THE POLITICS OF
TECHNOLOGY

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WESTMINSTER ADVISERS' QUARTERLY TECHNOLOGY BRIEFING

WHAT HAVE GOVERNMENT AND OPPOSITION PROMISED AND DELIVERED ON TECHNOLOGY OVER THE PAST THREE MONTHS? AND WHAT ARE THE COMMERCIAL IMPLICATIONS OF THOSE DECISIONS?

The Politics of Technology: Introduction

One of the mantras of public affairs in the technology sector is that there is no overarching government tech policy. This is an oddity, given that questions of technology are now as pervasive in modern life as healthcare or education. Technology is changing the way individuals, businesses and Governments interact, and those changes will continue to gather speed and importance.

Instead of a Ministry of Technology or single technology policy, responsibility is distributed across a large number of departments, stakeholders, agencies and initiatives. This briefing gives an overview of Government technology announcements in the first quarter of 2014, and makes some suggestions on the commercial implications of them. This quarter has seen some major developments as the Labour party formulates its position on tech issues, and these are detailed in our briefing as well.

Inconclusive polls for next year's general election mean that it is vital to understand the thinking from all major parties, especially as they continue to develop their manifestos this year (you can read more about the people and processes behind manifesto development in each of the three main parties in our recent [briefing paper](#)).

Politics: the state of play

The Labour Party, which until recently has enjoyed leads of approximately 8% in the polls, recently saw their lead slashed to around 3%. It remains to be seen whether this is a post-budget 'bounce' or whether it is a trend set to continue. The most likely outcomes, on current numbers, seems to be a small Labour majority or a Labour-led coalition with the Liberal Democrats – but with margins so small this outlook could change significantly in the run-up to the general election.

We have grouped our overview into four themes: access, efficiencies, protection and innovation. We have also examined recent opposition announcements to build up a picture of their thinking in this area.

AT A GLANCE: POLICY OVERVIEW

- **Broadband rollout**: more Rural Community Broadband Funding; research budget for pilot projects
- **Procurement**: £100m cap on government ICT project spend; more central and local services being taken online
- **Protection**: Cyber Streetwise campaign launch; CMS Committee Inquiry into child safety published
- **Innovation:** Alan Turing Centre on Big Data announced together with more tax and investment incentives
- **Labour** policy development across digital government, creative industries and cybersecurity

Access: a three-way row over coverage, speed and skills

It is self-evident that citizens need the right infrastructure in place to trade, communicate and engage with Government online. In doing so, they boost the economy and Government can make savings by moving public services on to the internet. That is why the Government is committing significant funding to the **broadband rollout**, which is due to deliver 'superfast' (24Mbps) broadband to 95% of residential properties by 2017. This quarter, the Government has committed an extra £250m under the Rural Community Broadband Fund (RCBF) to ensure that broadband reaches the most rural areas of the UK, plus it announced a £10m research fund for firms to run technology pilots in the hardest-to-reach areas.

The Government is committed to reaching its 2017 target if re-elected, especially as the timescale has slipped once already.

Many providers of broadband infrastructure were disappointed when BT was appointed to undertake all of the projects under the main broadband rollout programme; they should be encouraged by the appointment of Gigaclear, a small alternative provider, to roll out broadband in a part of Oxfordshire – perhaps a sign that other non-BT appointments will follow.

Although the RCBF is currently closed to new applications, would-be suppliers should monitor the progress of the rollout, as future opportunities for funding and investment (such as the £10m research pot) are likely to open up – especially if timescales begin to slip again.

Broadband access is a binary issue – either citizens have it, or they do not. Programme success is easy to measure, so scrutiny of the rollout is likely to increase, especially as good

internet access is key to projects such as Universal Credit, as well as the digitisation of local government services.

Efficiencies: the war on 'bloated' service delivery

The more services that central and local Governments can move online, the greater savings can potentially be made. However, the Cabinet Office is also looking to make significant savings in central **ICT procurement** of services such as hardware, software and consulting. Francis Maude, Minister for the Cabinet Office, has frequently criticised the 'bloated' nature of some current ICT contracts and has promised a shift towards procurement from SMEs. Since 2010, under the direction of Maude's Efficiency and Reform Group, procurement has become more centralised and the Government has pushed for greater efficiencies and lower prices from its larger ICT partners.

This quarter, the main procurement announcement was that no Government ICT contracts above £100m would be approved unless there was an 'exceptional' reason. The idea of the policy is to encourage greater competition in the sector and ensure that the Government is not tied into 'inflexible' long-term contracts.

While the Government certainly intends to radically reshape the way it buys ICT services, it remains to be seen whether the cap does encourage innovation and how large projects such as Universal Credit can be delivered in the future with the cap in place.

This presents an opportunity for smaller suppliers who wish to work on smaller Government contracts, but, paradoxically, for the traditionally bigger providers too. Larger providers should certainly expect continued scrutiny from the Cabinet Office, National Audit Office and the Public Accounts Committee.

However, with the shift towards smaller, price-limited contracts, they have the chance to demonstrate a willingness to be flexible on delivery and pricing while reminding Government stakeholders of their

longstanding experience and expertise in delivery without which large projects become more complex and difficult to deliver.
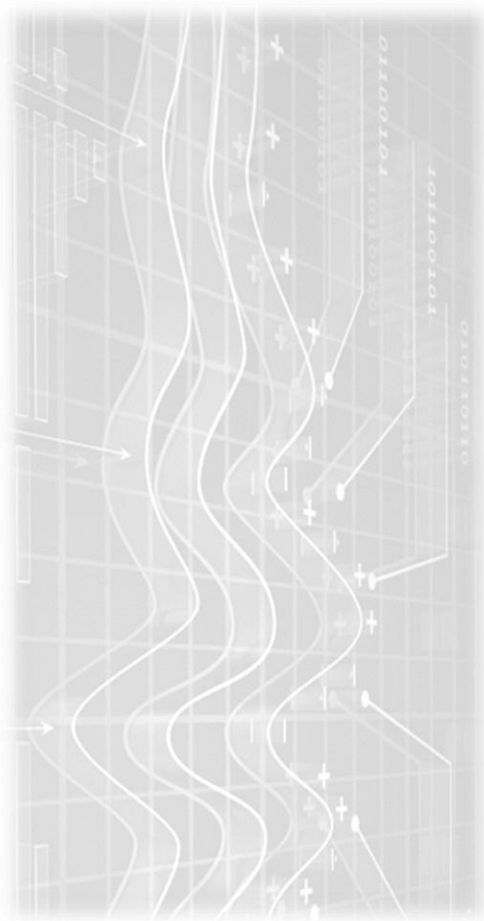
Efficiencies: expansion of digital by default

Similarly, the Government Digital Service, under the aegis of the Cabinet Office, is leading efforts to make Government services **digital by default**. This principle means that any service that can be delivered online should be – but without marginalising those who do not have access to the internet. Over the past quarter, we have seen more services going online such as digital car tax discs and we expect this trend to continue in areas such as electoral registration and redundancy payments.

Moreover, more services are likely to be optimised to be used by mobile and tablet users in the coming months as their popularity grows. Although these changes are taking place largely at a central Government level at present, local authorities are seeing the potential savings involved and are likely to start moving services online too. For example, Reading Borough Council has recently released an app in conjunction with a mobile network operator which unites its service offering for young people, helping them find employment, education or training.

Mobile access to services will be especially strong in rural communities without good fixed broadband infrastructure, presenting an opportunity for providers of these services.

Protection: Cybersecurity

Perhaps the area of greatest activity for the Government at present is how to minimise online fraud, defend against cyber-attacks and prevent online child abuse. 2014 has seen much activity in this area. In January, the Government launched the 'Cyber Streetwise' campaign to help SMEs and individuals prevent online fraud and common cyber threats such as phishing. The Government understands that **cybersecurity** represents a grave threat to the economic recovery: by its own numbers, the online economy is worth £82bn a year, but attacks cost £27bn a year. With the recovering from the financial crash, the Government is keen to encourage the 'digital recovery' and create more confidence in online transactions. Its response to the threat is enthusiastic but uncoordinated.

A number of departments and bodies are involved, notably BIS, DCMS, the Cabinet Office and the National Crime Agency.

From the threat comes an opportunity for firms which supply security solutions, both to sell direct to Government but also to gain public endorsement for those solutions in order to supply on to SMEs and larger enterprises with complex ICT needs. Some of these organisations sponsored the Cyber Streetwise campaign, and future similar campaigns are sure to be run.

Protection: Child safety

Separately, the Culture, Media and Sport Select Committee published its inquiry into **online safety**, concluding that children need greater protection from dangers such as paedophilia and bullying.

It called for greater police funding to recruit more staff to hunt down child abusers, a renewed effort to track down those who share illegal images on p2p networks and for sites which show (legal) porn to do

more to stop children accessing them – and for sites deemed to do too little to be 'blocked'.

The Committee, chaired by John Whittingdale, is influential – but it is not yet clear what impact the report will have. However, it is known that Downing Street is in favour of further measures to protect children, so a Government response is likely to welcome at least some of the recommendations contained in the report.

The challenge, as ever, is an agitated media that can fail to distinguish between content that some consider inappropriate and content that is clearly illegal. That makes it difficult for firms to explain their different policies to the Committee, to DCMS and to Downing Street.

However, it also represents an chance to showcase progress, despite the difficulty of shielding children from content which continually proliferates in different forms and places.

Innovation: competitions, budgets and new buildings

Finally, the Government is also helping firms to **innovate** in a number of ways. Early in 2014, it announced £8m competition to help individuals come up with technologically-driven solutions to the problem of empty high streets. Backed by BIS and the Technology Strategy Board, the competition aims to boost the high streets by exploring new approaches to retailing/services, logistics and travel and traffic. Separately, Science Minister David Willetts announced £73 million of funding to help 'unlock the potential' of **Big Data**.

This was coupled with the announcement in George Osborne's Budget speech to found the Alan Turing institute to research **Big Data** and algorithms – a boost for the industry already known to have widespread support across Government as a transformative technology of the future. Investors will have been similarly cheered by the announcement that the Seed Enterprise Investment Scheme, designed to help investors put money in start-ups, has been made permanent. Finally, Osborne raised tax credits for research and development to 14.5%, and doubled the investment allowance to £500,000 to encourage more capital expenditure.

Labour: the view from opposition

Labour **policy thinking** on technology has also been developing over the last few months. It is being driven by a group coordinating the 'Digital Government Review', which promises to examine, amongst other things, online public services, use of data, and public sector technology requirements; the results of this review are likely to shape opposition policy in this area. Separately, the 'Labour Digital' group, made up of figures such as Chi Onwurah and Seema Malhotra, launched to promote 'digital growth, skills, opportunity and collaboration'. The Labour Party also launched a formal review into the creative industries, in order to help Britain 'grow its way out of the cost of living crisis'. The review, chaired by a former UK Film Council Director, reports back in summer. Finally, as part of its 'Agenda 2030', the opposition plan for sustainable growth, Chuka Umunna announced that Labour, if elected, would expand the role of the Technology Strategy Board.

More detail on Labour's overall industrial policy, and its implication for the tech sector, will follow in the coming months

On **broadband**, interested parties should take note of Labour's stance on the rollout: Chi Onwurah, Helen Goodman and Stephen Timms in particular have been have been critical of the late running of the programme, the Government's focus on infrastructure, at the expense of giving citizens the skills they need to use the internet once that infrastructure is in place.

Moreover, a recent Labour policy document has promised that, if elected, Labour would 'take action and redouble our efforts to ensure that as many people as possible can access high quality, fast and reliable broadband services.' What this means in practice remains to be seen.

On **cybersecurity**, Labour has also promised to consult on mandating all private companies to report 'serious' cyber-attacks, which, while admirably transparent, will also raise concern about damaging confidence in online transactions, and it will be critical for technology companies of all sizes to guide their thinking in this area (and how 'serious' is defined in this case remains to be seen). On child protection, the party is unlikely to announce a radical shift of emphasis – but it may allocate funding between the NCA and other child-protection agencies differently.

Labour is currently undergoing a manifesto development process; as yet, it is not clear how much of this work will form part of the final manifesto document. Expect more announcements as policy development work continues.

Summary and conclusion

The Government has largely understood and embraced the benefits of getting more people transacting safely with business and public services online. In parts of central Government, this shift in mindset has happened with admirable speed, and technological understanding is translating into a policy response in areas such as cybersecurity. Other departments, agencies and local Government will follow. This promises rich rewards to innovators and suppliers who make their voices heard across the Government landscape in order to have a say in decisions which may affect them.

However, a lack of detailed technology understanding on the Government side can often lead to decisions being taken which present a commercial, reputational or financial threat. Similarly, with the polls wide open, it will be important to understand Labour thinking on key issues, and feed into its manifesto development process at appropriate points.

In short, it is essential to **monitor** technology developments from Government and opposition, and apply the right **analysis** to them to understand the opportunities and threats they present.

As the manifesto development process continues, technology firms may wish to **engage** with policymakers on all sides to ensure that they can feed into policy development work as we move towards May 2015.