DCMS: Future Telecoms Infrastructure Review: Call for Evidence
Response from Mobile UK

January 2018

About Mobile UK

1. Mobile UK is the trade association for the UK's mobile network operators - EE, Telefonica UK (O^2), Three and Vodafone. Our goal is to realise the power of mobile to improve the lives of our customers and the prosperity of the UK.

2. As mobile increasingly becomes the device of choice for running daily life both at home and at work, customers have come to expect more extensive coverage, more capacity and greater capabilities. Our role is to identify the barriers to progress, and work with all relevant parties to bring about change, be they Government, regulators, industry, consumers or citizens more generally.

Introduction

3. Mobile UK welcomes the opportunity to respond to the Department for Digital, Culture, Media and Sport's *Future Telecoms Infrastructure Review* Call for Evidence.

4. Mobile operators are committed to meeting the rising demand from customers for more capacity and coverage throughout the UK. Our ability to deliver is dependent on many factors and stakeholders across Government and beyond: the devolved nations; Local Authorities; metropolitan mayors; Local Enterprise Partnerships; landowners; and infrastructure providers. All have a contribution to make to ensure a positive environment for the rapid deployment of further mobile infrastructure.

5. Mobile UK has limited its response to this Call for Evidence due to the focus on the telecoms market. Our member operators will respond individually to the relevant questions. However, this response will outline additional areas beyond those queried in the Call for Evidence where reform to telecoms infrastructure policy and regulation could positively impact the telecoms market and incentivise investment. Mobile UK's response should be read in conjunction with individual operators' own responses.

Mobile UK Response Overview

6. Mobile UK believes the following changes across a broad range of policy must be considered:

   a. A much more sophisticated approach to policy that understands the competitive nature of the market and competing demands on operators, and that sets out a clear framework that incentivises investment and engages with mobile operators as partners.

   b. Reform of the strategic planning framework to ensure that policy set at a national level is replicated and remains consistent throughout the country.

   c. Further reform to planning regulations for telecommunications apparatus, enhancements to Permitted Development Rights, and the removal of discrepancies in the regimes between fixed and mobile.

   d. Further measures to make public assets more available and cost effective to make it easier for mobile network operators to access suitable locations on which to place their apparatus.

e. Reform to planning regulations for housing and other construction, requiring developers to make greater provision for electronic communications

f. Make marginal investment more viable with business rates exemptions in harder to reach areas.

Mobile Communication – Critical Infrastructure

7. Mobile communication is part of the UK's critical infrastructure and is integral to people's lives. At the end of December 2016, there were 92 million mobile connections (including 52.4 million 4G mobile subscriptions).[1] 94% of the adult population has a mobile phone.

8. According to Ofcom, 90% of UK premises have indoor call coverage from all four mobile networks, while 85% have indoor coverage for mobile data services. These figures are up from 85% and 80% respectively last year.[2]

9. The increase in coverage, capability and capacity of mobile networks has led to an explosion in demand for mobile data. 4G is driving greater volumes of data usage. A total of 156 petabytes was sent over all mobile networks in June 2017, a 47% increase over the previous year. The average volume of data consumed per subscriber now stands at 1.9 gigabytes per month up from 1.3 gigabytes in 2016.[3]

10. Improved 4G services and the rollout of 5G has the potential to increase this demand further. It is expected that 5G will form the critical backbone of many of the UK's key services such as e-health, the internet of things and connected vehicles. Mobile networks are the modern-day highways and are critical to the nation's economic well-being.

11. Mobile data use has tripled in the last three years and is expected to increase by a further 700% by 2021. Average mobile subscriber use is predicted to grow to 18 gigabytes per month by 2021 (up from 2.5 gigabytes now).[4]

12. Mobile operators have played a central role in driving this progress by continually investing in their networks, value-added services, and subscriber acquisition. In the current cycle, mobile operators are investing around £2 billion per annum in new coverage, capacity and capability. In turn, business and consumer customers have shown extraordinary ingenuity in harnessing the power of mobile, to be more creative and productive, to offer new services, and to improve lives.

Call for Evidence – Mobile UK Response

13. The approach from Government to mobile, while improving, continues to require significant reform if the UK is to achieve the goal of retaining its status as a leading digitally connected economy. Fundamentally, a much more sophisticated approach to policy is required that joins up the several departments of government and also the devolved institutions, regional and local authorities.

14. The industry continues to invest heavily in its networks and works within the policy and regulatory framework set out by the Government. However, that framework is often opaque and subject to change. Our member operators must set out their investment plans to work within that framework. Certainty is therefore valued in order to maximise that investment and deliver efficiency.

15. Over the last decade and with changing habits of consumers and the explosion of data usage operators have invested heavily in their existing and 4G networks. In 2014 the industry secured a

---

[1] Ofcom – Communications Market Update, Q4 2016
[2] Ofcom – Connected Nations, 2017
[3] Ofcom – Connected Nations, 2017
[4] CCS Insight, 2017

landmark agreement to invest £5 billion to improve mobile coverage. At the end of 2017, the industry's commitment resulted in all four operators providing 90% voice coverage to the UK's landmass.

16. In that time and as we move beyond 2017, mobile operators face growing demands on their networks requiring significant investment, whether moving towards 5G, increasing capacity and coverage on transport routes or further extending coverage to the most hard-to-reach areas. To maximise investment and meet these demands, the Government and Ofcom should ensure a policy and regulatory framework where long-term investment is incentivised and prioritised, and which recognises the cumulative impact of ostensibly consumer-friendly interventions in a very competitive retail market on operators' ability to maintain, upgrade and extend their networks.

17. It is necessary that the requests on mobile operators are properly balanced and prioritised with an understanding that the private capital they invest in the economy and the market economics they work within are finite and must be focussed accordingly.

18. Additionally, demand on the mobile operators' networks does not diminish, and as population increases and users demand ever more data, further investment in the existing network is required to maintain service levels and capacity. Therefore, areas already covered must be maintained and upgraded on a constant basis. It can often be easy to think that once an area is covered with a mobile signal operators can simply move on and extend elsewhere. Investment plans are continuously monitoring network capacities and upgrading and enhancing where required. A focus on one area of policy, such as geographic coverage, will have implications on other areas such as urban densification. Policy needs to be much more sophisticated and multifaceted to recognise these competing demands.

Planning and Regulatory Environment

19. Mobile UK strongly believes that this review should add further impetus to efforts to significantly reduce mobile infrastructure deployment costs to improve the commercial case for increased network investment. The policy and regulatory framework set by Government is vital to a well functioning market yet what is produced nationally does not often translate easily at a local level. Often strategic planning, such as Strategic Economic Plans or Local Development Frameworks, do not take into account or effectively include guidance on mobile that is set out in the National Planning Policy Framework and other key national documents. For example, many local authorities have yet to adopt a Local Plan or do not have digital strategies in place. Of the 38 Local Enterprise Partnerships only 58% include a mention of mobile infrastructure within their Strategic Economic Plans.

20. Reform of the strategic planning framework is urgently required across the whole of the UK. Positive changes have been implemented in England and are advanced in Scotland. Wales is currently working through a Mobile Action Plan and Northern Ireland is considering reform of its Permitted Development Rights regime. However, further reform is required and greater consistency across the UK will better facilitate mobile infrastructure deployment.

21. On a day to day basis mobile operators continue to face huge variations in the interpretation of planning policy and how it is implemented. This adds uncertainty, time, resources and costs to the deployment of mobile networks and can often result in some planned sites becoming unviable. Additionally, Mobile UK is very aware of the resource constraints faced by Councils and concern has been raised that planning and development functions across local authorities have faced alarming budgetary cuts that are no longer sustainable. This is also having an impact on the number and quality of planners within the system, and the desirability of graduates to choose planning as a career path. Since 2010 the National Audit Office has reported that budgets of

planning departments have nearly halved (less than 46%).[5]

22. Reform of the National Planning Policy Framework in relation to mobile should be expedited to help support mobile operators with their deployment plans. This would have a significant impact in the short and medium term to extensions in connectivity. Such alterations should include continuing reform of the Permitted Developments Rights regime by the removal of unnecessary planning restrictions (for example in designated areas where other controls such as listed building consent exist) and urgent action to remove discrepancies in the regimes between fixed and mobile.

23. A further obstacle to commercial deployment is the economic viability of getting coverage to the remotest parts of the UK, where population density is low, and access to suitable sites much harder. This is often due to the lack of installed power or fibre backhaul, prohibitive rental demands or even access rights to existing power and fibre backhaul. This can be further complicated due to restrictive planning regulations in protected areas or a strong resistance to mobile infrastructure in rural communities which can impact on planning permissions. The failure of the Mobile Infrastructure Project, designed to extend coverage to the hardest to reach areas, identified the difficulties of finding suitable sites and gaining planning permissions. It must therefore be accepted that network rollout in some areas will be uneconomic to the operators and public policy intervention will be required. Nevertheless, there can be public value in extending coverage to remoter areas (in terms of inclusivity, safety and delivery of public services), and so Mobile UK is supportive in principle of initiatives such as the 4G infill project in Scotland, where government and operators partner to extend coverage.

24. However, it is not just an issue of cost. There remain occasional difficulties in obtaining planning permission in areas of natural beauty, where there is a need for operators and planning authorities to work more closely together to find practical solutions. Finally, there needs to be clarity over the meaning of 'ubiquitous'. While it is important to have good connectivity where people work, live and travel (including tourists and ferries), there needs to be a realistic assessment of how near to 100% geographic it will ever be practical or worthwhile to reach, especially for multiple operators.

25. Moving forward it must be recognised that the suggestions for reform we have made here will only go so far as to improve the policy and regulatory environment for today's network deployment. We continue to work within a system that has yet to fully catch up with the rapid technological progress and demands of users while also failing to fully place mobile networks on a par with other critical networks. Mobile connectivity is no longer a luxury but a necessity. To move forward, and importantly to ready the country for 5G, bolder ambition is required to support the UK's digital connectivity ambitions. Critically, digital connectivity must be embedded into the UK's strategic policy and planning framework and must include all stakeholders recognising that mobile operators alone are not the sole actors in building out these critical networks.

26. Mobile coverage and capacity must be prioritised into the planning process. Mobile coverage needs to be at the forefront of strategy and planning both at a national and local level. Pro-connectivity policies should be weaved into Local Plans and growth strategies and linked across national and sub-national bodies, including Local Enterprise Partnerships.

27. A fully integrated approach to housing development where mobile and digital infrastructure is considered is required urgently. Planning and Building Regulations must promote digital infrastructure in developments which would enable more efficient deployment of mobile infrastructure.

28. And finally, Mobile UK calls on Government to consider means to make marginal investment more viable in harder to reach areas. Introducing Business Rates Relief for new mobile infrastructure

---

[5] National Audit Office

deployment, similar to that introduced for fixed telecommunications infrastructure, could have the potential to improve the investment case in areas which are currently unfeasible.

About Building Mobile Britain

29. Building Mobile Britain is a campaign created by Mobile UK seeking to work with national and local government, as well as interested industry groups to overcome the challenges we face with expanding the existing mobile networks, while also developing innovative services for customers.

30. For further information – www.buildingmobilebritain.org.uk or #BuildingMobileBritain