How can governments tackle digital exclusion?

A report from the Centre for Social Justice has said that not being able to access the internet easily "intensifies the pain of the cost-of-living crisis for low-income households which are already paying hundreds of pounds more for basic goods and services", and recommended ways for the government to tackle the problem.

The findings

The report, Left Out – How to tackle digital exclusion and reduce the poverty premium, was published by the Centre for Social Justice think tank in 2023, using Understanding Society as one of its data sources. It said:

- Ofcom suggests that 7% of households do not have access to the internet at home – a problem known as 'digital exclusion'
- Centre for Social Justice analysis of Understanding Society suggests that figure could be as high as 11% – equivalent to 3.1 million UK households which do not have access to the internet from home

- without this, accessing cheaper goods and services online is considerably harder
- this is most likely to affect poorer consumers and over 65s, increasing their likelihood of paying more for basic goods and services.

Earlier research from the same think tank showed that those on the lowest incomes pay more for basic goods and services. Almost seven million people in Britain pay these 'poverty premiums', costing them about £478 a year. The problem is closely linked to digital exclusion, which makes it more difficult to shop around for the best deals.

Low income and the internet

Left Out found that those on low incomes and the elderly were the two groups most likely to experience digital exclusion, and that there was considerable overlap between the two.

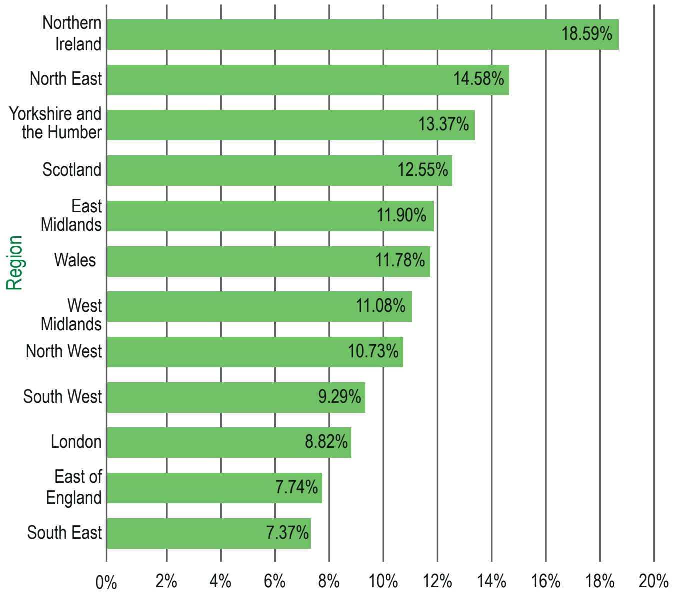
Compared to all households, those on low incomes are almost twice as likely to say that they do not have access to the internet at home – 19.66% per cent of households on low incomes report this, compared to 10.64% overall. Looking at older people, the research suggested that those aged over 65 make up just over 70% of all those who don't have internet access – with a further 15% aged 55-64. Of those on low incomes, just under 60% with no internet access are over the age of 65, but over 22% in this category are aged 55-64.

Regions and renters

The report also found regional variations – and that people renting local authority housing were the most likely to have no internet access.

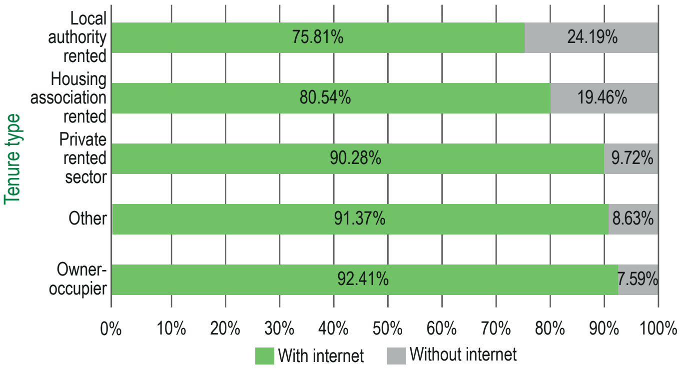
Over 18% of people in Northern Ireland said they could not access the internet at home, compared to just over 7% in the South East. The report called this “unsurprising”, given that “lacking the internet at home is at least in part a product of limited economic resources”.

Percentage of households who say they can’t access the internet at home by region – CSJ analysis of Understanding Society



This was reinforced by findings on housing tenure. Almost a quarter of households which are local authority rented, and just under one in five households renting from a housing association, reported no internet access at home. This was true of less than 8% of owner-occupiers. The report said: “This strongly and unsurprisingly suggests that one group of consumers have limited access to the internet due to the costs of access.”

Percentage of households who say they can’t access the internet at home by tenure – CSJ analysis of Understanding Society



Other data – digital capability

The report also considered digital capability, using data from the 2022 Lloyds Bank Consumer Digital Index. This showed that “a significant proportion of the adult population have limited digital capability”.

Thirty-eight per cent of the population – around 20 million people – had ‘very low’ or ‘low’ digital skills. These data suggest that “5 million adults in the UK cannot use an app and 4.5 million people cannot turn on a device and enter login information by themselves”. This affects their ability to bank, send emails, apply for jobs, or buy products and services online. They don’t, for example, have access to price comparison websites, so may pay over the odds for financial products such as insurance.

The cost of exclusion

The report used price comparison websites and in-store (or telephone) prices to see if people without internet access were paying more for goods and services. They found that “on average consumers without access to the internet paid 25 per cent more across the series of transactions we enquired about”.

Online savings for car insurance were just 2.2%, but ‘offline’ consumers could pay 114% more for a SIM-only phone contract, and 29% more for train tickets.

Next steps

The report recommended several ways in which government policy could tackle the issue of digital exclusion, including:

- a new Digital Inclusion Strategy from the Department for Science, Innovation, and Technology
- more action to help people donate used devices for refurbishment – with the government leading by example and wiping and recycling its own used devices
- improving ‘right to repair’ regulations to make more refurbished devices available more cheaply
- advertising affordable ‘social tariffs’ for broadband and mobiles to people on Universal Credit
- reducing VAT on social tariffs to 5%
- funding for a long-term digital skills programme targeted at unemployed people and those with limited digital skills.

Read the report