**House of Lords Communications and Digital Committee Inquiry:**

**Digital Exclusion and the Cost of Living**

**Shropshire Council Response**

**1.0 Shropshire Context**

1.1 If searching for Shropshire on a map of the United Kingdom, you will need to look to the middle of England on the map, and then to the far west of Birmingham, just next to the middle of Wales. For our communities and businesses, travel to work patterns across our porous borders indicate large numbers travelling for work to the West Midlands, to the South and East, and North and North West, to Cheshire, Staffordshire and Manchester and beyond, as well as into Wales.

1.2 Our collegiate approach is to develop and share evidence about community needs and how we are tackling them, with other local authorities, through channels such as the County Councils Network (CCN) and the Rural Services Network (RSN). We submit responses through these channels, to Parliamentary Select Committees, as well as directly to Government Departments and through such opportunities as present themselves eg liaison with the elected MPs for Shropshire.

1.3 Whilst this response has been produced by Shropshire Council, it draws upon the complementary efforts of the RSN on behalf of rural areas. This includes current valuable national research into the cost of living in rural areas, which can be exacerbated for communities where digital connectivity is neither achieved nor assured. As of this week, 5,500 responses had been received, with the survey due to close on 31st March 2023.

1.4 A notable example of baseline evidence is our response to the House of Lords Rural Economy Committee Inquiry in 2018. Other examples are our response to DCMS in December 2018 to its call for evidence around proposals for providing connectivity to all new build developments, and our response to the EFRA Committee Inquiry in June 2019, on rural broadband and digital only services.

1.5 These responses predated the pandemic, which has served to accentuate inequalities as well as strengthening our resolve to address such inequalities across groupings. Our strategic objectives for our communities, including those who visit here and travel through our county as well as those who live and work here, are set out in the **Shropshire Plan.**

1.6 We have explicitly stated within this Plan that we will tackle inequalities, including rural inequalities, and poverty in all its forms, providing early support and interventions that reduce risk and enable children, young people, adults and families to achieve their full potential and enjoy life.

1.7 An emphasis on inequalities within society, including access to decent and energy efficient housing, healthcare, education and employment, whether by public or private transport or via digital means, should also include better national recognition of geographical and societal interdependencies rather than a separation out of different strands of policy, including with regard to digital inclusion.

1.8 If the pandemic has shown us anything, it is that we are more dependent upon each other and more vulnerable to a greater range of factors than could perhaps have been imagined.

1.9 The exigencies of adjusting to external factors of climate change and geopolitical events, including the invasion of Ukraine by Russia, and the economic and social upheaval continuing to be caused by the Covid-19 pandemic, are allied to the challenges of preserving and maximising our natural capital and seeking to address food security concerns and cost of living worries. The benefits to be gained from digital inclusion cannot be fully realised simply by a focus upon closing gaps in connectivity, when additional challenges including confidence building around digital usage remain.

1.10 These external factors provide further context to our local strategic and collaborative approaches. We would like to take the opportunity to offer ourselves as a test case to the Committee, in working through these approaches, particularly our ongoing work with the local voluntary and community sector, around digital inclusion and the cost of living crisis.

**2.0 Key Lines of Enquiry**

**2.1 What are the main causes of digital exclusion in the UK? What is the economic and social impact?**

2.1.1 For rural areas, we would refer the Committee to the RSN for a wealth, if we can use that term, of evidence available on these causes, and of commonalities around the impacts for our communities.

2.1.2 Every rural area will have its differences. By way of illustration, Shropshire is the second largest inland rural county in England, after Wiltshire, and one of the most sparsely populated. Shropshire is approximately ten times the size of all the Inner London Boroughs put together (31,929 hectares), with 1.02 persons per hectare and a population of 324,700 for a terrain covering 319,736 hectares (Source: ONS Census data, mid year population estimates for 2021).

2.1.3 Around 57.2% of Shropshire’s population lives in rural areas. There are 17 market towns and key centres of varying size, including Ludlow in the south and Oswestry in the north, and Shrewsbury, the central county town. An additional dynamic is that, unlike for example Cumbria, the population is dispersed across the entire county, rather than there being any areas where no one lives at all.

2.1.4 Being an inland county brings its own challenges. There is a dependency on a limited number of key arterial transport routes, for trade and supply including freight through the county to Wales and Ireland, or up to the North West, as well as for everyday transport for local communities and businesses. It is also quite literally exposed to extreme weather conditions, with roads that are liable to flooding, and a lack of viable alternatives leading to congestion and lengthy diversions.

2.1.5 The physical terrain poses practical challenges for digital and physical infrastructure, as well as the high service delivery costs and access issues associated with a dispersed and ageing population.

**2.2 How has the rising cost of living affected digital exclusion?**

**a) To what extent does digital exclusion exacerbate cost of living pressures?**

**b) What are the long-term implications of this relationship?**

2.2.1 Our recommendation here would be to draw upon the evidence currently being collated by the RSN in this regard, alongside the September 2022 research commissioned by the RSN from Kovia Consulting: “Rural cost of living”; RSN; September 2022.

2.2.2 This report found that rural communities are facing a triple blow in the cost-of-living crisis, as higher domestic and transport energy poverty, coupled with lower wages, pushes rural areas into a cost-of-living emergency.

2.2.3 The report examined the key differences in cost-of-living between rural and urban locations. It found that rural residents working in rural economies earn much less than urban residents, yet still face significantly higher costs across key aspects of living including heating, transport, house prices, rent, food prices, child-care costs and council tax.

2.2.4 One of the ways that we ourselves seek to ensure that we have due regard to the needs of our communities is through the approach that we take towards equality impact assessments. Equality impact assessments are required to be carried out as part of the obligations placed upon us by the Equality Act 2010: it is up to each local authority as to the form that these assessments may take. In Shropshire, our Equality, Social Inclusion and Health Impact Assessment (ESHIA) serves as a standalone document, containing not only consideration of equality, social inclusion and health and well being impacts, and any plans to monitor or review these, but also likely environmental, economic and societal impacts as well.

2.2.5 When we introduced a social inclusion category, back in 2014, it was with the recognition that whilst it did not carry the legal weight applied to the nine Protected Characteristics, it was one that we very much wanted to introduce to complement our considerations about individuals.

2.2.6 This is because it reflects the circumstances in which individuals and households may find themselves, whether that is households living in rural isolation or straitened financial circumstances or both; veterans or serving members of the armed forces and their families; and people we define as being vulnerable. This then picks up on economic factors and environmental considerations as well.

2.2.7 For a rural household, for example, issues as diverse as fuel poverty, loneliness, lack of access to services and facilities including digital or physical access, and lack of opportunities for training and employment, may be affecting physical and emotional well-being as well as household income. We also know from the evidence that we gather from across a range of sources including the RSN and our local VCSE sector that loneliness may as easily affect people in one of our market towns, particularly at either end of the age spectrum, despite their being seemingly close to services and social interactions. This is exacerbated by a lack of assured digital connectivity across the county.

**2.3. What are the obstacles to greater digital inclusion? Where is policy intervention likely to have the greatest impact over the next 12 months and 5 years?**

**a) To what extent would these changes help unlock economic growth?**

2.3.1 A policy decision made by Full Council in February 2022, to become what has been described as “cashless”, could more accurately be described as a move towards online transactions as our primary approach towards serving our communities. Switching Shropshire Council’s transactional services to digital only is assumed to save the Council money and to improve positive outcomes for our customers.

Obstacles, constraints and assumptions

2.3.2 We are working within what we would more term **constraints and assumptions** with regard to moving to a transactions approach that will be primarily online. These are currently scoped out as including the following:

* Council website, processes and systems are fit for purpose in terms of accessibility compliance
* Systems compatibility to deliver end-to-end solutions and channel shift to a high market standard that offers ‘ease of use’ for customer
* Digital infrastructure is universally available to all to engage with the council digitally
* Council IT capability and capacity to deliver project
* Lack of clear and consistent definitions of subjective terms such as “vulnerable”, “equality”, “equity”, and “accessibility - scope of what we mean by “digitally excluded”
* For some services, offline contact will remain a vital channel for the most vulnerable in our communities e.g emergency situations such as flooding, reporting child abuse concerns, hate crime incidents, modern slavery concerns
* That the Digital Switchover by BT Openreach will happen by 2025 and may require communication and project management to protect our most vulnerable communities who rely on ‘telecare’ services

2.3.3 In remaining abreast of and contributing to the evidence we collate and draw upon as a local authority, we know that the overall use of cash and cheques by residents, across Council services and across other sectors eg the hospitality sector, has reduced significantly since the pre-Covid period. People’s habits have themselves changed, with an increased usage of online services across sectors, including banking. Given that residents in rural areas do not have easy access to post offices, banks and ATMs, it should also be added that many people in rural areas were already used to accessing services by non-cash methods. Facilitating their ability to do so, through our efforts to work with Government to increase digital connectivity for all our residents, is a key consideration for us.

2.3.4 In relation to ensuring that we are equipped to continue to deliver on national and local equality aims, for us these include these ongoing efforts to improve digital connectivity, to continue to provide cash payment options, for example in all our libraries, and to continue to share and promote public messaging around online safety and cash use safety considerations for vulnerable households. Our Trading Standards staff are always ready to assist, as are all members of staff.

Policy intervention: differing approaches for differing needs

2.3.5 An illustration of this is Shropshire Local, and the support offered by staff through this to get people online, as well as the wider work we are doing to target our support to those who need it most, using our strategic plan as a Council (the Shropshire Plan). In moving to this digital approach as the primary approach for transactions, we are continuing endeavours to also reach and engage with smaller groupings of people within the population who may need differing approaches dependent upon differing needs. We recognise that, for some people, cash may present as a preferred way to pay. However, for most people, non-cash payments are now quicker, easier, more flexible, less prone to error, and so more convenient and safer.

2.3.6 There is the question of how big an issue it actually is for local authorities to move to digital transactions as the primary approach for payments: we have not taken “cash” payments at Shropshire Council through any customer service functions for many years and Age UK did not report big issues – that would be very different if what we are looking at is no card payments either though.

2.3.7 One thing that we could do as a local authority, and on which comparator practice would be useful, is to ensure that our automated payments line is as simple as possible to use as the customer experience is that is it very complicated. If the Committee were to follow this line of enquiry and identify exemplar automated payments lines, it could be of real practical benefit.

2.3.8 Until/unless we get that, we should take phone calls for payments in one place – through the customer service centre where we can have that conversation about setting up alternative methods, take a card payment if needed (and in one place we have a better chance of complying with Payment Card Industry requirements through limited and targeted use of specialised software) and if people actually want to pay cash, find and direct them to their nearest alternative.

2.3.9 VCS partners have called for mapping of alternative sites that will take cash payments (Post Offices and Paypoint outlets). There are maps available but the irony is that they are online. They could potentially be reproduced in printed form for a limited time but updating and re-runs would be an issue.

Policy intervention: digital upskilling

2.3.10 The target audience for digital upskilling in Shropshire is 65+ but the learning translates to any age under the expansion planned from April 2023. We have a mix of venues across the county between VCS and libraries and this is proper learning, from an assessed stage A to the desired stage XYZ and the skills that represents, all with measured outcomes. After that are support groups and mutual support amongst the learners. It has been a really well designed course.

2.3.11 There were gaps at the beginning across the whole north of the county, including the market towns of Ellesmere, Market Drayton, Oswestry, Wem and Whitchurch. After a slow start, Libraries are now appointing volunteers in sufficient numbers so pretty much all areas are covered despite our size as a county. The challenge here was in engaging with these communities to get volunteers confident enough to then support people in these communities.

2.3.12 We have had to downsize from 3,000 to 1,500 learners at the moment. However, a business case around Digital Skills investment has just been approved that will also link into the Digital and ICT Strategy, approved at Cabinet in February 2023, and work around Digital County and Shropshire Local.

2.3.13 Another point to note here is that Digital support for 65+ is not the only way we are supporting people. People use libraries to access digital information and get ad hoc support – over 1,000 people have been helped this way with their enquiries including digital support around cost of living issues.

**2.4 How effective are Government initiatives at addressing digital exclusion? What further action is needed, and what should be done to provide offline access to services?**

Vulnerable groupings

2.4.1 Digital exclusion is about more than specific initiatives: it is also about retaining what is working, for vulnerable groupings, and about Government ensuring that commercial providers do not take away what is working for those groupings, without safeguards and without working with local authorities.

2.4.2 A key example of this is with regard to BT Openreach’s planned landline switch off or switchover from analogue copper lines to fibre optic technology, due to be completed in 2025/26.

2.4.3 Shropshire Council submitted a response to Ofcom in 2018 on the issue of “protecting access to emergency services in power cuts at customer premises”. The evidence demonstrates the Council’s commitment to supporting the people that we define as vulnerable and to emphasising the importance of Communication Providers like BT Consumer playing their part.

2.4.4 Meetings were held with DCMS during 2022, in order to emphasise that there is a policy imperative around improved national communication and engagement about the ramifications of the landline switch off and the perceived risks. This is particularly so for households and people that we would describe as vulnerable customers and who rely upon devices connected to telecare services. Notwithstanding the Ofcom requirement that there is to be what they describe as an “uninterrupted service for emergency services”, and the BT Openreach commitment to ‘battery backup’ for households receiving telecare, concerns remain for us as a local authority on behalf of our communities.

2.4.5 We continue to press the case for an improved communication campaign by DCMS and dialogue with Ofcom, alongside our own efforts to the LGA and critically BT Openreach. BT have advised, through a very recent presentation to an RSN seminar, that the pause they had announced in this process was now ending and that the process would recommence “in the spring”. Our view is that it is ever more critical at this time for reassurances about their contingency planning to be sought.

Meaningful deprivation measures

2.4.6 Whilst the Indices of Multiple Deprivation are widely used data sets used to classify relative deprivation of small areas in the UK, they typically poorly represent deprivation in rural areas and can lead to rural areas being overlooked when it comes to the allocation of funding and planning for rural health and social services.  A focus on the 10% most deprived areas under the Index of Multiple Deprivation would not work well for Shropshire. We have very mixed communities where high-income households live alongside pockets of those who are most deprived, masking the problems that exist when whole areas are assessed.

2.4.7 We also have an older population, many of whom are asset rich, but still struggle to afford to heat their homes and afford the increasing cost of food. We would like the Centre for Progressive Policy (CPP) index to be considered alongside IMD with indicators for fuel poverty, food insecurity, child poverty, claimant count, economic inactivity and low pay.

Government funding decisions

2.4.8 Digital exclusion is also a factor that needs to be integral to Government policy making decisions, including those around funding, rather than being viewed as a separate strand. We said, in our submission to DCMS in November 2022, with regard to Dormant Assets Consultation, that with community needs becoming increasingly complex and requiring integrated approaches it may be unhelpful to focus solely on local amenities and social infrastructure.

2.4.9 Community wealth funds are defined in the Dormant Assets Act 2022 as funds which give long-term financial support (whether directly or indirectly) for the provision of local amenities or other social infrastructure. We were asked for our views about these, and said that:

*“We support the principles of the Community Wealth Fund approach such as longer-term investment, building community capacity and empowering people to design and deliver solutions within their own communities. However, the design of the delivery mechanism is critical. A place-based model with community control and a partnership approach is very important in a rural area like Shropshire.*

*“Our concern here is one of exclusion, should this be the sole option. We need support to go into enabling and infrastructure support e.g. through faith communities and through voluntary sector organisations, rather than into community wealth funds that from our reading of it are designed to either fund provision of new assets or seek to maintain existing assets. Whilst other more urban areas may have organisations of a size that can manage assets or which already operate assets that may benefit from long term funding, we simply do not have organisations of that nature. And we have lost individuals along with their expertise, as a result of the pandemic, with some sadly deceased and with others deciding that they did not want to carry on running some of the smaller organisations that worked at grassroots levels here.*

*“Equitable distribution of community wealth is needed, in an area with a low wage economy such as ourselves, where many people have what may be termed a “side hustle” in order to maintain some kind of an income. It is the mechanism of a community wealth fund that concerns us, as we do not think this operating model will operate here, and that it will disenfranchise our rural population and contribute to an exodus of young people.”*

We accordingly requested that DCMS designs the Community Wealth Fund delivery model with robust representation from rural local authorities.

2.4.10 We would also concur with the analysis by the RSN in its Rural Lens review of the Rural England Prosperity Fund Prospectus and Funding Formula. The RSN welcomed the announcement of the long-awaited Rural England Prosperity Fund (REPF), along with the Government stressing that the REPF does not mean that the UK Shared Prosperity Fund is an urban fund; that it too should reach rural areas.  The RSN has highlighted some concerns including:

* The fact that the scheme delivers capital funding only is one of the major concerns. It demonstrates a fundamental misunderstanding of what is needed to support activity in rural areas and is a backward step. The lack of revenue funding ignores the issues of the capacity of rural councils regarding to the development and delivery of proposals.
* The allocation of funds such as the Rural England Prosperity Fund must better reflect the overall government funding (including the annual Local Government Funding Settlement) and therefore capacity issues of the different types of Councils benefiting from the schemes. In the Final Local Government Finance Settlement for 2023/24 Predominantly Urban areas get 59% more in Settlement Funding Assessment than do their Predominantly Rural counterparts – with the funding gap having widened compared to 2022/23.
* It is essential that there is a full evaluation in due course of the whole of the initiative and not just on the delivery of outcomes. Such an evaluation should reflect on capital only aspect of the Fund.

**2.5 How well are existing industry initiatives (for example cheaper internet tariffs) addressing digital exclusion? How could they be enhanced?**

2.5.1 We will be interested to hear more from industry via this Inquiry.

**2.6. How effective is civil society at supporting digital inclusion? How could this work be enhanced, and what is the appropriate balance between civil society and Government intervention?**

2.6.1 With digital inclusion a key strand of the Council’s policy towards moving to opportunities to be cashless in every transaction with the Council, we are absolutely not ceasing to take cash in all circumstances, but we are equally developing our approach and looking for engagement across sectors so that we can find and develop practical and equitable ways to achieve this.

2.6.2 A range of concerns being articulated in the VCS around hardship and poverty, including food security and food poverty, are being picked up in a collaborative Hardship and Poverty Task Group, chaired by the VCS. This is alongside potential mitigating solutions that either recognise digital connectivity constraints, or suggest ways to maximise digital opportunities, or both.

2.6.3 A good practice example from Shropshire with regard to financial inclusion efforts is the recent formation of a Money Advice Forum comprising local providers of financial support to individuals across the county. Led by Citizens Advice Shropshire, there are 30 voluntary and public sector providers. The organisations have established a Money Advice Strategy for the county, but as small providers are excluded from bidding for many of the large regional and national contracts. Local investment to support these essential services is required, through Local Authority commissioning or other models.

2.6.4 Using emerging technologies and digital solutions will enable us to provide our customers with improved and quicker access to information. We will continue to use timely data, ongoing feedback from our communities, and best practice from here and elsewhere, including comparator approaches across our shared borders with Wales and with neighbouring local authorities in England.

2.6.5 This provides intelligence and insights to inform our decision making, and aids us to monitor outcomes, continually review what we do, and ensure that services in Shropshire benefit our diverse communities. In so doing, our aim is always to work with our partners in order to achieve societal and economic impacts that will have positive reach across groupings and beyond our borders.

[end]