



Powering Up: How more people, communities and businesses can participate in a digital economy

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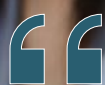
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Digital is changing our lives, our jobs, how we run our businesses and manage our money. This means that having the digital skills, motivation and confidence to use the internet safely is becoming essential for life and work. Our research focused on essential digital skills for three groups: people managing money on low incomes; unemployed people and people in low-paid jobs seeking progression; and sole traders or owners of micro businesses. This report draws on our findings and existing evidence and presents recommendations for how we can enable more people and businesses to participate fully in a digital economy. We believe this will help achieve a fairer society and a more inclusive economy.



The Fourth Industrial Revolution has the power to reduce inequalities across the world. Doing so depends on empowering everyone – regardless of geography, income, age or gender – and it requires concerted action and greater collaboration across all players.”

World Economic Forum 2018, Our Shared Digital Future

Seven recommendations for national impact

1. **Embed digital inclusion in all major initiatives** for jobs and skills, financial inclusion, and small business support. Digital should be an integral component, not a 'bolt-on'.
2. **Promote the benefits of the internet** especially for people on local incomes and those seeking work. Some of the biggest economic opportunities lie in motivating micro businesses and sole traders to embrace digital.
3. **Provide free essential digital skills support** for everyone who needs it, prioritising those who are constrained by poverty. Governments at all levels need to use their devolved powers to ensure adult skills policies deliver a genuinely inclusive and effective offer. This means:
 - Recognising that effective support is wider than digital skills; it is about digital motivation and confidence and developing people's ability to apply digital skills for life and work.
 - Supporting 'trusted faces in local places' as the best way to reach individuals and businesses who need support the most.
 - Ensuring support keeps pace with digital trends, online safety, skills for the future of work, and digital financial skills.
4. **Support holistic approaches to digital capability that understand the wider needs of individuals**, foregrounding digital skills in relation to social inclusion and education. Services should be person-centred, flexible and motivational, taking account of the interactions between individual factors, personal circumstances and external factors.
5. **Harness the power of peers** to build skills and motivation, whether through peer support in communities or local business networks. When people share their stories of how digital has benefited them, this can motivate others.
6. **Encourage employers to support basic digital skills**, especially for low-skilled staff, using resources available online and in communities. We need to find better ways to engage and support people in low-paid jobs, with low digital skills, who want to progress.
7. **Use digital inclusion to catalyse collaboration locally**. Stronger strategic leadership by local authorities with comprehensive strategies for digital inclusion are needed. Co-ordinated pathways of support make it easier for people to get the support they need to progress.

The opportunity

An inclusive economy in a digital age

We live in a digital age. Digitisation and automation are changing the nature of work - in the supermarket, the care home, the warehouse; and reshaping relationships between organisations, customers, and workers. Digital has changed the way most people interact with money, with more of us shopping and finding services and better deals online. And the move to 'digital first' public services is evident across our lives, from health and welfare, to education, transport and financial services. With this transformational shift comes both an urgent need, and a huge opportunity - to enable everyone to benefit from digital.

For individuals, digital skills are essential for everyday life. Digitisation of public services means that online access is becoming the principal route to finding information about and applying for essential support, such as Universal Credit. Having access to broadband at home and the digital skills to use online financial services, and buy cheaper goods and services online, can help to cut the extra costs of being poor; the 'poverty premium' has been estimated at £490 per year for an average low-income household (Davies 2016). Digital inclusion can be a pathway to education, economic and financial benefits. Employers of all sizes and sectors seek digital skills (basic as well as more specialist), with many identifying this as a cause of skills-shortage vacancies (IFF 2018). Meanwhile, more employers across all sectors are using online and e-learning to train their staff (IFF 2018).

More broadly, where people develop digital skills and motivation to use the internet safely and effectively, this may remove other barriers in their lives, and support social, civic and creative development.

For sole traders and micro businesses¹, the Fourth Industrial Revolution offers great opportunities. It gives the smallest companies unprecedented reach into new markets, a level playing field in sectors once dominated by major enterprises, and the ability to change the shape of how business is done. Accelerating the take-up of digital technologies by micro businesses could boost national growth, increase productivity through a better-skilled workforce, and help meet the needs of a fast-changing digital economy. In the UK, the Lloyds Bank UK Business and Charity Index² estimated that 41% of sole traders have 'low digital capability'; and calculated that if all were supported to achieve 'high digital capability', this would generate an additional £43.3bn turnover for the UK (Lloyds 2018).

1 Micro businesses defined as having fewer than 10 employees.

2 Lloyds Bank UK Business and Charity Digital Index is the largest measure of digital capability and skills for SMEs and charities.



1 | Benefits for small businesses of adopting technology

It is the application of digital skills that is critical to build digital capability and realise the benefits that adopting digital technology offers. Benefits include:

- **Potential for increased growth:** through increased productivity and the ability to reach new customers and new markets more easily.
- **Customer transaction benefits:** by doing more online small businesses can offer a greater variety of products and services, provide faster service, save on shelf space and operational costs, and compete on price.
- **Efficiency savings:** through reductions in staff time spent on processing transactions, building and estate management, and postage and packing.
- **Innovating and new ways of working:** by adopting new technology that enhances the offer to customers, develops new products and services and improves competitive advantage.
- **Supporting entrepreneurship:** entrepreneurship can extend opportunities for all, regardless of background, with positive impacts into disadvantaged communities local to the business,

For policy makers and influencers

Across economic and social policy agendas, there are exciting opportunities to integrate digital skills development and secure much-needed resource to drive this.

The World Economic Forum (2018) estimates that 133 million new roles may emerge globally by 2022. The OECD (2019) finds that skills are a key factor to enable diffusion of digital technologies and maximise their productivity impact, and recommends increasing participation in training, especially amongst low-skilled workers. The OECD's International Survey of Adult Skills has confirmed the positive link between improvements in basic skills and a number of important economic and social outcomes (OECD 2016). The UK government's Business Productivity Review is expected to identify take-up of digital technologies as a key factor at firm-level.

There is a huge opportunity for the UK to lead the way in innovating in approaches to digital skills development for workers and firms. Initiatives such as Innovate UK's Business Basics Programme, Be the Business, and Scotland's Digital Boost - are all welcome contributions with the potential to generate impact and learning. In England, six Local Digital Skills Partnerships have been created to tackle regional digital skills challenges. Working collaboratively, local stakeholders, government and industry partners are developing innovative digital skills provision to create "best in class" programmes that can be replicated and scaled across England utilising the Local Enterprise Partnerships (LEPs) network. In Scotland, the latest Digital Economy Business Survey (2017) highlights significant opportunities for using digital in business.

But more could be done. Basic digital skills training and digital business support should be prioritised in implementing the UK Industrial Strategy, National Retraining Scheme and government-led plans to drive forward fair work agendas in Scotland, Wales and the UK. Public policy has a role in raising awareness of basic digital skills as critical for fair work and future work (UKCES 2016), especially given rising concerns about jobs at risk of displacement through technology (ONS 2019) and cybersecurity fears.

In social policy, the relationship between governments, public services and citizens is being transformed through digital. Universal Credit, Making Tax Digital, and the NHS Long Term Plan ambition to mainstream digital health services are a few examples. These policy developments are sparking political and public interest in how to ensure that everyone can access online public services and be protected from online harms (DCMS 2019). The new national entitlement for essential digital skills from 2020 (and foundational skills from 2021) is a positive step forward, putting digital skills on the same footing as literacy and numeracy skills. Combined, this creates an opportunity to secure support for digital skills across government departments, and at all levels of government.

National digital inclusion programmes are in place, including Future Digital Inclusion in England, Digital Scotland, and Digital Communities Wales. Some local authorities are leading the way to increase digital inclusion (e.g. Glasgow, Leeds, Salford and Wigan). There are significant opportunities for governments at all levels, public bodies (such as the new Money and Pensions Service), corporates, employers and communities to enable and encourage people to develop their digital skills.



The challenge

An economic and digital divide

An economic and digital divide is evident across the UK. A lack of digital skills places further restraints on opportunities for economic and social mobility. If we are to realise the benefits that digital offers to everyone, we need to understand the scale and nature of the challenges and barriers that people face in developing and applying digital skills – whether to get a job, to improve their finances, to sustain and grow their business, or improve their lives.

Barriers faced by people from socially excluded groups

Despite widespread internet access, there is a deep divide between those who have the digital skills and confidence to benefit from the internet and those who do not.

Social, educational and economic disadvantage are the most reliable predictors of being offline among adults under 75 years old (French 2019). Among working-age adults, those in DE³ households are more than three times as likely as those in non-DE households to not use the internet (14% vs. 4%) and twice as likely to only use a smartphone to go online (21% vs. 10%) (Ofcom 2019), with two in five never using a computer. Yet some tasks, such as job applications, remain far easier to do on a computer (CAS 2018). There is also a 17% gap in regular internet use between disabled and non-disabled people (ONS 2019).

Across the UK, rollout of Universal Credit (UC) has brought the link between digital disadvantage and poverty into sharp relief – highlighting the importance of essential digital skills to access benefits and comply with conditionalities. A Department for Work and Pensions longitudinal survey of claimants found only half (54%) were able to register their claim online unassisted; three in ten said they needed more ongoing help with their UC digital account (DWP 2018).

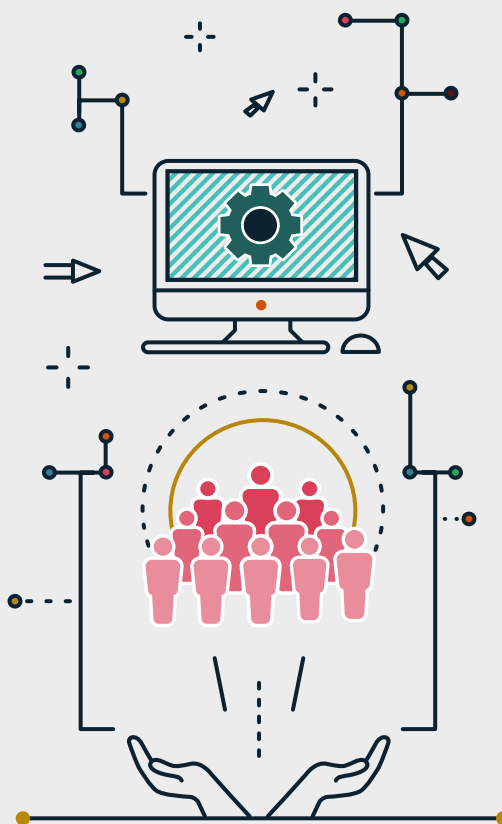
Learning new digital skills may be a very low priority. People whose lives are restricted by poverty face structural and individual barriers, and may need support across several areas of their lives (JRF 2016). Unstable circumstances and life shocks – such as redundancy or divorce – make it harder to engage with support, both practically and through personal lack of confidence. Poverty also increases stress, with impacts on cognitive processes such as decision-making and planning (BIT 2016). Skills aside, people on low incomes may not be able to afford devices or afford the internet at home, relying on public WiFi access.

This year, the Lloyds Bank UK Consumer Digital Index has included the first measure using the UK Essential Digital Skills Framework (see Box 4). The report reveals how far and fast the goalposts are shifting around the level of digital skills now required for life and work. Even among those who actively use digital skills in a working environment, over half of respondents were found to lack the full range of essential digital skills for work (Lloyds 2019).

What is becoming clear is that people may have smartphones and use social media but still lack the digital skills required for work or life. The same is no less true for young people. Digital exclusion is more common among care leavers and those who are not in education, employment or training (Wilson & Grant 2017); this overlaps with low literacy and numeracy skills among young people, with skill levels in the UK lagging behind those in many other countries (OECD 2016).

2 | Barriers to developing and applying digital skills

- **Low incomes.** Being unable to afford devices or connectivity at home limits potential to learn and apply learning. Poverty is a barrier to learning, making it harder to focus beyond immediate pressures and short-term goals.
- **Low literacy, numeracy and limited English skills for speakers of other languages** are barriers to developing digital skills, finding out about and accessing services.
- **Low learner confidence** and low 'self-efficacy', often related to poor experiences of school. This affects people's confidence to learn new skills (although disruptive life events can also spur people to contemplate learning).
- **Older workers** especially in low-paid sectors and older unemployed adults face greater disadvantage where they have not had the opportunity to develop digital skills in the workplace.
- **Unemployment and low employability skills** (such as interpersonal and problem-solving), alongside limited work experience or lack of understanding of how labour markets work, compound digital skills barriers to employment.
- **Negative experiences of services** can discourage people from engaging or re-engaging. Engagement is a big challenge for financial and money support, with many people holding back from seeking support until crisis point.
- **Fear and mistrust of using the internet for financial transactions** prevents people from using online financial services or tools for banking or budgeting, shopping or switching providers. Handling cash gives some people a stronger feeling of financial control and confidence.
- **Practicalities of provision** may prevent people who want to improve digital skills from doing so. It can be difficult to find training that is free or affordable; easy to get to; fits around caring responsibilities, or working hours, or allows for an ongoing health condition or disability.



Barriers faced by sole traders and micro business owners

Leading analysts and academics have identified gaps in digital technology adoption, lack of digital skills, and low innovation diffusion as critical factors limiting economic growth and firm-level business productivity in the UK (CBI 2019, MGI 2018, Work Foundation 2018). The forthcoming report from the review on UK business productivity, led by the Department for Business, Energy and Industrial Strategy, is expected to provide a comprehensive picture of firm-level factors, challenges and opportunities across the UK.

It is already clear that the scale of the challenge is especially marked among smaller firms. For example, one quarter of micro businesses used none of the seven technologies identified as most relevant (see Box 5), and a similar proportion used only one digital technology (ERC 2018). The UK e-commerce survey found that only 8.8% of micro businesses were making website sales compared to 46% of large businesses (ONS 2018). Across small businesses, sole traders are the most likely to feel 'unconfident' in digital skills (FSB 2017).

For those who may be discriminated against in the labour market, running a business offers alternative ways of earning and participating. However, entrepreneurs from disadvantaged backgrounds face additional barriers such as limited access to finance, lack of business support and skills, and limited networks for developing client bases and partnerships. Older sole traders may be more reluctant to develop new digital behaviours; this is likely reflected in lower digital adoption in certain sectors such as construction and trades.

Digitisation is driving change so quickly that businesses which don't embrace digital risk going out of business or being left behind.

Place matters

Across individuals and households, businesses and employers, place matters. Where you live is a strong predictor of being on a low income, unemployed or in low-skilled and low-paid work - reflecting the prevalence of low-paying sectors in some parts of the country (JRF 2016). There are geographic as well as sector differences in digital infrastructure and in the adoption of digital technologies by small businesses, although the picture is complex with differences within, as well as between, sectors and regions (ERC 2018, BEIS 2018, Nesta & Sage 2017).

Adults across the country are being supported to get online safely for their personal and business benefits. The trends are going in the right direction but the scale of the challenge - particularly for those facing greater social and economic disadvantage - remains significant.

Opportunities are being missed to embed digital skills in existing support. We need to power up people, provision and places if we are to realise the opportunities that digital offers everyone.



3 | Barriers for sole traders and micro businesses to using digital technology

The most-stated reason behind non-use or low-use is not seeing 'digital' as relevant to their business (the term 'digital' could be a barrier itself), followed by lack of digital skills. For those actively considering use of digital in their business, barriers are:

- Lack of time was the most commonly referenced obstacle. People told us about having to spend time looking at all the different options and being frustrated by the lack of clear, accessible and trusted advice.
 - Costs of hardware, software, ongoing maintenance, and staff training. Some preferred to outsource digital services rather than 'lose time' learning skills.
 - Outlay is a barrier, especially as micro businesses tend to operate in sectors with very low margins, so investment needs to provide identifiable returns.
 - Fears about significant disruption in adopting technology and changing processes, and about protecting their business from fraud or scams.
 - Not knowing what technology to buy - people repeatedly referred to the gap between the motivation to do more digitally and knowing what to do.
- Not finding suitable support. Some found it hard to know what training they needed, or to find support that was flexible enough to fit round their business.



For learning and life: Olivier's story

Olivier arrived seeking asylum and had never used a computer. Supported by a community organisation, he attended ESOL classes and moved on to gain basic digital skills. "I had to learn the English language first but after that, I started thinking about learning for the future. All the information was on the internet and if I hadn't been able to use a computer I wouldn't have been able to find it. Computers have helped me achieve all of my qualifications. I learned through videos on the internet, and used search engines, to do things like finding learning exercises."

Olivier went on to further learning and used his new digital skills to find and apply for a carpentry course at Chesterfield College. He now uses the internet across all areas of life. "Everything is quite technologic now, so to be able to do even simple things, like access your bank account, do shopping or book a holiday, most things are online."



A framework for action

Digital technology is no longer new, yet it is constantly evolving and extending its reach. Through our research, we identified a number of areas where local action could achieve a step-change in supporting people and businesses to benefit from digital, contributing to a fairer society and more inclusive economy.

A framework for local action

- **Powering up people** and businesses means more than digital skills. It is about building digital confidence, so that people are motivated to learn and keep on learning, and apply digital skills in their lives, businesses and at work. The application of digital skills is critical.
- **Powering up provision** is about improving what is already offered (for example in business support or employability programmes) by embedding digital into existing programmes, so that digital skills support is not siloed or 'bolted-on', drawing on what is already known about effective support.
- **Powering up places** is about connecting community organisations, service providers and others to provide individuals and businesses with the joined-up support they need to progress. Digital inclusion can be a catalyst for local area-level change and collaboration.



Powering up people and businesses

In April 2019, the UK government announced that from 2020, there will be a new national entitlement which puts digital skills on the same footing as English and Maths, and new qualifications which will help ensure essential digital skills are relevant and up to date. These are based on the government's Essential Digital Skills Framework which defined the digital foundation skills and essential skills adults need to participate safely and effectively in the digital world.

This framework is broadly comparable to the European Digital Competence Framework for Citizens. It was developed by a cross-sector partnership and covers digital skills for life (including online financial transactions) and digital skills for work. The Scottish Council for Voluntary Organisations has developed an Essential Digital Skills Toolkit to support the Digital Participation Charter funded by the Scottish Government (SCVO 2018).



4 | Five Essential Digital Skills for life and work

- Communicating
- Handling information and content
- Transacting
- Problem solving
- Being safe and legal online

Source: UK Essential Digital Skills Framework 2018

For businesses, the UK government has identified four key digital skills: maintaining a web presence, selling online, using the cloud, digitising 'back office' functions. The Enterprise Research Centre has identified seven technologies as most relevant to micro businesses and sole traders.



5 | Seven digital technologies for micro businesses

- Use of cloud-based computing
- Use of a CRM system
- Use of e-commerce
- Use of web-based accounting software
- Use of CAD (computer aided design)
- Use of Machine Learning technologies
- Use of Artificial Intelligence

Source: Enterprise Research Centre 2018

More than skills: motivation and application

For digital skills to make a difference in people's lives or businesses, people need more than digital skills alone. They need the support to build digital *confidence*, so they feel *motivated* to learn and keep on learning, and to apply digital skills in their lives, businesses and at work. It is the *application* of digital skills in real life that is essential if people are to use digital to improve their lives.

Some sole traders and micro business owners – particularly those facing economic and social disadvantage – will face the same barriers as other individuals who are offline or have limited digital skills. Others may use digital technology in their personal lives, but lack the skills, motivation or confidence to adopt digital technologies for their business.

6 | More than skills

What's needed is skilled support so people gain digital skills, digital confidence and motivation, and the ability to critically apply digital skills in their lives.



When support services and resources are constrained, and when digital skills is seen as a 'bolt-on', then basic digital skills provision can become narrowly focused on specific transactions (such as learning how to use a specific website to search for jobs). Yet, a more rounded approach to digital capability – which foregrounds confidence, curiosity, adaptability and problem-solving – is arguably where the real and lasting benefits of developing digital skills lie for people who are economically excluded and small businesses at risk of being left behind.

This finding has important implications for training and service providers and for commissioners. For commissioners, it highlights the importance of commissioning digital skills provision which supports and measures outcomes around learner confidence and self-efficacy, and individual motivation to use digital to progress to personal goals in everyday life. For providers, it highlights the importance of making learning motivational, engaging, relevant and immediately applicable to people's lives and their personal goals (French 2018). (These personal goals can be very different from those set by agencies referring people for digital skills support).

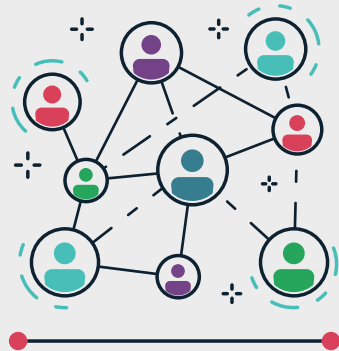
Motivating digital technology adoption in small businesses

Motivation emerged frequently in our research with small businesses and business support organisations. This was both in relation to the motivation to use digital skills and adopt technology for business needs, and in relation to a growth mindset.

The Federation of Small Businesses distinguishes between 'innovators', 'considerers' and 'non-considerers' (FSB 2018). Different strategies are needed to support 'considerers' who are motivated to adopt digital technology but lack the time, skills, capacity or guidance to do so, compared to winning over the 'non-considerers' who do not see digital as relevant or realistic for their business.

In research with small businesses, peer-based networks was a recurrent theme. While views varied on whether peer networks had to be sector-specific, there was a consensus about the benefits of face-to-face interaction, and the value of blending trusted peer-to-peer support with expert digital advice, including online support.

Business owners who already recognised the need to adopt digital described being frustrated at the lack of help to implement digital strategies. Some talked about needing a 'navigator' to help them decide what hardware and software to buy, and whether they could afford it, so as to avoid setbacks or financial losses.



7 | Matching young people with businesses

Nominet Digital Neighbourhood was launched in July 2018. It aims to train 18- to 24-year-olds with limited professional networks to deliver paid digital support to local small businesses. This will generally be around 6-12 hours across a two-week period. It focuses on social media, Google AdWords and search engine optimisation. Since its launch more than 100 young people have been trained and linked with small businesses. The programme runs in London, Cardiff, Exeter, Preston and Glasgow.

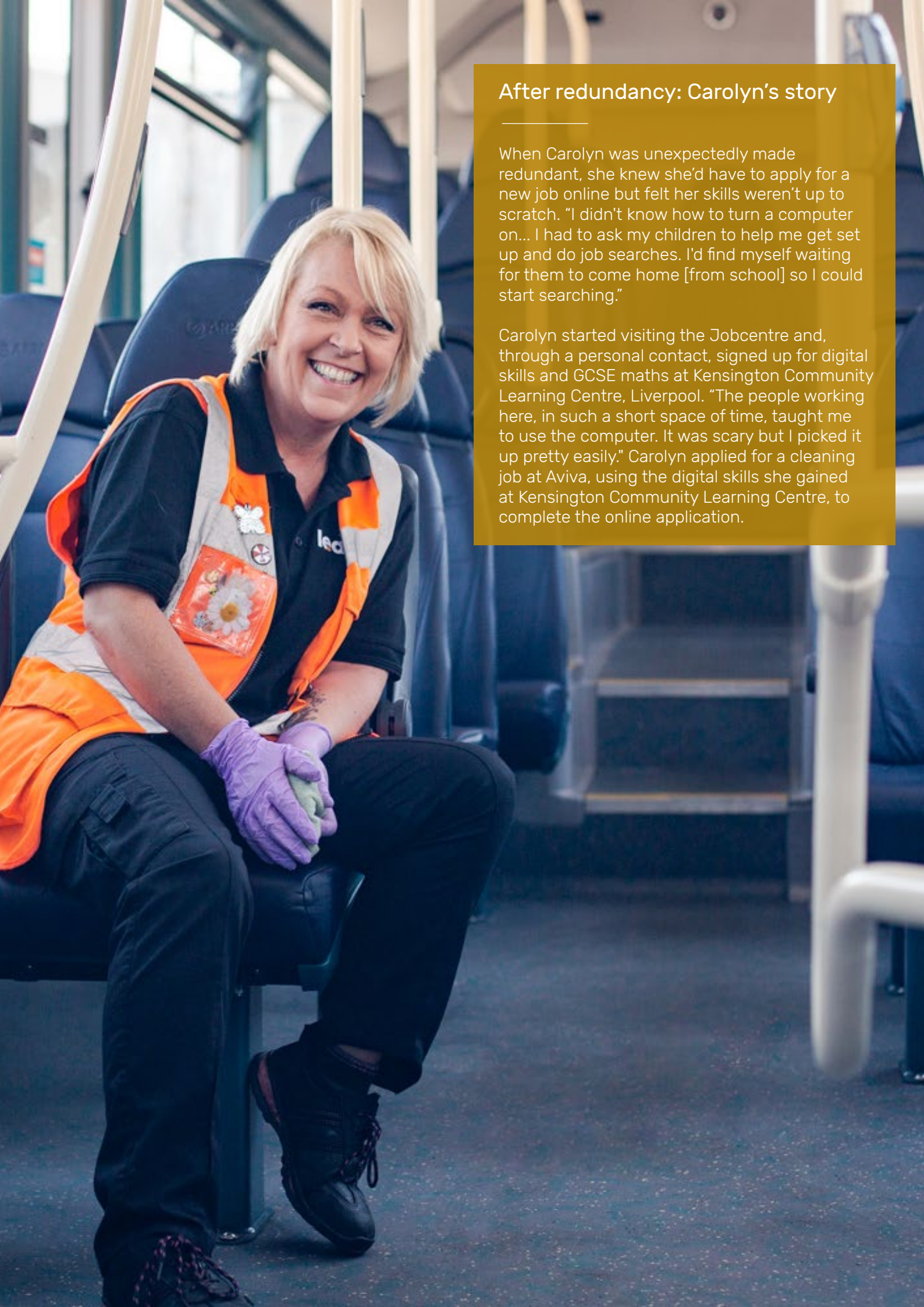
Our research identified a range of ways to support those who already recognise that digital technology will benefit their business but need support to take this forward. Much of this echoed what we heard from focus group participants more generally, particularly the need for flexible approaches that fit around time pressures, and to work with the most accessible spaces in local areas to find informal, face-to-face ways to deliver support that reflects local community diversity.

Additionally, the following recommendations emerged through the small business roundtables:

- Target available support more directly on 'considerers' - those who are already motivated to try digital but held back by not knowing the next step to take, or what to purchase, or lacking the time and capacity to move ahead.

- Work with local and peer-based business networks, blending peer support with expert inputs to build digital motivation and confidence.
- Refocus support around meeting the business needs and problems faced by microbusinesses and sole traders, rather than 'digital' per se. Alongside this, develop support on specific technologies, such as back-office functions.

Powering up people and businesses is about building the digital skills, motivation and confidence to apply digital skills to achieve personal and business goals. This goes beyond training people to do specific transactions such as using a jobsearch site, setting up an email account or using social media to advertise your business. For this reason, powering up people will require powering up provision at the local level.



After redundancy: Carolyn's story

When Carolyn was unexpectedly made redundant, she knew she'd have to apply for a new job online but felt her skills weren't up to scratch. "I didn't know how to turn a computer on... I had to ask my children to help me get set up and do job searches. I'd find myself waiting for them to come home [from school] so I could start searching."

Carolyn started visiting the Jobcentre and, through a personal contact, signed up for digital skills and GCSE maths at Kensington Community Learning Centre, Liverpool. "The people working here, in such a short space of time, taught me to use the computer. It was scary but I picked it up pretty easily." Carolyn applied for a cleaning job at Aviva, using the digital skills she gained at Kensington Community Learning Centre, to complete the online application.

Powering up provision

There is a wide range of enterprise, employment and education programmes, as well as advice and support, for people constrained by poverty. Our research found that digital skills support is not adequately embedded. Too often, digital is a 'bolt-on' or 'siloes' rather than an integral part of employment, financial or business support.

In local area research, some providers described digital inclusion as important but also an unaffordable luxury; incidental and secondary to other forms of support. There was considerable variation across the four areas in the extent of digital inclusion provision overall, and how well it was connected to or embedded in wider services for people in financial difficulties or seeking work.

We identified promising approaches where organisations were embedding digital skills in their wider programmes to support people into employment, or provide people with money and benefits and wider advice:

- Bournemouth Churches Housing Association Ignite programme includes digital skills in a wider employability package, accessible by non-tenants.
- Crisis Empowerment and Change, led by East End Citizens Advice Bureau and a consortium, integrates digital skills in financial wellbeing support.
- Bromley by Bow Centre offers a mixed range of skills support across digital inclusion, ESOL, employment, and money and benefits advice.
- Hackney Co-operative Developments delivers specialist digital inclusion as part of a broader employability offer, including post-employment coaching.
- Toynbee Hall builds financial capacity through group teaching over several weeks, with 1-to-1 support to resolve immediate financial matters, and peer mentoring. It explicitly introduces participants to digital technology.
- Edinburgh's Community Help and Advice Initiative embeds digital in their advice offer, which covers debt, housing, benefits, and maximising income.

What helps people to build digital skills and motivation

A lot is already known about what good support looks like. Where people experience disadvantage, effective support is person-centred and holistic, taking account of how individual factors, personal circumstances and external factors interact. It is best provided 'where people are', by people and in places they trust, with access to a pathway of support that enables them to move forward.

Below, we summarise some of the key ingredients of what helps to build digital skills, confidence and motivation.

- **First contact matters.** Time for engagement and building trust is an essential yet often unfunded component of effective support, especially where people access support at a time of stress, or they mistrust digital technology.
- **Money and benefits support** may need to be addressed first or alongside; financial stress can be a major barrier to learning and applying digital skills.
- **Informal and welcoming learning environments** are especially important where people have had poor experiences of formal education.
- **Getting the practicalities right.** Childcare, transport, timings and frequency of support can all be obstacles to engagement. Access and costs of digital devices and data allowances make it harder to practise digital skills at home. English language, literacy and numeracy skills may need to be addressed.
- **Flexible learning provision.** People who stand to benefit the most may also struggle the most to get friendly and flexible support that fits in their lives or around their business. Flexibility helps people who cannot commit to regular sessions due to caring responsibilities, shifts, unpredictable hours and business pressures. Some people need longer or open-ended support.

- **Make learning relevant**, engaging and immediately applicable to people's lives and goals. This can be achieved through:
 - A rounded (less transactional) approach to digital capability
 - Skilled staff who make learning fun, as digital can be daunting
 - Enabling people to achieve 'quick wins' related to their personal goals, so they feel the benefits of digital quickly and build self-efficacy
 - Learning in groups with peer support, and individual support as required, as this builds trust and motivation; behavioural nudges through text-messaging can be valuable as a complement
 - Helping people to apply what they learn while they are learning
 - Equipping people with the awareness to stay safe online.
- **Service design** or redesigning existing services or training programmes to embed digital throughout, so it is not a separate 'bolt-on'. This includes identifying appropriate touchpoints in an intervention where people can be supported to apply digital skills and build their motivation and confidence.
- **Digitally confident staff**, as many providers may need to build the digital skills, confidence and motivation of their own managers, staff and volunteers.

- **Warm referrals** to other specialist support (e.g. housing, mental health) was critical in creating pathways of support, helping people to move forward. For people seeking or changing jobs, brokering contact with employers and in-work support was particularly valuable.

Almost all of these are equally applicable to sole traders and micro business owners, especially those coming from disadvantaged backgrounds or running their business in disadvantaged areas. Time to build trust, personal contact, support with testing and learning, and brokered collaboration are among the enabling factors identified in the UKCES (2016) evaluation of the UK Futures Programme. These provide the foundations which enable business owners to take a step from non-adoption towards considering adoption of digital technologies in their business, or the next step from 'considering' into implementation.

Across all four areas, support organisations (even those offering a wide range of advice, advocacy and training) talked about the value of connecting with others and joining up support - powering up places to make best use of local assets.



Powering up Places

Digital inclusion can be a catalyst for area-level change and collaboration. In several areas, we found a need for better connections for people to access the joined-up support they required to progress.

Unsurprisingly the rise in digital-by-default services (such as council services going online) is increasing demand for digital skills support. While the strength of the voluntary sector varied widely across all four areas, the overarching message was of local support services under strain.

It is the way in which organisations work with others locally that can have a lasting positive impact on people's lives. This was endorsed through our research but we also found worrying disconnects between services. Engaging with one service or community organisation should lead to engagement with whichever others are relevant, ideally through a shared approach to assessing an individual's support needs. Where services lack the specialist knowledge or skills to meet someone's support needs (whether digital skills, ESOL, housing, mental health, etc), they need to know where to refer and to make 'warm' referrals to other agencies - creating a pathway of support. All this requires good relationships between providers, with everyone understanding where and how they fit in the local 'ecosystem' of support.

We identified a number of approaches that can help make this happen, recognising that limited resources make it more important and more difficult to achieve.

Local strategic leadership

A clear, co-ordinated strategy for digital inclusion can provide a framework and leadership to strengthen local ecosystems of support. Our research found wide variation in the level and visibility of local strategic leadership on digital technology and participation between the four areas. This reflects the picture across the UK; there are still too few local authorities showing strategic leadership on digital. In our four areas, Glasgow City Council's strategic plan is an exemplar.

The *Digital Glasgow Strategy* (2018) has a dual focus on the digital economy, and on transforming public services. Digital inclusion and participation are one of four priority areas for a

digital economy. Commitments include a joined-up approach to supporting Glasgow's population to use technology across all areas of their lives; ensuring that everyone who needs to access Universal Credit has the digital skills to do so; and encouraging companies to support digital inclusion initiatives and training.

Combining expertise through collaboration

Collaborations can bring different skills and expertise together to embed digital and strengthen local pathways of support. Our area research identified several initiatives taking this approach. In Scotland, Community Renewal takes a holistic, person-centred approach to raising employment across a neighbourhood, working with others across sectors. Their new partnership is testing ways to integrate employment and financial capability, with digital embedded in their approach. Glasgow Life co-ordinates library-based digital skills provision for the local authority and is testing co-location of support (such as money and benefits advice) in libraries, building on successful co-location of services by others in Glasgow (Sinclair 2017).

Community connector roles

Employing local or community 'connectors' is another approach to embed digital and strengthen support pathways. The approach requires reach, relationships and resources, as well as the drive to use digital inclusion as a catalyst for strengthening local support. Community anchors or larger local 'anchor institutions' (e.g. housing associations) could be well-placed to take on this role. A community connector might:

- Undertake an audit of local provision and assets, including community organisations; share and use this to broker connections and collaboration
- Support signposting and warm referrals between organisations
- Co-produce consistent approaches to engagement, assessment and triage of individual support needs, to enable effective referral from first contact
- Design effective ways of embedding digital in local support pathways
- Capacity build local organisations to embed digital inclusion approaches.

Place-based support for small businesses

Our research also identified new and established ways to motivate technology adoption among sole traders and micro businesses, including ways to promote digital technology adoption through economic regeneration initiatives.

- Support or set up local peer-to-peer business networks to motivate use of digital. New networks may be needed to reflect local diversity and needs.
- Build a local 'digital talent pipeline' - brokering quality work placements for digitally-skilled young people from disadvantaged communities with local sole traders and micro businesses to help them adopt digital technologies.
- Embed digital support in economic regeneration projects by connecting digital entrepreneurs moving into an area with local traders.

- Provide a 'navigator' as a trusted source of specific information about what hardware and software to buy to best meet a business's needs.
- Encourage local social entrepreneurs to develop initiatives that address digital skills gaps for local businesses, especially focusing on underserved groups, such as BAME women, disabled or older entrepreneurs.
- Support local businesses who have adopted technology to share their stories, to create a positive social multiplier effect.

In these different and complementary ways, essential digital skills support and support with digital technology adoption can become a catalyst for collaboration, social inclusion, and economic development at a local level.



Three challenges for innovation

Momentum is building around the value and importance of digital inclusion for citizens, charities and companies of all sizes. More of us are getting involved – providing digital inclusion programmes, championing digital participation and helping colleagues, friends and families. There is more to be done if everyone in the UK is to be able to participate fully in a digital economy and society. Our research highlighted several challenges. We present just three of these below – to spark debate, innovation and collaboration among policy makers, sector leaders and social entrepreneurs. The three challenges are:

- Developing digital skills for people in low-paid jobs
- Promoting digital technologies to micro-businesses
- Bringing digital and financial skills together in practice

Challenge #1

Developing digital skills for people in low-paid jobs

For people employed in low-paid, insecure work with limited opportunities for progression, acquiring digital skills can enable people to get a promotion or better quality work elsewhere. However, this remains an under-developed area of provision by comparison to employment-related support for unemployed adults. The Social Mobility Commission's report on adult skills gaps found that adults on the lowest incomes with the lowest qualifications are the least likely to get training from their employer or to seek it outside work, even more so if they or their parents come from disadvantaged backgrounds (SMC 2019).

People in low-paid, insecure jobs may face the same challenges as those out of work including low digital skills. Research by the Learning and Work Institute (LWI 2018) and others shows that many will face additional barriers:

- Higher risks in changing jobs, as people have more to lose
- Less time to engage with skills training and job search
- Less likely to engage with agencies or qualify for free specialist support
- Less likely to be trained by their employers than better paid employees.

Evaluations of in-work progression support have shown that access to personalised advice about the impact of changing jobs on money and benefits, as well as jobs brokerage and in-work support, can mitigate these risks (LWI 2017). Evidence in this area is still building, and while digital skills have emerged as a barrier to progression, the issue has not yet received

the attention it deserves. A recent evaluation of a work progression initiative which used an online registration and portal found that low digital capability prevented participants from accessing online support. Where used, online support was successful with 50% of participants completing at least one job application using the portal (LWI 2018). This is promising. There is a growing volume of quality, free online resources to improve digital skills for work supported by corporates, charities and public bodies. Such resources – available free and 24/7 – could benefit people who are low-paid and time-poor, to get better work if they have the digital skills and the support to find and use them.

Recent policy developments have the potential to make a transformative contribution in this area: the new national skills entitlement to essential digital skills, and planned National Retraining Scheme (part of the UK government's Industrial Strategy) – as well as learning from current initiatives such as the Flexible Workforce Development Fund (Scotland) and Flexible Learning Fund (England).

Finally, there is a golden opportunity here for smarter approaches to developing combined skills. How might we better support people with low skills to build basic digital skills and, at the same time, develop their cognitive and interpersonal skills? Experts predicting the future of work expect a rapid increase in demand for creativity and adaptive problem-solving skills as well as digital (Djumaliev & Sleerman 2017, OECD 2019).

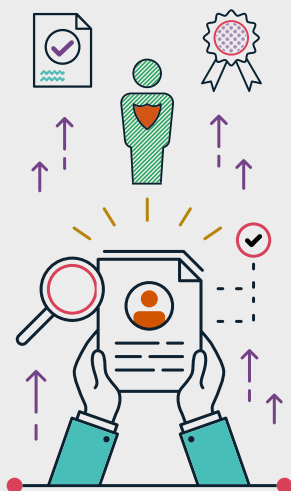
Challenge #2

Promoting digital technologies to micro businesses

More effective ways are needed to raise awareness of the benefits of digital for micro business owners. This is not a new challenge, and a number of initiatives and campaigns have been delivered. The hardest challenge remains winning over those who feel that digital technology is not relevant or realistic for them. Making Tax Digital and Universal Credit will drive more small business owners to go online, but there is a need for 'carrots' as well as 'sticks', and to promote the support already available.

Small business roundtables generated a number of suggestions:

- Focus messages less on 'digital technology' and more on how people can meet their business needs or (as importantly for some) their personal needs, such as time with their family.
- Enlist the support of trusted professions - such as accountants - who already have a relationship with sole traders and micro businesses to promote the benefits of adopting digital technology to their clients, signposting to support.
- Boost awareness by working with big brands. Participants were positive about corporate initiatives to support businesses to use digital, referencing Google, Lloyds Banking Group and Barclays.
- Profile the local small business community and use this intelligence for more targeted promotion of support which is free, flexible, relevant and nearby.
- Encourage people to share their success stories. These can be particularly powerful where they come from businesses in the same sector or locality.
- Recognise people's fears about online safety and security, and that fears can prevent business owners from using available training on 'cybersecurity'. Promoting the benefits of the internet sits alongside raising awareness of online harms and responsibilities.
- Understand more about how motivations and barriers to digital adoption may vary, given the diversity of sole traders and micro-businesses, focusing on those from disadvantaged and diverse communities.



Keeping up with digital – Jim's story

Jim started his career working as an apprentice plumber. He left to start his own business. Fifteen years later he runs a successful company.

Jim described how his first employer failed to use any tech. None of the business processes were automated, engineers were submitting paper-based worksheets and a team of three were reconciling accounts. That business went into administration.

Jim attributes his own success to his use of tech. He uses mobile technology wherever he can - it makes it easy for his customers to do business with him.

Challenge #3

Bringing digital and financial skills together in practice

People on low incomes (including in low-paid work) should have the support they need to develop the digital skills to manage their money safely, and to use online government and financial services confidently to meet their needs.

For people on low incomes, the issue is often poverty rather than poor budgeting. However, digital exclusion locks people out of opportunities to maximise their income (such as digital apps for money management, or cheaper goods and services online). There is evidence that using financial capability apps can improve both financial behaviours and perceptions of digital technology (French 2018). Digital can lead to financial harms (scams, fraud, problem debt through online credit and gambling) so building skills around safety as well as transacting is essential.

The UK Financial Capability Strategy and Lloyds Bank UK Consumer and Digital Index have raised the importance of linking digital inclusion and financial capability on UK and national policy agendas. Our research found that at a local and practice level, there is still a long way to go. Practitioners, even in areas which were better served, described these difficulties:

- Engaging people with money advice at all, and at the right time
- Improving support to young people, women from some BAME communities, and disabled people
- Staff lacking digital skills, and digital financial skills, themselves
- Staff being unsure about what digital financial information they can give, including whether they can assist people to do financial transactions online.

In 2017, Good Things Foundation worked with Toynbee Hall to test whether helping someone to make a live online transaction, as part of a peer-led financial capability course, supported behaviour change (a Randomised Controlled Trial funded by the Money Advice Service What Works Programme). The group which was helped to do an online transaction, as part of the community-based programme, were 6.5 times more likely to make an online transaction again independently (Piercy 2018).

Our research found few organisations which felt they could, or should, support people to do a live online transaction as part of learning new digital financial skills. This suggests that clearer guidance for practitioners across relevant sectors could provide useful clarity on what digital financial skills are (recognising this will keep changing as digital and financial technology evolves), and how to support people to learn and apply these skills to stabilise or improve their incomes. The new Money and Pensions Service could play an important role in bringing this forward.



Summary

This report has drawn on evidence and insight to explore how we might enable more people and businesses to benefit from the internet and digital technologies. A key message is that effective digital skills support is more than digital skills; it is about building digital motivation and confidence and developing people's ability to apply new digital skills. This resonated across all three groups - people constrained by poverty, people seeking work, and people running their own micro business.

Our research found that digital is often a 'bolt-on' where it needs to be embedded in support. There were promising examples of this happening, but the overall picture was of opportunities yet to be grasped. A lot is already known about what good support looks like. Building on this, we set out a framework for action around people, provision and places.

We also identified three challenges where debate, innovation and collaboration are needed to propel change: bringing digital financial skills together in practice; making it easier for people in low-paid work, who have low digital skills, to develop the skills to progress; and promoting digital to business owners who feel it is not for them.

We have a huge opportunity to use digital inclusion to create a fairer society and inclusive economy. We can make this happen if we work together.



About this report

The findings presented here draw on a national literature review, stakeholder interviews and local area-based research (workshops, interviews, provider survey) in four geographical areas - Bournemouth, Edinburgh, Glasgow and London. Four roundtables with small business representatives discussed what practical measures could make digital work for micro businesses and sole traders.

The research project was led by Dr Alice Mathers, with Tom French, Natasha Munoz, Dr Laurence Piercy, Lauren Quinn, Jake Shepherd, James Richardson, and Dr Emma Stone at Good Things Foundation. Research in Scotland was supported by Scottish Council of Voluntary Organisations, and in Newham by Community Links. The small business research was supported by consultant, Anthony Impey MBE (Optimity). Separate summaries on financial capability, employability, and small businesses are available on the Good Things Foundation website.

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For more information

Three separate research reports have also been produced as part of this project and are available, free to download, from the Good Things Foundation website -

goodthingsfoundation.org/power-up-initiative

- Improving digital skills for small and micro businesses
- Improving digital skills for employability
- Improving financial capability through digital skills

Good Things Foundation is the UK's leading charity driving social change through digital. It supports people to grow their essential digital skills to overcome social challenges.

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J.P. Morgan's support for Power Up is part of its commitment to address the key drivers of inclusive growth through long-term investments that directly leverage the firm's talent and resources to create a lasting impact in its communities. This includes a \$350 million global five-year commitment to the future of work to help under-served populations develop critical skills for in-demand careers through new investments in education and training programs and building a future-ready workforce by forecasting emerging employee skillsets, career pathways and upskilling opportunities.

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