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The Digital Economy

Purpose of report

For discussion and direction.

Summary

This report updates Members on key developments in the digital economy landscape and the LG Group's response to date, and asks Members to comment on and agree a suggested work programme.

Recommendation

Members are asked to comment on and agree the work programme for the digital economy set out in paragraphs **12 to 15**.

Action

To be taken forward by forward by officers as directed by Members.

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Digital Economy

Background

1. The Board last discussed digital inclusion and superfast broadband in January. At that meeting, the Board endorsed local government's role in promoting digital inclusion and highlighted the link to the roll out of high speed broadband in rural areas.

Government Policy

2. There are several interdependent elements to the government's policy on the digital economy:
 - 2.1 **Roll out of superfast broadband** - The government wants to bring superfast broadband to all parts of the UK and create the best broadband network in Europe by 2015. It is investing £530m through Broadband Delivery UK (BDUK) to reach parts of the country where public funding will be required alongside private investment. There are currently four councils leading pilots. BDUK received over 18 expressions of interest from councils wanting to be part of the next wave; three of these have been given funding to proceed, the remaining 15 are being supported to get their local broadband plans to a point where funding can be released. (See **Annex 1** for a summary of the pilots).
 - 2.2 **Digital inclusion** - There are nine million people in the UK who have never used the internet. Martha Lane Fox is the government's UK Digital Champion and Chair of Race Online 2012 campaign to encourage people to get online. The campaign has now recruited 1,200 partners across the public, corporate and charity sectors, pledging to support more than two million people to get online. The campaign formally ends in 2012 and legacy planning is underway.
 - 2.3 **Local media** - The Government's goal is for 10-20 local TV services to be in operation by 2015, with the first local services licensed from summer 2012. 48 expressions of interest to run local TV stations were received, mostly from national and local commercial organisations, but also from a smaller number of not-for-profit organisations.
 - 2.4 **Digital switchover** - By 2012, analogue television services in the UK will be replaced by digital. The government has said that the digital switchover for radio can only be made once 50 per cent of all listening is to digital (it is currently 24 per cent).

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- 2.5 **Spectrum** - The public sector currently holds around half of the most useful spectrum (needed for wireless communications) for a wide range of services including defence, emergency services, transport and science. The Government is committed to releasing 500 MHz over the next 10 years and is currently consulting with industry.
- 2.6 **Communications review** – The Government is reviewing the regulatory framework with a view to a new Communications Act in 2015.

Key Issues for Councils

3. The digital economy presents huge opportunities to make savings in public service delivery, improve people's quality of life and support local businesses.
4. There are major opportunities to embed digital inclusion in the improvement of public services and developing independence and resilience in communities. For example, getting people on line can help people to strengthen connections with friends, family and wider communities and secure the benefits from shopping online. Research has shown that people can save around £270 per year by completing key transactions online.
5. The roll out of superfast broadband is providing essential infrastructure for many businesses, especially in rural areas, which will help drive growth in the local economy and create jobs. In Cornwall the £132m investment in superfast broadband, financed by BT and the European Regional Development Fund, will deliver 4,000 jobs, growth and open up new economic opportunities for businesses and households. The Economy and Transport Programme Board recently discussed this with Cornwall Council at a joint Board meeting.
6. There are interactions between digital inclusion and the roll out of superfast broadband – for example, a bigger demand for broadband makes roll out more financially viable to the private sector. An ideal scenario would be one where service transformation, digital inclusion and superfast broadband come together. Councils are best placed to join this activity up. Nationally, Race Online 2012 is working with BDUK to make sure that superfast broadband pilots are generating demand for superfast broadband as well as focusing on the infrastructure.
7. The digital switchover will help to increase consumer choice and the quality of experiencing media and plans for local media could increase access to locally tailored content.

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8. Councils have a key leadership role to play in ensuring that their communities benefit from the digital revolution. These include:
 - 8.1 **Providing political leadership** on the digital economy; positioning it at the heart of the council's approaches to service transformation, economic growth and quality of life;
 - 8.2 **Supporting local people to get on-line.** For example, Barnsley Metropolitan Borough Council has secured £3m European and Government funding to develop and train a network of digital mentors to help get 100 per cent of its residents online by 2012. This is crucial when, for example, the government is aiming to administer as much of the Universal Credit as possible online;
 - 8.3 **Developing a Local Broadband Plan**, which is a requirement of starting the process to access BDUK funding, and brokering local partnerships with commercial providers to support this;
 - 8.4 **Improving customer experiences and achieving savings from channel shift.** Making council services and information available online can help to improve the quality of service and enable councils to save money;
 - 8.5 **Raising awareness about the digital switchover for television and radio** through local information campaigns.
9. But there are some challenges. How can councils think creatively about securing the upfront investment in new technology that is needed to release longer term savings? Can the government's rollout of superfast broadband keep pace with councils' demand to access it? Do all councils have the procurement expertise to broker local partnerships with broadband providers? How can we develop commercial models that will bring the internet to non-geographic communities that private providers won't always reach, such as social or sheltered housing? How can we make it easier for councils to source affordable hardware that will help people to get online?

LG Group Response

10. The LG Group is already very engaged with the digital economy agenda. Key roles are to support councils to make the most of the opportunities presented by the digital economy, to represent councils' interests nationally to government, Race Online 2012 and BDUK and to support government and councils to join-up the different elements of the digital economy agenda.

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11. We are doing this by:

- 11.1 The Chair of the Board has regular meetings with the Culture Minister, Martha Lane Fox and officers work closely with BDUK and Race Online 2012;
- 11.2 We are working with government to set up a Ministerial Community Services Group to agree a joined-up approach to inter-connected community service issues, including the modernisation of the post office network, digital inclusion, superfast broadband, service delivery from community buildings and the future of the library service;
- 11.3 We are raising awareness about the digital inclusion agenda and sharing examples of good practice through **first** magazine, joint communications with Race Online, Knowledge Hub and our events programme. The LG Group is also a partner of the Race Online 2012 campaign;
- 11.4 We are working with Broadband UK to support the role of local government in procuring broadband infrastructure in the pilot areas – to help consolidate local government’s leading role and ensure the lessons from the pilots are shared across the sector.

Work programme

Members are asked to comment on a suggested work programme for the next 6 months.

12. **Supporting Race Online 2012 Campaign’s legacy planning:**

- 12.1 Raising the profile of and sharing the learning from Go ON Places – a place based initiative led by local councils which brings cross-sector partners together at a local level to reach out and support people to get online. Race Online 2012 is working with Leeds and Liverpool to develop Go ON models that could be replicated beyond the Race Online 2012 campaign. They are also working with Barnsley and the Highlands and Islands in Scotland.
- 12.2 Supporting Race Online 2012 to recruit more digital champions – the campaign currently has 200,000 champions and aims to recruit one million digital champions by the end of June 2012. Digital champions are volunteers who have signed up to help their family, friends and communities to get online.
- 12.3 Negotiating affordable hardware deals – Race Online 2012 aims to remove affordability as a barrier for the 4m of the 8.7m offline who are both digitally and socially excluded. Race Online 2012 is keen to work with the LG Group to encourage more local councils to donate excess and

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surplus PCs. Race Online 2012 currently offer three packages under £100 which include a refurbished computer, high quality spec software, accessibility and security software, telephone support and mobile connectivity (one to three months);

12.4 We are also exploring whether we could host Race Online 2012's resources for councils on the new Knowledge website.

13. Continuing to work with BDUK on the roll out of the superfast broadband pilots:

13.1 Supporting councils to develop Local Broadband Plans by June 2012, the deadline for accessing BDUK funding. We will do this by sharing learning from successful applications, for example, we are hosting a joint event for councils with BDUK on 26 July;

13.2 Continuing to offer specialist support to the superfast broadband pilots through Local Partnerships and sharing the learning. We are also arranging for the Chair of the Board to visit the Herefordshire pilot in September.

14. Exploring whether we can develop commercial models that offer communities in social or sheltered housing a mix of low cost broadband access and cheap kit.

15. Embedding the digital economy in the Group's wider work on issues such as the Universal Credit and economic growth and to support the sector with service transformation and their online and IT strategies.

Financial Implications

16. The work programme can be carried out within existing resources.

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Annex 1

BDUK Superfast Pilots update

Overview

- All projects and have had confirmation of their funding from BDUK;
- All projects are now in procurement phase and are likely to have a healthy competition;
- Pilots are pursuing state aid approvals with the exception of North Yorkshire who already have it in place.

Cumbria

- Currently in dialogue with suppliers as part of their procurement process;
- Moving towards a comprehensive funding strategy which includes BDUK funding, ERDF and local authority funding;
- As well as progressing a county wide procurement, a number of community based mini- projects are being developed to test community- led initiatives, some of which are aligned with the Big Society pilot area in Eden in Cumbria.

Herefordshire

- Herefordshire's Commercial Board approved the start of the procurement process and the issuing of the Pre Qualification Questionnaire (PQQ) to bidders in early June with the end date for submissions on July 7;
- An industry day took place on 20 of June and was attended by 15 suppliers and appeared to be well received;
- The full project team is now in place. A commercial role will also be appointed to assist the council through the process and specialist legal support is being scoped out;
- The project now has a full understanding of the timelines, processes, scoring mechanisms, decision points and resource requirements through to March 2012.

Highlands and Islands (within COSLA's remit)

- The procurement contract notice was issued 7 June;
- Held an industry day on 23 June – attended by 20 suppliers and well received
- PQQ to be evaluated at end of this month;
- Have funding from BDUK, ERDF and from Highlands and Islands Enterprise but are looking for additional funding from other sources.

North Yorkshire

- PQQs have been received and respondents are currently being scored and the results of this scoring are scheduled to be submitted to a Special Project Board meeting planned for 11 July;
- Ongoing engagement with the LEP focusing on demand stimulation;
- Plans being developed to support communities to develop their own projects.