

**Preparing the Ground:
Stimulating Growth in the Digital Economy**

Policies for Information Technology

Policy Paper 101



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Executive Summary

Liberal Democrats believe that Information Technology has the power to transform our society by empowering citizens, improving and extending services, creating new businesses and enabling innovation. In order for the potential of IT to be realised fully, it is essential that everyone is given the opportunity to benefit from the digital revolution.

Therefore we would create a level playing field for business by:

- Repealing those parts of the Digital Economy Act which lack both democratic legitimacy and practical value.
- Encouraging growth in the creative industries and reducing illegal breach of copyright by working with rights holders, ISPs, content providers and citizens.
- Giving power back to creators and innovators by introducing a presumption in favour of rights reverting to the original artist.
- Working with interested parties to make 'orphan works' available to the public for their use, and to enable rights-holders to find and readopt their 'orphan works'.
- Allowing free public access to the BBC archive wherever possible.
- Implementing the proposals in the Hargreaves Review that have not yet been taken up by the Coalition Government.
- Defending the principles of net neutrality, if necessary via regulatory or legislative means.

We would empower citizens and improve IT literacy in both society and government by:

- Seeking to roll out faster broadband as soon as possible, providing government support in cases where the market is failing.
- Closing the public sector IT skills gap through a comprehensive program of education and reorganisation.
- Protecting and extending citizen privacy by ensuring that citizens own their own data.
- Driving up standards and expertise in government through a new office for information.
- Improving digital inclusion by working with the telecoms industry to allow free access to online public services, and ensuring that as many government services as possible are accessible on a standard mobile phone.
- Reforming communications legislation to avoid unnecessary curbs on freedom of expression.
- Reform libel law to protect secondary publishers, who merely host the content of others, and reassure internet intermediaries who do not store content that they are not liable.

Introduction

This paper sets out a framework for Liberal Democrat policy in the area of Information and Communication Technology and some related aspects of Intellectual Property (in this paper we will use the acronyms IT and IP to refer to each respectively). The party has not updated its policy in this area since Policy Paper 54 *Making IT Work*, which was adopted at Spring Conference in 2003. It should be apparent to anyone with an interest in IT and IP that constant advances in technological innovation make this an area in urgent need of revision, and this in itself would be reason enough for a working group to be set up to address these issues.

However, it is also worth noting the specific circumstances which led to the formation of our working group. At Spring Conference in 2010, an emergency motion was passed condemning the Digital Economy Bill for 'focusing on illegal file-sharing rather than on nurturing creativity', and calling for a policy working group to be commissioned to draw up a full policy paper. We have therefore taken particular care to develop proposals for a digital economy that is genuinely liberal, encouraging and rewarding innovation.

The other challenge facing us in developing an IT policy is the issue of relevance over time, to which we have already alluded. If anything, since the last policy paper, the speed of innovation has increased, and our proposals therefore run the risk of becoming out of date very quickly. There is a temptation to deal only with broad principles and to leave aside specific topical issues. We have therefore attempted to strike a balance between long-term goals and the debates which currently dominate IT and IP.

The paper is divided into two sections:

- The Level Playing Field – creating a fair environment for innovation.
- Filling In the Gaps – improving digital inclusion and public sector skills.

This structure summarises the broad range of issues covered in the Consultation Paper published in early autumn 2010. As a consequence of the background to the establishment of this working group, many of the submissions from those who responded to the consultation focused their attention solely or mainly on issues of copyright and piracy. However, evidence heard by the working group from a wide range of industry figures, public sector experts and others has repeatedly emphasised opportunities and challenges around skills and training, particularly in the public sector, which we have felt it important to address. Online consultation has also produced valuable insights.

We have therefore attempted to give each of these competing areas sufficient attention, without compromising our primary goal of setting out a broad Liberal Democrat framework for IT and IP policy.

Foreword

1.1 Daily life for many of us is now dominated by the use of Information and Communication Technology. Whether we are shopping, working, being entertained, paying bills, finding directions or communicating with loved ones, IT has provided us with new and often better means.

1.2 Yet there is still a tendency among politicians to see the Internet as a fun accessory – an optional add-on to life – rather than as a vital part of our national infrastructure. This fails to recognise that the Internet will become the primary conduit for much of our future commerce, public services and government. Without a more forward thinking approach to government involvement in the online community, we stifle ourselves as a nation.

1.3 This tendency is also expressed in other ways; in backward facing legislation such as the Digital Economy Act, supporting obsolete standards and business models that cannot capitalise on the future opportunities that the internet promises. We will not ignore the needs of industry and those who create content, but aim to develop new thinking to help them advance, rather than supporting an out-dated approach.

1.4 The Digital Economy Act, and the raft of IT projects started by the last government, have amply demonstrated how technological developments can challenge core Liberal Democrat values. There is a danger that these issues are treated by politicians and civil servants alike as technical problems rather than as decisions that properly belong in the political and ethical domain. In the area of digital commerce, the parallel danger is that an overly-narrow and authoritarian approach is pursued, based on technical measures which neither achieve their stated aim of curbing illegal activity, nor encourage innovation and growth.

1.5 This paper sets out a Liberal Democrat response to these challenges. We are actively seeking not simply to prevent or to undo illiberal applications of new technology, but to create conditions for a more liberal world.

1.6 We celebrate the way in which IT brings people together, overcoming traditional boundaries. Indeed, we could hardly fail to do so, given the international context of the so-called 'Arab Awakening', which has relied so heavily on new forms of communication and the democratising effect of the internet.

1.7 The paper sets out two main areas where we believe it is essential to enable government and society alike to harness the full potential of IT. These address the need to put IT at the heart of government, to create a liberal and open environment for business, and to secure a better deal for citizens. We have made a number of proposals in each of these areas.

The Level Playing Field

2.1 Growth and the Creative Industries

2.1.1 Our creative industries are a vital, and growing, part of Britain's national economy. Yet the creative industries are not merely economically important; they are a fundamentally liberal pursuit. Liberalism urges individuals to make best use of their gifts and talents, and nowhere is that more apparent than in areas of artistic and scientific innovation.

2.1.2 It is because we believe in the fundamental right of individuals to benefit from what they do and make that we are in favour of some measures to ensure that their freedom to do so is maintained. However, it is essential that these measures are proportionate, evidence-based and liberal.

2.1.3 During the 1980s and 1990s, the entertainment software industry grew at a phenomenal rate. The advent of affordable and portable players allowed people to enjoy their own purchased entertainment in new places and at different times. People still went to shops to purchase music and films, and such products were sold in tangible forms such as a cassette tape, a compact disc or a digital versatile disc.

2.1.4 With the arrival of new technologies, such as widespread use of PCs allowing access to the Internet, the creative industries faced a new challenge. People had always copied music; cassette tapes, for example, were passed between friends routinely, despite the illegality involved.

2.1.5 But where previously a person might have copied an album and given it to one friend, the Internet allowed the practice of file-sharing to become more and more common. There has been wide coverage of the conflicts which have arisen as a result, as record companies and industry bodies have sought to curb peer-to-peer software such as Napster and Limewire.

2.1.6 We take the clear view that digital piracy is a form of theft, and to be repudiated. There is already legislation on theft, and there is no reason why digital offenders should not be prosecuted under the criminal law in the same way as those who steal tangible goods, although the effects of copying products are clearly not identical to removing physical objects from someone. We do not recommend, however, that rights-holders wishing to maintain a reputation for proportionality pursue individuals aggressively in the way they have previously – for instance, suing teenagers. Instead we advocate more education to tackle the culture of piracy.

2.1.7 The clear problem facing both UK consumers and the creative industries alike has thus been how to deal correctly with digital piracy in a fair and ethical way. The previous Labour government chose, as in so many other matters, to focus on a simplistic goal of simply reducing piracy by authoritarian means.

2.1.8 We believe that rights holders should be able to issue take-down notices in a simple and automated manner, so long as these actions do not cause legitimate material to be removed; there must be strong checks and balances against abuse of this, with appropriate penalties attached.

2.1.9 However, we note that reducing piracy is not an achievement in itself. The principal aim must be to support the industry, and reward the creators. Levels of piracy are related, but are not the critical goal.

2.1.10 There are undoubtedly challenges facing creative industries in terms of illegal activities, whether from peer-to-peer filesharing, use of cyber lockers or sites which sell items to which they do not have rights. This applies particularly to overseas websites. While it is difficult to 'compete with free', an essential part of any solution has to be to improve the quality of services provided legitimately. We are concerned about sites that sell material without having the right to do so, and would work with the advertisers on such sites, and the credit card companies, to cut off their sources of funding and reduce this harm.

2.1.11 We advocate a shift in focus towards what can be done to enable and help British creative industries to grow. We hope to refocus policy towards the value that can be brought to industry through balanced legislation and support. We particularly emphasise the need to break away from the negative assumptions that winning a complete victory against piracy is possible, or that it is the silver bullet that will safeguard UK creative industries for the coming years.

OPTION A

2.1.12 Given this emphasis on growth and balanced legislation, we recommend the repeal of sections 3-18 of the Digital Economy Act, which relate to copyright infringement. Good legislation is built upon a robust evidential framework and a clear democratic mandate, neither of which were secured in this case. The ultimate result has been a deeply flawed and unworkable Act which stands only as the main emblem of a misguided, outdated and negative approach.

OPTION B

2.1.12 The Digital Economy Act contains anti-piracy measures which were rushed through Parliament with insufficient consultation, and there are serious question marks over their workability. We recommend the repeal of sections 17 and 18 of the Act and a fundamental re-think about the desirability and practicality of site blocking. Sections 9-16 should not be commenced until the government can demonstrate that the measures would be necessary and effective, and assent had been given through a vote of both Houses.

2.1.13 We would set up an independent review of the true impact of file-sharing on the creative industries. In the evidence we have heard from witnesses, it has been clear throughout that arguments are being made, on all sides of the debate, from an insufficient evidence base. What is needed is a more detailed analysis of the relationship between piracy and the creative industries; there have even been some studies which suggested that file sharing may result in increased sales in certain circumstances.

2.1.14 Any subsequent proposal for legislation in this area should be considered in the light of this evidence, and should only be approved if it can be shown to be necessary, effective, and

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proportionate, and compatible with articles 8 and 10 of the ECHR (rights to private and family life, and freedom of expression).

2.2 Policing the Internet

2.2.1 Liberals should instinctively be wary of burdensome regulation, and IT is an industry that is particularly sensitive to an over-zealous approach. We recognise the need for government to avoid well-intentioned but badly drafted rules that will hamper innovation and chill creativity.

2.2.2 The government should prioritise freedom of speech over the regulation of material. We recognise that the Internet by its nature is in some respects self-governing, because an unsupported allegation – especially when made anonymously – on the Internet is generally less credible than its offline equivalent and also can often be rebutted or denied in ‘real time’.

2.2.3 While we recognise the need for those harmed by false and damaging allegations on the Internet, we are particularly concerned about the chilling effect on legitimate free speech of current libel and communications law.

2.2.4 We welcome the Government’s recent consultation on how to reform libel law with regard to the Internet. We recommend additional safeguards for online freedom of speech for blogs and forums such as Mumsnet, on social networking sites such as Facebook and Twitter, and for Internet Access Providers and web-hosts.

2.2.5 Specifically, we call for the following reforms. Authors and editors, not hosts, should be responsible for their words. Claimants should need to demonstrate that content is actually libellous, not merely asserted as defamatory, before requiring take-down of offending content. Claimants should show that there is no primary publisher (author or editor) seeking to defend the content before making secondary publishers liable if they do not take down content. Internet intermediaries must be reassured that they have the minimum protection provided by the E-commerce directive.

2.2.6 To this end we also recommend amendment of primary legislation such as section 127 of the Communications Act 2003 so that messages are read in their correct context and so that people are not prosecuted for what are clearly attempts at humour, and where there is no intention to harm.

2.2.7 However, we do not advocate a free-for-all. It is clear that there is a case for some regulation in certain circumstances. But we do not agree that this need is best served by Government intervention. We continue to believe, as we set out in Policy Paper 54, that the development of industry bodies such as the Internet Watch Foundation is the most effective way of policing the Internet. Where the material concerned is not in itself illegal, the processes of these organisations should be fully open, containing elected representation where possible and coming under the jurisdiction of Ofcom.

2.2.8 It is important to reiterate that the normal criminal law applies as much on the internet as with any other media. If someone is in the UK jurisdiction and is publishing illegal material or otherwise using the Internet to incite or assist criminal activity then the right course of action is to prosecute them under the criminal law. We will comment on the issue of jurisdiction later, but as new technology makes it easier for people to operate internationally, we can expect to see a greater need for international law enforcement capability. We must ensure that law

enforcement agencies have the technical and legal support to allow them to keep up with trends in hi-tech criminal activity.

2.2.9 The concerns about the potential exposure of children to inappropriate material continue to be especially valid. This is particularly true of social networking websites where there have been serious failures by websites to take responsibility. We are particularly concerned about the ease with which children can gain access simply by entering information such as a false birthdate. In many cases they go on to post pictures of themselves showing that they are obviously younger than they claim. Government should play an active role in supporting industry bodies and individual companies that are attempting to raise standards.

2.2.10 We are also concerned about the manner in which the IT industry sells equipment with lax security standards – for example, shipping routers for domestic use with widely known default passwords, or selling computers without anti-virus software. It is no longer acceptable for mobile phone networks to say they cannot cut off stolen phones, or for car manufacturers to sell vehicles without adequate security. It should therefore be similarly unacceptable for the IT industry.

2.2.11 We recommend that the government works with industry to raise standards. We do not currently recommend legislation to deal with this problem.

2.3 Bringing Copyright Into the 21st Century

2.3.1 As we have already suggested, the key change in the UK economy over the last two decades has been the switch from tangible to intangible assets. The Government commissioned the Hargreaves Review in November 2010 – around the same time as this group began its work – to investigate the issue of IP and copyright.

2.3.2 We broadly endorse the findings of the Hargreaves report, set out in the paper ‘Digital Opportunity’. We find his analysis of the state of our IP framework convincing and his recommendations apt.

2.3.3 We anticipate further work having to be performed on his proposed Digital Copyright Exchange, to ensure that it would be workable and in the interests of creators and consumers alike. In particular, we would support the adoption of a universal metadata standard to represent authors’ and rights holders’ information for works. This will facilitate the proposals on collective licensing, and allow greater interoperability between the numerous licensing databases.

2.3.4 We are aware of the power of searching through large amounts of data for research purposes (especially in fields such as medical and historical research), and believe that certain institutions should be free to search (or ‘data mine’) through available data without having to seek clearance on each item, as is currently required.

2.3.5 We are also aware that many of our cultural archives are under threat due the deteriorating condition of analogue copies (e.g. books or film reels). To shift these items to digital formats for preservation purposes only should not be an act which requires copyright clearance. We recommend that analogue preservation should continue alongside digitisation.

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2.3.6 We will await the Government's response. In the past, previous similar reviews such as the Gowers Review in 2006 have not been implemented coherently and completely, and we would recommend that the government adopts a joined-up approach this time around.

2.3.7 We welcome the analysis from the Department for Business, Innovation and Skills showing that the recommendations in the Hargreaves report could generate up to £7.9 billion for the UK economy.

2.3.8 However, we feel there are other areas of IP copyright that would benefit from reform. For example, reform is needed to release from copyright protection works which are no longer available legally, and to ensure that creators' rights are protected, not just those of intermediaries. We recommend creating a requirement for rights to revert automatically to the original artist after a specified time and to remain their copyright until death, to be licensed by them at their discretion, and we would consult widely on how best to implement this policy.

2.3.9 The moral right of the author to be identified as the creator of the work should always be recognised, as should their right to publish work anonymously or pseudonymously.

2.4 Orphan Works and the BBC Archive

2.4.1 We are committed to providing much easier usage of copyrighted material where the copyright holder cannot be traced. The chief application of this is in the area of orphan works – that is, works where no owner could be traced, such as a photograph with no apparent owner or metadata – and collective rights agreements, so that rights for works with minimal rights value could be applied on a standardised and group basis rather than through a costly contractual process.

2.4.2 Clause 43 in the Digital Economy Bill proposed the creation (and extension) of collecting societies which could perform the task of collecting and distributing royalties on behalf of copyright holders, and more importantly that these societies could agree and collect royalties on behalf of copyright holders who are not members of the society. This would have essentially made it possible to reuse works which were otherwise uneconomical to bring back into use.

2.4.3 The primary example of this is the BBC archive, which, although in theory already paid for by the public, remains locked away due to the prohibitive costs of tracing and arranging individual royalty agreements. Under existing legislation, costs of placing the archive online run at around £72 million, or around 3 years' work for 800 staff, which is mostly due to rights issues as existing contracts were not negotiated with the internet in mind. Also, many programmes could not be surfaced if the copyright holder could not be contacted.

2.4.4 Much of the archive already exists in digital form, and existing functions such as the iPlayer and the existing metadata infrastructure could be utilised along with new interfaces such as YouView to surface the archive back to the licence payer with relative ease. If Clause 43 had been included in the Digital Economy Act, the primary barrier preventing the archive being placed online would have been removed.

2.4.5 The reason Clause 43 failed was attributed to heavy lobbying from the Association of Photographers. They rightly pointed out that photographs are particularly vulnerable to having their metadata (intentionally or not) removed and being labelled as orphan works. This could

represent a major loss of revenue to photographers who rely on current legislation for their income.

2.4.6 Our proposal is to build upon the work that the AoP has undertaken with the British Copyright Council to define an orphan work, ensure creators' representatives are involved in the formation of the remuneration framework, and to define the 'diligent search' for the rights holders of an orphan. We would also propose that all orphan works are recorded in an online database, allowing rights holders to identify themselves and receive remuneration for the usage of their work. On this basis we would support the resurrection of Clause 43.

2.4.7 This process would be managed through an extended collective licensing agency, which would facilitate searches for orphan works and issue licenses to those wishing to use an orphan work, and distribute the resulting funds.

2.5 Net Neutrality

2.5.1 Perhaps one of the most important elements in creating a truly level playing field is the principle of net neutrality. Liberal Democrats have already committed themselves to this in the emergency motion passed at Spring Conference 2010, which stated: 'Conference supports the principle of net neutrality, through which the freedom of connection with any application to any party is guaranteed, except to address security threats or due to unexpected network congestion.'

2.5.2 The Coalition Government has so far taken an ambiguous line on net neutrality. For example, the Minister for Culture, Communications and the Creative Industries has given a speech that was interpreted by one side as signalling open season on traffic management, and by the other as a reiteration of the importance of neutrality.

2.5.3 We do not consider it liberal to allow competition on the basis of existing service providers offering different packages based on traffic management that favours one company over another. Instead, it is better to provide a level playing field – where traffic flows at the same speed, whatever the content and whoever owns and operates the website.

2.5.4 In order to secure this level playing field, the government must be prepared to regulate. However, we do not at present consider it necessary to do so – merely to make it clear that privileging certain types of content or throttling download speeds on certain websites will lead inevitably to regulation.

2.6 Removing Barriers to Business

2.6.1 There are many more things we can do to make life easier for those who want to use IT to create and to innovate. There is a tendency to see a very clear distinction between 'companies that use IT' and 'IT companies', but we consider this a false distinction.

2.6.2 IT has an enabling role which will empower all companies, whether strictly 'technological' or not, to become more efficient and innovative in producing and delivering their product. A company which refuses to think carefully about IT will be a company that fails.

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2.6.3 As more and more businesses adapt to new technologies we believe that there will be considerable related benefits to local, regional and national economies. Chief among these is connectivity – IT enables a far more collaborative approach to business. Because of this, there is a subsidiary benefit in terms of travel, with virtual communication increasingly taking the place of face-to-face meetings. There are also important benefits to be gained from more flexible working, with IT opening the door to greater productivity from a wider variety of locations and at different times. This has obvious benefits for the wellbeing of the workforce, and particularly for those who have stressful and tiring commutes. It also has significant environmental benefits.

2.6.4 We also believe that IT has the potential to reduce substantially the regional divide between the economic powerhouse that is London and the South East – including the East of England and its ‘Silicon Fen’ – and the rest of the country.

2.6.5 In order to take advantage of these benefits, we must find and implement policies which will free businesses to innovate. Therefore we recommend, first of all, the broadening of the definition of ‘IT companies’, along the lines of 2.6.1, in the context of tax credits for research and development (R&D). These credits have been very successful, and are much welcomed. However, they are often limited in the IT field, with a narrow line drawn as to what counts as digital innovation. We are also concerned that they are too onerous to apply for in small amounts, and recommend that the forms be simplified for small claims.

2.6.6 We instead advocate an approach which indicates the research that we would like to see undertaken, and builds those preferences into the R&D system, so that smaller companies can benefit. At present, SMEs find it too difficult to convince investors to take the risk.

2.6.7 We recommend that the government take a leading role in encouraging the establishment of links between universities and the creative industries to allow knowledge from research to be translated into products. The experience of the Cambridge cluster and other such groupings in the UK and elsewhere is relevant here.

2.6.8 Although we recognise the problem IR35 was supposed to tackle, it has not served the needs or the interests of IT contractors. The taxation system must evolve to support modern working practices rather than discouraging small businesses. However, we realise the difficulty of finding an alternative. The Office of Tax Simplification suggested three options for improving things in the short term: suspending IR35 with the intention of permanent abolition, keeping IR35 unchanged but improving the way it is administered, or introducing a new business test to diminish greatly the number of people affected by IR35.

2.6.9 In the March 2011 Budget, the Chancellor of the Exchequer indicated that the Coalition Government had chosen the second of these options. However, there remains a possibility that IR35 will become redundant, should the merging of income tax and National Insurance occur.

2.6.10 Having set out earlier in this paper our preference for minimal and appropriate regulation, we recommend the suspension of IR35 in order to gather more data on permanent abolition. This is partly because the merging of income tax and National Insurance is likely to prove a very difficult long-term endeavour.

2.6.11 We recommend that the government continue to prioritise the growth of small and medium-sized businesses. We must change the culture that has allowed a few large IT providers to become the ‘safe choice’ for public procurement by introducing a presumption in favour of

SMEs. The Coalition Government has introduced an aspiration that 25% of all government contracts should be awarded to SMEs, but we believe that in IT procurement this could be increased yet further.

2.7 Cloud Computing

2.7.1 We have noted the growing popularity of cloud computing. It is clear that this new technology provides tremendous opportunities to streamline the use of IT, reducing costs and driving up efficiency.

2.7.2 However, cloud computing is an area where, if left unchecked, there is serious potential for abuse – for example, large corporations taking control of enormous quantities of public or private data outside the reach of national law. Cloud is only attractive if it embodies the principles on privacy and data ownership, access, project management and procurement that we have set out elsewhere in this paper.

2.7.3 We recommend that as a matter of urgency, the government consider the security issues involved with cloud computing, particularly regarding data location and segregation. A similar approach to that outlined in 2.2.7, working with other governments and international bodies, would seem best for monitoring and setting appropriate standards for cloud suppliers.

Filling in the Gaps

3.1 A Liberal Approach to Data

3.1.1 As more and more business, both public and private, is conducted online, the ability of individuals to manage their sensitive personal data is at risk. This risk has been heightened by a succession of intrusive and over-broad government initiatives, implemented alongside a chronic lack of clear and accessible information.

3.1.2 In order to establish a bulwark against this kind of pervasive state intrusion, we recommend that the government adopt the central principle that data should belong to the individual to whom it refers (except where it relates to national security or policing). This ownership of data means that the individual citizen has a right to access all their own data and, where reasonable, can decide who else has access.

3.1.3 All government data should be consistent with a single, interoperable Open Standards Framework. There should be no restrictions on the development and use of applications that create rich information from the data. Moreover, there should be an assumption that public non-personal data belongs to the nation, so should be freely available. We recommend that a government minister update Parliament annually on the delivery of points 3.1.2 and 3.1.3.

3.1.4 In terms of the use of data by government, we recommend that all data is held securely within its specific department, and cannot be accessed by other departments without adhering to established security protocols and standards.

3.1.5 We also recommend that decisions about levels of security and privacy in any department be a matter for the Secretary of State concerned. It should be unconscionable in a democracy for decisions on the liberty-security spectrum to be made by unelected people who have an interest in preserving secrecy – for example, the security services.

3.1.6 The Data Protection Act has proven its value, but the penalties for breach are too small when applied to large organisations, and we therefore concur with the Information Commissioner that these should be strengthened. This would be likely to lead to greater commercial awareness of the importance of training employees in data awareness.

3.1.7 We also consider it important to promote better public awareness about data and we set out proposals on this subject at paragraph 3.5.4.

3.2 Closing the Government Skills Gap

3.2.1 It is essential that decision-makers and their advisers have a deep understanding of the impact of IT across society and a vision for what it can provide.

3.2.2 We recognise the positive steps taken by the Coalition government to improve public services, such as the recent appointment of Mike Bracken as the Government's new Executive

Director of Digital, the development of AlphaGov and the possibility of improving petitioning to make sure that voters are connected with Parliament.

3.2.3 However, we have heard from witnesses across the board, in the public and third sectors and in industry, that government ministers and senior civil servants – with a few honourable exceptions – do not ‘get’ information technology, and do not understand the social and political impact of their technology-based decisions. This can only be countered by establishing information technology and communications at the heart of government.

3.2.4 We therefore advocate that a specific government office be established, encompassing the work of the current UK Government Chief Information Officer and staffed with experts in the IT field.

3.2.5 This new government office would advise all other departments of ways in which IT can improve efficiency and quality of service to the public, and engender a culture of online engagement with the public.

3.2.6 It would have responsibility for procurement policy and oversight of all major IT contracts across government, thereby promoting interconnectivity. It would also provide support with appropriate project management techniques.

3.2.7 We recognise the importance of an IT ‘ecosystem’ rather than a centralised top-down model. However, the evidence we received from key figures suggested that the gap in skills across government and the civil service is now so severe that major action is necessary. For this reason, the new office would also have an educating responsibility to drive up the sharing of knowledge and standards across government.

3.2.8 However, to stimulate an ‘ecosystem’ approach we also recommend that all Civil Service and local government managers, in all departments, above a certain grade must undergo a serious period of initial training in the impact and current implications of IT, and that this must be refreshed annually.

3.3 Improving Digital Inclusion

3.3.1 It would be very regrettable to allow IT to become something available only to those with the necessary means. Our society already suffers from too many entrenched inequalities; IT has the potential to reduce or even eliminate some of those, but the government must take an enabling stance.

3.3.2 Firstly it is imperative to move away from what is currently an implicit government bias in favour of the PC as the main citizen user interface. Increasingly, other tools are being used to access internet facilities. The Government should make a priority the inclusion of digital communication capability for the estimated 10 million citizens still excluded from the economic, social and democratic advantages of the IT environment. In terms of Government savings and increased economic activity, investment in this area would likely produce an economic dividend.

3.3.3 Mobile phone penetration is close to 100% and is greatest in Social Class E. We therefore recommend that the government make all appropriate public services available online and accessible by an average retail mobile phone. This may mean, in some cases, trimmed down versions of websites with richer content.

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3.3.4 Freefone numbers have been important in supporting access, and we would aim for government services and data to be accessible with no data or usage charges via mobile phones and on public wi-fi networks such as BTfon. The technology to make specific web addresses free to access is already used by many of the major mobile network operators for their own data. We also recall and support the recommendations of the 2009 policy paper, *Are We Being Served?* which set out detailed proposals on free telephone services¹.

3.3.5 We also consider the current goals for the roll-out of broadband to be of limited ambition, although we recognise that the Coalition Government has made some good progress on this issue. We welcome the fact that although our broadband speeds are relatively low at present, the UK has improved significantly in terms of take-up over the last decade. We recommend that the Government accelerate and improve roll-out of faster broadband by increasing its own promotion of online government services, as this will offer the industry an incentive to invest in network development. Access to broadband should be co-funded by government and industry under long-term contracts that will survive government change and offer policy consistency. New technologies will also provide options for faster connectivity, especially in rural areas. We emphasise our existing policy that it is essential for rural areas to receive upgrades at the same time as urban areas.

3.3.6 Another important area for development is in the provision of free wi-fi in city centres and residential areas, particularly those with a high proportion of social housing. In order to achieve this we would encourage collaboration between local government and industry, with the aim of drawing public attention to local businesses and services.

3.3.7 We are particularly committed to delivering universal home broadband access to all students who are in full or part time education up to the age of 19. At present up to 1 million students do not have access to broadband in their homes.

3.3.8 We recognise the concerns of some that the provision of online and telephone services may lead to another form of exclusion, where people – particularly those on low incomes – may find it difficult to access the kind of face-to-face services they require. We would emphasise the need for digital services to complement face-to-face services, and we would want to avoid a model where only some can access real-life, physical interaction.

3.4 Stimulating Political Involvement

3.4.1 As Liberal Democrats we strongly believe that citizens should be given levers with which to communicate with and influence government at all levels. We also suggest that the potential of IT to broaden access and stimulate engagement has so far remained largely untapped.

3.4.2 An important example of this failure is in the way legislation proceeds through Parliament. At the moment, if a citizen wishes to understand the provisions of a Bill, or to chart its progress, they almost require institutional knowledge equivalent to an MP's Parliamentary researcher or an NGO's policy officer.

3.4.3 IT makes it easy for information to be made available in a manner that supports citizen participation, and that sets out clearly the steps in the decision-making process. A simple way of ensuring that this happens would be for Parliament to move from a 'document-based' approach

¹ For example, Appendix 1, point 1 i)

to a 'work-flow' approach. This would mean that information presented about Parliamentary business would be aimed at 'the man on the Clapham omnibus', rather than those with an thorough grasp of procedure, as at present.

3.4.4 However, we also believe that in order for the legislative process to be truly transparent, citizens should have the right to be consulted on policy decisions that affect them. Online public consultations should begin during the writing stage, not merely as rubber stamps after the fact.

3.4.5 Citizens should also have the right to petition government at all levels, from parish council to European Parliament, with an expectation of a proportionate response from decision-makers. As we mentioned in 3.2.2, we broadly welcome the principle of the new system giving Parliamentary debating time to petitions that receive a large number of verified signatures. However, we believe that the system should also encourage the formation of communities around both supporters and opponents of the proposition. Petitioning should be more than just a signature; it has the potential to foster more genuine involvement in the political process, making it easier for people to express their views effectively.

3.4.6 We are also in favour of a shift towards more open politics. As democrats we approve of the use of IT to create rapid feedback channels between individual politicians, their constituents and supporters, and political parties. We encourage Parliament and Parliamentarians to make greater use of social media to contact and respond to the public and to receive expert advice.

3.4.7 Therefore, we recommend a liberalisation of the rules governing online use of Parliamentary footage, e.g. via YouTube. We also recommend that local councils make polling station location data available in a standard electronic format, so that online services such as 'Find Your Polling Station' can be built.

3.4.8 The government should establish an e-Democracy centre to initiate and encourage the use of tools by individuals, communities and government at all levels, funded by central government on a permanent basis.

3.4.9 We have considered once again the case for electronic voting. We consider that although some work has been done to answer the concerns we expressed in Policy Paper 54, the case for widespread implementation of remote electronic voting remains insufficiently strong to warrant abandoning the current voting system, which still commands a high degree of public confidence.

3.4.10 However, we recommend that selective pilots are carried out to determine whether remote electronic voting might be a more suitable, secure and convenient option for the electorate than postal voting.

3.5 Education and Training

3.5.1 Young people today are generally well equipped, through education and through their use of social media, to exploit IT tools. However, this has not always been coupled with the analytical skills needed in order to validate information found online. IT education should equip young people to evaluate sources of information and to understand their social, political and academic contexts.

Preparing the Ground

3.5.2 On the other hand, the older generation may not have had the benefit of formal IT education and may have bypassed training opportunities. The points made in 3.2.3 in relation to senior civil servants, also apply to older people in ordinary jobs, including managers in industry and commerce. It is important that training opportunities are made available, with government support, to all in such positions, and that uptake is encouraged from the highest level. The importance of retraining for older people who often find themselves unable to fit in with modern working practices should not be underestimated. The focus of this training should be on the potential of current and developing technologies, rather than on the acquisition of skills with software tools.

3.5.3 Digital inclusion strategies must be accompanied by new and different opportunities for people to learn to use IT. The most effective learning emerges from a desire to carry out certain tasks, such as communicating with friends, family tree research or managing an event. Training that is task-oriented rather than skill-oriented needs to be embedded into social contexts, and to be made available through a variety of media.

3.5.4 Finally, we consider it extremely important for people to be given a thorough grounding in the importance of data security and privacy. Younger generations of people have become accustomed to social networking sites where a great deal of personal information can be made available, and in some cases with no limitations at all. Improving data security as set out in 2.1 will be a fruitless endeavour if the public is not equipped to take advantage of the enhancements we are advocating. But it is also important to emphasise the importance of data as a powerful tool, providing tremendous opportunities which often outweigh the risks.

3.6 Government Use of Open Source

3.6.1 It is our considered view that open source development is desirable and should be promoted. The government should not necessarily establish or enforce rules on open source, but instead should act as a nexus for information, doing good work in telling people 'these are the solutions we've found to work'.

3.6.2 The government should ensure that it owns the code that it has paid for, and then share it for free within the public sector in order to avoid different parties paying external firms to develop the same software. We would like to see the public sector embrace collaborative development along the lines of websites such as Github.

3.6.3 One way of promoting open source would be for the government officially to support the use of those open source community websites which perform public services to a similar or better standard than official publicly-funded websites. The government could also consider providing resources to the creators responsible. Formerly it has been known for the government to attempt to replicate the work of such websites.

Conclusions

4.1 As the UK moves out of recession and towards growth, we have an exciting opportunity to create a new, more sustainable economy. The transition from tangible to intangible goods has implications wider than simple technological issues, having a bearing on transport, the environment, our communities and our jobs.

4.2 These proposals are designed to set the UK on a path that stimulates innovation and sustainable growth, rather than choking it off at the source in a vain attempt to prop up defunct business models.

4.3 Many of the proposals that are part of general Liberal Democrat policy will also help to create the right climate for UK success in IT. We hope that this paper will help to show the importance of IT across many other policy areas, such as education and transport.

4.4 With the Liberal Democrats in government for the first time, there is now a possibility that some or all of the policy recommendations could become part of the Coalition Government's plans. Others will form part of our policy platform at the next general election in 2015. We believe that the specific proposals set out in this paper, combined with a general Liberal Democrat approach, will enable the UK to take advantage of IT's true potential.

Glossary

Cloud Computing – systems where resources such as data and applications are stored remotely in a server-based ‘cloud’, so that user access is not dependent on a particular network device.

Creative Industries - “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.” (Department for Culture, Media and Sport, 2001)

Digital Economy Act 2010 – an Act of the UK Parliament setting out provisions for the regulation of digital media. The Act was, and is, the cause of considerable controversy and, subsequent to its passing, underwent judicial review, a Parliamentary inquiry and an Ofcom review.

Hargreaves Review – an independent review of IP and growth commissioned by the Coalition government in November 2010, chaired by Professor Ian Hargreaves, which reported to government in May 2011.

IR35 – taxation measures introduced in 1999 to counter tax avoidance by the use of so-called personal service companies. It has been heavily criticised by several bodies, such as the Professional Contractors Group, for its complexity and its harmful impact on small companies, particularly those owned by IT professionals who often have many short-term contracts rather than one regular employment.

Net Neutrality – a principle that advocates no interference by internet service providers or governments on consumers’ access to content on networks participating in the internet, which has generated substantial controversy and debate.

Orphan Work – a work of art (or other copyrighted material) that is believed or known to be in copyright, but whose copyright owner is unknown or untraceable.

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This paper has been approved for debate by the Federal Conference by the Federal Policy Committee under the terms of Article 5.4 of the Federal Constitution. Within the policy-making procedure of the Liberal Democrats, the Federal Party determines the policy of the Party in those areas which might reasonably be expected to fall within the remit of the federal institutions in the context of a federal United Kingdom. The Party in England, the Scottish Liberal Democrats, the Welsh Liberal Democrats and the Northern Ireland Local Party determine the policy of the Party on all other issues, except that any or all of them may confer this power upon the Federal Party in any specified area or areas. The Party in England has chosen to pass up policy-making to the Federal level. If approved by Conference, this paper will therefore form the policy of the Federal Party on federal issues and the Party in England on English issues. In appropriate policy areas, Scottish, Welsh and Northern Ireland party policy would take precedence.

Many of the policy papers published by the Liberal Democrats imply modifications to existing government public expenditure priorities. We recognise that it may not be possible to achieve all these proposals in the lifetime of one Parliament. We intend to publish a costings programme, setting out our priorities across all policy areas, closer to the next general election.

Working Group on Information Technology

Note: Membership of the Working Group should not be taken to indicate that every member necessarily agrees with every statement or every proposal in this Paper.

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