



Foreword



Britain needs to plan for more than recovery from the global downturn. We face changes that are transforming the world in which our businesses and people operate. The move from analogue to digital technology is one of those revolutionary changes. It will define the competitiveness of our economy and change dramatically the way we lead our lives.

As we made clear in our industrial strategy *Building Britain's Future: New Industry, New Jobs* – we believe Britain needs an active industrial policy if we are to maximise the benefits from the digital revolution. Doing nothing or leaving everything to the market would leave Britain behind. We need a clear and effective approach which is consistent, ensures full access, provides regulatory certainty, smarter public procurement and shows a readiness to intervene where necessary.

The Digital Britain Report does this. It offers a strategic view of the sector, backed by a programme of action:

- to complement and assist the private sector in delivering the effective modern communications infrastructure we need, built on new digital technologies;
- to enable Britain to be a global centre for the creative industries in the digital age, delivering an ever wider range of quality content, including public service content, within a clear and fair legal framework;
- to ensure that people have the capabilities and skills to flourish in the digital economy, and that all can participate in digital society; and
- for government to continue to modernise and improve its service to the taxpayer through digital procurement and the digital delivery of public services.

The proposals in this report will enhance Britain's strengths in a crucial sector and harness new technologies to provide a fairer and more prosperous Britain for all.

We would like to thank all those who have worked so hard to produce this report. We are particularly grateful for the vision and leadership of Stephen Carter, whose experience and knowledge have been invaluable in producing this report.

Rt Hon Lord Mandelson

Rt Hon Ben Bradshaw MP





Introduction



On 26 August 1768, when Captain James Cook set sail for Australia, it took 2 years and 320 days before he returned to describe what he found there.

Yesterday, on 15 June 2009, 20 hours of new content were posted on YouTube every minute, 494 exabytes of information were transferred seamlessly across the globe, over 2.6 billion mobile minutes were exchanged across Europe, and millions of enquiries were made using a Google algorithm.

The Digital World is a reality in all of our lives. In this report we underscore the importance of understanding, appreciating and planning for this reality and we seek to achieve the following:

1. An analysis of the levels of digital participation, skills and access needed for the digital future, with a plan for increasing participation, and more coherent public structures to deal with it.
2. An analysis of our communications infrastructure capabilities, an identification of the gaps and recommendations on how to fill them.
3. A statement of ambition for the future growth of our creative industries, proposals for a legal and regulatory framework for intellectual property in a digital world, proposals on skills and a recognition of the need for investment support and innovation.
4. A restatement of the need for specific market intervention in the UK content market, and what that will demand of the BBC and its role in Digital Britain. What that means for the future of the C4 Corporation. An analysis of the importance of other forms of independent and suitably funded news, and what clarification and changes are needed to the existing framework.
5. An analysis of the skills, research and training markets, and what supply side issues need addressing for a fully functioning digital economy.
6. A framework for digital security and digital safety at international and national levels and recognition that in a world of high speed connectivity we need a digital framework not an analogue one.
7. A review of what all of this means for the Government and how digital governance in the information age demands new structures, new safeguards, and new data management, access and transparency rules.

The level of engagement with this programme has been impressive, both in its scale and quality.



The compilation of this Report also coincided with a severe global downturn in the media and communication industries. Submissions from numerous industry participants and other stakeholders were influenced by a cyclical contraction in advertising spending, newspaper circulation, volatile audience ratings and technology price erosion. That volatility has been compounded by a structural change in communication habits as we all gravitate to new digital devices, multi-media platforms and different forms of content.

Short term economic pressures have exposed areas of policy and regulation that need to be addressed, however, Digital Britain primarily seeks to position the UK as a long-term leader in communications, creating an industrial framework that will fully harness Digital Technology. The UK's digital dividend will transform the way business operates, enhance the delivery of public services, stimulate communications infrastructure ready for next-generation distribution and preserve Britain's status as a global hub for media and entertainment. Most importantly of all this approach seeks to maximise the digital opportunities for all of us, as citizens, where access to 21st Century technologies will be a key competitive advantage for generations to come.

These are therefore exciting prospects for further growth and success.

This is a sector where we have internationally recognised strengths and, if the right decisions are taken now, Britain can continue to be at the forefront of the digital revolution.

In the private sector, whilst we need to invest and build our next generation communications infrastructure, the money and the value in these markets is clearly moving from infrastructure to service and applications development. And whilst we need the wireless and fixed access networks of tomorrow, we must also ensure we have the necessary network security, network resilience, and network disaster recovery programmes.

If, as expected, the volume of digital content will increase 10x to 100x over the next 3 to 5 years then we are on the verge of a "big bang" in the communications industry that will provide the UK with enormous economic and industrial opportunities.

For the public sector, these capabilities and trends are an integral part of the financial solution for the public finances. An ambitious and clear programme of **The Digital Switchover of Public Services**, to primarily electronic and online delivery, will unlock significant cost savings, whilst at the same time serving to increase levels of satisfaction. As a matter of urgency we need to develop a comprehensive model, accounting for the cost of deployment, as well as the revenues and savings that will result from the infrastructure that is being deployed.

This report is the result of the invaluable contributions of a number of people.

I am deeply grateful to The Digital Britain Steering Board, to the many people outside Government who have given their time and their experience, often voluntarily, for the constructive engagement of the industry regulator, Ofcom, and for the welcome and open manner in which countries around the world have shared their expertise and experience.



I would also like to record my particular thanks to Dominic Morris, David Mahoney, Sam Sharps, Nick French, the Policy Teams in both my departments, the expert advisers and my Private Office team, who have helped deliver this project over the last year.

Finally, for the support of officials and ministerial colleagues in DCMS and BIS and most importantly for the political leadership of the Prime Minister, whose recognition of the importance of this sector and the need for a coherent strategy are what has made this work possible.

Lord Carter CBE

