



**annual report
2003**

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Foreword

Four years ago the Government appointed an e-Envoy 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.

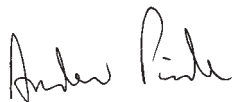
For our economy, the challenge has been to use ICT to increase the productivity and competitiveness of UK business and to maintain macroeconomic stability. The market has been the key driver of progress, but the role of government has been to create a world-class market environment for electronic business.

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 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



“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 an 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 November 2003, there were over 3 million broadband subscribers in the UK.
 - We have one of the fastest growing broadband populations in the world.
- 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 £23 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;
- exploring the scope to work more closely with industry to focus on those who are disengaged more broadly from technology;
- 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/cci/hugget.asp?id=8

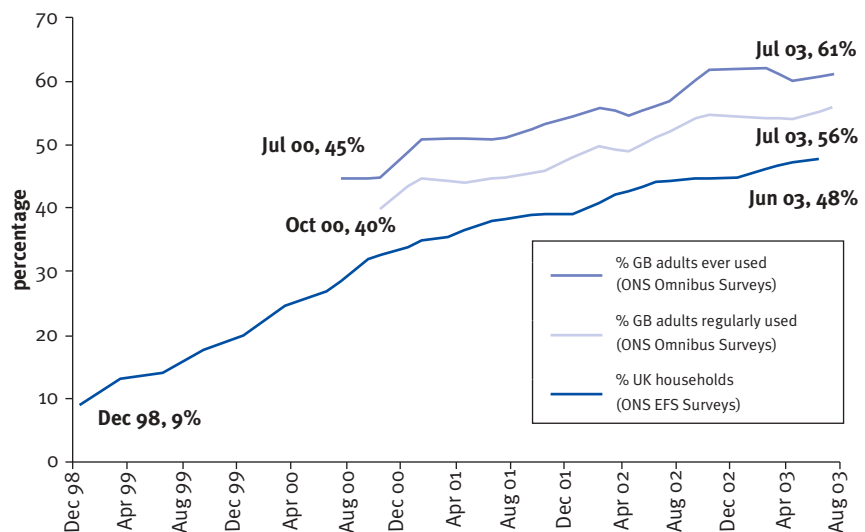
Progress since then has been rapid. Early deregulation of the telecoms market and the introduction of Flat Rate Internet Access Call Origination (FRIACO) have laid the foundations, stimulated competition, and driven down consumer and business access prices. The UK now enjoys some of the lowest internet 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/cgi/hugget.asp?id=8

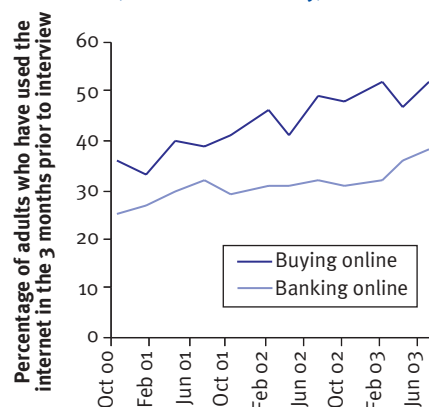
⁵ International e-Economy Benchmarking Report, The World's Most Effective Policies for the e-Economy, Booz Allen Hamilton/INSEAD, November 2002. www.e-envoy.gov.uk/Resources/ATReportsArticle/fs/en?CONTENT_ID=400004&chk=R7qwkrr

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 3 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 (OfTel) 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 for 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, OfTel, December 2003. www.ofcom.org.uk/legacy_regulators/oftel/broadband_brief/index.htm#9

⁸ Internet and Broadband Brief, OfTel, September 2003. www.oftel.gov.uk/publications/internet/internet_brief/broad1003.pdf

⁹ www.oftel.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 3, 5 and 10 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 to

tackle digital exclusion, we will explore the scope to work more closely with industry to focus 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 DTV. Predominantly these are likely to be groups facing multiple forms of social exclusion.

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.

²³ 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



Photo copyright: Ellis O'Brien

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 dramatic 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. With the number of broadband subscribers growing by some 160,000 a month, by the end of November 2003 a significant milestone was reached with over 3 million broadband subscribers in the UK. This is 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 UK businesses are helping to lead this charge towards a broadband Britain. 28% of businesses (10+ employees) now have broadband access, up from 18% last year. Take-up increases with business size, eg 78% of large companies (over 1,000 employees) use broadband.³²

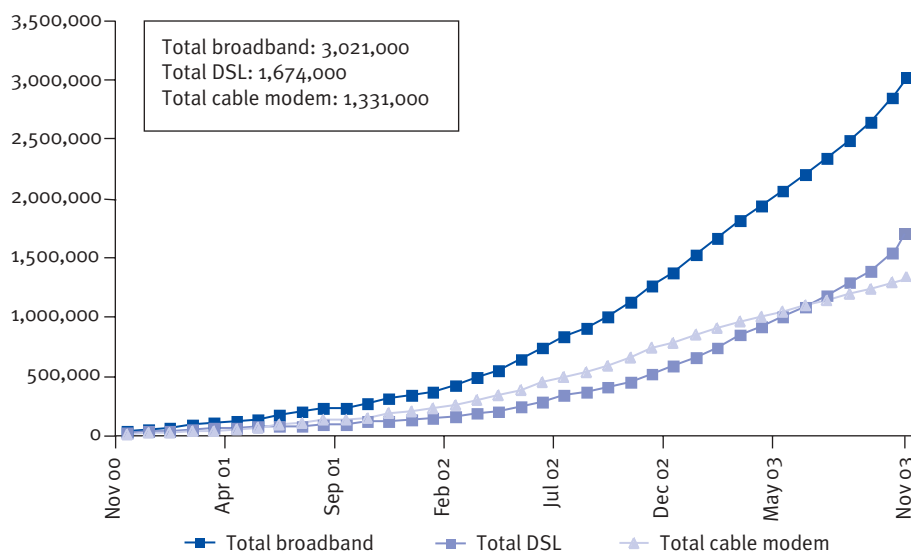
³⁰ *Analysys for DTI, May 2003.*

³¹ *Analysys for DTI, October 2003.*

³² *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 Ofcom 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%.³³ 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.³⁴

Figure 3: UK broadband users as at end November 2003³⁵



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.³⁶ 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.³⁷ 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.

³³ Internet Benchmarking Study of Internet Access, Ofcom, October 2003.

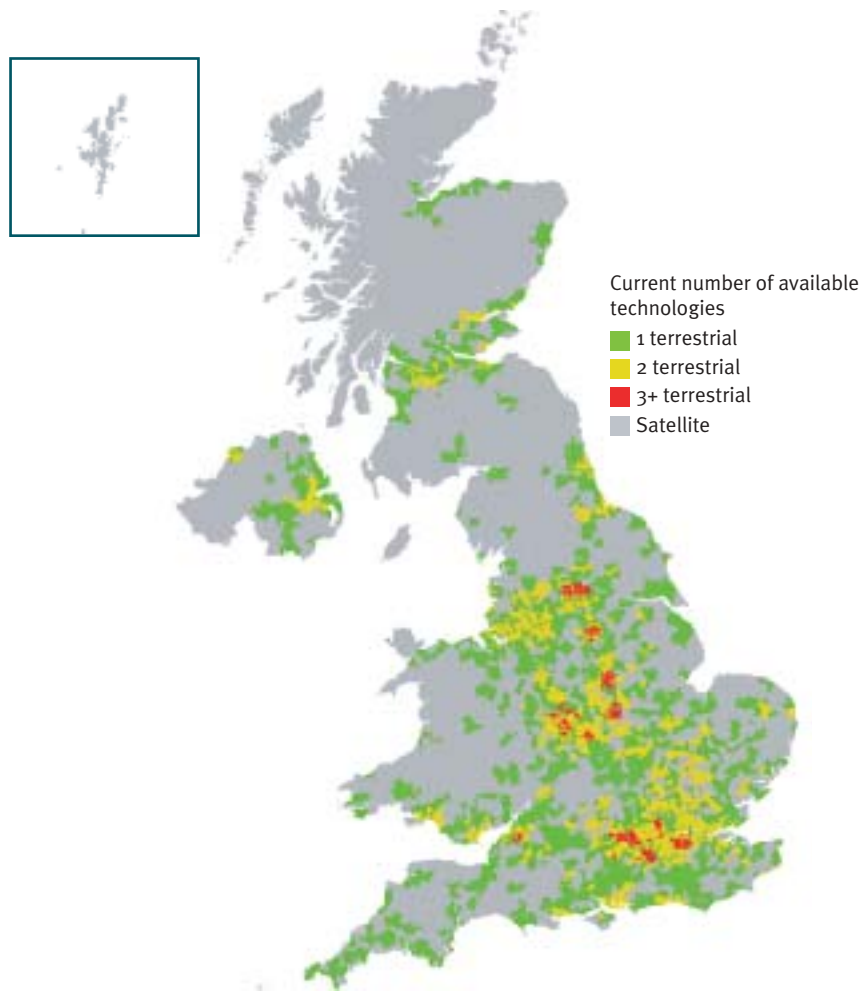
³⁴ Analysys for DTI, May 2003.

³⁵ Ofcom, November 2003 (underlying data confidential).

³⁶ Internet and Broadband Brief, Ofcom, September 2003.

³⁷ Internet and Broadband Brief, Ofcom, 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 Environment, 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.³⁸ 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%.³⁹ 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*⁴⁰ 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.⁴¹

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.⁴² 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.⁴³ A more pressing challenge

³⁸ ICT and Economic Growth: Evidence from OECD Countries, Industries and Firms, *OECD, 2003*.

³⁹ Work Skills in Britain 1986–2001 and Adult Basic Skills Strategy Unit Survey 2003.

⁴⁰ www.dfes.gov.uk/skillsstrategy

⁴¹ See 'Sophisticating use' section for further details.

⁴² *International e-Economy Benchmarking Report, The World's Most Effective Policies for the e-Economy, Booz Allen Hamilton/INSEAD, November 2002*.

⁴³ 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 2003.⁴⁴ 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

⁴⁴ 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.⁴⁵

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 2007,⁴⁶ 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

⁴⁵ For further details of the work of e-Skills UK see www.e-skills.com

⁴⁶ www.dti.gov.uk/ewt/ecommerce.htm

December 2003.⁴⁷ 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.⁴⁸ 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.

⁴⁷ *The Broadcasting Standards Commission, the Independent Television Commission, Oftel, the Radio Authority and the Radiocommunications Agency.*

⁴⁸ 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 indicates⁴⁹ 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.

⁴⁹ 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.

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%)⁵⁰ of companies with a web presence. New statistics from ONS show that in 2002 UK businesses sold over £23 billion over the internet, a rise of nearly 40% on the previous year.⁵¹ 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 2003.⁵²

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.”

⁵⁰ International Benchmarking Study, DTI, 2001. Note: all percentages on business use of ICT are weighted by number of employees.

⁵¹ e-Commerce Survey of Business, ONS, December 2003.

⁵² International Benchmarking Study, DTI, 2003. Note: due for publication December 2003.

Figure 5: Facts and figures – 2002

1. 79% of businesses have internet access [†]
2. 28% of businesses have broadband access [†]
3. 54% of businesses buying online
4. 32% of businesses selling online
5. £23.3 billion e-commerce transactions, up 39% from the previous year

[†] Both 1 and 2 above are taken from the e-Commerce Survey, ONS, October 2003 and apply to 10+ employees.

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 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.⁵³ 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.

⁵³ International Benchmarking Study, DTI, 2003.

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.



“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 DTV.

There still remains more to be done:

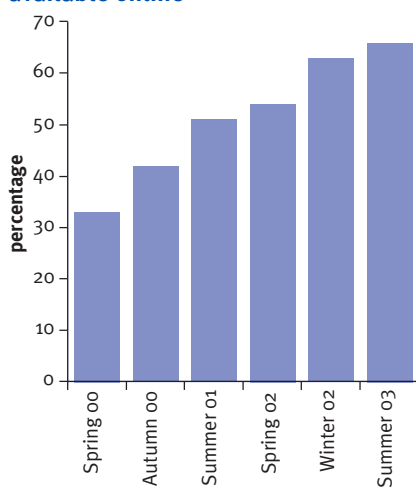
- We are now focusing on increasing the take-up of key services by increasing their customer focus.
- We are piloting an enhanced customer offering for the delivery of electronic services designed around the needs of customers, not the structure of government.
- We are working on a range of ways to give 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

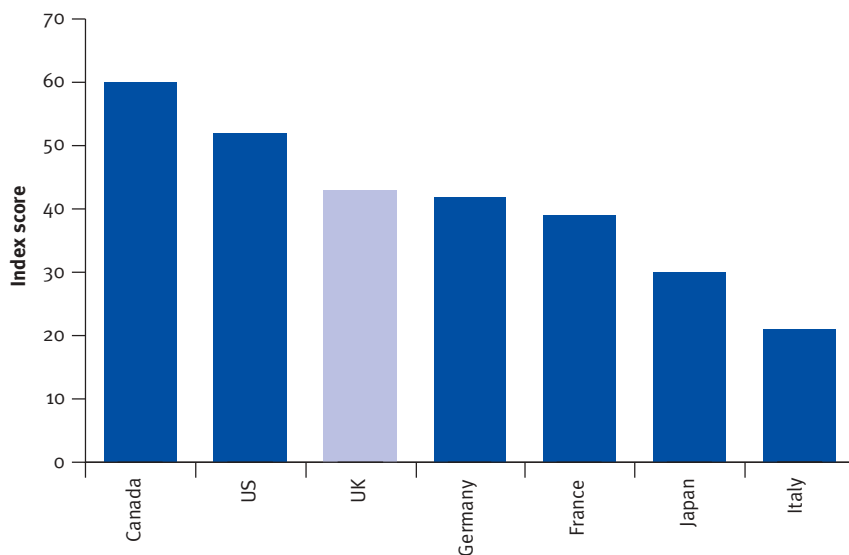
• Find out about local childcare and early education

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*,⁵⁴ 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,⁵⁵ 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 Centre⁵⁶ in 2001 paints a similar picture.

⁵⁴ *International e-Economy Benchmarking Report, The World's Most Effective Policies for the e-Economy*, Booz Allen Hamilton/INSEAD, November 2002.

⁵⁵ Web Based Survey of Electronic Services, Results of the Third Measurement, Cap Gemini Ernst and Young, October 2002.
http://europa.eu.int/information_society/europe/2002/documents/CGEY-Report3rdMeasurement.pdf

⁵⁶ 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 2003⁵⁷ 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.

⁵⁷ www.statistics.gov.uk/pdffdir/Int0903.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 framework⁵⁸ 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.

⁵⁸ 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*.⁵⁹ 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* – was published in December 2003. 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.

⁵⁹ www.govtalk.gov.uk

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;
- develop a common, trusted authentication mechanism to facilitate access to government services without requiring multiple credentials or additional registration requirements; and
- 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

The OeE recognises the vital role played by Local Authorities in developing and delivering e-government services. To this end, the OeE provides support to the ODPM-funded local e-government programme (localegov).

The localegov programme was established following the completion of 25 Pathfinder Projects (June 2001 to June 2002) that explored new ways of implementing e-government. It was set out in the National Strategy for Local e-Government, published by the ODPM in November 2002. The localegov programme has established a number of national projects that aim to deliver products, guidance, standards and take-up strategies for Local Authorities by December 2004. These will assist Local Authorities in

making real progress towards 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.



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.

The immediate challenge is to assist the smaller or slower-moving Local Authorities to keep up. This is being addressed as part of the localegov programme by, for example, funding local delivery partnerships. 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),⁶⁰ which is updated every six 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 the 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 (OSS) 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. The OeE has also actively contributed to the OSS work strands of the EU Interchange of Data between Administrations, sharing and comparing the UK's experiences.

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 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 businesses 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



Case Study

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 OSS system is currently being operated by OGC buying solutions, for customers in the Department for Work and Pensions (DWP), for the purchase of printed forms, stationery and associated items, but is intended eventually to encompass a much wider range of goods and services. As part of the system's ongoing development, a facility which allows not only the buying of goods and services, but also the payment of the resulting invoices online, will be incorporated in coming months.

The decision to use OSS was based on its proven reliability, portability and lower licensing costs. Overall it represented best value for money in this application.

⁶⁰ www.govtalk.gov.uk



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. Today the number of page views per month exceeds 3 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', are 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 basis for the delivery of joined-up e-government.

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 in 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

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, 17 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 20% 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, while supporting the continuance of the pilot programme, made a number of recommendations for its future.⁶¹ The Government's Response,⁶² 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. 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 for more people to contribute 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 genetically modified (GM) foods, pensions and the future of the EU, 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 Grub* consultation produced jointly by the

Food Standards Agency and DfES. On UK online, a new 'Guide to Government',⁶³ 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.

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 OeE 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.

⁶¹ The Shape of Elections to Come, July 2003. www.electoralcommission.org.uk/about-us/may2003pilots.cfm

⁶² www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_locgov_024001.hcsp

⁶³ www.ukonline.gov.uk/CitizenSpace/GuidetoGovernment/fs/en



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.
- **Moving towards web-based service delivery.** The online channel should not be an add-on: all external services should be primarily web-based.
- **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 that flow from active channel migration.
- **Using technology to free up those in the front line of service delivery.** Technology should be used 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 2005/06 government will be spending £320 billion on public services, with £70 billion controlled by central government. The Review aims to release major resources into frontline services that meet the public's highest priorities out of activities that can be undertaken more efficiently through greater automation and the use of ICT. The OeE 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. 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. The Head of e-Government will be responsible for delivering the existing target for electronic service delivery by 2005.



Devolved Administrations

Annual Reports for the Devolved Administrations: IT focused

Scottish Executive

Delivering excellent public services is a key commitment of Scottish Executive (SE) Ministers in their partnership agreement. The SE's 21st Century Government Unit is promoting the principles of innovative, citizen focused delivery, maintaining choice of access channels, and promoting the joining-up of service delivery across the public sector. Work is ongoing with local government and other partners to raise the quality of public services, exploiting technology where relevant and helping identify and share best practice.

The Modernising Government Fund aims to take forward partnership projects involving the innovative provision of improved public services, focusing on the citizen's needs. The first round provided support to 32 different – and diverse – projects, including: the Aberdeen Accord Card project utilising smartcards; the Dialogue Youth project; e-Care; and the award-winning Three Islands Partnership. These projects are already delivering real benefits to citizens and helping to spread good practice. Many are being developed further and the partnerships originally involved are being further extended under the second round of the Modernising Government Fund. The SE is now looking at the potential to deliver other specific commitments set out in the Partnership Agreement. For example, in relation to transport, the SE will further

examine the use of smartcards to extend the concessionary fares scheme and to develop through-ticketing schemes for integrated transport. In delivering excellent public services, the Local Authority Customer Relationship Management model will be developed to reduce bureaucracy and provide more focused services through improved management information. In health, the SE will develop the e-Care model to provide a single shared assessment, improving services to practitioners and patients alike. In education, the SE will develop the young person's card to promote cashless catering, classroom registration and use as a proof of age card, all making a contribution to dealing with issues around healthy eating, bullying, truancy action and alcohol abuse.

The voluntary sector plays an important role. With the help of organisations such as Age Concern and Citizens Advice Bureau, the SE is exploring the difficulties different groups have in accessing services, and the potential for joint working and new projects to improve the delivery of public services to some of our most vulnerable citizens.

One particularly important area being addressed is that of data sharing. The need for better use of data is central to the SE's 21st Century Government vision of better, joined-up public services.

There are three main areas where making better use of personal information can help to deliver benefits to the public:

- better, more joined-up and more personalised public services (eg reducing repetitive form filling, dealing with a range of issues at a single point of contact);
- more effective and better targeted policy-making; and
- more efficient government, giving better value to the taxpayer.

In response to requests from the Scottish public sector, a Senior Group has been set up to advise Ministers and oversee the development of a data-sharing framework to support the drive towards better services, supported by a working group with representatives from across the Scottish public sector (and the Office of the Information Commissioner). Both groups work closely with the Department for Constitutional Affairs (DCA), to ensure that any guidance developed is compatible with work they are leading at a UK level.

In the coming months there are plans to issue guidance for public sector legal practitioners, and guidance for frontline staff, to include generic codes of practice and protocols.

Good progress is being made towards the 2005 target to have all services that can feasibly be delivered online available electronically, with 83% of services delivered by the SE, its agencies and Non-Departmental Public Bodies (NDPBs) available online to some degree, and 79% of services delivered by Scottish Local Authorities also available electronically. But it is necessary to build on these projects and partnerships to make sure this agenda remains on track to deliver the continuously developing and improving services which an ever-changing Scotland needs.

The digital divide

Access to the internet is growing quickly in Scotland. Figures for 2002 show that 40% of all Scottish households are online, an increase of some 26% on the figures for 1999. This figure is still below the UK and EU averages, which means that there remains a significant proportion of society who do not have easy access to ICT or to the web. The SE wants:

- Scotland to have the fullest possible participation in the digital technologies in timescales that bring competitive advantage;
- to remove obstacles to Scotland's potential by ensuring that constraints – whether arising from lack of infrastructure capacity or for other reasons – are addressed; and
- to ensure that strategies will deliver affordable access to technology for all citizens, including those whose personal economic circumstances or geographic location might otherwise cause them to be excluded.

The SE, along with the UK Government, has already put in place a range of initiatives and schemes that will develop access, skills and content, involve communities, and contribute to the closure of the digital divide.

Digital communities

A radical £3 million initiative created pilot 'digital communities' in two deprived areas of Scotland – one rural and one urban. Households in the selected communities received IT kit and connectivity to the internet; the local authorities managed the projects and were given management funding from the SE. Each community developed a web portal with local content, and the projects are now fully up and running.

Mapping public access

The SE maintains a database of places in Scotland where the public can access the internet. This database can be searched by the public to find out their nearest internet access point via a dedicated website (www.scottishwebaccess.com) or by calling UK online (0800 77 1234).

Public internet access points initiative

This initiative is creating over 1,000 new public internet access points in a wide range of venues where people already go as part of their everyday lives, eg shops, hotels, post offices, community centres and pubs. The main focus is areas where existing access is poor and where there are disadvantaged groups. Around 700 are already up and running and costs to the public are restricted to no more than £1 per hour.

Home PC Leasing Scheme

The SE will also be leading a project to promote uptake of the salary sacrifice scheme enabled by the 1999 Finance Act, which allows employees to lease computers and peripherals for home use from their employers. The SE will carry out a procurement exercise to identify suitable suppliers on behalf of the whole public sector in Scotland and will also work with relevant representatives of the private sector to look at ways of encouraging take-up of the scheme in that sector.

Broadband in Scotland

The SE's Partnership Agreement commitment is to extend broadband connectivity for every area of Scotland, to ensure Scotland's competitiveness, both internally and internationally, in both public and private sectors. The strategy includes aggregation of public sector demand, UK regulatory liaison, and market intervention.

Major achievements under the strategy include:

- upgrade of six BT exchanges in the Highlands & Islands as part of the SE's new £24 million broadband initiative, increasing terrestrial broadband coverage from 17% to 30% of the population in this region;
- under the Pathfinder Project, tenderers have been invited to submit proposals that are currently under consideration; and
- under the Scottish programme of the UK Broadband Fund, a network of local broadband demonstration centres and a broadband information website have been established.

In February 2003, the SE commissioned Analysys Consulting Ltd to undertake research into broadband in Scotland to help inform the SE's strategy. A summary of the final report is publicly available at www.scotland.gov.uk/publications.

Welsh Assembly

The Welsh Assembly Government's ICT plan is published in its 10 year economic development strategy *A Winning Wales*. A recurrent theme throughout the plan is the importance placed upon the exploitation of ICT to build a strong, sustainable, competitive and prosperous Welsh economy. This is the work of *Cymru Ar-lein, Online for a Better Wales*, the Assembly's Information Age Strategic Framework.

The role of *Cymru Ar-lein* is to co-ordinate the successful take-up and use of ICT as a key tool for personal, community and organisational development throughout Wales. The challenge for *Cymru Ar-lein* is to engage citizens, communities and businesses in the value-added use of high speed secure internet access, and to create content, services, and

applications which increase its use for the benefit of Wales as a whole.

Welsh context

Unemployment in Wales is currently at low levels – 4.6% on the international standard count; lower than the rest of the UK and much lower than most of our European partners. This reflects real progress in the ongoing task of reinventing Wales' economic base. The Welsh Assembly Government is putting in place the lifelong learning and skills support that modern business and society need (such as the successful Modern Apprenticeship Scheme), and is committed to improving Wales' communication networks – both physical and electronic – to strengthen links to markets and increase access to work for all those who want to participate. Attempts are being made to forge closer links between research in universities and colleges and commercial opportunities. The Welsh Assembly Government places considerable emphasis on building on the success of the *Cymru Ar-lein* strategy.

Public sector

Within the government sector there are a number of key interventions to stimulate the use of ICT in Wales:

- *Informing Healthcare*. In November 2003, the Minister for Health and Social Services launched a strategy for transforming healthcare through the use of information and IT. This strategy will focus on five key benefit areas: a single patient record; workforce empowerment; patient and carer empowerment; service improvement; and knowledge and information management.

Key achievements

- The Health of Wales Information Service (HOWIS) – a web-based service providing information on health and lifestyle, and the performance, management and development of the NHS – has been

established. For more information visit: www.wales.nhs.uk

- The Welsh Assembly Government has signed a contract with the British Computer Society to support NHS organisations in Wales that wish to become accredited test centres for the European Computer Driving Licence (ECDL), a widely recognised computer skills qualification.
- *e-Procurement*. In order to stimulate Welsh e-businesses and improve economic and environmental sustainability it is essential to develop e-procurement systems that will enable the purchase of locally produced items from small businesses, taking into account the bilingual needs of the public sector in Wales, rather than moving solely towards bulk buying.

Key achievement

- The Welsh Procurement Initiative Team was established to take forward e-procurement in the Welsh public sector. The national procurement website was launched in November 2003. It consists of two separate sections: www.buy4wales.co.uk is for public sector purchasers while www.sell2wales.co.uk is for existing and potential suppliers. It is planned that both sites will provide a supplier database, purchaser contact details, a library of resources, a discussion forum, and the opportunity to advertise and bid for contracts online.

Citizens and community

A number of key interventions will stimulate the use of ICT by citizens and communities:

Key achievement

- In its first year, *Culturenet Cymru* has developed a portal to Welsh culture and heritage online (www.culturenetcymru.com). It has engaged in a range of innovative, exciting and high quality projects intended to stimulate interest in Welsh culture and heritage, and the website has run a fully animated quiz show – *Cultured Cymru*. The 100 Welsh Heroes campaign has been launched, with a pilot project – Books from the Past – which aims to develop an open source solution to the presentation of electronic text of out-of-print books on the web.
- *e-Communities programme*. This has the overriding aim of stimulating community regeneration through the application of ICT. Managed and delivered by the Welsh Development Agency (WDA) on behalf of the Welsh Assembly Government, this programme will expand the use of ICT learning centres and train individuals to use ICT as a tool to develop their communities.

Key achievements

- The Welsh Assembly Government's £1.1 million programme *Meet the Mouse*, intended to raise awareness of the benefits and practical applications of ICT for citizens, was launched in November 2003. www.cymruarlein.wales.gov.uk/skillict/seminar.htm
- All Welsh public library authorities have collectively purchased *Oxford Reference Online*. This is a free electronic version of over 100 standard reference books which can be searched online at citizens' local libraries or via an internet connection at home or elsewhere. See www.oxfordreference.com or via the local council website.

Businesses

A number of key interventions for business will help support new business models that enable new value creation across organisations. These include:

- The Welsh Development Agency's all-Wales network of ICT Support Centres, which provides impartial basic ICT help and guidance to about 5,000 businesses each year. There are 24 Centres across the 22 Unitary Authorities.
- The Objective One funded Opportunity Wales, which offers e-commerce support to SMEs in the Objective One area of Wales. A Contact Centre provides a fully effective customer relationship management operation. Over 80 trained, accredited professional advisers are able to visit SMEs to provide a free e-commerce review, followed up by additional low cost, high value consultancy services. All clients are benchmarked at the initial e-commerce consultation and are reviewed after six months.
- The Wales Information Society (WIS) Mobile Exhibition Technology Trailer, which is equipped with the latest technology including broadband satellite, video conferencing and other facilities, and continuously travels throughout Wales. The trailer aims to raise awareness of the potential benefits offered by ICT, particularly in rural areas where such facilities are more difficult to access.

Key achievement

- Cardiff Chamber of Commerce manages the UK online for business all-Wales e-Business Club, which regularly attracts over 80 SMEs to monthly ICT awareness-raising events. The SMEs are able to benefit from the experience of high profile partners, including BT, HP, and O2.
- All public sector ICT advisers providing advice to business will be TMB (Technology Means Business) accredited through the @TEB Cymru Delivery Centre, and private sector ICT advisers are encouraged to register for this accreditation. @TEB Cymru is recognised across the UK as one of the most successful TMB delivery centres.
- *The 2003 UK online for business – Interforum E-Commerce Welsh Awards* received over 1,000 nominations and had 181 completed entries, a 113% increase on last year's awards. Eight companies were short-listed in each category: e-Business Start-Up, e-Business, e-Trading and Voluntary & Community. http://www.ecommerce-awards.co.uk/shortlist/winners_w.html

Infrastructure

A priority of the Welsh Assembly Government is broadband availability. Widespread availability of broadband is essential to attain higher productivity and improve public services. The Broadband Wales Programme was launched in July 2002 and includes a number of key interventions to address market failure in Wales:

- The Regional Innovative Broadband Support (RIBS) project is a £13.4 million scheme to extend broadband connectivity in Wales. RIBS is partly funded by £2.5 million from the Welsh Assembly Government and a £5 million Objective One European grant. It forms part of the Welsh Assembly Government's Broadband Wales Programme, which is investing £115 million to ensure Wales is fully included in future high-speed communication network projects. RIBS will offer part funding for innovative, local and regional projects for recipients in the Objective One area. It will be technology-neutral and make higher bandwidths available through either fixed or mobile communication technologies.
- ELLeN is a £13.4 million project to extend availability of high bandwidth connectivity to schools, libraries, learning centres and other local authority premises in the Objective One area of Wales. The project aims to improve the Welsh Assembly Government's existing Lifelong Learning Network for Wales so that it can deliver broadband connectivity to remote schools, libraries and learning centres that could not otherwise be viably connected. All unitary authorities in Wales are connected to the Lifelong Learning Network for Wales (LLNW) and are also able to use it for their own corporate traffic.

Key achievements

- 26% of all primary schools in Wales are connected to LLNW (2 Mb minimum), along with 50% of all secondary schools (8 Mb minimum), 38% of libraries (8 Mb minimum) and 15% of ICT Learning Centres (2 Mb minimum).
- The Welsh Assembly Government has provided grant aid to each unitary authority – £63,000 per annum – to pay for dedicated staff to support ICT/broadband integration and usage in schools, libraries and learning centres.

On behalf of the Welsh Assembly Government, the WDA is implementing part of the Broadband Wales Programme through the following projects:

- *Fibre speed services to business parks/locations* – the WDA has undertaken an activity to identify parks/locations in Wales, which need immediate access to very high speed broadband connectivity. It is now undertaking a verification of demand analysis with the companies concerned. A procurement exercise is due in 2004.
- *International broadband connectivity research* – the WDA has commissioned research to identify the possible business case for Tier 1 broadband connectivity to the internet, due for completion by the end of 2003.
- *Broadband satellite subsidy scheme* – the WDA operates a scheme which subsidises the costs associated with broadband connectivity. The scheme will become technology-neutral at the end of 2003. www.wda.co.uk/en/technology_and_innovation/broadband.cfm

- The project to provide GPs' surgeries with up-to-date technology and the skills to exploit it is almost complete. It is expected that 100% of GP practices will have broadband connectivity and access to messaging and web services by the end of 2003. The Education, Training and Development (ETD) framework is supported by local ETD facilitators and aims to enable practices to fully utilise the technology at their disposal to deliver even more effective healthcare. 95% of practices are already utilising broadband connectivity through connection to the all-Wales IP/VPN network. 90% of GP practices in Wales have connected to the centrally managed messaging and web services.

For further information visit:
www.cymruarlein.wales.gov.uk.

Northern Ireland

The Programme for Government makes clear the commitment to reform public services in Northern Ireland by providing public services in a way that addresses public need, not the needs of departments and agencies. Electronic delivery of public services is central to that reform agenda.

The appointment of Ian Pearson MP in 2003 as the e-Minister for Northern Ireland has further enhanced the commitment to modernisation and reform.

Targets

In 2001 targets were set for the electronic delivery of key public services. 25% of such services were to be capable of being delivered electronically by the end of 2002. In the event the target was exceeded, with over 50% of key services e-enabled, although many of these were informative rather than transactional. Nonetheless, it is a promising start.

Strategy

Despite this early success there was a need to paint a fresh and clear vision of the future of public services, and in June 2003 Ian Pearson MP endorsed the OnlineNI strategy document which pointed to a future where: "citizens' needs will be dealt with at their first point of contact with government". This strategy will shape the e-delivery of public services for the foreseeable future.

Digital inclusion

A complementary strategy has been published on digital inclusion and a Digital Inclusion Unit established within the Office of the First Minister and Deputy First Minister (OFMDFM) to oversee the implementation of this strategy.

The ultimate aim of this strategy is to create a digitally inclusive society where all citizens (irrespective of personal circumstances) will be able to access low cost, convenient computing and internet technology.

In managing the strategy, the Digital Inclusion Unit will:

- commission surveys to track both the extent of the digital divide and the obstacles to greater use of computing and internet technologies;
- commission research to establish the full range of current and planned initiatives with a digital inclusion element across the public, private and community and voluntary sectors;
- make available – through phone, text phone, and the internet – an information database on all public facilities and initiatives in Northern Ireland relating to computing and internet technologies; and
- establish a Digital Inclusion Working Group consisting of representatives from the public, private, community and voluntary sectors to be chaired at ministerial level. If deemed appropriate by the Digital Inclusion Working Group, there will be an element of project-based funding to encourage the development of access channels and training opportunities.

Programme

Northern Ireland has been an early adopter of the Government Gateway, having three services already operating through the Gateway and a further five planned.

In March 2003, the OnlineNI Government Portal was launched, organising information from over 1,800 websites into a limited number of information streams which are relevant to the day-to-day needs of citizens. Despite a low-key launch of the portal,

initial public response has been very encouraging. Further development will take place over the next 18 months.

Call handling capability is a key element of each departmental e-business strategy, and the Department of Finance and Personnel is currently piloting work in this area. Other pilot developments include the use of smartcards, mobile working and e-participation.

Broadband

A feasibility study commissioned in January 2002 into the availability of broadband telecommunications in Northern Ireland concluded that availability could be greatly improved, particularly for SMEs and domestic users, if public sector purchasing of broadband was used to cover changes in the overall design infrastructure. Work is currently underway to establish an appropriate Broadband Aggregation Body to shape and control this work.

Classroom 2000

The Classroom 2000 project (C2K) provides the infrastructure required to ensure that the young people in our schools acquire the information and skills they need for the emerging knowledge-based economy. Through the service, all grant-aided schools will be provided with networked computers, curriculum-based educational software (agreed in consultation with teachers) and controlled high-speed connection to a wide range of online services.

Delivery and installation of the service to over 900 grant-aided primary schools was completed in December 2002 and the roll-out to the 285 publicly funded post-primary and special schools is due to be completed by March 2004. When the roll-out is complete the C2K project will have supplied almost 40,000 PCs to nearly 1,200 schools in Northern Ireland.



Sign-off Summary of 2002 Action Plan

Summary of achievements against last year's action plan

Business

Recommendation 1: Our goal is to develop the UK as a world leader for electronic business

Commitments for 2003

- To provide support to companies in their ongoing adoption of ICT through the work of UK online for business.
- To work towards the creation of a new regulatory framework for the communications sector through the creation of OFCOM.
- To work with the broadband supply industry to facilitate an industry-wide collaborative campaign to promote the benefits of broadband. To set up a new UK Broadband Taskforce.
- To seek to improve the UK's performance against leading competitor nations in the supply and application of ICT skills.
- To continue to raise awareness of the need for information security.
- To develop a strategy for the secure, innovative introduction of m-commerce.

Highlights

- UK online for business ran an awareness campaign between March and April to promote the business benefits of broadband.
- OFCOM was set up and is due to be invested with its statutory powers and functions on 29 December

2003. The changing nature of the telecommunications industry, and its continual converging, makes this new regulator necessary.

- The UK Broadband Taskforce was established and set up the Broadband Aggregation Project. This formalised the process of public sector broadband aggregation. Nine new Regional Aggregation Bodies were set up in November 2003 in each of the English regions in partnership with the Regional Development Agencies. They will be responsible for buying broadband services for public sector customers, particularly schools and hospitals.
- e-Skills and SEMTA (which looks after electronics and engineering under the ICT banner) gained licences from Sector Skills Councils with a remit to articulate and develop the skills needs of the ICT industry.
- Skills development for small businesses is being offered through 37 accredited Learndirect premier business centres and 350 other Learndirect centres are actively involved with small businesses, contributing to government skills targets for SMEs. The Learndirect e-learning network is run by the University for Industry (Ufi), the government-funded organisation set up in early 1999 to increase the skills level of the UK workforce and make learning more accessible to

adults who may have been excluded from learning earlier in their lives.

- Public consultations were set up on the implementation of the EU Directive on Privacy and Electronic Communications on access to communications data – seeking views on revised proposals for regulating a range of public authorities' access to communications data and a consultation on a code of practice for voluntary retention of communications data as required by the Anti-Terrorism, Crime and Security Act 2001.
- In March the UK became the first major market, along with Italy, to roll out a 3G service.

Government

Recommendation 2: Our goal is to make all government services available electronically by 2005 with key services achieving high levels of use

Commitments for 2003:

- Develop a longer term vision (beyond 2005) for e-government and public services.
- Develop a core e-Government Delivery Programme, including managing cross-cutting risk, monitoring progress and measuring impact through the e-Government Delivery Programme Board. Work with delivery organisations to develop evidence-based take-up strategies.
- Publish a comprehensive national strategy for local e-government.
- Work to define a common security standard for e-government service delivery, promote trust in public sector information systems and encourage widespread availability and use of authentication services.

- Identify opportunities for co-operation with other public sector organisations and share best practice.
- Publicly consult on the digital TV policy framework, and develop and deliver a citizens' portal on digital TV.
- Develop an e-democracy charter.
- Facilitate a mixed economy for the delivery of public services.
- Implement the next steps of the Open Source Software policy.
- Continue to develop the Government Gateway.
- Procure the next generation of GSI services.

Highlights

- The latest survey of departments' progress in meeting the target for 100% of services to be e-enabled by 2005 shows good progress towards achieving the 2005 target with 394 (66%) services enabled at Q2 this year.
- 17 e-voting pilots took place during the May local elections. Early figures indicate that about a fifth of voters opted to use innovative electronic voting methods. The wide range of pilots included voting by touch-screen kiosks, telephone, text messaging, digital TV and the internet.
- In September the Government published its Response to the independent Electoral Commission's report on e-voting pilots carried out by 17 Local Authorities in the May local elections.
- The Ministerial Cabinet Committee, PSX(e), approved the forward plans for the e-Government Delivery Programme. In parallel, a more formal process has been put into place for monitoring progress

against the Electronic Service Delivery Public Service Agreement target. PSX(e) also endorsed the proposal for the OeE to work with departments to agree Memoranda of Understanding. These documents clearly what each key service can expect from the e-Government Delivery Programme workstreams and what actions are expected from departments in order to improve delivery and take-up of key services.

- The e-Government Delivery Programme received take-up strategies for the majority of key services. A methodology for forecasting take-up has been developed and shared with departments.
- There are now encouraging signs of progress on take-up of government e-services. In the latest ONS Omnibus Survey it was found that 50% of the internet population (29% of the adult population) has visited a government website in the last 12 months. Of these government website users, 85% had visited sites to get information and 27% had gone on to download a form. These self-service electronic interactions with government are clearly advantageous, as they could otherwise have resulted in phone or postage interaction with higher time and cost implications for both parties.
- A survey providing a comprehensive picture across the whole of English local government was published. It outlines the approaches Local Authorities are taking and the challenges they face in the implementation of e-government.
- The DotP platform – a central website-hosting infrastructure – was launched with the migration of the UK online website.

- The Cabinet Office signed the ‘True North’ contract with ITNet. This is a five year contract which will bring together in a single infrastructure the different central IT platforms the OeE has developed over recent years, known as the Central Infrastructure: Government Gateway – a transaction engine; DotP – an integrated content management system; and the Knowledge Network – cross-government knowledge sharing.
- The National Strategy for Local e-Government was published on 27 November 2002. It is supported by a website, offering resource packs and advice to the local government community, in addition to information relating to implementation of the strategy and the document itself.
- The OeE is sharing leading practices on channel deployment in public sector bodies and has agreed strategies at the Channel Strategies Working Group and shared best practice. The working group created for the development of the Channels Framework has been reconstituted.
- The *Open Source Software Policy, Version 1* was published in July 2002 to a good reception. Since then, the UK Government has actively engaged in raising awareness of the Open Source Software policy through the new OeE/OGC-managed Open Source Software Special Interest Group which has comprehensive public sector representation. The Special Interest Group also serves to build competence in procurement in the public sector and is supported in this by the procurement guidelines recently published by OGC.
- In August the public consultation closed on the draft policy framework for a mixed economy in

the supply of e-government services, describing the principles of intermediary involvement. The consultation identified both widespread support and a need for further guidance on its implementation.

- e-Government security framework policies have been published and are supported by security standards incorporated into the e-GIF. The OeE and CSIA have worked with tScheme – the industry-led co-regulation scheme for trust services – to develop ‘Verified Identity’ standards to encourage wider availability and use of authentication services.

People

Recommendation 3: Our goal is to ensure that everyone who wants it has access to the internet by 2005

Commitments for 2003:

- To raise awareness of the internet by informing citizens about the services they can access, and the places they can do this, and by developing relevant internet content.
- To promote affordable internet access at home, at work, on the move, and in the community.
- To improve ICT skills by providing opportunities for citizens to acquire the appropriate skills and confidence to use the internet.
- To build trust in the internet by advising citizens about how best to use the internet safely and by building a coherent regulatory framework to increase consumer confidence.

Highlights

- The Get Started campaign, aiming to encourage new users to use the

internet, was run with the help of private and voluntary sector partners in May and June. Free internet starter sessions were offered and we were successful in reaching out to digitally excluded groups, in total helping an estimated 36,700 people to get online.

- The project team for Culture Online has been recruited and an invitation for expressions of interest produced 650 replies. In October the first tranche of projects was commissioned.
- The New Opportunities Fund formally launched over 150 digital content projects in March under the EnrichUK banner. The NOF-Digitisation of Learning Materials Programme aims to provide innovative content to support lifelong learning.
- In June, a joint industry–government group was established with the Information Age Partnership to take forward work on promoting the 1999 tax exemption on PCs loaned to employees. A consultation on Government proposals to promote tax-advantaged home computing initiatives across the public and private sectors was launched in October.
- DfES published a Skills Strategy White Paper called *21st Century Skills, Realising Our Potential* in July, announcing that ICT skills would be the third basic skill for life alongside literacy and numeracy.
- In January, Curriculum Online was launched, providing digital learning resources to support subjects across the curriculum. £330 million of extra funding is being given to schools over the period 2002–2006 in the form of e-learning credits which can be used to purchase digital curriculum resources.

- In June, a conference was hosted by the European Commission to mark the completion of the pilot phase of the European Extra-Judicial Network (EEJ-Net), which aims to give consumers access to alternative dispute resolution schemes in different Member States.
- The DTI launched the 2002 phase of its *Safe Internet Shopping Campaign* in November with the help of partners, producing advice for consumers on shopping safely. Guidance was available on the Consumer Gateway website and on a range of retail websites.
- The Home Office launched a month-long public awareness campaign in January 2003 on child protection on the internet, and was successful in promoting key messages about safety through television, radio and online advertising.