

techUK—written evidence (DCL0084)

House of Lords Communications and Digital Select Committee inquiry 'Digital exclusion and the cost of living'

About techUK

techUK is a membership organisation launched in 2013 to champion the technology sector and prepare and empower the UK for what comes next, delivering a better future for people, society, the economy and the planet.

It is the UK's leading technology membership organisation, with more than 940 members spread across the UK. We are a network that enables our members to learn from each other and grow in a way which contributes to the country both socially and economically.

By working collaboratively with government and others, we provide expert guidance and insight for our members and stakeholders about how to prepare for the future, anticipate change and realise the positive potential of technology in a fast-moving world.

Overview

Good connections are available to most people across the UK.¹ Superfast broadband (with speeds of at least 30Mbit/s) is now available to 97% of UK homes and mobile operators provide a high level of 4G coverage outside of premises, with coverage from each individual mobile network in the vicinity of c.99% premises. Programmes such as the Shared Rural Network² aim to deliver 4G coverage in the UK's most rural and remote areas by 2025, and for broadband, Project Gigabit³ will use public funds to invest in gigabit-capable broadband in rural areas that may be left behind in commercial rollout.

That good connections are available, yet digital exclusion persists in the UK points to several – often complimentary – reasons for someone being or becoming digitally excluded, including:

- **Capability:** not having the skills to use a device and/or navigate the internet with confidence;
- **Cost:** not being able to afford both a connection package (i.e., a fixed broadband or mobile plan) or a device such as a smartphone, laptop or tablet which can connect to the internet;
- **Choice:** choosing not to use the internet for a variety of reasons.

Many of these issues are nuanced and their baseline requirement continues to evolve. For instance, the new skills required as family interactions often moved to video calls over the pandemic or the internet connectivity required as we moved from a largely text based internet interaction to a video heavy one. As

¹ Direct quote from Ofcom Connected Nations 2022 ([Link](#))

² Shared Rural Network – Press release 2020 ([Link](#))

³ Guidance – Project Gigabit 2022 ([Link](#))

the Committee has noted, there is evidence that indicates people on lower incomes are more likely to be digitally excluded; “this situation risks compounding economic disadvantage and increasing inequality. Interventions to address this relationship have the potential to reduce taxpayer burdens, improve individual livelihoods and unlock economic growth.”

In this submission, techUK will outline our perspectives on some of the contributory factors to digital exclusion, the impact of this, and how the tech and telecoms sector is proactively engaging in this issue to help UK consumers in special circumstances get online and participate in digital life.

Inquiry questions

1. What are the main causes of digital exclusion in the UK? What is the economic and social impact?

There are multiple, often overlapping, causes of digital exclusion that generally rotate around capability, cost, confidence and choice.

A common understanding of digital exclusion in the UK is the number of citizens unable to access the internet, with Ofcom figures indicating that the number of households who were offline at home stood at 6% in 2022.⁴ Online access is not the only factor in determining digital exclusion, it can also include lack of access to digital devices such as smart phones and laptops, or data poverty, or a distinct lack of digital skills.

Ofcom and Digital Connectivity Forum research shows that a circular lack of skills and will are the main causes of digital exclusion.⁵ The largest cohort in the ‘digitally excluded’ group are older people – 90% of those not online are over the age of 55⁶; in the over-75s demographic, 26% of all households do not have internet access at home⁷ with a larger proportion not having broadband.

There is also a smaller group of younger households without broadband, including households with children,^{8,9} where very low incomes are a key factor, although likely not the only factor.

Difficulty affording or being able to use a suitable device has been seen to be a key contributor to digital exclusion. It was the driver behind the figures on the numbers of school children that could not home school during the pandemic, with more than 1 million children lacking an adequate device compared to 200,000 – 400,000 households with children that were not online (ONS¹⁰ and Ofcom¹¹). The Government distributed 1.3 million laptops to school children

⁴ Ofcom: Digital Exclusion 2022 ([Link](#))

⁵ DCF and Comres Digital Exclusion Research Feb 2019 ([Link](#))

⁶ Centre for Aging Better research ‘...this cohort... are likely to be poorer, less well educated and in worse health than their peers’ 2018 ([Link](#))

⁷ Ofcom: Digital exclusion 2022 ([Link](#))

⁸ ONS families and households in the UK 2018 there are 8 million households with dependent children ([Link](#)) and ONS internet access households and individuals 2019 estimates 2% of these are not online ([Link](#))

⁹ Ofcom Technology Tracker 2020 ([Link](#))

¹⁰ ONS families and households in the UK 2018 there are 8 million households with dependent children ([Link](#)) and ONS internet access households and individuals 2019 estimates 2% of these are not online ([Link](#))

during the pandemic¹² with some schools and campaigners saying still more were needed. In contrast the industry effort to provide free mobile connectivity had take-up of a little more than 30,000.

The economic impact of digital exclusion has been examined by the Good Things Foundation, which found that for every £1 invested in interventions to enable digitally excluded people to build their basic digital skills, a return of £9.48 is gained throughout the economy, with a returned Net Present Value of £12.2 billion. Savings to the public purse are strong, with estimated benefits to the government of £1.4 billion through efficiency savings alone, plus £483 million in increased tax revenue, with the NHS expected to save £899 million.¹³

The social impacts are multitudinous and as diverse as the population of the UK. Examining data poverty, the Good Things Foundation found that the inability to get online excludes people in the UK from accessing essential public services and participating in UK society, and spans essential needs, identity, self-expression and connection. Digital exclusion also disproportionately affects people who already face social inequality and deepens their disadvantage.¹⁴

2. How has the rising cost of living affected digital exclusion?

a) To what extent does digital exclusion exacerbate cost of living pressures?

techUK does not conduct quantitative or qualitative research into the extent to which digital exclusion exacerbates cost of living pressures. However, we note research by others; Ofcom found that as the proportion of people without internet access declines, the negative impacts of remaining offline become more acute, as an increasing number of services and support networks become digital-only.¹⁵

There is also significant research into the interaction between digital and financial inclusion.¹⁶ In November 2022, the Mayor of London updated the London Assembly steps taken to help those digitally excluded access help and information in offline spaces, which is an alternative way of looking at this question: how can those who are digitally excluded access information on help available to cope with cost of living pressures.¹⁷

b) What are the long-term implications of this relationship?

The long-term implications of the relationship between rising cost of living and digital exclusion are significant. As more and more essential services move online, those who are digitally excluded may struggle to access them, which could lead to further economic and social exclusion. This could exacerbate

¹¹ Ofcom Technology Tracker 2020 ([Link](#))

¹² Hundreds of thousands more laptops to support disadvantaged pupils learn at home - GOV.UK 2021 ([Link](#))

¹³ The economic impact of digital inclusion in the UK: Good Things Foundation ([Link](#))

¹⁴ Local communities and the internet ecosystem: Scaling solutions to data poverty in the UK: Good Things Foundation ([Link](#))

¹⁵ Ofcom Digital Exclusion 2022 ([Link](#))

¹⁶ Financial exclusion and digital exclusion often go hand in hand: Good Things Foundation ([Link](#))

¹⁷ Cost of living help for digitally excluded groups: London Assembly 2022 ([Link](#))

existing inequalities and make it even harder for those who are already struggling to make ends meet.

In the long term, digital exclusion could also impact future job opportunities, as many industries are becoming increasingly digital and require basic digital skills. Without access to digital technologies and the ability to use them effectively, individuals may find it difficult to find work or progress in their careers.

On a broader scale, digital exclusion could also impact the overall economic competitiveness of the UK, as a lack of basic digital skills among the workforce could limit the country's ability to innovate and adapt to technological advancements.

Therefore, it is crucial to address digital exclusion and ensure that everyone has access to the digital skills and tools they need to participate fully in society and the economy, both now and in the future.

3. What are the obstacles to greater digital inclusion? Where is policy intervention likely to have the greatest impact over the next 12 months and 5 years?

As outlined in our answer to Question 1, the factors contributing to the reason why a UK citizen is digitally excluded is multitudinous. Factors could include access, skills, motivation, or trust.

Capability and skills

Whilst the perceived lack of need was a strong element of the DCF research, skills was also regularly cited.¹⁸ techUK wants to work with government to deliver a transformational package to ensure every individual has the opportunity to explore and build a digital skills portfolio that enables them to access the jobs of the future. Building on the success of the government's Skills Toolkit,¹⁹ an end-to-end 'Digital Skills Toolkit 2.0' should be funded to make digital opportunities and pathways more transparent and accessible to more people.

Policy cohesion

We recommend a dedicated Cabinet Office minister for digital inclusion. Reflecting the multiple barriers to digital inclusion, policy levers are found across multiple departments. The skills agenda formally sits with the Department for Education. Yet it was the Department for Digital, Culture, Media and Sport which published a digital inclusion strategy in 2014, though its most recent digital strategy in 2022 had few mentions of digital inclusion. The Department for Work and Pensions could be seen to play a role in supporting those that cannot afford to be online by subsidising device and connectivity costs. A Digital Inclusion Minister would help to create a joined-up approach and strengthen the link not just between Government departments but also, shine a light on the barrier that digital exclusion is to further public service digitisation.

Choice

¹⁸ DCF and Comres Digital Exclusion Research Feb 2019 ([Link](#))

¹⁹ The Skills Toolkit ([Link](#))

As mentioned, the DCF research into digital exclusion from 2019 found that you are less likely to use the internet if you are unemployed, over the age of 65, disabled or in a lower income household: the largest group by far (90%) not using the internet were the older 65s. However, half of those surveyed in the DCF research who did not have an internet connection stated that the reason that they did not use it was that they did not want it.²⁰ Whilst there can be underlying reasons – such as lack of confidence in their skills – it cannot be ignored that some people make a clear choice not to use the internet, and that a person may be unlikely to want something they have not used before or cannot use.

In subsequent research following the COVID-19 pandemic, DCF found that the pandemic hadn't fundamentally shifted underlying attitudes towards digital connectivity and encouraging movement away from an "analogue" life. In many instances quite the reverse was true. The perceived "lack of need" in the DCF's 2019 research was conflated with some fervent and emotive views around both the pervasiveness of digital devices in society, and the "nastiness" of social media. DCF found that the internet is not, as we may have believed, "an unashamed good" for all. Moreover, this view was not mitigated by any compelling internet use-case, perhaps largely due to the support of family networks, for older participants, catering for any online requirements during COVID-19 lockdowns.²¹

Similarly, 62% of people that have not used the internet in the last three months cite 'I'm worried about my privacy and security' as a reason – the most cited reason given by this group. Non- or low- internet users cite the fear of scams and fraud as a reason to not go online.²² There are therefore a number of factors that drive the choice of people to exclude themselves from life online, including those that can be addressed through a mixture of policy, digital solutions, and increased skills and capabilities on issues such as personal device security.

Improving standards and public confidence in online safety, security and data use are therefore an important means to addressing digital exclusion. However, there is a risk that some policy interventions aimed at improving online safety may have unintended consequences for the online experience of certain disadvantaged groups. Specifically, a shift towards strict age and identity verification measures for online services may lock people without IDs and credit cards out of the basic, free (ad-funded) services that people use in their daily life and work.

The benefits of free online services such as email, messaging, video platforms and others should not be underestimated, especially in a cost-of-living crisis. These services have enabled millions access to productivity enhancing communications tools, platforms to buy, sell, and market products, and the wealth of information that exists online.

²⁰ Digital Connectivity Forum (formerly known as the BSG) Digital Exclusion Research with ComRes 2019 ([Link](#))

²¹ Digital Connectivity Forum (formerly known as the BSG) Digital Exclusion Research with Savanta ComRes 2020 ([Link](#))

²² Lloyds 2022 Consumer Digital Index ([Link](#))

Many free online functionalities as basic as web search and email are based on an ad-funded model, with advertising being a significant contributor to an open, pluralistic, and free internet. An alternative web, one dependent on subscriptions and full of paywalls, would be out of reach for many people without the income to pay for it.

Ads enabled the development of Google's free search engine, which works in the same way wherever you are as long as there is an internet connection. 40% of British workers think that their job would be difficult or impossible without a search engine. Google calculates that Google Search and Google Workspace combined save British workers more than 600 million hours per year. During the COVID-19 pandemic, over half of Britons used Google Search to keep up to date with the latest Government advice on COVID-19 and 15 million British users used Google Maps to find out if local shops or businesses are open.

With a view to creating a safer online experience for all, especially children, age verification and identity solutions may be required or chosen by online service providers as a safe route to compliance. However, with the greater – and necessary – regulation of this space, there are several scenarios which could lead to 'age-gating' parts of the internet.

This creates issues of digital exclusion on two fronts. The first issue is that while it is extremely important that children are protected online from damaging harmful content and experiences there must be a discussion around how best to do this and offer safer, age-appropriate experiences to children without locking them out of the wealth of information online.

Secondly, it is important that these solutions are implemented in a way that does not prevent millions of adults from being locked out of basic free online services.

For example, relevant parts of the Online Safety Bill imply that the providers of a free service that is in scope of the Bill know the age of users in order to offer them age-appropriate experiences. This would require all users to pass an age gate, which may include entering personal details or uploading ID like passports or driving licences. Notably, 11 million UK adults do not have a passport or driving licence and 3.5 million have no form of photo ID at all. This is disproportionately the case for the most vulnerable members of society.

Measures in the Bill to require all users to pass an age gate must be designed to ensure that a requirement for a formal identification document does not become a barrier to accessing mainstream online services.

By contrast, the DWP's new verification system for social tariffs requires only an address and date of birth to verify applications. Government and Ofcom must work together with verification providers to ensure that such systems are both robust and inclusive.

There is the risk of a simplistic narrative around age assurance and verification as a silver bullet for regulation in this area. In reality it is one of a number of tools that are needed to keep children safe and that will result in more age-appropriate experiences for young people online. Regulatory proposals in this

area should remain flexible, encouraging the use of a range of tools including varied age assurance and age verification technologies.

a) To what extent would these changes help unlock economic growth?

A Digital Skills Toolkit 2.0 would enable people across all areas of society to understand the digital job opportunities available to them and the skills pathways to access those jobs.

techUK believes this solution is appropriate for those who are motivated to learn and looking to reskill but not comfortable navigating the digital landscape, a potentially vital intervention at a time when 500,000 UK citizens left the labour market after the pandemic.

Businesses already offer a wide variety of online and in-person training, from basic digital skills right through to courses on the latest technological developments. We need to find a way to bring these initiatives together and increase the confidence people have investing their time in training opportunities.

For example, BT Group recognise skills as a key barrier to digital inclusion several years ago and its "BT Skills for Tomorrow" programme has helped 14.7 million people with digital skills with an aim to help 25 million by 2026. Given the large majority of those digitally excluded are older people, in 2023, BT Group is focusing its digital skills support on older and digitally excluded citizens to ensure they have the necessary skills to make the most of life in the digital world. AbilityNet will deliver a nationwide programme to digitally upskill 4,000 older people through over 1,000 group & 1:1 training sessions.

Regarding the use of free, ad-funded online services, there is significant scope for further enhancing productivity. 40% of British workers think that their job would be difficult or impossible without a search engine. Google calculates that Google Search and Google Workspace combined save British workers more than 600 million hours per year. During the COVID-19 pandemic, over half of Britons used Google Search to keep up to date with the latest Government advice on Covid-19 and 15 million British users used Google Maps to find out if local shops or businesses are open.

4. How effective are Government initiatives at addressing digital exclusion? What further action is needed, and what should be done to provide offline access to services?

Digital exclusion is complex and there needs to be a range of targeted solutions to help solve this issue.

Historically, the government's approach has been largely focused on improving digital skills and increasing access to digital devices and infrastructure, but this approach may not fully address the needs of those who are digitally excluded due to reasons beyond lack of access or skills. There is a need for a more holistic approach that takes into account the complex and overlapping causes of digital exclusion, including affordability, relevance, and trust.

Furthermore, there is a need to provide offline access to essential services for those who are unable or unwilling to access them digitally. This could involve the provision of physical access points and support services in community centres, libraries, and other public spaces. It is also important to ensure that offline services are accessible, affordable, and high-quality for all users.

We welcome recent Government initiatives such as the Help for Households campaign which includes awareness raising for initiatives such as social tariffs.

To address digital exclusion in the long term, there needs to be a coordinated effort by the government, private sector, civil society, and communities. This could involve the development of targeted interventions that address the specific needs of different groups, such as older people, low-income households, and those living in rural areas. It also requires collaboration between different sectors to ensure that digital inclusion is embedded across all areas of policy and practice.

However, to fully end the digital divide we need collaboration across Government, industry, and civil society. For example, this could include a long-term cross-departmental strategy – led by a Digital Inclusion Minister from the Cabinet Office - to collate the data on who and what support is needed along with bringing together connectivity, devices, and skills to develop a full solution.

Also, the ability to continue to maintain and invest in networks so people aren't left behind due to poor connectivity. This requires continuous investment to maintain and improve our existing network while look to how we transition to advanced communications services and technologies, like full fibre and 5G.

5. How well are existing industry initiatives (for example cheaper internet tariffs) addressing digital exclusion? How could they be enhanced?

The telecoms sector has longstanding initiatives and programmes in place to help its customers, and these efforts predate both the cost of living crisis and COVID-19 pandemic. The major telecoms retail brands in the UK have launched schemes including discounted products and free connectivity to help customers who are in special circumstances, from Sky's Broadband Basics,²³ BT Home Essentials,²⁴ Hyperoptic Fair Fibre,²⁵ Virgin Media²⁶ and Vodafone.²⁷ techUK does not hold research or data to quantify the impact of these initiatives but would happily make introductions to individual providers for the Committee.

On the broader issues of digital skills, technology companies provide a wide range of free digital skills and career training which contain a wealth of industry-developed content. This includes: Google's Digital Garage, Google Career Certificates, IBM Training,²⁸ Cisco Networking Academy,²⁹ AWS Training and

²³ Sky Social Tariffs ([Link](#))

²⁴ BT Home Essentials ([Link](#))

²⁵ Hyperoptic Fair Fibre Framework ([Link](#))

²⁶ Virgin Media Low-cost Broadband ([Link](#))

²⁷ Vodafone Essentials Broadband ([Link](#))

²⁸ IBM Training ([Link](#))

Certification,³⁰ Salesforce Trailhead,³¹ LinkedIn Learning,³² BT Skills for Tomorrow,³³ Accenture/FutureLearn,³⁴ VMware Education³⁵ and more.

Many of these courses have been made available via the Government's recently refreshed *Skills Toolkit*.³⁶

6. How effective is civil society at supporting digital inclusion? How could this work be enhanced, and what is the appropriate balance between civil society and Government intervention?

Civil society is an essential partner for the implementation of industry schemes. For example, organisations such as The Good Things Foundation have partnered with technology firms to support their work in communities across the UK.

The organisation Make It Click supports people with low internet use to increase confidence, learn new digital skills and achieve positive employment outcomes. A programme supported by Google supported 25,000 people and delivered new learning about the target audience, set out in an end of programme report.

The Sky Up programme will invest £10m to level up communities in the markets that Sky operates in, with a priority focus on under 25's in low-income areas and over 65's given that these groups are most at risk of digital exclusion in our society.³⁷ The first pillar of Sky Up is the delivery of 100 new Digital Hubs, powered by Sky's broadband network, and partnerships with local and trusted charities in the heart of the community to provide free internet access and digital skills support. One charity Sky Up has partnered with is Age UK, to aim to support over 65s by offering them advice and training to make the most of services and opportunities available online through Sky's Digital Hubs.

In 2022, Google.org is supporting the Good Things Foundation's 'Fix the Digital Divide' campaign. Working with 1,500 community organisations across the UK to ensure that up to 25,000 people from underrepresented communities receive extra support getting online and increase equal access to digital skills training.

Fix The Digital Divide in the UK works through creating a national social infrastructure in the UK comprising:

- National Databank³⁸ - providing free connectivity data (SIMs, mobile data) that community-based organisations. A world-leading initiative, innovating to address data poverty. This is supported by Virgin Media 02, Vodafone and Three.

29 Cisco Networking Academy ([Link](#))
30 AWS Training and Certification ([Link](#))
31 Salesforce Trailhead ([Link](#))
32 LinkedIn Learning ([Link](#))
33 BT Skills for Tomorrow ([Link](#))
34 Accenture FutureLearn ([Link](#))
35 VMware Learning ([Link](#))
36 The Skills Toolkit ([Link](#))
37 Sky Up Programme ([Link](#))
38 Good Things Foundation – National Databank ([Link](#))

- National Device Bank³⁹ - providing free refurbished digital devices that community-based organisations can gift to their beneficiaries, and supporting the circular economy.
- National Digital Inclusion Network⁴⁰ - providing local support for digital motivation, confidence and skills, through a diverse range of community-based organisations, using resources and training provided by Good Things Foundation.

7. What lessons can the UK learn from abroad?

The UK can learn from the experiences of other countries that have developed successful strategies to tackle digital exclusion. For example, Denmark has developed a digital inclusion strategy that involves collaboration between the government, civil society, and the private sector to ensure that all citizens have access to the internet and the skills to use it effectively. This strategy includes initiatives such as providing free digital skills training to vulnerable groups and funding community-led initiatives to improve digital infrastructure in rural areas.

Australia has also developed a comprehensive digital inclusion plan, which includes initiatives such as the "Be Connected" program, which provides free digital skills training to older Australians, and the "Mobile Black Spot Program," which aims to improve mobile coverage in rural and remote areas.

In the United States, the Federal Communications Commission has launched the "Lifeline" program, which provides low-income households with a discount on internet and phone services, as well as the "ConnectHome" initiative, which provides affordable internet access to families with school-aged children living in public housing.⁴¹

Estonia planned to embed digitalisation at the heart of all public services, and to enable this, had a comprehensive programme of skills and connectivity funding to draw the digitally excluded online.⁴²

The EU's Digital Inclusion policy, which aims to ensure that everybody can contribute to and benefit from the digital world.⁴³ The policy supports various actions such as improving broadband connectivity, enhancing digital skills and competences, promoting e-government services and fostering social innovation.

The Digital Inclusion Navigator, an online tool co-developed by the UNDP and the World Economic Forum to help governments learn from examples of inclusive digital approaches and access resources such as best practices, playbooks and ongoing initiatives.⁴⁴ The tool covers four dimensions of digital inclusion: access, skills, use and innovation.

³⁹ Good Things Foundation – National Device Bank ([Link](#))

⁴⁰ Good Things Foundation – National Digital Inclusion Network ([Link](#))

⁴¹ FCC Lifeline Program ([Link](#))

⁴² Estonia – Digital Skills and Jobs Coalition ([Link](#))

⁴³ European Commission – Digital Inclusion ([Link](#))

⁴⁴ World Economic Forum - Digital Inclusion Navigator: A platform to help bridge digital divide for billions ([Link](#))

Overall, the UK can learn from these initiatives and strategies to address digital exclusion, particularly in terms of collaboration between the government, civil society, and the private sector, the importance of targeted support for vulnerable groups, and the need for innovative approaches to improve digital infrastructure and connectivity in remote and rural areas.

Of comparable European countries, only France has better outcomes than the UK in terms of pricing of broadband and uptake (though they lag well behind the UK on superfast coverage). Yet France has put 20 billion euros of public money into telecoms connectivity over the last decade. This is in contrast to the UK's (planned) £5 billion investment of public money.

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