



## Home Computer Schemes

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Over the past decade a number of Government schemes have aimed to narrow the 'digital divide' and to increase the number of people on-line, with access to online facilities and services, including Government services. This note describes the history of such initiatives, notably those involving the provision of home computers.

Since the recent closure of the Home Access Programme, there are currently no government grant schemes operating to provide computers in homes, and the current 'Race Online 2012' campaign promotes community 'online centres'.

Moves to improve broadband access across the country are addressed in a further standard note, [UK broadband – policy and coverage](#) (SN05970) and statistics on the subject are available in the note [Internet Access](#) (SN02663).

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## A. Introduction

In the early years of the internet there was considerable concern that people in deprived households did not have internet access and that such a situation would create several problems. They would lack access to Government information distributed via the internet; they would lack information about jobs; and they would miss opportunities for buying goods over the internet. In November 2001, for the 30% with the lowest household income, internet usage was only available for about one in nine households. On the other hand, for the highest groups, internet access was available for about three quarters of households.<sup>1</sup>

## B. Computers within reach scheme

On 28 October 1999 the Labour Government announced a scheme to provide computers for low income families:

Plans to extend access to computers to at least 100,000 low income families were announced today by the Chancellor Gordon Brown. The three year scheme will enable those who cannot buy computers to lease them. He also announced, that following tax changes in the Budget, at least 300,000 employees can borrow computers from work without having to pay tax. These are part of the Government's £1.7 billion national IT strategy.

Announcing the scheme at the UK Internet Summit in London, the Chancellor said: "Anyone left out of the new knowledge revolution will be left behind in the new knowledge economy. "So we will pioneer a system under which poorer individuals - sometimes through local partnerships - will be able to lease computers and software in the new century, the way local libraries have loaned books in the last century."

The aim of the scheme is to: enable the purchase of low cost computers through small payments by low income learners; help breakdown under achievement caused by lack of access to and ability to use computer facilities; and ensure as many people as possible have a grounding in basic skills and computer literacy. The Chancellor said he was determined to ensure that Britain led the world in getting people on-line. He said: "As we enter the next century, we must make sure that nobody is left out of the computer revolution. We cannot allow inequality in access to computers to lead to inequality in life for the next generation. That is why we are providing computers for the next generation. "Whichever country is able to make use of inventions and innovations fastest will come out ahead. I want that country to be Britain. I want Britain to lead the way in getting people on-line."<sup>2</sup>

By 2000 the Labour Government had introduced a range of projects to make computers more affordable. A series of PQs in May 2000 described these, including<sup>3</sup>

- ICT Learning Centres
- the New Opportunities Fund, making available £230 million for training teachers and school support staff in ICT,

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<sup>1</sup> Office for National Statistics Press Notice, *Internet Access Household and Individuals*, 18 December 2001

<sup>2</sup> HM Treasury Press Release 171/99, *Get on-line: get into the internet*, 28 October 1999

<sup>3</sup> HC Deb, 4 May 2000 c186W

- Department-supported LEA expenditure of more than £700 million on ICT hardware, software and training for schools
- and the 'Computers within reach' scheme:

**Dr. Starkey:** To ask the Secretary of State for Education and Employment what plans he has to ensure that people in deprived communities develop ICT skills for employability. [119625]

**Mr. Wills:** From 15 May, we will be making available 50,000 extra training opportunities in England for people claiming benefits to acquire basic computer skills with recognised first-rung qualifications. The courses will increase their chances of getting a job as well as enable those who wish to develop their ICT skills further. In addition, the Government are making £15 million available for a pilot scheme--"Computers Within Reach"--to enable those who cannot afford new computers to acquire reconditioned computers for use in the home for the purpose of improving their employment prospects, for lifelong learning, or for their children's homework. We recently announced a £10 million project to wire up disadvantaged communities, enabling people living in them to use the new information and communications technologies to access jobs, learning opportunities, Government and other services. We are also establishing around 700 ICT Learning Centres in the most deprived communities. These centres will offer access to those initial ICT skills that are increasingly essential to people's job and career prospects.

Phase 1 of the project was completed in the summer of 2001, with 25,000 having applied for and received computers by summer 2001. A PQ in March 2002 announced that the scheme had cost just under £5.5m, leaving £9.5m of capital modernisation funding for a further phase or an alternative scheme.<sup>4</sup> In October 2002 however it was announced that there would be no resumption of the scheme:

**Lynne Jones:** To ask the Secretary of State for Education and Skills, pursuant to the written answer of 24 July 2002, *Official Report*, column 1369W, on computers, what evaluation has been made of the success of the Computers Within Reach scheme; and how this will inform future policy on the Computers Within Reach concept.

**Mr. Ivan Lewis:** The Computers Within Reach Scheme closed on 31 October 2001 having delivered over 24,000 recycled computers to people in 22 pilot areas, at a cost of £7.1 million over two years. Those eligible were in receipt of certain working age benefits or a State Pension with minimum income guarantee.

An evaluation was conducted, and a copy has been placed in the Libraries. Positive findings included:

83 per cent. of recipients surveyed were satisfied with their computer;

the average weekly usage of the computer by recipients stood at just over 8 hours per week; and

on average 3 other individuals, besides the recipient, were making use of the computer in each household.

However, the report also highlighted difficulties with the scheme, which included:

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<sup>4</sup> HC Deb 19 March 2002 cc 256-7W

there being no cost-effective solution for delivery of units to individuals;

even though 83 per cent. of recipients surveyed were satisfied with their computer, just under half had experienced problems with it and nearly 75 per cent. of those people said they were not supported to overcome the difficulties; and

only 51 per cent. were satisfied with the level of service provided.

In view of these difficulties, we considered carefully whether to repeat the scheme against alternatives that might provide more effective access to ICT and learning opportunities for those currently without access.

We concluded that we should not run another phase of the Computers Within Reach Scheme but channel the remaining £7.9 million into purchasing wireless technology equipment and laptops for Adult and Community Learning Centres serving deprived wards around the country. This will open up access to equipment and training for an estimated 335,000 learners over a three year period—far more than the number who would have benefited from an extension of the Computers Within Reach Scheme. These learners will be offered regular, supported access to the learning potential of the Internet and the communication potential of e-mail. Access to the Internet will mean that, for the first time for many, access to e-Government and e-Democracy can be a reality.<sup>5</sup>

## C. Home Computing Initiative

In 1999 the Government also announced a new tax relief to encourage the use of computers in the home. In January 2004 this was re-branded as the Home Computing Initiative. It was described in the Standard Note [Tax Relief for Home Computing Equipment SN/BT/4007](#).

By the 2006 Budget the Initiative had been scrapped, in what the *Observer* described as a 'shock move':

In a shock move that has taken businesses and accountants by surprise, the Chancellor announced in his Budget the end to tax exemptions for computers loaned to employees by their employers.

The move will shatter the hopes of thousands of workers across the country who were set to save hundreds of £ through the Home Computing Initiative (HCI).

Gordon Brown introduced the HCI in 1999, enabling employers to provide laptops or PCs with a value up to £ 2,500 to employees free of income tax and National Insurance. The scheme works with the employer in effect loaning the employee the computer for a 36-month period, with payments being taken monthly from the employee's pay packet. Because of the reduction in salary, basic-rate tax payers benefit from a 33 per cent discount on the price of the computer (22 per cent tax relief and 11 per cent in national insurance contributions). Higher-income earners benefit from 40 per cent higher-rate tax savings and a 1 per cent saving on National Insurance contributions.

'The Home Computer Initiative has been successful in reaching those in employment but government now wants to focus resource towards those who have not been able

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<sup>5</sup> HC Deb 23 October 2002 cc 379-80W

to benefit so far - the unemployed and the elderly,' said a spokesman for HM Revenue and Customs.

[...]

About 1,200 employers in the UK offer the HCI to five million employees. Of these, around one in 10 sign up to it, according to employee benefits consultancy Entegria. It says that the average computer loan taken out by employees is £ 1,200.

'If you consider that half a million people will have saved around £ 240 each in tax through this initiative then that is an overall saving of £ 120m,' says Pat Wynne, a director at Entegria. 'Now that incentive has been taken away, the interest in this scheme is going to drop significantly.'<sup>6</sup>

The Government explained its reasoning behind cancelling the scheme on 3 May 2006:

**Dawn Primarolo:** The Government keep all taxes under review and have been looking at how they can focus their support on groups with the poorest access to technology, following the publication of the Digital Strategy paper in April 2005 which indicated that the Home Computer Initiative was poorly targeted.

In addition, HM Revenue and Customs has evidence to suggest that in some cases employees were buying the computer not borrowing it, and that some employees were being offered equipment that is clearly not a computer" within the spirit of the legislation.

In view of these risks to the Exchequer, the Government took action at Budget 2006 to remove the exemption from benefit-in-kind tax charges and national insurance contributions for employer-provided computer equipment from 6 April 2006

[...]

Further to the Digital Strategy, the Government published its 'Inclusion through Innovation' report in November 2005, which looked at where Information and Communication Technology (ICTs) might deliver most benefit to excluded groups and considered how that might be achieved. In addition, the Government have written to representatives from industry inviting suggestions on the best way of refocusing our support on these target groups. Over the next few months the DTI will review the options put forward and consider how they would meet the Government's objectives.

On 2 May, I announced two further measures which will:

set up a dedicated Digital Inclusion Team to ensure the best use of ICT in tackling social exclusion;

change the aims and objectives of the Digital Strategy to focus on inclusion, to reflect the shift in the Government's focus to a more targeted approach. <sup>7</sup>

The matter was also taken up during Questions to the Treasury on 11 May 2006;

**Dawn Primarolo:** The tax exemption was removed because it was poorly targeted and did not achieve the goal of encouraging people to develop skills. The Low Pay Commission reported that people on low pay or out of work could not get access to the scheme. Also, the scheme was being misused: people provided with the

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<sup>6</sup> Budget 2006: Computing: Thousands to miss out on PC scheme, *Observer*, 26 March 2006

<sup>7</sup> HC Deb, 3 May 2006, C1720-21W

exemption used it to buy computer, home video and other equipment, but that was not what it was designed for. If the hon. Gentleman is seriously suggesting that the Government should spend money on poorly targeted and abused schemes instead of targeting such initiatives on those who need them most, he must tell us why.<sup>8</sup>

## D. The Home Access Programme

The Home Access Programme was announced by the Prime Minister Gordon Brown in September 2008, and was piloted two local authorities, Oldham and Suffolk, prior to national roll-out. It aimed to subsidise the provision of computers and internet access at home for low income families with learners.

National roll-out was launched in January 2010<sup>9</sup>. It aimed to allow 270,000 families with children in years 3 to 9 to apply for grants to buy computers and broadband connections from approved suppliers. Low income families receiving certain benefits could qualify for a grant to buy a computer and/or a minimum of one years' internet access.

It was [evaluated](#)<sup>10</sup> in June 2011; a total of £194 million was spent, less than the £300 million originally envisaged. But the programme had attracted its target number of beneficiaries, and had approved applications and issued grants in a speedy and efficient fashion to eligible households.

The evaluation found that the scheme had been launched in the middle of an upturn in internet household penetration, and that

*“The assumption that a plateau in internet penetration would persist, and that the digital divide (in terms of physical access) was not being narrowed, may not have been the case after all”.*

The evaluation considered there had still been a case for intervention involving the lowest income groups, however. It was critical of the scheme's objectives in that some of the households who benefitted already had internet access; the evaluators felt that the objectives could have been tightened to make sure the programme benefitted those without any access whatsoever.

The programme has now closed and no further grants will be issued<sup>11</sup>.

## E. Race Online 2012 and the digital champion

In a Statement in June 2009 on Digital Britain, the Minister Ben Bradshaw announced<sup>12</sup>

Having the right infrastructure will not, however, be enough unless everyone can use, and benefit from, the opportunities that new technologies offer, so participation is the second big theme in today's report. Technological progress reduces costs, so

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<sup>8</sup> HC Deb, 11 May 2006, c480

<sup>9</sup> HC Deb 27 April 2009 c1139w

<sup>10</sup> <https://www.education.gov.uk/publications/eOrderingDownload/DFE-RR132.pdf>

Evaluation of the Home Access Programme Final Report SQW (in partnership with Ipsos Mori and London Knowledge Lab) Research Report DFE-RR132 DfE June 2011

<sup>11</sup> [http://www.direct.gov.uk/en/NI1/Newsroom/DG\\_183990](http://www.direct.gov.uk/en/NI1/Newsroom/DG_183990)

<sup>12</sup> HC Deb 16 June 2009 c165-7

affordability is partly addressed by the market. However, we are complementing this with Government action. Our £300 million home access scheme gives children in low-income families access to computers and the internet. As well as the ability to afford the technology, people need capability and skills. We address these in a number of ways in this report. I am pleased to announce today the appointment of the digital entrepreneur Martha Lane Fox as our new digital inclusion champion. We are also publishing today the report by my noble Friend Baroness Morris of Yardley on digital life skills.

Martha Lane Fox, who remains the current Government's digital champion, told the press in August 2010 that she had 'no budget' for getting the remaining 10 million people in the country on-line<sup>13</sup>, but she felt that one was not needed.

[Race Online 2012](#), the Government's digital inclusion campaign to get people on-line, says that now 8.7 rather than 10 million people remain off-line.

There are currently no Government grant schemes to place computers in homes, however, and the campaign works through partnerships and volunteers providing training and encouragement, linked to a network of 'online centres'.

One of the latest PQs on this subject provided the following answer<sup>14</sup>:

*Asked by **Lord Willis of Knaresborough***

To ask Her Majesty's Government what involvement Martha Lane Fox will have with schools and parents who have children with no home access to a computer or broadband internet connection.[HL4988]

**Lord Hill of Oareford:** Martha Lane Fox is the UK's digital champion working across government to reduce digital exclusion by helping to ensure the best use of digital technology. Although this is a general remit to improve the lives and life chances of all children and adults, there is a particular emphasis on raising the profile of those who are in a position of disadvantage such as those without access to a computer at home. This complements the department's own measures to help improve access, including the recently concluded Home Access Programme which has provided free computers and a broadband internet connection for one year in over 270,000 disadvantaged households.

Other PQs have mentioned other ways people can get online, for example by visiting a UK Online Centre<sup>15</sup>. These include libraries, Housing Associations, community centres and schools; [UK Online](#) says there are around 3,800 UK online centres, more than half in the 2,000 most deprived areas in England.

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<sup>13</sup> *Guardian*, 2 August 2010

<sup>14</sup> HL Deb 19 January 2011 cWA50

<sup>15</sup> HL Deb 17 January 2011 cWA12