progress across the UK e-economy. To this end, this will be the last UK online Annual Report to be published by the e-Envoy and e-Minister. Support from the centre of government will now focus on the business transformation of government itself. [And in 2004, the Government will appoint a Chief Information Officer to give strategic leadership and drive to the application of ICT within central Government and support the reform and modernisation of Britain's public services.]

PART 1

OPPORTUNITY AND PROSPERITY FOR ALL

The key is to build an economy based on knowledge, on the alliance between technology and human capital, so that we are continually developing more high value-added goods and services.

Tony Blair, November 2002

Summary

- There is now internet access for all who want it. Opportunities to get online are pervasive: whether at home or at work; through community access and commercial internet cafes; or through the use of alternative technologies such as DTV and mobile. In May 2003, the *Get Started* campaign helped nearly 37,000 people tried the internet for the first time. Government now has to focus on promoting the benefits of the internet to those who do not yet see the advantages of getting online.
- For those individuals already online we must encourage the more sophisticated use of the internet – to realise the full value of access. Employers will also be encouraged to run Home Computing Initiatives for their staff, so that more and more individuals can enjoy using PCs from the comfort of their own homes.
- Good progress has been made towards our target of creating the most extensive and competitive broadband market in the G7 by 2005. Regulatory change and pressure has helped foster competition in the broadband market driving exponential growth over the last eighteen months. Today, 80% of the population has access to a mass market broadband solution.
- Our goal is to become the number one country for the supply of ICT skills. With 90% of all jobs require some level of ICT skills this goal recognises that investment in education, skills and life-long learning are all vital if we are to succeed as a knowledge-driven economy.
- We continue to promote a light-touch regulatory framework for the information age. OFCOM will take over existing regulatory powers in December 2003 and will ensure consistency across the whole telecommunications sector.
- The UK is now a world-leader for electronic business. Our environment for e-commerce is the second strongest in the world – behind the US but ahead of Europe and Japan. E-commerce transactions – which in 1999 amounted to less than half a percent of national GDP – have flourished and exceed £18bn in 2002. Businesses have been transformed by the efficiency enhancing opportunities afforded by new technologies and continue to use ICT in increasingly sophisticated ways.

Internet Access for all who want it

In 2000 the Prime Minister set a target for internet access for all who want it by 2005 underlining the Government's commitment to ensuring that the opportunities of the digital age are extended to all. The target recognises that unless tackled digital exclusion may reinforce rather than address broader social inequalities. Over the past three years the Office of the e-Envoy has supported and helped co-ordinate work across Government, notably by DfES and DCMS, to promote internet access.

Research shows that – defined as physical access – there is now internet access for all who want it. Opportunities to get online are pervasive: whether at home or at work, in the community or through the possibilities afforded by new mobile technologies and digital television. With a network of over 6000 UK online centres, the furthest anyone without home or work access needs to travel to get online is their local library. Public access points are providing a valuable safety net, with 10% of all internet users – over 3 million people – reporting that they have recently accessed the internet in a library.¹ An independent survey published by the Oxford Internet Institute in September 2003 also emphasises that physical access is no longer the key issue. It found that just '4% of Britain's population lack ready access to a place where they could access the internet'.²

The challenge for Government is now to build on substantial physical access achievements and focus on the key challenges that remain. Firstly, we must continue to help those – particularly the elderly and those on low incomes – who are less likely to see the benefits of getting online to take advantage of the opportunities for access that now exist. Secondly, for those who are online we should promote greater benefits through more sophisticated use; by developing ICT skills training, promoting wider internet access in the home, fostering greater trust and supporting access to government services.

Drawing a line under the access target also provides an opportunity to reflect how the internet access and use agenda is now an integral part of the work of Government in a way that it was not when UK online was established. Departments, supported by the OeE, are already driving forward progress. We must ensure that momentum is not lost – and that the energy and support of the private and voluntary sectors to promote digital inclusion is fully captured.

Progress Overview

When the Office of the e-Envoy was established in 1999, the relative immaturity of the e-economy as a whole was matched by the small minority of the population that had physical access to electronic services. Only 9% of UK households were connected to the internet, the vast majority using metered dial-up packages.

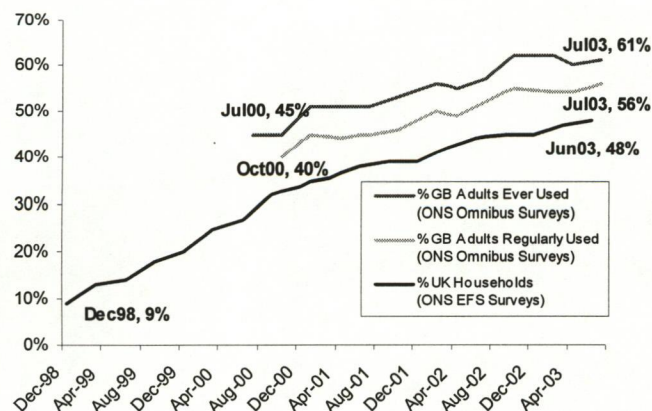
Progress however, was to be rapid. Early deregulation in the telecoms market saw the number of service providers offering competitively priced packages proliferate. Driven by some of the lowest internet access costs in the world, levels of use have grown rapidly. Today – at 48% over five times the number of UK households have access to the internet than in 1998. Regular internet use has also grown significantly rising from 40% in 2000 to 56% in 2003,

¹ From September ONS survey

² Oxford Internet Institute, new Internet Survey (OxIS) September 2003. <http://users.ox.ac.uk/~oxis/enough.htm>

representing consistent year on year growth of over 5%. With 61% of the population now reporting that they have used the internet at some time 'e-citizens' now make up a majority of the adult population.

Figure ? : Internet adoption – adults and households



While the computer remains the dominant platform for accessing the internet, 99% of regular internet users in July 2003 reported that they had used a computer,³ recent years have also seen the expansion of the use of mobile phones and digital television as means of internet access. In 1999 just 2% of UK households owned a digital television (DTV), today this figure has reached nearly 44% with the UK recognised as a world leader.⁴ Approximately 9 % of adults who have ever accessed the internet have done so using a mobile phone, while around 6 % have done so using DTV.⁵ With penetration of digital television and mobile phones spread more evenly throughout society – new technologies have the potential to help address inequalities in internet use. Increasingly, being a digital citizen will be about having access and familiarity with a wide range of new technologies.

Broadband – by offering a richer online experience – is also changing the way people access the internet. After a slow start the UK broadband market has expanded rapidly in the last eighteen months. (See Business Section for full details). From less than 50,000 in 2000 there are now over 2.6 million broadband subscribers in the UK⁶. Increasingly people are choosing to move up the adoption ladder from narrow to broadband as they recognise the benefits that an always on, high speed, high capacity internet connection can offer. From statistically insignificant levels in 2000, latest Of tel figures show that 18% of UK households connected to the internet now use broadband – up 11% since last year.⁷

The growth of the consumer broadband market is now reinforcing trends that the early introduction of competitive flat-rate narrowband packages helped drive – longer duration of use and more sophisticated use. With many ISPs offering flat-rate internet access for as little as £13-16 a month and broadband packages starting at £15-30⁸, people are now spending

³ ONS Internet Access Survey, September 2003. [http—www.statistics.gov.uk/pdfdir-int0903pdf.url](http://www.statistics.gov.uk/pdfdir-int0903pdf.url)

⁴ The World's Most Effective Policies For e-Economy- International e-Economy Benchmarking, November 2002. [http—www.e-envoy.gov.uk-assetRoot-04-00-08-19-04000819.pdf.url](http://www.e-envoy.gov.uk-assetRoot-04-00-08-19-04000819.pdf.url)

⁵ ONS Internet Access Survey, April 2003

⁶ Of tel's Internet and Broadband Brief, September 2003
http://www.of tel.gov.uk/publications/internet/internet_brief/index.htm

⁷ Of tel's Internet and Broadband Brief, September 2003

⁸ <http://www.of tel.gov.uk/publications/consumer/consguides/broadguide0803.htm#choosing>

longer online than ever before. Households are now spending an average of ten hours a week online compared to six hours in May 2000. Importantly, research suggests that those who spend longer online are more likely to be sophisticated users – engaging in transactional activity such as buying and banking online – and gain more from their online experience⁹. In 2000 only 28% of internet users had bought goods or services online – by 2003 this figure had reached 52% leaving UK internet users as the second most likely to buy online after US consumers.

[Insert graph showing sophistication increase buying / banking]

Challenges

UK citizens have therefore been quick to embrace new technologies and levels of internet access and use continue to grow. However, we recognise that some groups are still being left behind in this digital age. In the UK, as in other countries the two most obvious dimensions to this 'digital divide' are age and income. Our lowest income households - who face social exclusion more broadly – are at 12% of the population over seven times less likely to be online than those in the top income group of whom 86% have home internet access¹⁰. Similarly, while over 78% of 16-24 year olds are regular internet users this falls to just 16% for those over 65 demonstrating that new technologies, including the internet, are typically much more challenging for older people.

It is important to be clear about the key reasons for non-use. Repeated findings by the ONS show that motivational barriers – not ones of access or even of cost or skills - are the most significant for non-users. Of the 39% of UK adults who have yet to go online over half (57%) cite a general lack of interest as a key reason for not getting online and 39% because of a lack of understanding of the benefits of the internet. ONS findings are reinforced by a recent, independent survey by the Oxford Internet Institute which found that 61% of the offline population simply remain unconvinced of the benefits of using the internet.

Internet Access for all who want it

While challenges remain, the environment we see today is very different to the one which existed when the Prime Minister set a target for internet access for all who want it by 2005. Today research indicates there is internet access for all those who *want* it. An independent study by the Oxford Internet Institute – found that taking different platforms and access locations into account - just '4% of Britain's population lack ready access to a place where they could access the internet'. Considering all the opportunities that exist for getting online, the race for physical access is largely over.

Reporting against an *access* target no longer embodies the key challenges that we must address going forward. Principally, how we can continue to encourage those who remain disengaged to take advantage of the opportunities for access that now exist and how we can

⁹ OECD 2003 – ICT and Economic Growth, Evidence from OECD Countries, Industries and Firms.

Also ONS survey evidence indicates that the segment of people who use the internet at home or at work use it in more sophisticated ways than those who use it exclusively in the community.

¹⁰ ONS Internet Access Survey, July 2003

<http://www.statistics.gov.uk/CCI/nugget.asp?ID=8&Pos=4&ColRank=1&Rank=176>

help sophisticate the activity of those who are already online so that the full potential of the internet may be harnessed.

Widespread opportunities for physical access are in part due to the early and significant investment the Government made to provide community based internet access. In total over £400 million was invested between 1999 and 2003 to establish and sustain over 6000 UK online centres¹¹. Centres are based in a range of locations from shops and community centres, to schools, colleges and all 3000 public libraries.¹² Importantly, evaluation shows that centres are successfully reaching out to key target groups - helping either those without home internet access or those who need additional support to get online. Today, over three million people, 10% of all internet users, report that they have recently accessed the internet in a public library. New mapping by the Office of the e-Envoy shows through UK online centre provision alone 99% of households are within 10 km of an access point, 95% within 5 km and 89% within 3 km.

[DN insert map – showing new boundaries]

Community based internet access provision therefore complements the significant investment that has been made in schools and to ensure that a whole generation of children grow up with easy access to the internet. Between 2002 and 2004 DfES is making over £710 million available for schools' ICT infrastructure. Already over 99% of all schools in England are connected to the internet and by 2006 DfES plan to provide all primary and secondary schools with broadband connectivity.¹³

Future Strategy

Work across Government towards the access target in the last three years means that the roadmap for engaging remaining offline groups and increasing the benefits of the internet through more sophisticated use is in place.

Engaging remaining non-users

To motivate people from key offline groups to use the internet and take advantage of existing access infrastructure, in May this year we launched a two month campaign – '*Get Started*' to promote the benefits of the internet. Working with partners¹⁴ from the private and voluntary sectors with the support of DfES, DCMS, Ufi¹⁵ and Resource nearly 37,000 people took up the offer of a free internet starter session in one of nearly 7,000 venues countrywide (UK online centres, Learndirect and other partner IT centres). Additionally some 130,000 people responded to the campaign by requesting further information through the helpline, website

¹¹ Breakdown of funding; £199 million from Capital Modernisation Fund, £120 million from Peoples Network, £77.5 million from New Opportunities Fund and £5 million DfES funding.

¹² NB this figure refers to public libraries in England. The People's Network programme has connected all public libraries in the UK to the internet..

¹³ Reference 2mb and 8mb respectively

¹⁴ [Get Started partners; Granada, Arriva, BT, Cable & Wireless, Dixons Store Group, Expedia.co.uk, Intel, Microsoft, Packard Bell, Hewlett Packard, Dell, BBC, Age Concern, the Ethnic Minority Foundation, Citizens Advice Bureaux, the National Library for the Blind, the Princes Trust, the RNID and the National Council for One Parent Families.]

¹⁵ The University For Industry is a Government funded organisation set up in 1999 to increase the skills of the UK workforce and make learning more accessible to adults who may have been excluded from learning earlier in their lives.

and digital television platform. Importantly, the campaign effectively reached out to target offline groups. Nearly 40% of those who responded were over 65, over 16% had disabilities, 14% were unemployed and 20% were from ethnic minorities.

The communications structure of the Get Started campaign provides a valuable model for future work to engage those who remain disinterested in the internet. The importance of working in partnership with the private and voluntary sectors that have resonance with particular offline groups cannot be over stated. For example, to a large extent the success the campaign had in engaging older people reflects an extremely effective partnership with Age Concern. They were able to use their infrastructure and wealth of experience in communicating with an elderly audience to great effect, introducing over 11,000 older people to the internet. This partnership and others demonstrated that a 'segmented' approach, channelling communications activity to particular groups and demographics, works best. The 'hooks' that engage older people will not be the same as for those with disabilities or for those who are unemployed – a broad 'one size fits all' campaign would be unlikely to yield the same results.

The support of private and voluntary sector organisations for the Get Started campaign also demonstrates the real enthusiasm and commitment that exists for working in partnership to tackle digital exclusion.

Case Study

BELLNET, Millin and Gateshead Central Library UK online centres.

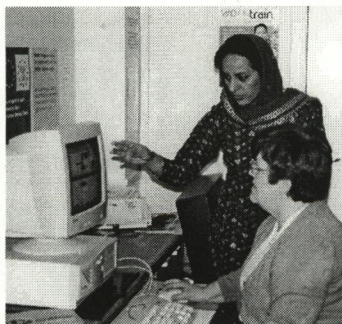
Isabelle Chapman from Newcastle is an elderly disabled learner who had never touched a computer before attending the BELLNET, Millin UK online centre. Now she uses spreadsheets for her local voluntary work, writes letters on the computer, searches the Internet for local information and is even learning digital photography. "Six months ago, I didn't know anything about computers at all. I was frightened to touch the keyboard. I was terrified in case I wiped anything off. I'm not frightened of it anymore. When I come to the centre they work at my speed, I don't feel silly, so stupid."

Isabelle is not alone; 39% of adults who are non-users said that a lack of knowledge or confidence were a barrier to them accessing the Internet.¹⁶ Statistically the age dimension of the digital divide is the most pronounced with 78% of 16-24 year olds going online regularly, while only 16% of people aged over 65 do so¹⁷. Consequently, older users were one of the Get Started campaign's target groups. With the help of Age Concern, the campaign helped introduce over 11,000 older people to the internet. Campaigns like Get Started and supportive services offered at UK online centres are vital in boosting skills and confidence in older users, and it is hoped will lead to more sophisticated use in the future.

Cassie MacDonald, at age 101 is an inspiration to anyone who thinks they are too old to learn. She learnt to use the internet at Gateshead Central Library to e-mail her son who lives in America. She said: "This is wonderful. When I was a girl we learned to write with a blackboard and chalk or a fountain pen and ink."

¹⁶ ONS Internet Access Survey July 2003.

¹⁷ ONS Internet Access Survey July 2003. 'Regularly' is considered to be within the three months prior to the survey.



Isabelle Chapman at the Millin Centre



Cassie MacDonald at Gateshead Central Library
with a trainee librarian

Going forward the OeE will ensure that the lessons learnt from the campaign are fed into the work of departments who oversee key offline groups. Findings will also be passed on to Ufi and Re:source¹⁸ who collectively manage the UK online centre network so that future marketing activity can build on the campaign's successful approach. The OeE will also embed an understanding of how to engage hard to reach groups into the work of the e-Government delivery programme. This will be particularly important for services that are aimed at disproportionately offline groups – for example those for people with disabilities or for the elderly. In the long term to achieve high levels of e-service use, a critical mass of sophisticated internet users will be necessary among all groups that specific services are aimed at.

In addition to communications based activity such as the Get Started campaign – another strand of work to encourage non-users has been promoting the production of innovative content. Culture Online, a £13m DCMS initiative, will use digital technology to create innovative projects to widen access to the nation's cultural heritage. Culture Online is committed to uniting the abilities of cultural organisations and the private sector - including broadcasters, education professionals and those on the cutting edge of digital technology - to create world class educational and recreational tools for adults and children. [The first tranche of seven projects were commissioned in October 2003 and in total around 20-30 projects will be developed by the end of 2004] and in total around 20-30 projects will be developed by the end of 2004. While some will support the curriculum and others promote innovation – nearly a quarter will be specifically designed to engage hard to reach audiences, encouraging them to discover the potential of new digital technologies. Culture Online therefore complements the New Opportunities Fund (NOF) Digitisation of Learning Materials Programme. Launched in March 2003 – over 150 projects are already up and running and by 2004 a total of nearly £50m will have been invested in generating stimulating electronic content by converting a wide range of existing materials. Projects are designed to appeal to a broad range of audiences including socially excluded groups (see www.EnrichUK.net).

¹⁸ DfES passed administration of CMF funded centres to UFI in the 2003/04 financial year.

Sophisticating Use - to realise the full value of access

Encouraging remaining non-users onto the first rung of the internet ladder will remain an important challenge to guide policy in the next few years. However, for individuals to fully realise the benefits of the internet we must help them move up the ladder – to move from basic activities such as email and browsing to more advanced uses such as e-learning and transactional activities like buying, banking and accessing government services.

Promoting Skills

Nowhere is the importance of sophisticating ICT skills clearer than in the recent DfES White Paper *21st Century Skills, Realising Our Potential*¹⁹. It makes a commitment to help adults gain ICT skills as a third skill for life alongside literacy and numeracy. DfES's aim is to enable all adults to have the ICT skills they need to learn effectively online, become active citizens in the information age and, with 90% of all new jobs and 60% of existing jobs requiring some form of ICT skills²⁰, contribute productively to the economy.

ICT will become as embedded in the work of DfES as literacy and numeracy. DfES will manage and facilitate the work of a range of partners to take forward the White Paper commitment – including the Learning and Skills Council, the Qualifications and Curriculum Authority, Ufi/learn direct and e-skills UK. Joined-up action will bring a more coherent approach to delivering ICT skills and this will benefit employers and individuals alike. New standards and curricula, flexible enough to move with changes in technology, will be developed as will qualifications that have the support of industry and are valued by employers as a mark of ability and quality. Assessment and diagnostic procedures will be implemented that are relevant, consistent and reliable, allowing both learners and employers to assess needs and initiate relevant training programmes.

While proposals are still being developed, an important part of ICT as a third skill for life will be an entitlement for all adults to gain ICT 'level 2'. ICT training is often seen as a major motivator for people to develop other basic skills. Through achieving a particular level of competence in ICT, the aim is to promote an individual's quality of life particularly their employability, job mobility and participation in society.

The Skills Strategy, combined with proposals being developed to embed e-learning into all aspects of education²¹, builds and gives coherence to the significant investment that DfES has already made in improving access to high quality learning and ICT skills throughout education and lifelong learning. For example the Curriculum Online programme will provide teachers with access to digital learning materials including over £300m in e-learning credits between 2003 and 2006 to support teaching across the curriculum. In lifelong learning – Learn direct, the e-learning network run by Ufi, is already helping improve the skills of adults through a diverse range of courses. In total learn direct offers over 600 courses and has helped over 900,000 learners either remotely or through one of 2040 learn direct centres. Courses covering basic ICT skills have been among the most popular accounting for 61% of all courses taken²².

Building on existing infrastructures

¹⁹ <http://www.dfes.gov.uk/skillsstrategy/>

²⁰ Confederation of British Industry/Trade Union Congress, *The UK Productivity Challenge*, November 2001

²¹ <http://www.dfes.gov.uk/skillsstrategy/> The consultation ended on 31st October 2003.

²² <http://www.ufi.com/press/facts/default.asp>

Work to sustain and add value to existing physical infrastructures is another key element in our strategy to promote more sophisticated ICT use. UK online centres already provide new users with an introduction to the internet and in the future this offer will be developed and given more structure. Working in partnership with Ufi and Resource, DfES will complete the development and national roll-out of an introductory offer to enable citizens to become autonomous users of the internet and progress to further learning. Originally, known as UK online first steps, this offer will now be incorporated into DfES's broader work to promote ICT as a third life skill.

A further project to develop and help sustain the UK online centre network is work, led by DfES, to establish what role centres might play in supporting e-service delivery. Centres have already shown that they can engage hard to reach groups who are disproportionately heavy users of some Government services – so potentially there may be a role for them to support e-service delivery to these groups. In July this year DfES commissioned research to establish how centres might develop capacity to fulfil this role and determine if there is demand from users for centres to support access to e-government services. A series of pathfinder projects are also planned for the first two quarters of 2004 to establish whether specific e-Government support functions might be rolled out on a broader scale.

Boosting home internet access

Sustaining and developing community-based internet access provision is essential but continued growth in home access is vital if more sophisticated patterns of use are to become more widespread. Typically home users spend longer online and are more likely to become sophisticated users of ICT - helping individuals fulfil their own developmental potential as well as contribute more broadly to a knowledge driven economy.

A key initiative in the next year to boost home internet access is work to promote take-up of employer-provided home computing initiatives (HCI). The 2002 e-Economy benchmarking report identified tax-advantaged home computing schemes as a key factor in establishing Sweden as the benchmarked country not only with the highest levels of PC penetration and home internet access – but also as a country with advanced e-learning, strong online citizen interaction with Government and sophisticated e-business. Importantly, HCI schemes helped drive home PC ownership by appealing to people to whom traditional retail routes were either not appealing or financially viable.

A similarly permissive framework for HCI schemes exists in the UK. In the 1999 Finance Act the Chancellor, recognising Swedish success, introduced a £500 annual exemption from the taxable benefit on loaned PCs. This exemption when combined with a salary sacrifice mechanism – which employers typically use to offset the costs of loaning their employees computing equipment – provides an environment for HCI schemes very similar to that which exists in Sweden. However, unlike in Sweden where by 1998 after implementation as many as 27% of private sector employees were receiving computers through employer schemes – in the UK take up has been limited.²³

Prompted by the benchmarking study and changes in salary sacrifice rules in April 2003²⁴ (which now enable public sector organisations to take advantage of the mechanism) the Office of the e-Envoy has established a joint industry-government group to promote HCI schemes. The group aims to tackle the key barriers to take up that have been identified –

²³ Statistics on Swedish take-up from 2002 International e-Economy benchmarking survey

²⁴ Footnote change generated by introduction of child care vouchers

mainly lack of employer awareness about the tax exemption, a lack of understanding around the benefits both for individuals and businesses and a lack of clarity around the technical details of implementation.

In October, with strong support from DTI and DfES, we published a consultation on our proposals for tackling these inhibitors and plan to publish early in 2004 comprehensive guidelines for employers on how to implement an HCI schemes.²⁵ These guidelines will lend credibility to a broader awareness campaign led by industry partners to promote the benefits of HCI schemes for both individuals and for businesses.²⁶

Promoting Trust

Complementing work to boost home internet access, the DTI and Home Office continue to help promote trust in the internet. While lack of trust is not a major factor in keeping people from getting online in the first place, it can act as a barrier to more sophisticated use. In November 2002 the DTI launched the second phase of its Safe Internet Shopping campaign. Working in partnership with the private sector the campaign aimed to promote online shopping by explaining to customers how they could do so safely. Similarly, to facilitate cross-border online shopping within the EU, the DTI worked with other member states to complete in June 2003 the pilot phase of the European Extra-Judicial Network (EEJ-Net). By helping people access alternative dispute resolution mechanisms within other member states, EEJ-Net aims to promote consumer confidence in cross-border transactions.

The Home Office continues to lead and drive forward broader work to ensure that people, and children in particular, can use the internet safely and with the confidence they need to get the most from their online experience. In January 2003 the Home Office, launched a second Child Safety on the Internet campaign. A balanced approach was adopted. The aim was to raise awareness of internet safety among target groups – reminding them of simple steps to take to stay safe online - while not scaring parents or their children away from positive uses of the internet.²⁷ Evaluation showed this approach to be an effective one with the key campaign message *'I know that people online might not be who they say they are'* reaching target audiences. To underpin and continue to support the trust that people need as they become more advanced internet users the Home Office is developing a comprehensive e-crime strategy to pull together issues surrounding online crime for publication in 2004.

²⁵ Add link to the consultation document

²⁶ These benefits are set out in greater detail in the consultation document at [www. \[ADD URL\]](#)

²⁷ <http://www.homeoffice.gov.uk/crimpol/crimreduc/internet/>

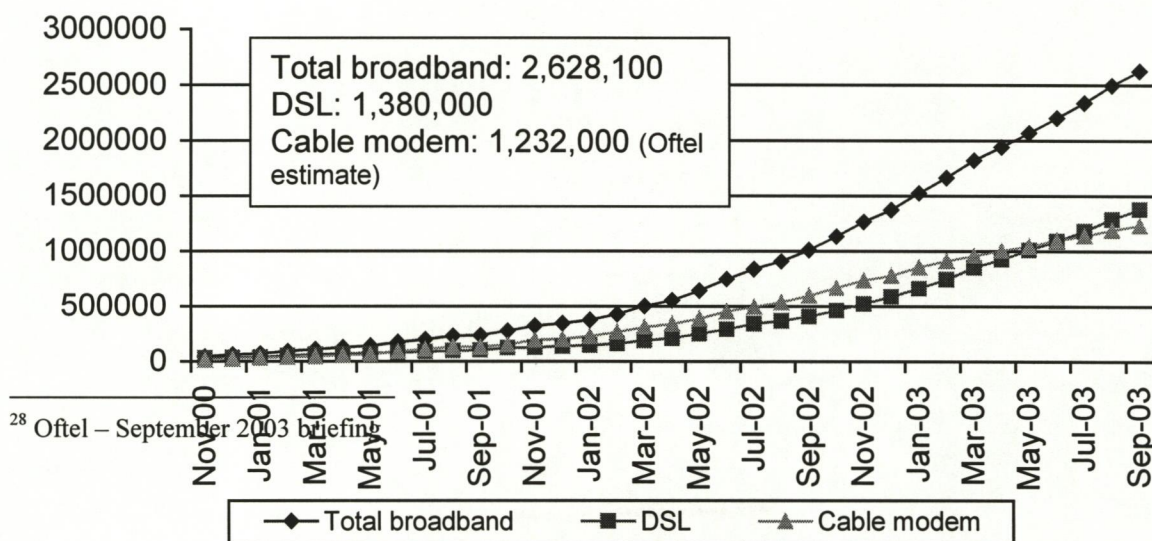
Competitive and Extensive Broadband Market

One technology with clear potential to transform not only business but also society more generally is broadband. Broadband is the term used to describe a wide range of technologies that allow high speed, always-on access to the internet and other electronic services. On a basic level, it makes using the internet a more vibrant and satisfying experience allowing for a more sophisticated range of activities and applications. Broadband encompasses high-capacity data transfer, video conferencing, video on demand, interactive games, and audio, online banking and shopping, local area network (LAN) access and web serving. Its broader implications for business are manifold: from improving business processes, such as online procurement and working collaboratively with partners and suppliers, to achieving greater levels of internal efficiency and customer service through improved online communications and CRM. Fully harnessed, broadband has the potential to increase productivity, enhance competitiveness, open new markets and encourage new ways of flexible working. The importance of broadband is reflected in the challenging target the Government has set for: the UK to have the most extensive and competitive broadband market in the G7 by 2005.

Progress and strategy

The UK broadband market has experienced exponential growth since the launch of UK Online in 1999. Broadband was still an emerging technology in the UK with take-up at less than 0% remaining statistically insignificant. The picture we see today is very different surpassing some of the most optimistic forecasts. By end September 2003, there were over 2,628,000 broadband subscribers in the UK – approximately double the number reached at this time last year – and a massive 1360% increase on the number in October 2001 when just 180,000 subscribers accessed the Internet using broadband. In the year to March 2003, the UK had the fastest growth of broadband penetration in the G7 at over 350%. Coverage in the UK has been extended to 80% of the population, ahead of the USA, France and Italy. The number of subscribers is growing by over 150,000 a month. This means that the UK should have three million broadband subscribers before the end of 2003. UK businesses are helping to lead this charge towards a broadband Britain. According to the latest figures from Of tel, 34% of SMEs are now using broadband to connect to the internet, a three fold increase on the number in August last year (10%).²⁸

UK broadband users as at end September 2003



Good progress has been made towards our target of creating the most extensive and competitive broadband market in the G7 by 2005. While other countries have advocated state subsidies to speed up the rollout of broadband networks, this Government has always believed that the right strategy is to stimulate competition. Today, the statistics show that this strategy has been the right one. Prompted by regulatory pressure from Oftel, in April 2002 BT cut its prices for wholesale line rental acting as a powerful catalyst for greater competition. Wholesale competition was given a further boost following an Oftel determination in June 2002 requiring BT to offer DSL interconnection services to other suppliers. Together these measures helped encourage more providers to move into the retail space and offer a proliferation of competitively priced product offerings. There are now over one hundred ISPs offering ADSL services and prices have fallen dramatically. The UK has been transformed from having some of the most expensive broadband prices to having some of the most competitive costs of all benchmarked nations. The gap between broadband and narrowband prices has also continued to narrow to the point where an ISP has recently announced that their high-speed offering will be priced at the same monthly rate as their narrowband product. Collectively significant strides have therefore been taken towards establishing a competitive broadband market, which offers customers value for money across a range of products. The UK has now moved from fourth to third in the G7 for competitiveness, overtaking the US in July 2003.

A competitive market underpins and drives the second component of our broadband target – extensiveness. Ensuring that all parts of the country, including rural areas, can access the benefits of broadband technologies remains a priority and significant progress has been made. Today, 80% of the population have access to a mass market broadband solution. ADSL and cable remain the dominant broadband technologies with over 78% and 45% of the population having access to these types of connectivity respectively. Commercial drivers will continue to push these figures up and several ISPs have now introduced registration schemes to assess the demand for broadband in areas previously not thought to be commercially viable. For example, in response to consumer demand BT has now enabled 1852 exchanges for ADSL – of which 710 were triggered as a direct result of BT's demand registration scheme.²⁹ Taken together these factors have seen the UK move from to fifth in the G7 in terms of broadband extensiveness to equal third place – level with the USA and overtaking Germany.

²⁹ Source: BT October 2003



We recognise however, that there are still challenges in providing commercially viable broadband solutions to rural areas. Going forward, our strategy to encourage the widest possible broadband availability therefore recognises the importance of three main elements:

- possibilities afforded by emerging technologies;
- potential of public sector broadband aggregation; and
- the continued premium on working collaboratively across government.

We are already starting to see the potential for emerging technologies, particularly wireless, mobile 3G and satellite, to extend the availability of broadband networks. 13% of the population have access to a fixed wireless broadband solution and satellite services are available to almost 100% - although at significantly higher cost. Deregulation has allowed public network operators to use certain parts of the spectrum which are exempt from licensing for wireless LAN (Wi-Fi) systems and several pilot projects are underway around the country.

Additionally, spectrum auctions – such as that for 3.4GHz, which successfully received bids for all fifteen regional license – are paving the way for the development of fixed wireless access.

The aggregation of public sector broadband demand has clear potential to extend broadband availability into currently non-commercially viable areas. At the e-summit in November 2002, the Prime Minister announced that £1billion would be spent on public sector broadband connectivity. This investment will help achieve the modernisation of the criminal justice system, the introduction of electronic patient records, the connection of all GP surgeries, hospitals, trusts and health authorities and the connection of all primary and secondary schools by 2006. To achieve value for money it makes sense that some public sector organisations including schools and hospitals pool their demand for broadband. The DTI's Broadband Aggregation Project is aggregating this demand for broadband connectivity in public services in partnership with the Regional Development Agencies (RDAs) to make the most of this £1bn spending power. In November 2003, the DTI announced that nine new Regional Aggregation Bodies (RABs) had been set up in each of the English regions in partnership with the Regional Development Agencies (RDAs). The RABs will be responsible for buying broadband services for public sector customers, particularly schools and hospitals. The Broadband Aggregation Project is also committed to working in partnership with the RDAs to ensure that once infrastructure driven by aggregation is in place the investment is translated into benefits for local businesses and households. Small scale models for this potential already exist for example a fixed wireless broadband service procured for a school in Cheshire was set up to allow the wider community to have high speed access.³⁰

While we remain opposed to a wholesale system of subsidies to extend broadband networks to rural areas, we continue to recognise the importance of working collaboratively across government to help promote broadband extensiveness. In 2001 the Government established a £30 million fund which was distributed between RDAs and the Devolved Administrations to develop broadband networks and pilot projects in areas where broadband was not at that time commercially viable. Stimulating the rollout of broadband across the UK remains a top priority. To support this aim, DTI set up a dedicated Rural Broadband Team in May 2003 to work closely with partner including Defra, Government Offices and the RDAs. The team will focus on the problems and issues for rural areas, including support for local campaign groups. A major objective of the Team is to produce a broadband toolkit to help rural communities and businesses understand the issues surrounding access to broadband. The Team will also be represented on the governing body for the Broadband Aggregation Project to address public sector demand.

The Government emphasis on the competitive market has already lead to rapid growth in the number of broadband subscribers. However, in future the Government expects a demand for more sophisticated broadband services which are likely to include: faster connections, integration of mobile wireless devices, enabling richer applications and content and taking full advantage of the technology. The Government will continue to let the market take the lead in maximising the opportunities presented by these new developments.

³⁰ Source: [Speech – Stephen Timms, June 2003] www.dti.gov.uk/ministers/speeches/timms040603b.html

The Number One Country for the Supply Of ICT Skills

At last year's e-summit the Prime Minister reiterated the importance of improving the UK's skills base in order to realise our vision of becoming a productive, competitive and technological world-leader. The relationship between improvements in skills and increased productivity is well documented. Research clearly and empirically demonstrates that for the productivity benefits of technology to be fully realised investment in ICT infrastructure has to be complemented by a broader range of changes, particularly investment in IT skills.³¹ The White Paper, 'Opportunity For All in a World of Change' published in February 2001 therefore set out the Government's challenging ambition to become the number one country for the supply of ICT skills. With 90% of all jobs in the UK now requiring some form of ICT skills this goal recognises that investment in education, skills and life-long learning are all vital if we are to succeed in a knowledge-driven economy.³² In addition, as noted previously in the 'People' section of this report, the DfES White Paper *21st Century Skills, Realising Our Potential*³³ lists ICT skills as a third skill for life alongside literacy and numeracy.

Progress and strategy

Our goal to become the number one country for the supply of ICT skills was given a boost by the findings of the International e-Economy Benchmarking report published last year. It found that one of the UK's particular strengths was our strong 'brainpool' of ICT literate citizens provided for by our heavy and continued investment in ICT in education. Between 1998 and 2004 the Government has made available over £1.8bn to increase access to ICT in schools providing a solid foundation for additional investments in skills more broadly and lifelong learning.³⁴

In recent years the market landscape in which the Government – through the work of DTI and DfES – has driven forward its skill strategy has changed dramatically. In the late 1990's the technology sector was expanding dramatically and by 1999 the UK was experiencing the highest employment growth in the ICT sector of all benchmarked nations.³⁵ At this time the key challenge for UK employers was to find workers with the right skills to fill the many vacancies generated by rapid growth – supply was struggling to keep pace with demand. Downturn in the high-tech sector was to change this dynamic – and by 2002 employers were reporting that the intensity of skills shortages had considerably reduced.³⁶ A more pressing challenge for employers was the need to improve skills of existing employees in order to mitigate mismatches between the skills needs of their organisations and the skill sets of their workforce. Going forward our strategy must therefore recognise both of these dimensions – the need to ensure that skill shortages do not re-emerge as an acute issue in any future upturn and the need to continue work that mitigates potential skill mismatches.

An important part of both of these strands is maintaining an accurate picture of the skill demands of the labour market. With the support of DTI and DfES, e-Skills UK published its second Regional Skills Gap report in July 2003.³⁷ In the same month e-Skills also joined forces with the British Computer Society (BCS) the Institute of Electrical Engineers (IEE)

³¹ OECD 2003 – ICT and Economic Growth, Evidence from OECD Countries, Industries and Firms.

³² Reference the DFES research which reported this finding.

³³ <http://www.dfes.gov.uk/skillsstrategy/>

³⁴ See People Section for further details

³⁵ International e-Economy benchmarking study – pg23

³⁶ Source: e-Skills Regional Gap – e-Skills 2002

³⁷ Link to report

and the Institute for the Management of Information Systems (IMIS) to found the Skills Framework for the Information Age (SFIA) Foundation. The foundation will build and develop the SFIA which is one of the most sophisticated ICT skills classification frameworks in the world. The framework helps both individual organisations identify their skill requirements and contributes to the body of data on the labour market as a whole which enables government to evaluate how effectively education supply is meeting demand.

To promote long-term solutions to skill shortages and mismatches continued investment in specialist and further education is a priority. Last year we reported on the creation of a regional network in England of New Technology Institutes and the investment in developing specialisms such as electronics, ICT and design and technology. The 2002 Spending Review also clearly underlined the Government's commitment to addressing current decline in numbers of young people studying physical sciences, engineering and maths. It announced that by 2006 an additional £1.25bn will be invested in science, engineering and technology. [The 2003 budget offered further support to this strategy].

Whilst investment is an important part of our strategy, the government's role must also be one of enabling a long-term, 'joined-up' culture in which business, educators and government are engaged in a dialogue which can be translated into sustained competitive advantage. Exemplifying this joined up approach, DfES supported by the DTI, are overseeing the creation of a new network of Sector Skills Councils – by linking employers with educators and government skills councils are uniquely positioned to define and resolve the skills issues in their sectors. E-skills UK as the Skills Council for the IT, telecoms and Contact Centres sector was one of the first to gain a license in April 2003. E-skills remit extends beyond addressing the skills needs of the IT and telecoms industries – to looking at the e-skills of the UK as a whole. E-skills also helps drive forward work to help the technology and IT sector of the future become a more diverse and representative part of the economy. Although slowly improving women are still under-represented in IT jobs and the ICT sector more broadly. Computer Clubs for Girls (CC4G) is therefore a flagship e-skills project that aims to change the attitudes and abilities of a whole generation of girls in terms of careers in IT. The CC4G programme has been receiving excellent feedback from the first 26 pilot schools in the South East and work is well underway to develop a national rollout to make the clubs available in every region of the UK.³⁸

³⁸ For further details of the work of e-skills UK see www.e-skills.com

Light-Touch Regulatory Framework

In recent years e-commerce has generated rapid growth, transformed business models and revolutionised trade - with cross border transaction volume estimated to reach 4.6 billion transactions world-wide by 2007³⁹. Its impact cannot be overstated. But it has also blurred market boundaries and generated new legal uncertainties - about taxation, security and safety, copyright and intellectual property, content and liability, privacy and crime prevention. Domestic and international regulatory and legal frameworks must adapt and modernise if they are to avoid becoming obsolete and provide the foundation for sustained long-term growth.

Progress and strategy

The modernisation of the regulatory framework continues therefore continues to be an integral part of the Government's broader e-strategy and takes into account developments at both the European and global levels. Our strategy aims to remove barriers to e-business and delivery of online government services and ensure that individuals feel confident to use the internet safely and engage in an increasingly sophisticated range of transactions and activities. We remain committed to avoiding unnecessary regulatory burdens, while continuing to promote competition and maintain consumer confidence. Where appropriate we encourage co and self-regulation models.

The foundations of a modern and enabling regulatory framework are now largely in place – a fact recognised by last year's benchmarking report which found that our regulatory framework was particularly favourable. For example a supportive regulatory environment was an important catalyst for the rapid development of the UK's mobile telecom market which resulted in the widespread and early adoption of new services and standards, such as SMS. But a global economy also requires a broader perspective and in this respect the UK is committed to a continuing dialogue with international partners such as the USA and Canada, with a view to developing an open and competitive global telecommunications market. Moreover, we will continue to work with international organisations like the EU and OECD to discuss co-regulatory approaches and promote best practice in the development of a supportive international environment for e-Commerce.

The following summarise some key trends and notable examples of regulatory modernisation in recent years:

OFCOM

The most significant regulatory development in the last year has been the creation of the Office of Communications (OFCOM). Due to the dynamic and converging nature of the telecommunications and broadcasting sectors a more integrated approach to regulation was necessary. OFCOM was set up by the Office of Communications Act in 2002. Under the Communications Act which gained Royal Assent in July 2003. OFCOM will assume the powers of the five existing regulators of the telecommunications industry in December 2003.⁴⁰ The creation of OFCOM will bring a more strategic overview to the whole sector and will instigate a flexible regime that will support a dynamic and competitive market place

³⁹ Source: <http://www.dti.gov.uk/ewt/ecommerce.htm>

⁴⁰ The Broadcasting Standards Commission, the Independent Television Commission, OFTEL, the Radio Authority and the Radiocommunications Agency

while protecting consumers and citizens. As this convergent market matures and develops we expect that further deregulation may be appropriate in some areas and that self-regulation should be further encouraged wherever possible.

An international regulatory approach

- E-commerce has changed the regulatory paradigm – when trade and transactions transcend national boundaries – the premium on working collaboratively with international partners has never been higher. An early example of supranational working was the adoption of the EU e-commerce directive in June 2000 which established a new regulatory framework for online services in Europe. The directive, which was brought into force in the UK in 2002, has helped establish a level playing for e-economy companies trading across member states stimulating innovation and competitiveness. Importantly, the directive limits the liability of ISPs who unknowingly carry or store unlawful content.
- Nowhere has the need for an international approach been clearer than in the complicated area of intellectual property rights. While UK domestic law has proved remarkably future proof in this area – early steps have also been taken to develop international copyright rules. The 1996 WIPO (World Intellectual Property Organisation) treaties represented a small but important step towards an international copyright regime. The EC Directive on Copyright and related rights in the information society – which the UK implemented in December 2002 - cleared the way forward for the EU and member states to ratify these treaties. The WIPO treaties and the EU directive both aim to strike a fair balance between copyright owners and legitimate users of protected material. Such a balance is crucial if we are to encourage innovation and creativity and promote technology transfer between developed and developing countries.

Privacy

- One of the most acute regulatory challenges the online world presents is how individual privacy rights may be balanced against the needs for e-commerce to thrive unburdened and the need to protect the public from crime. Perhaps more than any other single area issues surrounding privacy have generated intense public debate and in the case of the Regulation of Investigatory Powers Act (RIPA) obliged the Government to re-visit our approach.
- In September this year the Home Secretary laid a new order before parliament regulating access to communications data under RIPA. This order followed renewed public consultation on proposals which had been radically revised in response to public concerns. The new measures safeguard privacy by clearly restricting who in public authorities can access communications data and the types of information available to them. The Home Office, based on consultation, also placed a code of practice before parliament for the voluntary retention of data by communications service providers under the Anti-Terrorism Crime and Security Act. The voluntary code aims to strike a balance between what is required to combat terrorism and what is reasonable to ask industry to deliver.
- A further step forward in terms of protecting privacy was taken in September 2003 when the DTI presented parliament with regulations for implementing the EU Directive on Privacy and Electronic Communications, following consultation earlier in the year. The directive updates current rules on data protection in light of new

technology and will come into force in the UK in December. Provisions include new requirements for firms using cookies and similar internet tracking devices to provide users with clear information about their use and the opportunity to decline them. Importantly, the directive helps tackle the global nuisance of unsolicited e-mail (spam) which is estimated to account for 50% of all email traffic.⁴¹ To send unsolicited email and text messages (SMS) to a private individual, companies will now in most cases need their prior agreement. However, with an estimated 90% of all spam originating in the US, the new EU framework is only a partial answer to the problem. Fostering greater international collaboration will therefore be a priority in the future.

⁴¹ 2003 Gartner Research

A world leader for electronic business

In 1998, the Prime Minister announced plans to make the UK 'the best environment in the world for e-commerce' recognising the transforming potential of Information and Communication Technology (ICT) to drive greater productivity, increase competition and contribute to greater prosperity for all. Over the past five years substantial progress has been made and today we can be proud of our achievements. Last year at the e-summit we reported against our e-business target when the Prime Minister announced the results of an independent international benchmarking survey. It found that the UK had the second best environment for e-commerce in the world, behind only the US. This demonstrates the real progress that has been made since 1998 when our fledgling e-economy trailed not only the US but also Australia, Canada and several of our European neighbours.

The benchmarking report also highlighted a supportive market environment, in which e-business have been able to flourish, as one of our key strengths. Businesses have been transformed by the efficiency enhancing opportunities afforded by new technologies and continue to deepen and sophisticate their use of ICT. Importantly, continued modernisation of the regulatory framework has set the UK on course for sustained growth. Regulatory change and pressure has helped foster competition in the broadband market driving exponential growth over the last 18 months. Similarly a more supportive fiscal framework has encouraged investment in R&D and ICTs which when combined with a strong venture capital market has helped foster entrepreneurship and innovation. Finally, the benchmarking report also indicated that our goal to make the UK the world leader for the development and supply of ICT skills is a realistic one. It recognised that our recent and heavy investment in ICT in schools as well as training and lifelong learning is already showing signs of success.

Given such significant progress, our model of having strong and committed political leadership across the e-agenda – embodied by the e-Envoy - has been shown to be effective. However, the environment we operate in today is very different. The enthusiasm and hype of the dot-com boom has retreated and we now have a mature e-economy which is no longer a separate or novel entity but an intrinsic part of the economy as a whole. This sophistication is true of Government too, so the OeE increasingly supports activity by mainstream Government departments to deliver the Government's target for the UK to become the best place in the world for e-business. The DTI continues to drive and build on the four key areas of strategy outlined in our last annual report.

Transforming Business

Internet-enabled business has undergone significant change since rapid and unsustainable growth of the late 1990's and today, a more mature industry is emerging in response to more challenging marketplace realities. Recent research indicates⁴² that widespread and effective use of ICT is increasingly important if UK businesses are to bring about necessary improvements in productivity. Central to this is the recognition that businesses can transform themselves via ICT. They must move beyond e-commerce –and fully integrate technology across all business and work processes – driving greater efficiency, productivity and fundamentally changing the way in which organisations interact with their customers, partners and people.

⁴² Sources: Reality Bites – the second annual report on e-business in the UK (2002) CBI
E-Business prospects: findings from an expert panel (2002) – ESRC, DTI
Cisco Systems commissioned report 'ICT and GDP Growth in the UK' (2003)

Progress and strategy

In recent years the Government has helped oversee this transformation. In 2001, we launched UK online for business, a DTI-led initiative to help businesses, particularly SME's, exploit the business benefits of ICT. Since launch, UK online for business has helped several hundred thousand businesses, with over a quarter of a million interactions with businesses each year. Initially the focus was to raise business awareness and understanding of ICT and help companies develop a web presence particularly so that they might trade online. In this area significant progress has been made. By 2001 the UK had already overtaken the USA as the country with the highest percentage (80%)⁴³ of companies with a web presence. Importantly, businesses rapidly embraced online trading – now 32% of businesses allow customers to order online up from 27% in 2000. The percentage of business buying online (placing orders online) has increased from 45% in 2001 to 54% in 2003⁴⁴.

Case Study

e-Procurement Transforms the Life Science Community

Internet technology is transforming the way life science professionals are procuring laboratory equipment and reagents.

Leeds based Science Warehouse has grown to become the leading UK e-market place in life sciences. Science Warehouse provides an e-commerce service which links buyers with suppliers through a state-of-the-art electronic marketplace. Through its interactive website, life science professionals are able to search for products from leading laboratory suppliers, compare product specifications, see correctly discounted prices, and buy online. Requests for quotations from suppliers are also available online.

Designed by life science and procurement professionals, the e-marketplace delivers considerable savings in time and cost as well as offering full procurement control. The system also gives buying organisations an opportunity to have a unified e-procurement service as products needed outside the life sciences are also available.

David Hames, Vice Chairman, Science Warehouses "From my own experience within the research sector, I know how time consuming and complicated the traditional procurement routes can be – whether it is the time taken up comparing a multitude of different catalogues or the frustration of constantly trying to obtain up-to-date information on products, prices and available discounts."

"E-procurement has made it possible to increase the efficiency of the buying process, saving time costs for all participants, yet allowing the buying organisation to retain full control. Through using Internet Technology, we are able to introduce flexibility into the system so that the e-service we provide closely fits the buyer's requirements. This individual customer focus will become increasingly important and expected by the customer."

Alison Owen, UK Online for business adviser for West Yorkshire commented "Science Warehouse has demonstrated how e-commerce can transform an everyday work process, such as procurement, to meet today's high customer standards. More importantly, it has also shown how e-commerce can help businesses carry out basic office functions more effectively and economically."

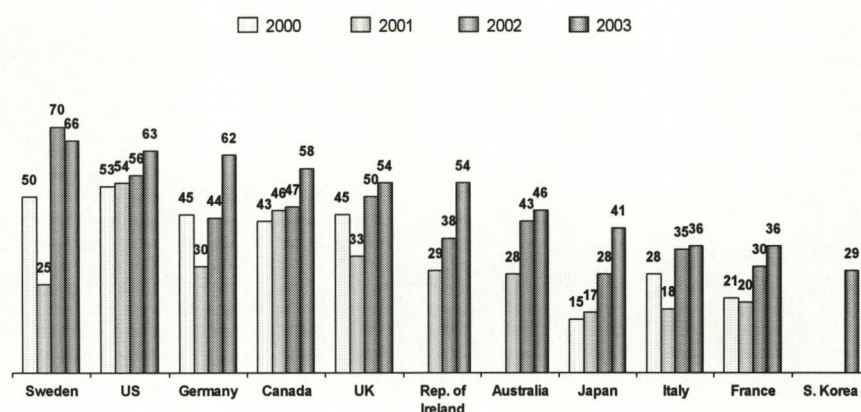
The strategy of UK online for business has evolved as business sector has matured. An extra £30 million was allocated to the campaign over 2001-2004 to assist companies in their transition from e-commerce to e-business. A more holistic approach to business strategies has been encouraged recognising that people, process and technology are all integral to success. There are early signs that this integration is taking place. Businesses are now recognising that e-business needs to be mainstreamed into the organisation, to become part of the core business strategy, rather than being seen as something separate or 'bolted on'. UK Businesses are amongst the most likely in the world to integrate their orders with other internal systems. While such progress is encouraging we recognise that in some areas we risk slipping back.

⁴³ All percentages on business use of ICT are weighted by number of employees

⁴⁴ DTI 'Business in the Information Age' – International Benchmarking Study 2003

There has been a 'clicking off' of small and micro businesses. The UK now has some of the lowest rates of connectivity for these businesses. Online ordering by businesses has grown more slowly than other nations causing the UK's relative position to slip⁴⁵. This reflects the challenging market conditions that businesses have had to face in the last few years but it also illustrates a broader point – as a sector matures and initial, rapid growth levels off – we will have to work harder to sustain and build on our achievements. Continuing to provide a legislative framework that is conducive to e-commerce is therefore essential – a principle reflected in this year's budget when improvements to the R&D tax credit along with an extension of first year ICT capital allowances were announced.

Businesses that place orders online 2000 to 2003 (%)



Base: All businesses



Booz | Allen | Hamilton

These measures and others will continue to foster an environment in which businesses of all sizes can fully take advantage of the transforming potential of new technologies. Our strategy going forward will also reflect the reality that the e-economy is now an integral part of the broader economy. Underlining this approach the activities of UK online for business will now increasingly be integrated into the wider activities of the DTI to support business and promote commercial best practice. There is also a need for e-business to be mainstreamed into the wider policy and delivery objectives of Whitehall and other Government departments. ICT is an enabler which is capable of contributing to the successful conclusion of other policy agendas. The general approach will be to place greater emphasis on assisting companies to implement their adoption of ICT. Some awareness activity will remain, but will be targeted towards CEOs and MDs whose leadership is crucial if adoption is to be successful. Content development will continue to be built around the provision of impartial and independent advice on key e-business issues, with greater attention paid to the development of tools, which support the implementation of ICT strategies.

⁴⁵ DTI 'Business in the Information Age' – International Benchmarking Study 2003

Looking to the Future

This summary clearly demonstrates that Departments are already driving forward progress. The internet access and use agenda is now mainstreamed into the work of departments. The work on Home Computing Initiatives stands out as one of the few remaining projects owned by the OeE.

But the statistics also show that – while there may be internet access for all who want it – significant work remains for all members of our society to have the skills, confidence and desire to take advantage of the opportunities for physical access that exist. We must refresh our commitment to digital inclusion.

Recent experience, including the Get Started campaign, shows that there is real enthusiasm both within the private sector and among voluntary and community sector organisations to work more closely on digital inclusion. Industry partners taking forward the HCI project have also indicated that they want to do something more joined up on digital inclusion and are working with leading digital inclusion groups to develop more concrete proposals.

To build on this momentum [we will explore scope for a joint industry-Government task group. It is likely the group will focus its energies not only on those who remain disengaged from the internet but also on those who are excluded from technology more broadly – including mobile phones and digital television. Predominantly these are likely to be groups facing multiple forms of social exclusion and the elderly.]

PART 2

FIRST-CLASS PUBLIC SERVICES

For the public services, the real opportunity is to use information technology to help create fundamental improvement in the efficiency, convenience and quality of our services...Our task is to shape public services that meet modern expectations

Tony Blair, November 2002

Summary

- Four years ago, only a handful of central government services were online; today nearly two-thirds are. Departments continue to make progress towards our target for 100% of services to be online by 2005. On the international stage, the UK's performance towards the vision of an e-enabled Government is comparable to that of overseas governments.

- We are now focusing on increasing the take-up of a set of key services by increasing their customer focus. In the last 12 months one in four of the adult population have visited a Government website, but only one in ten has transacted with Government online. We are establishing an Online Government Store that will offer a radically new model for dealing with government online. We are working on a range of ways to give people more choice in their contact with Government. In August 2003 we completed an intermediaries consultation. We are also committed to ensuring that people have access to electronic services through more than just computers, such as digital TV and mobile communications.
- To increase the efficiency of electronic service delivery we are setting common standards and putting key infrastructure in place. The Government Gateway, had seen over 2.2 million enrolments by September 2003, enabling millions more potential Government transactions.
- Our increase participation in the democratic process we are now paving the way for the e-services of the future, with pilot e-voting due to take place in the 2004 European and local elections.

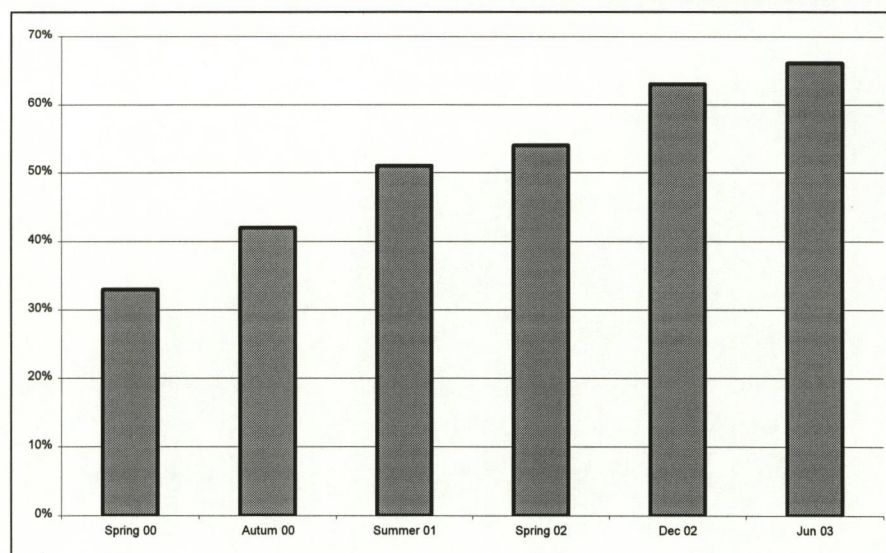
An e-enabled Government

In March 1999, the Prime Minister published the Modernising Government White Paper setting out a vision for the future of public services - built around the needs of citizens, not the convenience of service providers. E-enablement was an integral part of this vision and the Paper served as the basis for the creation of the Office of the e-Envoy in September that year and an initial target for all Government services to be available online by the end of 2008.

By the beginning of 2000, good progress had been made. Citizens were able to access online information in areas such as health, overseas travel and consumer protection. Businesses were able to make online returns to Companies House and plans were well advanced to launch self-assessment tax-returns. It was, however, recognised that the pace of change needed to be accelerated and that is why in March 2000, the Prime Minister announced that the target for making all services available electronically would be brought forward to 2005.

This target served to galvanise the e-Government agenda throughout Whitehall. A mass of government information previously only accessible on paper is now freely available online. Two-thirds of all central government services are now available electronically and departments continue to make progress towards getting all services online by 2005.

Figure X: Increase in the number of Government Services Available Online



Government Services now Online

- **Access High Quality Health Information and Advice**

The NHS Direct Online website provides high quality health information and advice for people in England and is unique in being supported by a 24 hour nurse advice and information helpline. The self-help guide is an easy to use guide to treating common health problems at home - using a Body Key, you can identify your symptoms and by answering simple step by step questions, work out the best course of action. The website's health encyclopaedia contains 600 topics covering illnesses and conditions, tests, treatments and operations. NHS Direct Online also provides a searchable database of hospitals and community health services, GPs dentists, opticians and pharmacies. Users have the option of submitting personal requests for individual health information to an online enquiry service, and of storing personal health information in a personal health organiser called HealthSpace. Access to NHS Direct Online information is also available via touch screen Information Points in public places. An NHS Direct Digital TV service will be launched in 2004.

<http://www.nhsdirect.nhs.uk/>

- **Search for Jobs and Training**

Click onto the national jobs and learning site and you can get information to help with your search for suitable jobs or training, and with career choices, without having to visit a Job Centre. Worktrain will let you search for jobs; training courses; childcare provision; and voluntary work. You can also look at information about different occupations to help you make informed career choices. It's not just a job site - it will help you make choices about the type of work you want to do, and help you find the training you need. <http://www.worktrain.gov.uk>

- **Apply to Higher Education**

You can now find the right HE course, make an application online, and track the progress of your application, all via the online University and College Admissions Service (ucas.com). The website gives advice for students and parents on choosing the best course and HE institution and provides information on how to apply - 40% of students now apply online. <http://www.ucas.ac.uk/>

- **Find out about local childcare and early education**

The ChildcareLink website is where you can find out about a whole range of different types of childcare and early education in your local area in one place, without having to ring round various departments in your local authority and individually researching private childcare providers. Launched as part of the National Childcare strategy in 1999, it helps people back into the workplace by removing the childcare barrier, comprising information collected from over 170 English and Scottish local authorities, with sign-posting information from the NAW, to provide parents and carers with easy to find information to make the right choices. <http://www.childcarelink.gov.uk/index.asp>

- **Access Town and Country Planning Information**

The Planning Portal was launched in May 2002 to provide a one-stop shop for all users of the town and country planning system. It links together all local authorities and central government to provide electronic planning application forms, guidance, access to local development plans and a host of relevant information from a variety of sources. In little over a year, it has now signed up nearly 200 planning authorities, and is working with the remainder to achieve complete coverage by the end of 2005. Key to its success has been working with intermediaries - both planning agents (such as architects, surveyors and consultants) and ICT suppliers, who provide the back-office capability in local authorities through common XML standards. It is also working with the Online Government Store to provide content and public access tools.

How we compare internationally

On the international stage, evidence shows that the UK's progress on e-enabling services is comparable to that of overseas governments. For example, last year's international benchmarking study, *The Worlds Most Effective Policies for the e-Economy*⁴⁶, confirmed that the UK is making good progress with higher growth than both the US and Canada. The Ernst and Young, Cap Gemini sophistication index⁴⁷, developed for the EU and tracked between October 2001 and 2002, shows the UK behind Scandinavia but near the top of the chasing pack within Europe. An earlier survey by the World Market Research Centre⁴⁸ in 2001 paints a similar picture.

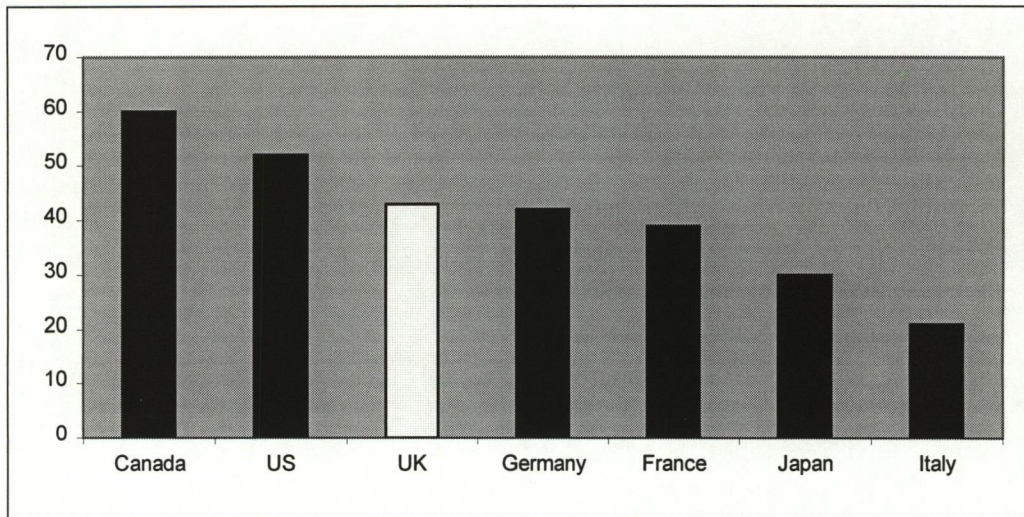


Figure A - e-government service maturity index - Accenture 2002

⁴⁶ The Worlds Most Effective Policies for the e-Economy, Booz Allen Hamilton/ INSEAD, November 2002, pg 149 fig 114.

⁴⁷ Web Based Survey of Electronic Services, Results of the third Measurement, October 2002, Cap Gemini Ernst and Young http://europa.eu.int/information_society/eeurope/documents/CGEY-Report3rdMeasurement.pdf

⁴⁸ World Markets Research Centre Global E-Government Survey 2001
http://www.worldmarketsanalysis.com/e_gov_report.html

Customer Focused Services

Towards the ends of last year it was becoming apparent that the Government needed to prioritise its efforts by focusing on e-enabling a set of Key Services – in areas such as health, education, benefits and personal tax – that are likely to have most impact in terms of user benefit, Government efficiency and alignment with overall policy priorities. Government's primary objective for each of these Key Services should be to ensure that they are attractive and beneficial to users.

That is why in September 2002, a new target for the delivery of e-services was set: 100% capability by 2005 *with Key Services achieving high levels of use*. This is an extremely challenging target. The scale, complexity and pace of change sought is in the global premier league of e-transformation programmes. To help drive forward delivery of the target it was decided that a cross-departmental e-Government Delivery Programme (e-GDP), coordinated and managed by the Office of the e-Envoy, should be established. The e-GDP has adopted a strategic approach that centres on three core strands of work: building capacity to deliver services online; increasing the take-up of services by ensuring that they are focused round the needs of citizens; and building common building blocks involved in service delivery to optimise value for money.

There are encouraging signs that the use of e-Government services is increasing. The ONS survey published in September⁴⁹ shows that 50% of the Internet population (28% of the adult population) had visited a government web site in the last 12 months. Table XX illustrates a number of examples of services that have achieved particularly high levels of use such as university applications, vehicle registrations and company incorporations. For other services such as self assessment tax returns and money claims online there has been strong growth over the past year. Despite these successes, *actual* e-Government transactions are still relatively low. Only 8% of internet users claim to have transacted with a government department online.

Table XX

Driving Theory Test Bookings

One service that has been particularly successful is Driving Theory Test bookings. In only 18 months the percentage of transactions that are now online has risen rapidly to 25%. This underlines the potential high demand for customer focused electronic services that provide value added functionality to users above and beyond what is deliverable across other channels - in this particular case users can take mock tests online. [DN: Insert Case Study]

Companies House

Companies House has worked closely with intermediaries, company formation agents, to develop an electronic incorporation service. Take-up has been rapid and tangible efficiency benefits have been measured for both users and government. For government there are real time savings associated with not having to rekey data, running automated processing of applications and 4% reduction in errors due to validation of data at the point of entry. Users also benefits from an electronic service which in most

⁴⁹ <http://www.statistics.gov.uk/pdfdir/int0903.pdf>

cases provides a rapid turnaround similar to the premium same day service but at a quarter of the price. [DN: Tele working Case Study]

An Online Government Store

A key Barrier to providing customer focused services online is that our offer to customers is extremely fragmented, with more than 900 .gov sites and 1,800 government sites largely built around the structure of government or a supplier rather than customer needs. Over the past three years the UK has made great strides placing government services online. But our most successful website reaches only 2.5% of the online population, compared with the 25% achieved by the most successful commercial sites. Yet if aggregated, public sector traffic would be enough to put government second in the list of the UK's most used web presences.

To close the take-up gap, services need to be a more user-friendly and based firmly around customer needs. To achieve this, during the next year, the OeE will pilot an Online Government Store (OGS), designed 'outside-in' around the customer.

The OGS stands to transform the current position of an individual managing multiple relationships with different departments, a situation that is inefficient from the perspective of all parties, and move towards a single relationship between government and the individual.

The OGS will deliver information in a consistent and useable way to customers. Customer focused navigation around the OGS will be built around target audiences, service topics and a search engine. Audiences include customer segments such as Families and Parents, the Disabled and Senior Citizens. Themes include 'Benefits and Allowances', 'Travel and Transport' and 'Health'. Franchises (services clustered around customer groups) will meet defined needs within both audience and topic areas e.g. a Patient within Health or a Motorist within Transport.

[Insert photograph]

Offering Choice

Take-up of e-Services is dependent on enabling choice and a better customer experience. A better customer experience will come out of the Online Government Store. Ways of offering greater choice to users includes the following:

- **Intermediaries**

There is no reason to assume that government acting alone will necessarily have the best approach to e-service delivery. We aim, therefore, to create a marketplace where government and intermediaries from the public, private and voluntary sectors can come together to deliver e-government services that better meet the needs of our customers.

In May 2003 the OeE published a draft policy framework⁵⁰ which described the principles of intermediary involvement, and the support being put in place to drive forward the agenda. The public consultation, which completed on 21 August 2003, identified both widespread support for the policy and a need for further guidance on its implementation. An official response will be published later in the year and will be followed by implementation guidelines, intended to

⁵⁰ www.e-envoy.gov.uk/intermediaries

build on the policy framework by providing clarification of the underlying principles and practical guidance on its implementation.

In parallel with developing written guidance, the OeE is engaged in driving forward the agenda by providing practical support to potential intermediaries and public sector service providers in identifying opportunities for intermediation and assessing and developing intermediary propositions.

- **E-application scheme for heating and insulating grants entitled "Warm Front" (Eaga)**

The "Warm Front" scheme is administered by Eaga on behalf of DEFRA. Eaga are a social enterprise who use their trading surpluses to expand their ability to tackle the housing problems of low income families. Eaga introduced the "Warm Front" scheme in June 2000, which provides grants for insulation and heating to homes in the owner occupier and private rented sector. The scheme is an important part of the Fuel Poverty Strategy, which aims to eliminate fuel poverty in vulnerable groups by 2010 as far as reasonably practicable. Citizens can apply online via the Eaga website for a grant of up to £1500 to improve the heating efficiency of their home. So far the scheme has assisted over 300,000 households in providing insulation and heating measures to an average value of £445 for each household. This gave each home assisted the potential to save around £150 a year through reduced fuel bills.

[Insert photograph]

- **Channels**

It is essential that people are able to access e-Services in ways that they want to. To meet this need, the Government must look at new ways of delivering services within a multi-channel environment.

In September 2002, the Office of the e-Envoy published its Channels framework '*Channel Framework: delivering government services in the new economy*'⁵¹. The policy framework addresses how to increase take up and achieve more choice for customers through multiple electronic channels. The channels framework is currently being updated, and a new version is expected to be published early next year. This will look in more depth at multi-channel strategies, with a particular emphasis on the web, mobile communications and interactive digital television.

[Insert Photograph]

A separate policy paper for digital TV – '*Digital television: a policy framework for accessing e-government services*' will be published in December 2003. The framework has been developed in consultation with key stakeholders in the digital TV industry and the public sector, especially DTI and DCMS. Similarly, a separate policy paper on smart cards is currently undergoing public consultation, and is expected to be published early next year.

The OeE expects to publish a positioning paper during the last quarter of 2003, exploring how to use mobile communication for delivering e-government services. A positioning paper looking into the use of kiosks will be published early next year.

Overcoming Barriers to use

e-Government services also need to enjoy the trust and confidence of those who use them. Two of the ways in which this is being tackled are:

- **Privacy and data sharing**

⁵¹ www.govtalk.gov.uk

The Lord Chancellor's Department (now the Department for Constitutional Affairs) was given the responsibility for area and significant progress has been made, including:

- Establishing a cross-departmental Data Sharing Practitioners Group (DSPG) to meet and consider problems and solutions;
- Putting out to two rounds of consultation, a Public Services Trust Charter setting out a clear exposition of the standards that the public can expect from the Public Sector in the handling of personal data;
- Planning to issue, towards the end of this year, a 'how to do it' guide to data sharing for public bodies. This is in the form of a 'toolkit' including model protocols, codes of practice and a revised analytical framework, together with legal guidance, that should give public bodies the confidence to deliver a modernised service, making appropriate use of individuals personal data within the law.

• **e-Government Trust Policy**

The OeE trust programme takes the form of policies and an implementation programme to ensure that trust is not a barrier to the cost effective delivery and take up of government services. The trust strand (within e-GDP) deals with authentication, privacy concerns and ensuring that lack of trust does not create a barrier to individuals taking up services. The aim is to develop the 'single sign on' concept, policies and a programme to deliver authenticated users to the government store develop a common, trusted authentication mechanism to facilitate access to government services without requiring multiple credentials or additional registration requirements engage with other initiatives within government that affect public trust.

In addition to this, the programme is developing relationships with trust service providers who could deliver a range of flexible authentication solutions to government. We hope to begin pilots in Spring 2004.

Local Government

e-Service delivery is not just about central government. Local Authorities play a vital role in developing and delivering local e-government services and the OeE provides support to the ODPM funded local e-government programme (localegov).

Localegov provides a strategic approach for individual Local Authorities to connect with. It began with 25 Pathfinder Projects (June 2001 to June 2002) that explored new ways of implementing e-government. localegov aims to deliver products, guidance, standards and take up strategies for local e-government services by December 2004 and is making real progress in getting services online for 2005. The vast majority of Local Authorities are expected to fully meet the target and some of the best Local Authorities already provide access to all their services online.

[Insert Photograph]

All Local Authorities now have websites and the number of transactional sites is growing. The most innovative Local Authorities are thinking well ahead of 2005 (and beyond the narrow target of providing access to services online) - they are radically transforming their business processes to focus on citizens/customers using technology (including the internet) to provide the means to do that

ODPM published egov@local (<http://www.localgov.gov.uk>) a National Strategy for delivering local e-services. The immediate challenge is to assist the smaller or slower moving Local Authorities to keep up with the pack. The next challenge is to develop the strategy for service delivery beyond 2005 for all local authorities built on the experience of the most innovative

More efficient Government

Setting Common Standards

Crucial to addressing the issue of incompatible and unintegrated systems across government have been the frameworks and guidelines published by the OeE. These have ensured consistency of approach covering areas such as website design, authentication and security.

In particular, the e-Government Interoperability Framework (e-GIF)⁵², which is updated every 6 months, was developed to ensure departmental systems are interoperable and the seamless flow of information across the public sector. An online e-GIF Compliance Service, operated by National Computing Centre, was launched in January 2003. To reduce the risk of IT projects for government, the OeE is also developing a certification scheme for e-GIF practitioners.

The OeE is also closely involved in EU and CEN (European Committee for Standardisation) projects to establish interoperability and metadata policies and standards for member states.

Open Source

The Open Source Software policy, published in July 2002, was well received by the private and public sector. Exploration of using OSS as the default exploitation route for government funded R&D software has been a particular feature of the implementation this year. A number of high-profile discussion events were widely attended by representatives from academia and industry. The findings from these will inform future OSS implementation work in government. OeE has also actively contributed to the EU Interchange of Data between Administrations OSS work strands, sharing and comparing the UK's experiences.

Open Source Software

Early in 2003 The Office of Government Commerce (OGC) established a new online purchasing system, which allows public sector bodies to buy products more quickly, easily and cost effectively.

Called *Purchase & Pay*, the Linux based Open Source Software system is currently being operated by OGC buying solutions for customers in the Department of Work & Pensions (DWP) for the purchase of printed forms, stationery and associated items, but is intended to eventually encompass a much wider range of goods and services. As part of the system's on-going development, a facility which allows not only the buying of goods and services, but also the payment of the resulting Invoices on-line, will be incorporated in coming months.

The decision to use Open Source software was based on its proven reliability, portability and lower licensing costs. Overall it represented best value for money in this application.

[Insert Photograph]

Putting the key infrastructure in place

Over the past five years, individual government departments have invested heavily in building the infrastructure to support electronic delivery of their information and services. As the

⁵² www.govtalk.gov.uk

Internet has become an increasingly important channel for government, departments have been wrestling with the same problems: managing customers, content, new channels and emerging technologies.

- **Delivering on the Promise**

The need to reduce duplication of Internet technology spend and resources becomes ever more acute. To address this, the OeE is building a central infrastructure, known as Delivering on the Promise (DotP), which is a content management framework that enables multiple websites to be hosted on a single set of infrastructure. Together with the Government Gateway, DotP will lead the way in resolving the issues outlined above by delivering a central common infrastructure providing economies of scale benefits through a modular 'build-once, use-many' architecture.

- **The Government Gateway**

The Government Gateway allows citizens and business to conduct secure authenticated transactions with Government. It allows different systems in different government departments to communicate with the Gateway and with each other. This means that in the future, electronic transactions involving many different departments at once will be possible, ensuring a truly joined up government. The Gateway was launched in 2001 and at the beginning of November 2002, had almost 940,000 enrolments. This figure is increasing steadily as more services are added and total enrolments as at September 2003 had reached over 2.2 million.

- **UKOnline.gov.uk**

Launched in September 2000, ukonline.gov.uk provides a single web address giving access to all UK government information and services. Content is organised around the needs of the citizen to make dealing with government as easy and seamless as possible. For example, the 'Your Life' pages enable the user to access all the information about a particular event without having to understand the workings of government. Today the number of page views per month exceeds three million.

- **'True North'**

In July this year, the OeE awarded a five year contract, worth £83 million to support two resilient data centres to host the central infrastructure building blocks. The objectives of the project, known as True North, is to consolidate the existing central infrastructure and provide a Disaster Recovery service, while underpinning with best practice industry leading service standards. For the first time, departments have a firm planning bass for the delivery of joined up e-Government. True North is being underpinned with best practice service management.

Increasing participation

We have got to find ways of using new technology and reaching the people in different ways and at least having underneath the headlines a genuine policy debate

Tony Blair, House of Commons Liaison Select Committee, 16 July 2002

Last year, the Government published a policy paper *In the service of democracy*, setting out its initial policy ideas on e-democracy and seeking comments. This was the first step of an ongoing process to understand and develop a policy for e-democracy. The aim of the policy is to facilitate, broaden and deepen participation in the democratic process by e-enabling the communication between the public and the state. The policy divides e-democracy into two separate but interdependent tracks; **e-voting** and **e-participation** and is underpinned by the following principles:

e-Democracy Principles

- Inclusion – a voice for all
- Openness – electronic provision of information
- Security and privacy – a safe place
- Responsiveness – listening and responding to people
- Deliberation – making the most of people's ideas

Source: *In the Service of Democracy* 2002

[Insert Photograph]

e-Voting

The Government is committed to the modernisation of the electoral process, and aims to hold an e-enabled general election some time after 2006. It is currently promoting an extensive programme of pilots at local elections in order to develop the systems that will need to be in place for an e-enabled general election, and to develop public confidence and familiarity with them.

At the 2003 local elections, seventeen local authorities took part in the largest test of remote e-voting at any public election so far using a variety of different channels. The results were very encouraging. While the use of e-voting channels had a mixed impact on overall turnout (the average increase was less than 5%), they were well used, with more than a fifth of voters choosing to use them over the traditional methods. In addition, there were no reports of any security breaches and, on the whole, the technology performed well throughout the three weeks that electronic voting channels were open.

The independent Electoral Commission evaluated each pilot and published its reports on 31 July. At the same time it also published a strategic review of all the pilots held and, whilst supporting the continuance of the pilot programme, made a number of recommendations for

its future. The Government's Response, published on 17 September, recognised these recommendations as a constructive contribution and discussed them in some detail.

The Government is keen to maintain the momentum built up by piloting in 2002 and 2003 by holding further pilots at the 2004 European and combined local elections. Decisions on the format of such pilots will be made at the end of 2003, in the light of responses from a public consultation on the matter.

e-Participation

The Government believes that greater involvement of the public in the policy making process will lead to better decision making, based on a better understanding of the big picture. E-enabling participation can open up the opportunity to contribute to more people and make it easier for them to express their views and share their knowledge. This is a more complex issue than e-voting. Rather than automating a process it offers an opportunity to revisit the way in which government and the public communicate. It is a long term process which may result in re-engineering procedures and practices to make them applicable to the 21st century.

The proposals for e-participation set out in the policy paper were generally welcomed by respondents during the consultation exercise (and can be seen at www.edemocracy.gov.uk). There is a growing expectation that, as technology is used to improve and speed up other aspects of our lives, it should also be used to modernise the democratic process and particularly how the public and government communicate.

Although e-participation is still in its infancy, there are already a number of innovative examples of it in practice across central government. Over the last year we have seen e-enabled debates on GM foods, pensions and the future of the European Union which have allowed people to obtain information and discuss issues online. Other initiatives include the development of online spaces for groups with common interests to exchange information and share good practice, such as Teachernet; and cross departmental collaborations like the "Getting to Grips with Food" consultation produced jointly by the Food Standards Agency and the DfES. Whilst on UKOnline a new Guide to Government which explains the structure and responsibilities of the different tiers of government has been established alongside the existing Consultation Index which lists and provides links to current government consultations, allowing citizens to sign up to receive email alerts about topics of interest to them.

To sustain momentum on this issue the e-Envoy has recently established an inter-departmental group on e-participation to look at how best government and the public sector can exploit new communications media to support wider public participation. Over the coming year this group will be working closely with the Office of the e-Envoy and key stakeholders to develop the appropriate guidance and leadership for the effective integration of e-participation into the wider policy making and service delivery processes. It will also play an important role in actively helping to embed the principles of e-participation across government and the wider public sector as a whole.

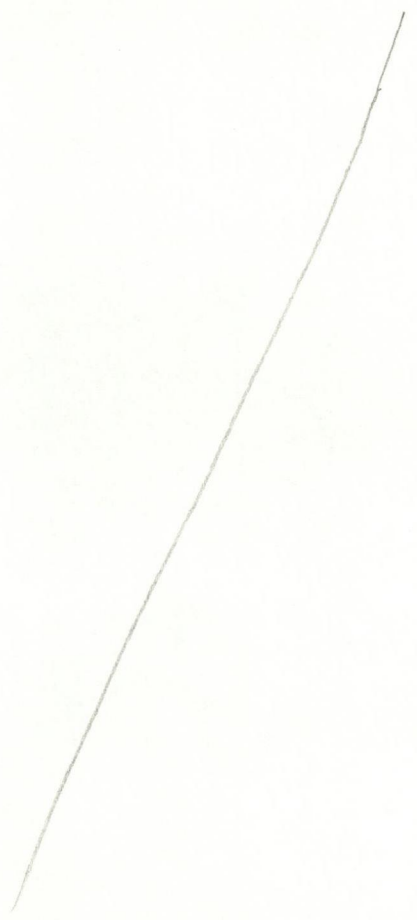
Looking to the Future

The challenge for Government going forward will be to capitalise on the potential of ICT to transform service delivery and achieve a step change in operational efficiency across the public sector. We believe that five principles will shape this transformation:

- Building services around customers. Use technology to fit government around customers, not customers into government. The online government store will play a critical role.
- Moving towards web-based service delivery. The online channel should not be an add-on: everyone's information should come through same web-enabled front end, even if they don't types it in themselves.
- Driving out cost from service delivery. The use of direct online access must be strongly encouraged. Many companies in the private sector have already realised the cost-savings the flow from active channel migration.
- Using technology to free up those in the front line of service delivery. Use technology to add value to services that are delivered face to face
- Automating and integrating a greater number of back office functions. Public sector internal administration should be standardised and made self-service.

We expect that these principles will play a significant role in shaping the outcomes of the Efficiency Review announced by the Chancellor in his Spring Budget speech. The Review is taking a radical look at the way government does its business. By 2005/6 government will be spending £320bn on public services with £70bn controlled by central government. The Review aims to release major resources into frontline services that meet the public's highest priorities out of activities which can be undertaken more efficiently through greater automation and the use of ICT. The Office of the e-Envoy is providing significant support to the Review.

Looking to the future, the challenge for Government will be to capitalise on the potential of ICT to transform service delivery and achieve a step change in operational efficiency across the public sector. An understanding of the potential of ICT is now deeply embedded across Government and we are confident that Departments will continue to drive progress across the UK e-economy. Support from the centre of government will now focus on the business transformation of government itself. To this end, the Government has decided to appoint a Chief Information Officer. The Government CIO's role will be to give strategic leadership and drive to the application of ICT within central Government to support the genuine reform and modernisation of Britain's public services. The CIO will be responsible for deliver the existing target for electronic service delivery by 2005 .



White Bridget - Cab.Sec.Office

From: andrew.pinder@e-envoy.gsi.gov.uk
Sent: 26 September 2003 18:17
To: mpst.hewitt@dti.gsi.gov.uk
PSdalexander@cabinet-office.x.gsi.gov.uk; mpst.timms@gsi.gov.uk; sec-of-state.ps@dfes.gsi.gov.uk; andrew.mcintosh@culture.gsi.gov.uk; psandrew.turnbull@cabinet-office.x.gsi.gov.uk; William Perrin
Subject: Get Started evaluation and letter to Secretary of State



Patricia Hewitt, Letter
on Cam...



Patricia Hewitt, Letter
on Cam...

Please find attached a letter and summary evaluation from Andrew Pinder to the Secretary of State.

Regards,

Cass

Dr Cass Chideock
Private Secretary to the e-Envoy
Tel: 020 7276 3235
Fax: 020 7276 3293
Email: cass.chideock@e-envoy.gsi.gov.uk

(See attached file: Patricia Hewitt, Letter on Campaign results, 26 Sept 2003.doc)(See attached file: Patricia Hewitt, Letter on Campaign results, Summary Evaluation, 26 Sept 2003.doc)

Office of the e-Envoy

Leading the drive to get the UK online

delivering

 **UK online**

R

Date: 26 September 2003
Direct line: 020 7276 3300
Switchboard: 020 7276 3400
Fax: 020 7276 3293
Email: andrew.pinder@e-envoy.gsi.gov.uk



Patricia Hewitt
Secretary of State Department for Trade and Industry
1 Victoria Street
London
SW1H 0ET

Dear Patricia,

GET STARTED CAMPAIGN

Our evaluation of the *Get Started* campaign which ran in May and June of this year is now complete. I attach a summary of the main campaign findings including an analysis of learnings that should help guide our future approach to communications activity in this area.

I am delighted to report that with your and ministerial colleagues' support the campaign has delivered on its top-line objective to educate and drive users into UK online centres for their first experience of the internet. Nearly 37,000 people took up the core campaign offer – a free internet starter session at one of nearly 7,000 venues countrywide (UK online centres, Learndirect and other Partner IT centres). Additionally some 130,000 people responded to the campaign by requesting further information through the helpline, website and digital television platform.

Importantly, the campaign effectively reached out to target offline groups. Nearly 40% of those who called the helpline were over 65, over 16% had disabilities, 14% were unemployed and 20% were from ethnic minorities. Of particular note is the success the campaign had in engaging older people. Statistically the age dimension of the digital divide is the most pronounced and the challenges associated with promoting the benefits of the internet the greatest. To a large extent our success with this demographic reflects an extremely effective partnership with Age Concern. They were able to use their wealth of experience in communicating with an elderly audience to great effect, introducing over 11,000 older people to the internet.

More broadly, the communications model of *Get Started* – Government providing a backdrop of activity against which partners could leverage targeted activity –

Stockley House, 130 Wilton Road, London, SW1V 1LQ

Office of the *e-Envoy*

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delivering



has proved an effective way of communicating with, and generating a step change in the behaviour of digitally excluded groups. The importance of working through private and voluntary sector intermediaries who have resonance with particular groups cannot in my view be overstated. This model helped drive a five times return on the Government's investment of £1million (COI audited), representing a Government spend of just over £27 for each person who took up an internet starter session.

The results of the campaign are of particular interest in the context of the 2005 internet access target. Our working assumption for the campaign was that motivational barriers are the most significant for those who remain offline. This was based on consistent findings from ONS and has been borne out by a survey released by the Oxford Internet Institute earlier this month. The Institute's survey found that only 4% of Britain's population lack ready access to a place where they could use the internet. So in terms of whether we have delivered internet access for all those who *want* it – there is a strong argument to say that we have.

I think this suggests two main things for our strategy going forward. Firstly, we need to build on our substantial achievements on physical access to focus more than we already have on addressing motivational barriers to engage remaining offline groups. Secondly, for those who are already online we need to encourage more sophisticated use – particularly to promote high take-up of e-Government services and support DfES's objectives around ICT as the third skill for life.

Our work towards the access target over the last three years means that the roadmap for motivating and sophisticating use is in place and several key policy initiatives already exist. For example on the motivational side the Get Started campaign has demonstrated that a segmented, partnership driven communications model works best. Moreover, our experience shows that there are partners from both the private and voluntary sectors that are interested in digital inclusion – understand how to engage people - and can help us deliver it. Our partnership with Age Concern confirms that channelling communications activity to particular market segments is the most effective way of reaching new users. The 'hooks' that engage older people will not be the same as for those with disabilities or for those who are unemployed.

But we need to give this segmented approach scale. While Get Started helped nearly 37,000 people experience the internet, these sorts of figures are not going to shift macro-levels indicators on internet use. For example, for real scope DWP might build on our segmented communications model and work with a range of partners to run targeted activity to engage offline elderly groups – particularly in order to promote the benefits of e-Government services to this market group.

To build on these principles I plan to pull together a more comprehensive view on the policy implications for internet access strategy and will write to you and Ministerial colleagues shortly.

Office of the *e-Envoy*

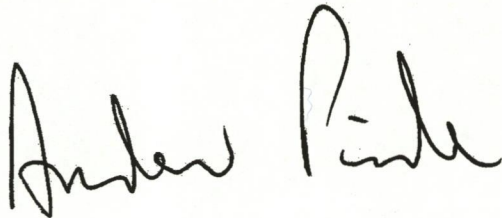
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I am copying this letter to Charles Clarke, Douglas Alexander, Stephen Timms, Andrew McIntosh, Andrew Turnbull and William Perrin.

Yours sincerely,

A handwritten signature in black ink that reads 'Andrew Pinder'.

Andrew Pinder
e-Envoy

Summary Evaluation of the Get Started Campaign

1. Background

The Office of the e-Envoy, along with partners from the public, private and voluntary sectors, ran a six week campaign during May and June, "Get Started", to encourage new users to get online. The top-line objective of the campaign was to educate and drive users into UK online and other access centres for their first experience of the internet.

The campaign aimed to help progress towards the 2005 internet access target by focusing activity on those groups that have so far been less likely to use the internet: the elderly, those with disabilities, those from ethnic minority communities, those on low incomes, lone parents and the long-term unemployed.

2. Summary of achievements

- 36,700 people helped to get online
- 134,000 people interested in finding out more
- ROI of 5 on Government investment of £1m (COI audited)
- All target audiences were effectively engaged. Elderly groups and the unemployed in particular were successfully reached.
- Overall the campaign delivered a cost per response of £7 for those interested in finding out more and £27 for new users. This makes it the most cost efficient UK online campaign.
- Estimated 4m communication hits of our message were delivered. This means that our message appeared an estimated 4 million times but may have been seen by any one person more than once
- Evaluation showed that 86% of new users found the starter sessions useful or very useful
- 94% of centres asked said that they found the promotional packs we sent them useful
- 94% of centres asked said that they would support a similar campaign in the future
- TV was the most cost effective medium delivering a cost of £10.34 per response (compared with an industry average of £133.88)
- 236 press articles were generated all of which were either strongly favourable (4%) or slightly favourable (96%).

3. The Launch

A consumer launch on May 12 saw a Coronation Street actress helicoptered to a series of locations around the country to link up with local UK online centres and generate press coverage for regional news programmes. On May 13 a corporate launch hosted by Patricia Hewitt and Andrew Pinder, brought together senior figures from Get Started's private and voluntary sector partners to publicly announce their support for the campaign and its objectives. A series of half hour programmes promoting the campaign and the internet across Granada's regions was central to generating early momentum for the campaign. A UK online centre was also featured in a Coronation Street storyline which – through the help line promoted at the end of the programme – generated good early responses.

4. Partners

In addition to Granada other core partners included Arriva, BT, Cable & Wireless, Dixons Store Group, Expedia.co.uk, Intel, Microsoft, Packard Bell, Hewlett Packard, Dell, and the BBC. Voluntary sector groups like Age Concern, the Ethnic Minority Foundation, Citizens Advice Bureaux, the National Library for the Blind, the Princes Trust, the RNID and the National Council for One Parent Families helped reach out to specific target groups.

5. The Offer

Free internet starter sessions were a key part of the Get Started offer. They were offered at over 6,800 venues including most UK online centres as well as Learn Direct and partner ITC centres. Those interested in getting more information could phone a national help line, 0800 77 1234, access the campaign website, www.ukonline.gov.uk/getstarted, or press the red button if they had SKY.

6. Campaign Evaluation

New Users:

The campaign helped an estimated **36,700 people get online** during the period of the free offer with more continuing to use their local centres.

Excellent activity delivered by partners like Age Concern and Granada ensured that, in spite of disappointing results by partners such as Dixons and BT (see key learnings below), we still delivered on our top-line target of generating between 30-60,000 visits to UK online centres.

In addition, over **130,000 people expressed an interest** in finding out more about the internet, either by calling the help line, looking up their nearest centre on DiTV or searching for more information on our campaign website. This is significantly higher than the 60,000 responses achieved through the awareness building, TV campaign 'Let's all get on'.

Target Groups:

The Get Started campaign successfully reached out to target groups, particularly the elderly and the unemployed. Of those calling the help line for more information:

- 37% were over 65, (double the national figure)
- 45% were retired, (double the national figure)
- 16% were disabled
- 14% were unemployed (almost triple the national figure).

- 20% of callers were from ethnic minorities, (double the national figure)

Starter sessions:

Evaluation shows that starter sessions were an effective way to engage new users, 86% found them useful or very useful. Additionally, evaluation showed that those who completed a starter sessions had significantly higher levels of confidence in using the internet compared with those who had yet to attend a session. The offer was therefore extended by another month into July.

Campaign Materials:

Material produced for the campaign was researched to ensure that it had resonance with target groups. The evaluation shows that messaging was effective with 85% of responders to the call back survey stating that after receiving their information pack they intended to take up the free internet starter session. Centres were also very positive about centrally provided campaign materials. As many as 94% of centres said that the promotional packs we sent them had been useful. Significantly the same percentage said that they would support a similar campaign in the future.

Awareness tracking informed us of a 4% real increase in awareness of campaign materials, amongst 2,000 interviewees in an omnibus survey, equating to approximately 1 million adults. This means that approximately 1 million people were aware that the campaign was going on.

Media Effectiveness:

Of all the communications media used TV was the most cost effective delivering a cost of £10.34 per response which compares very favourably to the industry average of £133.88 per response (note: the industry average figure is for advertising rather than programming). The half hour regional programmes (paid for) and the news strands (partner reciprocated) generated the most responses of all the TV activity. These calculations were drawn from the tracking of media codes during calls to the help line.

Of all the partners, Granada, the BBC and Age Concern generated the most response.

ROI:

An independent audit by the COI stated that this campaign delivered an ROI in media of 5 against a government funded spend of £1m, this doubled our projected ROI at the start of the campaign of 2.5. Higher than expected ROI was mainly due to additional activity being secured by both partners (Granada's Coronation Street storyline) and Government (for example, additional ministerial appearances).

7. Public Relations

Ministers helped secure significant media coverage across the campaign period. PR highlights included:

- The consumer launch with all partners tied in to regional photo calls and Granada news slots.
- Age Concern's four week Silver Surfer festival launched alongside Get Started secured extensive national coverage.
- The launch by Patricia Hewitt of One Parent Families' new internet helpdesk for lone parents secured good vertical press coverage.

- The launch of NLB's A-sites portal for the blind on the Coronation Street set with Suzanne Jones and Ian McCartney was reported by Granada news the Guardian and Computer Weekly magazine.
- The Intel Big Bang road show, toured the nation's largest shopping centres reaching over 1m people.

As part of the evaluation of the campaign we asked Metrica – an independent COI recommended agency - to evaluate our coverage. They found that:

- We managed to generate over 236 articles. All articles were favourable, four percent strongly so. The other 96% were rated as slightly favourable. We received no negative or slightly negative coverage.
- Over a quarter of the articles were case studies about people who have benefited from Internet access.
- With our PR activities we managed to reach 37% of UK adults.
- UK adults were exposed to coverage an average of 5.6 times. This is within the optimum number of times for coverage to have maximum effect on the reader.

8. Key Learnings

Key learnings which should be taken from this campaign and incorporated into future communications activities with digitally divided groups are:

1. **De-centralised communications model:** This was not a traditional centrally directed marketing communications campaign. The main role for the Government was to create a backdrop / umbrella of activity against which partners could leverage and contextualise their activity. Television programming (including Granada's reciprocated activity) was central to creating an effective background of 'noise' against which partners could deliver activity. Indeed, without Government providing investment for this backdrop of activity it would have been very difficult to secure the support of large-scale private sector partnerships.
2. **Engagement of voluntary and community sector:** Funding should be directed into intermediaries – particularly the voluntary and community sector – who are well placed to engage target audiences and deliver on campaign objectives. Age Concern provided an excellent working model. Age Concern has the relationship with the target audience, an infrastructure of centres with online capability, a wealth of expertise in running marketing campaigns targeting the elderly and the capacity to run internet sessions. They delivered excellent value for money for the campaign. £10,000 in seed funding from Government combined with an additional £150,000 from BT and Microsoft helped over 11,000 elderly users get online.
3. **Operational level partner engagement:** For partners like BT and Dixons who did not deliver as much as anticipated a key factor was a lack of engagement on the operational level. In future more might be done to ensure that partners' senior level commitment is translated into engagement on the operational level. This is essential when a campaign moves into implementation phases and partner commitments actually need to be delivered on the ground.

Extra support may also be needed for partners that are not used to working with Government and may be unfamiliar with our ways of working. This in particular would help facilitate better project planning.

4. **Slow burn:** The campaign needs to be a slow burn. In order to generate a step change in attitudes and behaviours, and the practical timescales of getting information out to interested parties, results will only be realised over a time frame of several months.
Short bursts of activities are costly and do not deliver results. Rather a gradual build up of layered, multi-channel activity will start to deliver new users over a 3 – 6 month period.
5. **Local activity:** Local, on the ground, tailored activity works best. Excellent results were achieved through a number of local authorities who orchestrated a range of activities through a variety of channels such as parish newsletters, posters in schools and internet sessions in community venues. Local authorities were also instrumental in helping to get centres and libraries in their area involved in the campaign.
6. **Long lead times:** Long lead-times are needed in order to maximise buy in from UK online centres. This is especially important for libraries who may need additional resources in order to offer one on one internet guidance. Although most UK online centres did participate in the campaign, more could have been achieved if we had been able to communicate with centres further in advance of the May launch. While decision making processes might make this challenging, in future we would recommend a lead time of no less than 6-months.
Long lead times are also essential for TV programming, not only in terms of production but also for scheduling which is generally fixed up to 6 months in advance. Similarly, for private sector partners lead times of no less than 6-months are needed in order for them to align campaign activity with their other commercial campaign
7. **COI relationship:** If COI are to manage multi-supplier relationships they must assign sufficient resources to a campaign. It would advisable to hold weekly status meetings starting at least 8 weeks before a campaign launch attended by representatives from all suppliers.

White Bridget - Cab.Sec.Office

From: Sue.Bateman@e-Envoy.gsi.gov.uk
Sent: 25 September 2003 17:58
To: minsupteam2@cabinet-office.x.gsi.gov.uk
Cc: psandrew.turnbull@cabinet-office.x.gsi.gov.uk; psdomand@cabinet-office.x.gsi.gov.uk;
colin.balmer; andrew.pinder@e-envoy.gsi.gov.uk; graham.walker@e-envoy.gsi.gov.uk;
ingrid.clifford-jones@e-envoy.gsi.gov.uk; Wanda.Serafin@e-Envoy.gsi.gov.uk
Subject: RE: Submission DA80781

PS/ Douglas Alexander

Please find attached a submission and draft response on DA/80781: Introducing the Oxford Internet Survey

Regards
Sue Bateman

Ministerial Business Manager
Office of the e-Envoy
Stockley House

Tel: 7276 3247



From: Wanda Serafin
Central Strategy Unit, OeE
6th Floor, Stockley House
Tel: 7276 3243
Fax: 7276 3293

Date: 25 September , 2003

PS/ DOUGLAS ALEXANDER

cc: PS/Sir Andrew Turnbull
PS/ Sir David Omand
PS/Colin Balmer
PS/ Andrew Pinder
Graham Walker
Ingrid Clifford-Jones

OXFORD INTERNET INSTITUTE SURVEY (DA/80781)

Issue:

1. On 16 September 2003 you received a letter entitled '*How Much is Enough for the Internet*' from the Oxford Internet Institute outlining their survey results on internet use in the UK.

Recommendation:

2. That you send the draft letter attached which:
 - i. Confirms that the Oxford Internet Institute's survey results tally with our own assessment of internet access in the UK, particularly that motivational barriers are the most significant for non-users.
 - ii. Confirms that the Office of the e-Envoy will follow up the research findings with the Institute.

Timing:

3. Routine

Background:

4. The Institute's survey was carried out earlier this year taking into account indicators such as age, gender and education when measuring internet use.
5. The key findings of the survey include:
 - i. Only 4% of the population lack ready access to a place where they could use the internet.
 - ii. The biggest difference between users and non-users is age (only 22% of elderly people use the internet).

Restricted-Policy

- iii. Of those that do not use the internet, 40% do not see the relevance of the internet to their everyday lives.
 - iv. 11% of users in the survey access the internet through a broadband connection.
 - v. The authors conclude that it will take a generation or longer before 90% of the population uses the internet regularly.
6. These findings closely mirror our own assessment of internet access and use in the UK. While internet use in the UK continues to grow, groups such as the elderly and those on low incomes are less likely to be online than other socio-economic groups.
7. Significantly the Institute's findings match those of ONS which show that motivational rather than access barriers are the most significant for non-users (50% of non-users cited a general lack of interest as their main reason for not getting on line in the most recent ONS survey).
8. Officials from the Office of the e-Envoy have met with the Oxford Internet Institute on several occasions and are arranging a meeting to discuss these survey findings.

Presentational issues:

- 9. None

Annexes:

Draft response to the Oxford Internet Institute

Draft letter for Douglas Alexander to send to Professor William Dutton and Professor Richard Rose: Oxford Internet Institute

OXFORD INTERNET SURVEY - How Much is Enough for the Internet?

Thank you for your letter dated 16 September outlining your recent internet survey findings.

Your conclusion that '*growth in Internet use can continue in Britain*' closely matches our own assessment of internet use in the UK. Levels of internet use continue to grow and the latest ONS survey indicates that 47% of all UK households now have access to the internet and a further 54% of the population are regular internet users. These are encouraging findings although, as you note, we must continue to ensure that we reach out to groups who remain uncertain of the benefits of going online.

In the context of our target for internet access for all who want it by 2005, I was particularly interested to note that only 4% of Britain's population lack ready access to a place where they could use the internet. This helps make sense of both your and ONS findings which show that motivational not access barriers are the most significant for non users. Indeed in July's ONS survey half of those who remain offline cite a general lack of interest as their main reason for not using the internet – representing 22% of the adult population as a whole.

I have asked the Office of the e-Envoy to follow up your findings on my behalf and I understand they will be in touch shortly.

DOUGLAS ALEXANDER

CABINET
OFFICE*Office of the e-Envoy***FAX COVER SHEET**Date:

From: Cass Chideock

Telephone: 020 7276 3235

Fax Number: 020 7276 3293

E-mail: cass.chideock@e-envoy.gsi.gov.uk

To: PS/ Sir Andrew Turnbull

Fax Number: 020 7276 0208

Number of pages: (Including this one) 2

MESSAGE:

Lynne,

As discussed on the phone, please find attached a copy of a letter sent by Greg Dyke to Andrew Pinder, regarding the Get Started Campaign. Andrew has asked me to forward this to Sir Andrew, for information.

Regards,

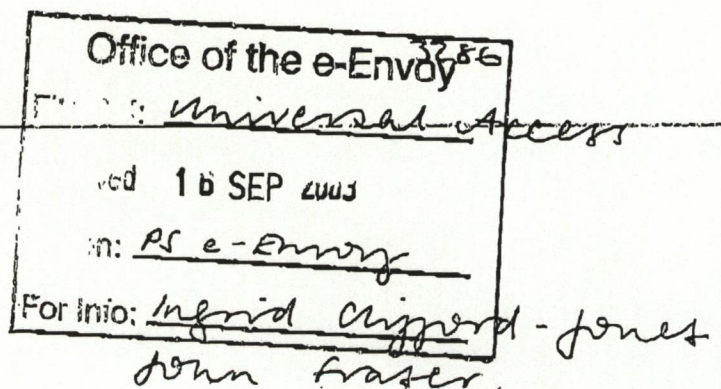
Cass



From the Director-General

8 September 2003

Mr Andrew Pinder, e-Envoy
Office of the e-Envoy
Cabinet Office
70 Whitehall
LONDON SW1A 2AS



Dear Andrew

Many thanks for your letter of 15 August and apologies for this delayed reply.

I'm pleased we were able to help with the *Get Started* campaign and that you've received such positive feedback from first time internet users. It seems to me a really worthwhile initiative and we were delighted to share some of the expertise we gained from our own *Webwise* campaign, and to gain some insight into Government plans to reach a wide variety of groups and communities.

I will certainly pass on your appreciation to those involved.

Thank you again for writing.

Best wishes

Greg Dyke

Fraser Amanda - Cab Sec Office -

From: sheridan.burnside@e-envoy.gsi.gov.uk
Sent: 08 May 2003 12:05
To: PSdalexander@cabinet-office.x.gsi.gov.uk
Cc: derek.coggle@cabinet-office.x.gsi.gov.uk; sefton.darby@e-envoy.gsi.gov.uk;
sdugmore@cabinet-office.x.gsi.gov.uk; Ruth.Kirby@cabinet-office.x.gsi.gov.uk;
aperkins@cabinet-office.x.gsi.gov.uk; andrew.pinder@e-envoy.gsi.gov.uk;
psandrew.turnbull@cabinet-office.x.gsi.gov.uk; graham.walker@e-envoy.gsi.gov.uk
Subject: Civil service internet use submission



Civil service internet
use sub...

Georgia,

please find attached submission for the Minister on increasing internet
access and use within the civil service.

Thanks,
Sheridan

Sheridan Burnside: Central Strategy Unit: Office of the e-Envoy
Cabinet Office: <http://www.e-envoy.gov.uk>; <http://www.ukonline.gov.uk>

(See attached file: Civil service internet use submission.doc)

The Cabinet Office's computer systems may be monitored and communications
carried on them recorded, to secure the effective operation of the system
and for other lawful purposes.

Andrew.

This is a note from the e-envoy's office to Douglas
Alexander on Internet access by civil servants.

For info. I had quite a bit to do with this issue at
IR. Very few IR staff have Internet access from their
PC's - I didn't in my last job - and only a small
number actually have gsi addresses.

The IR have recently decided to roll out about 5k
more accesses & it has been handled on a Business
benefit basis. The department has an Internet & e-mail
policy - recently published - which sets out acceptable
behaviours etc. The IR actually restricts the use of
e-mail for personal use & it is in fact a disciplinary
matter if staff have used e-mail for personal use.
?? cost has always been given as a reason for restricting
the number of Internet accesses.

What is the marginal cost. Zero?
All looks a bit out of date

Sue.

① Booked please & file.

From: Sheridan Burnside
Central Strategy Unit, OeE
Tel: 7276 3273

Date: 08 May 2003

DOUGLAS ALEXANDER



cc: Derek Coggle
Sefton Darby
Steve Dugmore
Ruth Kirby
Alice Perkins
Andrew Pinder
Andrew Turnbull
Graham Walker

INCREASING INTERNET ACCESS AND USE IN THE CIVIL SERVICE

Issue

1. Research suggests that only four out of ten of civil servants currently use the internet at work. Existing guidance advises departments on how to fulfil their legal obligations around the use of electronic communications at work but more needs to be done to ensure that as many employees as possible benefit from access to and use of the internet. We are committed to revising the guidance in the 2002 UK online annual report by October 2003.

Recommendation

2. That you:
- note the current levels of civil service internet use and barriers to use (annex A)
 - agree that work on this project should be taken forward jointly by CDG and OeE as described below

Timing

3. Routine.

Background

4. In July 2001 the Office of the e-Envoy published a guide to electronic communications at work which includes advice to departments on providing access to internet

and email facilities for their staff. We recommend that staff are encouraged to use the internet and email at work as a way of ensuring increased skill levels and efficiency. However, research conducted by OeE in November 2001 identified that nearly half of all civil servants still do not have access to the internet in their place of work, and only four out of ten actually use it.

5. Low use of PCs and the internet throughout society is one of the UK's relative weaknesses according to the International e-Economy Benchmarking results from November 2002. It is notable that, unlike many other nations, the UK lacks any ICT training initiatives specifically targeted at civil servants. Best practice in other benchmarked countries includes an IT Passport for civil servants (France), all to have EU computer driving licenses by 2005 (Italy) and at least one training session per head (Germany).

6. The UK civil service should act as an exemplar to other employers on providing internet access and promoting internet use at work. Some departments already demonstrate progressive attitudes to internet provision and their success should be showcased to those who trail behind. The Council of Civil Service Unions is keen for *all* its members to have access to the internet at work. Charles Clarke has been encouraging the private sector to address low levels of skills in the workforce and there is a need for the civil service to do the same.

7. The Information Age Partnership (IAP) Executive are already supportive of work in this area and in their 18 March meeting members committed to producing case studies of best practice in the private sector.

8. Existing guidance, published on OeE's website, advises on the legal requirements of the data protection act around providing access to electronic communications at work. We need to better promote the benefits of internet access and use in the workplace to civil service employers and employees alike.

9. We recommend that the most effective way of increasing internet access and use in the civil service would be to liaise directly with HR directors in government departments to develop policy on internet access at work. Meetings or seminars with HR directors in departments with a poor record of internet access would enable a targeted approach capable of addressing individual concerns and thus present the best opportunity of making a difference. This activity would culminate with the re-issuing of guidance with case studies to make a more persuasive case for internet access at work. CDG and OeE are in the best position to take forward work in this area, since increasing internet access and use must be one of the low-hanging fruits of civil service reform.

10. Next steps would be as follows:

Actions	Undertaken by CDG/ OeE with
<ul style="list-style-type: none"> • Check with Treasury solicitors that no new relevant legislation has been passed. • Gather IAP and civil service case studies to showcase best practice. • Consult with unions (Charles Cochran, Chairman of CCSU especially interested). • Arrange small number of seminars/ one-to-one meetings with HR directors in government departments where internet access is not offered to staff, or only inconsistently provided. Focus on benefits for organisation and staff and address specific objections as they arise. • Work with HR directors on ways of improving internet provision within individual departments and promoting internet use to staff. • Re-write text of guidance to emphasise reciprocal benefits to employer and employees of providing access. • Re-issue guidance. 	<p>Treasury Solicitors</p> <p>IAP/ HR contacts</p> <p>CCSU</p> <p>HR directors</p> <p>HR directors</p>

Internet access and use in the civil service

1. In November 2001 the Office of the e-Envoy conducted an e-government ICT questionnaire through the e-champions network. We received returns from 16 government departments and 3 executive agencies¹, covering 59% of non-executive agency civil servants, or 140,000 in total. The findings on internet access and use in the civil service are summarised here.
2. Our research uncovered a high penetration of PCs throughout departments (and including agencies). 94% of staff have PCs although only 81% have access to email. Internet access across the same group was 53%. These figures belie considerable discrepancies in performance across departments. In more than half of departments surveyed, 100% of staff can access PCs and email, whereas in other departments only 75% have access to PCs, 10% to email and only 1% to the internet.
3. There are also large gaps between the numbers of civil servants who have access to electronic communications and those who actually use them. Two out of every ten employees have access to a PC at work but do not make use of it in their normal work routine. 15% of civil servants have access to the internet but do not make use of it.
4. There are a variety of reasons - classified as 'high barriers' - why civil service employers do not give their staff access to the internet. Security concerns pose the most significant barrier to internet use in 70% of departments, especially for those with international networks. Despite the fact that staff themselves are perceived as willing to adopt new forms of ICT, employers are deterred by concerns that staff have insufficient skills to make use of it. Almost 70% of departments cite lack of skills as a high barrier to ICT adoption.
5. 'Low barriers' to adoption include fears around data communications expenses and poor quality data communications. Over 50% of departments share low level concerns about inappropriate use of the internet by staff. Furthermore, needing to be convinced of the benefits of the internet remains a barrier to internet adoption for at least four out of ten departments. Other barriers to departmental internet use identified in the research include data protection and legislative considerations and changing government standards.
6. Many of departments' concerns are covered in the existing guidance but awareness of guidance, as well as more generally of the implications of offering internet access and promoting use to staff clearly need to be raised.

¹ Results covered Appeals Service, CO, Court Service, DEFRA, DCMS, DfES, DoH, DTLR, DTI, DWP, Forestry Commission, FCO, HMCE, HMT, HO, Insolvency Service, MOD, ONS, and Ordnance Survey.



Michael Wills MP
PARLIAMENTARY UNDER SECRETARY OF STATE
50 Queen Anne's Gate, London SW1H 9AT

C. McBotter
CABINET OFFICE
A 4257
24 APR 2003
FILING INSTRUCTIONS
FILE No. 20/12
m

Rt. Hon Charles Clarke MP
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

22 APR 2003

Dear Charles

UK ONLINE CENTRES: SUPPORTING e-GOVERNMENT SERVICES

Thank you for your letter of 27 March which you wrote jointly with Patricia Hewitt and Tessa Jowell to Paul Boateng setting out the progress on the development of a network of UK online centres and how best to realise their potential.

UK Online centres are vital to our goals of universal access to the internet. If we can harness the network's potential to drive take up of electronic services, particularly amongst harder to reach audiences, this will both help departments to achieve their take-up targets, and the UK Online centres to maximise their sustainability. I welcome your proposals to discuss with departments how best to utilise the centres to market e-government services, and officials here will be happy to meet with colleagues to identify opportunities.

I am copying this letter to all Cabinet Members, members of PSX(E) Committee, and Sir Andrew Turnbull.

Michael

MICHAEL WILLS

R

Svensson Anna - Cabinet Secretary's Office -

From: Austin Leonie - Communication Group
Sent: 19 February 2003 14:36
To: PS Sir Andrew Turnbull; Wardle Peter - CSG (Director) -
Cc: PS Lord Macdonald - PS Lord Macdonald -; PS Douglas Alexander; Omand David -
Permanent Secretary -; Hooper Graham - Communication Group -
Subject: RE: Online nation campaign

Sally

Perhaps it would help if I clarified the advice. The raw costs quoted for the component parts of the campaign as currently scoped in the background papers I have seen are, I think, reasonably estimated at £2.675m. However, as covered in paragraphs 4 and 5 of my minute, we do need to determine whether or not running this campaign, as the Oe-E have scoped it, is the most cost effective way of delivering against the stated business objectives. The questions in the minute were set out to help this process.

Graham and I are happy to discuss further if that would help.

Léonie

LEONIE AUSTIN
Director of Communication
Communication Group
Cabinet Office
Room 053
70 Whitehall
London
SW1A 2AS
Tel: 020 7276 0079
Fax: 020 7276 0618
Email: leonie.austin@cabinet-office.x.gsi.gov.uk



-----Original Message-----

From: Warren Sally - Cabinet Secretary's Office - On Behalf Of PS Sir Andrew Turnbull
Sent: 19 February 2003 12:17
To: Austin Leonie - Communication Group; Wardle Peter - CSG (Director) -
Cc: PS Lord Macdonald - PS Lord Macdonald -; PS Douglas Alexander; Omand David - Permanent Secretary -; Hooper Graham -
Communication Group -
Subject: RE: Online nation campaign

Leonie, Peter

Andrew has commented that he doesn't agree with this advice or that £2.675 is a reasonable amount for this campaign.

Sorry!

Sally

-----Original Message-----

From: Austin Leonie - Communication Group
Sent: 17 February 2003 16:18
To: Wardle Peter - CSG (Director) -
Cc: PS Lord Macdonald - PS Lord Macdonald -; PS Douglas Alexander; PS Sir Andrew Turnbull; Omand David - Permanent
Secretary -; Hooper Graham - Communication Group -
Subject: Online nation campaign

Peter - you asked for our views on the Oe-E's proposed Online nation campaign. More than happy to discuss in more detail if that would be helpful.

Léonie

<< File: Minute - Online nation campaign.doc >>

LEONIE AUSTIN
Director of Communication
Communication Group
Cabinet Office
Room 053
70 Whitehall
London
SW1A 2AS
Tel: 020 7276 0079
Fax: 020 7276 0618
Email: leonie.austin@cabinet-office.x.gsi.gov.uk

Warren Sally - Cabinet Secretary's Office -

From: Warren Sally - Cabinet Secretary's Office - on behalf of PS Sir Andrew Turnbull
Sent: 19 February 2003 12:17
To: Austin Leonie - Communication Group; Wardle Peter - CSG (Director) -
Cc: PS Lord Macdonald - PS Lord Macdonald -; PS Douglas Alexander; Omand David - Permanent Secretary -; Hooper Graham - Communication Group -
Subject: RE: Online nation campaign

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Léonie

<< File: Minute - Online nation campaign.doc >>

LEONIE AUSTIN
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Tel: 020 7276 0079
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Email: leonie.austin@cabinet-office.x.gsi.gov.uk

To: PETER WARDLE

From: LÉONIE AUSTIN

Director of Communication
Room 053
70 Whitehall

Tel: 020 7276 0079

Date: 17 February 2003

cc: PS/Lord Macdonald
PS/Douglas Alexander
PS/Sir Andrew Turnbull
PS/Sir David Omand
Graham Hooper

Andrew -

To note.

Sally 18/2

I do not agree with this advice

ONLINE NATION CAMPAIGN

Issue

1. To consider the appropriateness of the Oe-E's proposed Online Nation campaign to achieve its objectives in light of current budget restrictions.

Timing

2. Immediate. Oe-E have already started implementing their plans for the spring campaign and need to be clear about their input if they are to maintain credibility with their external partners. The campaign has been postponed once and is up against booking deadlines for May/June activity.

Recommendation

3. To discuss the issues raised below with the Oe-E.

Consideration

4. The cost of £2.675 million for the campaign currently scoped by the Oe-E is reasonable. It appears a sensible and practical approach to deliver against the broad objectives as described in the campaign strategy, namely to increase the percentage of adults who have accessed the Internet in the last month and to achieve an increase in positive attitudes towards the Internet. However, it is not clear from the papers I have seen how this campaign fits in to the Oe-E's overall strategy and its more quantifiable business objectives. Achieving significant attitudinal and behavioural change requires consistent and sustained activity. The Government campaign most widely recognised as having successfully achieved this kind of shift is that against drinking and driving. This campaign achieved a dramatic change in social behaviour but only after many years of twice yearly campaign activity. Even though the Oe-E campaign is not trying to achieve quite the same sort of attitudinal and behavioural shift, a one off four to six week campaign is certainly not, in itself, going to have much of an impact in the longer term.

Do not agree

An inadequate comparison.

The main difference is broadband is supported by the private sector not opposed by it as our role is only to encourage shifts in access private sector does not read

5. To help assess if a campaign of this nature is appropriate to achieve the desired outcome it would be useful to know:

- i. How long term is this drive and what specifically happens next?
- ii. Does running this phase in itself commit us to running more?
- iii. How long will the external partners' effort last?
- iv. What are the longer term expectations of these partners from Government?

The links with external partners is potentially the most valuable element of the campaign and we should be clear about the level of commitment needed to deliver it.

6. To help assess if the current campaign plans are appropriate or could be improved it would be useful to know:

- i. What are the quantifiable targets for the campaign? How will they be measured over and above simply tracking the levels of awareness of the TV commercial?
- ii. What hard evidence already exists that it is this campaign which has delivered/will deliver real increases both in positive attitudes and in the percentage of adults accessing the Internet?
- iii. How big do those increases have to be for them to be worth £2.6m?
- iv. The return on investment quoted for the £2.6m, of 2.5, currently relates to an increase in output. It describes an increase in the magnitude of the campaign itself, rather than any specified or proportionate increase in the desired outcomes from running such a campaign. What is the ROI when quantified in terms of increased delivery against specific campaign objectives?
- v. Couldn't regional activity alone deliver most, if not all, of the same benefits, without a national element?
- vi. To what extent is the involvement of the external partners, such as BT/BBC/Dixons and The Sun, reliant on running the scale and shape of campaign as proposed? How do we know this?
- vii. What is the rationale for the current TV element?
 - a) Although some weight of TV advertising does appear key to engaging external partners, once again does it have to be national? Could it not be regionally targeted and/or aimed at the most cost effective airtime? For example, if the audience is acknowledged as one which is 'heavy TV viewing' presumably a lighter weight campaign could be bought to achieve our objectives?
 - b) Is 80% of the entire adult population seeing the commercial six times an appropriate level of exposure when 62% of adults **have** accessed the Internet? What exposure does the airtime deliver against our core audiences?
 - c) What specific incremental benefit is expected from the £450k being spent on the Direct Marketing element of the campaign? How effective will this activity be against our core audiences?
 - d) Could the campaign related PR be done in-house?

By e-mail

Léonie Austin

The Rt Hon Patricia Hewitt MP
Secretary of State for Trade and Industry

Douglas Alexander Esq MP
Minister of State
Cabinet Office
70 Whitehall
London
SW1A 2AS



Secretary of State
Department of
Trade and Industry

1 Victoria Street
London SW1H 0ET

Direct Line
020 7215 6272

DTI Enquiries
020 7215 5000

22 July 2002

URL <http://www.dti.gov.uk>
e-mail mpst.hewitt@dti.gsi.gov.uk

Dear Douglas,

MA

C. HS Ghosh
AW Boller
23/7
W

Thank you for your letter of 3 July about the future location of UK Online.

When Sir Andrew and I met on 20 June to discuss the proposals in his letter to me of 7 June, we agreed to defer a decision about organisational changes to UK Online pending a review of the programme's expenditure and achievement against targets. I understand that OeE had already commissioned PA to undertake a review of UK Online, and that the draft report is due shortly. If that review contains a properly rigorous assessment of achievement against targets, we will be able to use it as a basis for making decisions about the future of the programme.

I am copying this letter to Sir Richard Wilson, Sir Andrew Turnbull, Sir David Omand, Robin Young, Andrew Pinder and Jeremy Heywood.

Yours ever,
Stephen Timmins

PP

PATRICIA HEWITT

Department for Culture, Media and Sport
Baroness Blackstone
Minister of State for the Arts

2-4 Cockspur Street
London SW1Y 5DH
www.culture.gov.uk

Tel 020-7211 6252
Fax 020-7211 6309
tessa.blackstone
@culture.gsi.gov.uk

C02/08454/02554/mk

Stephen Twigg MP
Sanctuary Buildings
Great Smith Street
Westminster
London
SW1 3BT



16 July 2002

See Styles

C. Mr Butler
Mr Pinder

YOUNG PEOPLE'S INTERNET PORTAL

Thank you for your letter of 28 June asking for Ministerial support for the proposed young people's internet portal.

17th
h.

If e-government is to be successful, it is vital that the services available cater for different client groups and I agree that this is particularly important in relation to young people. I welcome the project's aim to provide the right information in an interesting and welcoming manner and hope that this may be done in an innovative way to ensure the portal is attractive to young people.

Consulting young people during the development of policies and services is of course central to the Core Principles which we are all committed to. I hope that young people will be involved at all stages of the creation of the internet portal. This will help ensure we provide a service that they will want to use and find helpful.

I would also like to draw your attention to research conducted by the Hansard Society, on behalf of the Broadcasting Standards Commission. The six month survey took the form of a 'Digital Jury' made up of a cross section of 100 16-24 year olds from across the United Kingdom. The objective of this was to analyse the ways in which young people use new media, in particular, to find out and make sense of civic information, including news and social issues. The research concludes that although the internet is the preferred media channel, navigating and finding relevant information can be difficult and frustrating for young people. Consequently an internet portal bringing together all the relevant government information required by young people to one place will be beneficial to both parties.



INVESTOR IN PEOPLE

CABINET OFFICE
A
17 JUL 2003
FILING INSTRUCTIONS
FILE NO.

As you may be aware my Department recently announced £13 million to fund a series of Culture Online projects which will offer new forms of access to the nation's cultural resources. Culture Online is an integral part of my Department's e-business strategy, and the projects which it will create will inspire and motivate young people and adults to interact with the arts, heritage and culture in new and more creative ways. We have already been in discussion with the Department for Education and Skills about how to maximise the potential of these projects through online gateway links with Curriculum Online and the National Grid for Learning, and I am sure that a collaborative approach on such important and innovative initiatives will prove fruitful.

My officials have been in touch with the Connexions Service unit and a suitable nominee has been put forward to represent DCMS interests and contribute fully to this important project.

I am sending a copy of this letter to John Denham MP, all members of the Connexions Ministerial Group, Andrew Adonis and Sir Richard Wilson.

Tessa
Tessa

TESSA BLACKSTONE

Office of the e-Envoy

Leading the drive to get the UK online

delivering



Date: 18 June 2002
Direct line: 020 7276 3300
Switchboard: 020 7276 3400
Fax: 020 7276 3293
Email: andrew.pinder@e-envoy.gsi.gov.uk

Sir Andrew Turnbull KCB CVO
Treasury Chambers
Parliament Street
London
SW1P 3AG

*a Helen flush*

Dear Andrew

Reorganisation of the Centre

Thanks for copying me your letter of 7 June to Patricia Hewitt. She and I had a preliminary chat about this last week, and I agreed to write with some suggested fine-tuning to your proposals.

The two basic thrusts of what you suggest are absolutely right. First, you want to focus the Cabinet Office much more directly on providing leadership to public sector change, with the e-government agenda very much at the heart of that. As you know, I agree with this. Second, you recognise the need to retain the concept of an e-Envoy, reporting to the Prime Minister on the Government's e-agenda as a whole. But you want both OeE in general, and my time in particular, to focus more on the e-government aspects of that agenda - and to make sure that OeE does not lead on delivering other aspects which properly fall to DTI or other departments. Again, I very much agree: this is the approach we have sought to adopt in the past. Your reorganisation of the Cabinet Office is a good opportunity for us to take a rigorous stock-take, and I have a number of ideas for re-focusing in this way. However, I do have concerns that some of your specific proposals would be damaging, and are not necessary for achieving the focus you want.

First, your description of the three broad areas of our current work is not quite right. E-government and the UK online campaign accurately capture two main elements of what we do, but the third - the work of the e-Economy team in OeE - is much wider than "promotion of broadband". This is the team which supports the e-Envoy and e-Minister in our roles of ensuring that the Government's overall e-agenda makes strategic sense - that relevant policies and programmes are joined-up, and that new strategic issues do not fall between the gaps. In short, the role which the Prime Minister agreed should be established in Cabinet office following the recommendations of the first PIU report, e-commerce@its.best.uk.

Office of the *e-Envoy*

Leading the drive to get the UK online

delivering



As I said, our approach here is very much to ensure that work is taken forward by the relevant departments, not to duplicate it from the centre. Broadband is an excellent example of this. A year and a half ago, the Government had no real policy on this issue – which cut across a number of departments – and Patricia asked OeE to lead on pulling it together. We are now well on track, with a published strategy and new units being established to drive it forward in both DTI and OGC, and discussions are already underway on transferring the day-to-day lead on broadband policy to DTI.

There are other areas I can identify where there is also scope for transitioning policy implementation out of OeE in the same way: for example, implementation of Section 8 of the Electronic Communications Act, and follow up with departments to the best practice “E-Policy Principles” for new regulation which we launched in December. I would then propose to merge my e-Economy team with my e-strategy unit, which provides administrative co-ordination (e.g. of the e-champions network). This would both give the tighter focus you want to achieve and lead to efficiency savings – which I need in any case to find following the effective cut of 22% which has been imposed on my budget this year. Yet it would still give Patricia and I the central capacity needed to support our roles on the cross-cutting e-agenda.

Second, I think you are wrong to think that the UK online campaign is not properly a central activity. It supports DTI objectives, but also some quite different goals of e.g. DfES, DCMS, Home Office. Effective co-ordination of, and departmental buy-in to, this cross-Government campaign would be much more difficult to achieve from one of the departments.

And of course the campaign is also absolutely central to the e-Government agenda. Without widespread awareness and understanding of the benefits of “e”, we will not get the take-up of electronic services we need to reap the efficiency gains of e-government. Many of the hardest to reach potential users of e-Government services will not respond to marketing campaigns focused just round those services: they need first to overcome the much wider range of barriers to any kind of Internet use which the broader UK online campaign aims to overcome. The NAO, in a current study looking at access to e-government services, are very positive about the integrated approach we are taking to marketing e-government and the wider benefits of “e”, for precisely this reason.

Finally, I’m not sure it would be desirable to jettison entirely the e-Envoy’s role as an international representative. We already work closely with BTI, and have worked with them to prioritise the use of my time. But it would be difficult for them to take on the role entirely: in many cases, the benefits come from my personal role as the PM’s “e” figurehead, and I know that No 10 value the way we can deploy this internationally. That said, given the change of emphasis you want, I’m more than happy to scale back in this area, with an even more tightly prioritised programme.

To summarise, my proposal would be to meet the objectives identified in your letter by:

Office of the *e-Envoy*

Leading the drive to get the UK online

delivering

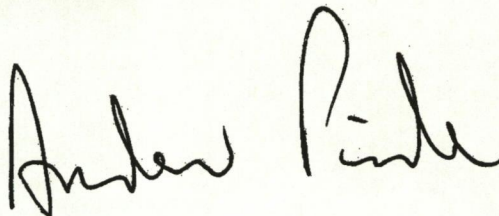


- Moving day-to-day implementation tasks which over time the e-economy team has taken on into DTI, and merging it with my central co-ordination team to provide a leaner resource supporting me across the e-agenda at both an administrative and a strategic level.
- Retaining the UK online campaign in OeE, but reviewing the strategy to ensure its central focus is on driving uptake of e-government services.
- Rein back – but not abandon – my international commitments.

Of course you and Patricia need to consider these proposals. I'd be happy to finalise the detail, and if appropriate any resource transfers, with DTI colleagues.

I am copying this to Patricia Hewitt, Douglas Alexander, Robin Young, Richard Wilson and Jeremy Heywood.

Yours sincerely



Andrew Pinder
e-Envoy

THE	
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DEPARTMENT/SERIES CAB 164 PIECE/ITEM 2339 (one piece/item number)	Date and sign
Extract details: Minute dated 17 April 2002	
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RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	8 13/11/20
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R

ser Amanda - Cabinet Secretary's Office -

From: Ibbett Ashley - Cabinet Secretary's Office -
Sent: 19 April 2002 14:11
To: PS Sir Richard Wilson
Subject: FW: UPDATE ON POSSIBLE DISRUPTION TO THE INTERNET AND OTHER VITAL NETWORKS

19/4

From: Fuller John Dr - Civil Contingencies Secretariat -
Sent: Friday, April 19, 2002 2:15:30 PM
To: Ibbett Ashley - Cabinet Secretary's Office -
Subject: RE: UPDATE ON POSSIBLE DISRUPTION TO THE INTERNET AND OTHER VITAL NETWORKS
Auto forwarded by a Rule

That's right - disruption not info, but it could be hackers with the intention to disrupt that do it.

John

A
22/4

-----Original Message-----

From: Ibbett Ashley - Cabinet Secretary's Office -
Sent: 19 April 2002 13:41
To: Fuller John Dr - Civil Contingencies Secretariat -
Subject: RE: UPDATE ON POSSIBLE DISRUPTION TO THE INTERNET AND OTHER VITAL NETWORKS

Sir Richard was grateful for this note which he found very helpful. Is he right in thinking that the vulnerability is disruption - bringing systems down - rather than hacking and access to information? Or is it both?

Ashley

-----Original Message-----

From: Smith Emma - Civil Contingencies Secretariat -
Sent: 17 April 2002 14:21
To: PS Sir Richard Wilson
Cc: Virley Simon - No 10 -; Allberry Andrew - Cabinet Secretary's Office -; Britton Paul - Economic & Domestic Secretariat -; Scarlett John - Secretariat F -; McKane Tom - Secretariat A -; Pinder Andrew - Office of the e-Envoy -; 'jonathan.sedgwick@homeoffice.gsi.gov.uk'; 'jonathan.stephens@hm-treasury.gsi.gov.uk'; 'director@nisc.gov.uk'; Prout David - D P M's Office -; Pitt Alan - Chris Leslie's Office -; Madden Sebastian - Civil Contingencies Secretariat -; Brown Nigel - Civil Contingencies Secretariat -; Fuller John Dr - Civil Contingencies Secretariat -
Subject: UPDATE ON POSSIBLE DISRUPTION TO THE INTERNET AND OTHER VITAL NETWORKS

<< File: Minute to PS Sir Richard Wilson on Disruption to the Internet and Other Vital Networks.doc >>

Emma Smith
Personal Secretary
Civil Contingencies Secretariat
70 Whitehall

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Fax: 020 7276 5628
e.mail: emma.smith@cabinet-office.x.gsi.gov.uk

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Emma Smith
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DEPARTMENT/SERIES CAB 164	Date and sign
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RESTRICTED - POLICY



10 DOWNING STREET
LONDON SW1A 2AA

e. Mr Pinder
Mr Britton
28/12
u

From the Senior Policy Adviser

20 December 2001

Dear Jo

UNIVERSAL ACCESS TO THE INTERNET

The Prime Minister has seen the e-envoy's letter of 23 November covering the draft of the above report.

He agrees that access to the Internet for all those that want it by 2005 must remain a priority in this area. In driving towards this goal, DTI, DfES and DCMS have done well to make a success of UKOnline as a cross-governmental brand. The Prime Minister feels that we must not lose momentum in the face of an apparent plateauing of demand.

The Prime Minister agrees that the e-envoy should chair a cross-departmental group to take forward the priority actions as set out in the e-envoy's letter reporting to PSX(e) in the Spring. These actions should include integrating all access initiatives to form one UKOnline branded programme aimed at getting people online. The sustainability of UKOnline centres will no doubt form an important part of this and must be addressed amongst other priorities as part of SR2002. In addition, the Prime Minister commented that the use of government services needs a big push.

I am copying this to Tom Scholar (HMT), Jonathan Mills (HMT), Bernadette Kelly (DTI), Alison Walker (DTI), Steve Bartlett (DfES) and Andrew Allberry (Cabinet Office).

Yours ever

ED RICHARDS

Jo Clift
Office of the e-Envoy

RESTRICTED - POLICY



R

Treasury Chambers, Parliament Street, London, SW1P 3AG

Andrew Pinder
eEnvoy
Office of the e-Envoy
Stockley House
130 Wilton Road
LONDON SW1V 1LQ

19 December 2001

M

Thank you sending a copy to the Chancellor of your letter to the Prime Minister of 23 November and the attached paper 'Delivering Universal Access'.

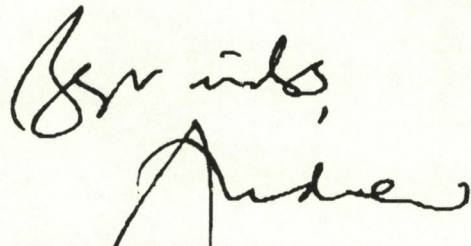
2. We are supportive of the work of the Office of the e-Envoy and welcome further progress in getting people on line.
3. With reference to the fourteen policy proposals that are outlined in your paper 'Delivering Universal Access', I recognise that these are not yet formal bids. As such I will reserve individual comment on them at this stage. However I would like to take the opportunity to emphasise the need to develop thoroughly the business cases and evidence base underlying any policies that you wish to take forward as spending bids. You will be aware that this is all the more important because current pressures on public finances, and our commitments to invest in essential



public services, mean the room to approve new expenditure in SR2002 will necessarily be limited.

4. Any bids that are taken forward by spending departments will have to be assessed alongside other spending priorities in SR2002. The support of the (non OeE) spending department sponsoring any proposed policies will therefore be essential.

5. I am copying this letter to the Prime Minister, Gordon Brown, Patricia Hewitt, Douglas Alexander, John Healey and Ed Richards.


ANDREW SMITH