



Llywodraeth Cymru
Welsh Government

REPORT, DOCUMENT

Cost of living crisis and the Digital strategy for Wales

How the cost of living crisis impacts on priority areas of the digital strategy.

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Context

The **Digital strategy for Wales** and accompanying **delivery plan** were published in March 2021, setting out how we want to use digital and data to improve people's lives and help businesses and communities thrive. The Strategy identifies a series of priority areas under six missions: Digital Services, Digital Inclusion, Digital Skills, Digital Economy, Digital Connectivity, and Data and Collaboration.

The outcomes in the strategy and the actions in the Delivery Plan are driven by a clear vision of what we want to achieve in Wales. This vision is: Digital in Wales: improving the lives of everyone through collaboration, innovation and better public services.

The Welsh Government recognises that the cost-of-living crisis is having many and far reaching impacts on individuals, families, communities and businesses. It also acknowledges that the crisis is impacting on a range of policy areas and that there will inevitably be impacts on delivery of the Digital Strategy for Wales.

The **Cabinet Sub-Committee on the Cost-of-Living Crisis** agreed a set of overarching principles to help the Welsh Government shape its response to the cost of living crisis. The areas where risks were greatest to individuals, children and communities includes:

- Heating: reducing energy costs and helping people stay warm this winter
- Eating: ensuring everyone had access to regular and healthy food
- Shelter: helping keep people in their homes, solvent and able to meet household costs
- Living: helping people stay connected and do more than just survive
- Travel: helping people get to work, access goods and services and visit others

In response to the Senedd's Climate Change, Environment and Infrastructure Committee's Report on **Digital connectivity: broadband**, the Minister for Economy agreed to recommendation 6 in the report which was that "the Welsh Government should undertake a piece of work to consider the impact of the cost of living crisis on its Digital Strategy and to report back on the conclusions within the next 6 months."

This report gives a high-level overview of the impacts of the cost of living crisis on key areas in the Digital Strategy.

Impacts of the cost of living crisis

Public services

The Ministerial Digital Policy and Delivery Group, chaired by the Minister for Economy, forms a key part of the governance structure around the delivery of the Digital Strategy for Wales. Its membership comprises officials from policy and delivery teams across the Welsh Government. At the end of last year, the Group considered the impacts of the cost-of-living crisis on each mission within the Digital Strategy for Wales.

While the pandemic demonstrated how essential it was for services to be available online, the crisis has reinforced the vision of the Digital Strategy for Wales and the urgent need for online services to be easily understandable and accessible by the people who use them. It has underlined that actions in the Delivery Plan, such as the commitment to "develop and promote guidance to support the adoption and implementation of the digital service standards", should be delivered at pace. The digital service standards set out how services should be user-centred, bilingual, accessible and easy to use. The Centre for Digital Public Services recently undertook a series of roadshows around Wales to meet with public sector workers to gain feedback and understand challenges

around the adoption of the standards.

However, a further impact of the cost-of-living crisis, in terms of both the financial impact on public bodies and their need to priorities immediate emergency support, is a risk that public bodies may choose not to invest in digital transformation or in data which could support the delivery of the Digital Strategy for Wales. Now, more than ever, it is crucial that Welsh public services work together to reduce costs, to share information, to support the people of Wales and to ensure citizens have an accessible way to receive the interventions being offered.

The Welsh Government's "Claim What's Yours" campaign is doing everything it can to put money back into people's pockets and it brings together the variety of support available to help people with some of their living costs. It also signposts to AdviceLink Cymru, a free and confidential telephone advice service about money to which people may be entitled.

To complement and align with the "Claim What's Yours" campaign, the Centre for Digital Public Services is supporting the Welsh Government and local authorities in Wales by improving people's awareness of public services and, in particular, those services for which they are eligible. It is leading collaborative work to produce a shared approach to website content, including for language structures and vocabulary, so that it is easy for people to access and understand information they need. Bilingual design of content is fundamental aspect of this work, ensuring it is accessible and inclusive in both Welsh and English.

It is also important to ensure local authorities fully utilise digital opportunities to deliver effective public services. The Welsh Government has provided funding for the Local Government Chief Digital Officer (LGCDO), hosted within the WLGA, to provide strategic leadership in local government and to drive digital improvement. LGCDO has supported a Merthyr Food Poverty Data project aimed at understanding if citizen data held across multiple council systems could be combined to help officers identify, at the earliest opportunity, citizens at risk of

falling into poverty.

The LGCDO has a “comparative needs” approach to the effective use of the £1 million Digital Fund, so digital transformation projects which solve shared problems collaboratively are prioritised. This has resulted in five key projects across Wales being taken forward in the last year. The projects involve improving services, reducing costs by supporting citizens to better engage with digital services and growing digital skills.

During the autumn, the CDPS identified that one barrier for public bodies in responding to the cost-of-living crisis were perceived barriers to data sharing. On 28 November, the Welsh Government hosted a **Data Sharing and the Cost-of-living Public Service Forum** to raise the profile of data sharing, outline how it can help organisations respond to the cost-of-living crisis and dispel myths around the misconception that data cannot be shared.

It was very well attended by representatives from across the public sector in Wales with talks from the Information Commissioner’s Office in Wales, the Wales Accord on the Sharing of Personal Information and from the Welsh Government outlining how legislation can be an enabler to sharing information to benefit the people of Wales during these challenging times.

We are all aware that the global risk of cyber-attacks is rising alongside the exponential pace of technological advancement and Wales is not immune. Cyber criminals often seek to exploit topical events to make phishing attempts more convincing. In 2022, the **National Cyber Security Centre (NCSC)** saw cyber criminals exploit the rising cost of living with Ofgem energy bill support scams and HMRC tax rebate scams, while also continuing to take advantage of the coronavirus pandemic to attempt Covid test scams.

That rapidly evolving risk brings with it the possibility of disruption to an individual, business or organisation. While no system or service can be made totally secure from the continually mutating threat of a cyber-attack, it is

imperative that organisations continue to invest in resilience against cyber-attacks and take steps to reduce the risks and to prepare for, deal with and recover from any incident.

Cyber security and resilience must be at the core of digital service design and considered at the outset.

More generally on cyber, we are developing a Cyber Action Plan for Wales which will bring together a coherent statement of cyber ambition and activity in Wales. The plan will be mostly aimed at organisations but, as the plan is delivered, individuals and citizens will benefit because they will be more protected and better informed about how to be safe online.

Inclusion and connectivity

Telecommunications is a non-devolved matter and responsibility rests firmly with the UK Government. The Digital Strategy for Wales, however, recognises that digital connectivity is a fundamental aspect of everyday life, allowing people to access and engage with important public services, maintaining contact with friends and families or continuing to work and access learning opportunities. Our devolved transport powers enable us to consider exploring how full-fibre connectivity running alongside railway lines could be used to provide connectivity to other organisations and delivering more accessible and inclusive travel services through digital means.

Digital inequalities were brought into focus during the pandemic, with the digital divide between those who had a device, data and the digital skills and confidence compared to those who did not, becoming more apparent. The cost-of-living crisis has now added to the barrier of affordability, with an increased risk that more people will become digitally excluded due to the cost of mobile and broadband bills.

Recent news articles (**Pawning possessions to survive: The last resort for families facing rising costs**) have reported a trend in people selling digital devices due to the pressures of the cost-of-living crisis. There is an increased risk of this continuing as household energy bills remain high alongside increases in other household costs, such as mortgage and rent payments. Our reliance on digital connectivity to access digital public services means that connectivity is now an essential utility for households.

Therefore, the increased costs to maintain connectivity, along with the household's needs for data or speed of service, has emerged as **a critical household expenditure**. **Uswitch** (February 2023) stated that due to inflation citizens are likely to see in contract price increases of up to 17.3% for broadband and mobile contracts.

Current **Ofcom** data shows that seventeen telecoms providers offer a social tariff, which is a reduced cost broadband package for those claiming means-tested benefits. In addition, telecoms providers have confirmed that those in receipt of a social tariff will not be impacted by the price increases due to inflation for 2023. There are currently two providers of a mobile equivalent social tariff. **Ofcom data** in September 2022 suggested only 3.1% of UK households had taken up a social tariff out of an eligible circa-4 million UK households. Consequently, there is a significant challenge to increase both awareness and take-up of social tariffs as another way to reduce the financial burden on households by providing affordable digital connectivity. Officials have confirmed with Ofcom that the next data on social tariff take up is expected to be published in April/May 2023.

For families with school-aged children, it is possible that the cost-of-living crisis will increase the threat of digital exclusion, particularly for the most disadvantaged or vulnerable learners. Fewer families will be able to afford the purchase of digital tools for the home and therefore confidence in using the equipment and developing digital skills from a younger through to an older generation may be impacted. We also need to consider the impact of the cost of

living on in-work poverty, including those who would not be eligible for benefits and for whom connectivity is likely to be a critical utility to maintain employment.

Analysis by Which? (April 2022) stated that the most common adjustment made by households was to reduce spending on other essentials to afford telecoms services - an estimated 3.5 million UK households had reduced spending on food and clothes, in the month prior, to afford connectivity services (59% increase from an estimated 2.2 million in February 2022). Citizens Advice Cymru stated that between October 2021 and September 2022, 17% of all claimants reported an issue with 'other telecoms debt (including broadband)'. In addition, as of June 2022, 8% of households in Wales were behind on mobile bills (10% in the UK) and 7% behind on broadband bills (9% in the UK).

The Welsh Government is working closely with colleagues in the UK Government Department for Digital, Culture, Media and Sport (DCMS) on broadband social tariffs. The UK Government has held a roundtable with all telecoms providers and regulators to discuss and encourage increased sector promotion of social tariffs. DCMS, working with the Department for Work and Pensions (DWP), has launched a digital eligibility checker which allows telecoms providers instantly to check if individuals are eligible for a social tariff, helping to speed up the process for citizens.

DCMS has also created a UK national campaign on social tariffs. The Welsh Government has shared campaign resources in Wales with Digital Inclusion Programme Board members to cascade via their networks with the aim of increasing promotion at a community level. However, as of February 2023 officials are still waiting on confirmation from DCMS for all marketing resources to be available bilingually.

The Welsh Government is currently surveying the digital connectivity for Warm Hubs across Wales with the support of the WLGA. The survey assesses broadband connectivity to the Hubs and whether WiFi is publicly available at the premises. We are still awaiting responses from some local authorities but

feedback so far indicates that Warm Hubs are in a range of settings, including some local authority properties but also in village halls, churches and other premises. Local authority settings predominantly have good connectivity and broadband voucher schemes can offer options to get non-local authority premises connected quickly. Pending the survey findings, there may be an opportunity to explore, with Digital Communities Wales and Good Things Foundation (GTF), if the National Databank could support Warm Hubs such as a village halls and churches to register (at no cost) as online centres via the GTF. They would then become a Databank, able to issue free data sims to people in need. Digital Communities Wales would be able to provide support and guidance directly to all organisations wanting to become online centres.

We are also exploring how DataMapWales, a shared geospatial data platform which serves as a source for public sector data in Wales, could be used to map the Warm Hubs across Wales and show how accessible they are to residents.

The economy and skills

As the UK seems set to enter a recession, the cost-of-living crisis could potentially have a massive impact on business and the economy. The Welsh Government is already seeing an increased number of businesses in distress, and we are actively monitoring our supply chains to assess these impacts. From a commercial perspective, we recognise products and services increase in line with the Consumer Price Index / Retail Price Index which has a knock-on impact for public bodies using such services to deliver transformation.

There is already a global shortage of digital, data and technology skills and the health of the UK economy can impact on our ability to attract or retain the digital talent across the public, private and third sectors in Wales. Furthermore, employers may not have sufficient budget to invest in the automation, evolving digital skills and digital innovation required to keep up with the rapid digital changes in the world of digital skills and technologies.

It is important, during the current crisis, that the Welsh Government's employability and skills provision is targeted to those who need it the most. Pressures on budgets and the ending of European funding to support the Communities for Work programmes may mean that skills provision for unemployed people in Wales is at risk.

For those who are employed, the Welsh Government offers digital skills training through a number of its employability and skills programmes, including the Flexible Skills Programme (FSP). Further provision is offered through our extensive IT and digital apprenticeships with nine sub-degree programmes and three degree-level apprenticeships available in Wales. The digital Degree Apprenticeships are delivered in Software Engineering, Data Science and Cyber Security. We have also recently expanded the Personal Learning Account programme to include targeted funding towards skills within the digital sector which covers funding for a variety of digital courses for people.

Conclusion

In conclusion, the cost-of-living crisis is inevitably impacting on the delivery of the Digital Strategy for Wales and the actions in the Delivery Plan. Some of the impacts are positive and are driving organisations to see how critical it is for users to be at the heart of the services they deliver.

There are also negative impacts, particularly in terms of digital inclusion and connectivity. The Welsh Government is taking measures to mitigate those impacts through the "Claim What's Yours" campaign and through critical work with local authorities to increase accessibility and consistency of website content so that people can access key information and services. The financial impact of the crisis on public services also risks delaying investment in digital transformation.

It must also be recognised, however, that on the key issue of connectivity, the Welsh Government does not have all the levers to mitigate the effects of the crisis, particularly in terms of working with industry to provide and promote more affordable social tariffs for the people who need them.

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