



Department for
Digital, Culture,
Media & Sport

Statement of Strategic Priorities for telecommunications, the management of radio spectrum and postal services

Consultation

Publication date: Friday 15 February 2019

Closing date for comments: Wednesday 27 March 2019

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Ministerial foreword



The Government made a clear, bold statement of its full fibre and 5G aspirations, with the July 2018 publication of its Future Telecoms Infrastructure Review (FTIR). We went further than our manifesto commitments by setting an ambitious target for gigabit capable connections to 15 million premises by 2025, and nationwide coverage by 2033. We also reiterated our ambition to be a world leader in 5G, and for the majority of the country to have a 5G signal by 2027.

There are a number of policy interventions the government is making to help deliver these aspirations. We have an extensive programme of work underway with the Barrier Busting Taskforce to reduce costs and barriers to deployment and, following the publication of the FTIR, have published two consultation papers on how to take this work further. The first consulted on proposals to place an obligation on landlords to facilitate the deployment of digital infrastructure, and enable communications providers to gain entry to properties when the landlord fails to respond. The second consulted on proposals to make it a requirement for developers and operators to provide gigabit capable connections to new homes.

In December, we launched a 'Digital Connectivity Portal', containing practical advice for local authorities on how to encourage investment in fixed and mobile networks by, for example, promoting digital infrastructure throughout their organisations and enabling the use of their assets for network deployment. It also contains guidance for network operators on legislation, regulation, as well as working with local authorities and property developers

We are pursuing an "outside in" strategy to support deployment of full fibre to the most difficult to reach premises, likely to be around 10% of premises, starting at the same time as the market is deploying to commercially viable areas. In the Budget, the Chancellor announced that he was allocating a further £200m from the National Productivity Investment Fund (NPIF) to pilot innovative approaches to the deployment of full fibre broadband in these, mainly rural areas.

Since the FTIR was published, the commercial sector has continued to make positive announcements about their full fibre build plans. Openreach has announced further locations to benefit from its Fibre First programme, bringing the total number of locations to 25. CityFibre has announced its £2.5bn plan to bring fibre to five million premises in at least 37 locations. Hyperoptic has announced it is bringing

forward its target to build fibre to two million premises to 2021 (from 2022) and its target to build fibre to five million premises to 2024 (from 2025).

We are committed to extending mobile coverage to 95% of the UK's geography. The auction of 700MHz and 3.6 - 3.8 GHz spectrum by Ofcom presents a vital opportunity to extend coverage and enable 5G, and we also believe that Ofcom should consider the option of national roaming in rural areas to improve choice and address the issue of partial not-spots.

There have also been positive developments on 5G. All of the four mobile network operators have announced 5G trials, and Vodafone, Three and EE have publicly committed to rolling out commercial 5G services in 2019. EE have announced the first 16 UK cities that will receive 5G services in 2019. Further, independent infrastructure provider, Wireless Infrastructure Group (WIG), announced that it has raised £220m of debt financing to accelerate its investments into neutral-host, 5G-ready wireless infrastructure. Finally, SSE, Three UK and O2 have agreed to collaborate on a high-capacity fibre ring in central London that will link to Three UK and O2's cell sites using London's sewers.

As the UK's independent regulator, Ofcom has a critical role in delivery of the country's gigabit aspirations - and that is why this Statement of Strategic Priorities (SSP), which Ofcom must have regard to when carrying out its regulatory functions, is such a key part of delivering the government's ambitions for connectivity. The first of its kind for the sector, the SSP reiterates the regulatory outcomes the government thinks are necessary to create a pro-competitive and pro-investment environment - from the importance of stable and long-term regulation in the delivery of full fibre, to an assessment of the feasibility of flexible spectrum licensing models. The Government will continue to monitor the delivery of the national strategy set out in the FTIR closely on an annual basis and will undertake a full review of the strategy's impact after three years.

The SSP supplements the desired outcomes set out in the FTIR with those in a number of other key areas. With regard to consumers, for example, there are fundamental issues around the consumer experience in telecoms. Accordingly, the Government urges Ofcom to take action in a number of areas, including tackling harmful business practices, giving consumers access to better data, and removing barriers to switching.

Ofcom is the UK's independent regulator for telecommunications, and it is critical that it remains just that - independent. However, it is also important that the government should set out clearly its strategic priorities and desired outcomes for the

sector so that the regulator can have regard to these when it is making its detailed regulatory decisions.

A handwritten signature in black ink, reading "Jeremy Wright". The signature is written in a cursive style with a large initial 'J' and 'W'.

The Rt Hon Jeremy Wright MP

Secretary of State for Digital, Culture, Media and Sport

General information

Purpose of this consultation

The government is seeking views on its proposed Statement of Strategic Priorities for telecommunications, the management of the radio spectrum and postal services.

The geographic scope of this consultation is the UK. Telecoms is a reserved matter.

This is a public consultation. The consultation dates are as follows:

Issued: Friday 15 February 2019

Respond by: Wednesday 27 March 2019

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome. We ask stakeholders to limit any responses to a maximum of 10 pages. Responses should be emailed to the following address: sspconsultation@culture.gov.uk

Responses or material sent to any other email addresses may not be taken into consideration.

If you cannot reply by email, please respond by post:

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For enquiries about the consultation (handling) process only please email enquiries@culture.gov.uk, heading your communication 'Statement of Strategic Priorities consultation'. Please contact the data protection team 020 7211 2077 (or enquiries@culture.gov.uk) if you require any other format e.g. Braille, Large Font or Audio.

This consultation is intended to be an entirely written exercise but we reserve the right to follow up any responses to seek further information.

For enquiries about the handling of this consultation please contact the Department for Digital, Culture, Media & Sport Correspondence Team at the above address heading your communication 'Statement of Strategic Priorities consultation'.

Copies of responses may be published after the consultation closing date on the Department's website: www.gov.uk/dcms. Information provided in response to this consultation may be published or disclosed in accordance with access to information regimes (these are primarily the Freedom of Information Act 2000 ('FOIA'), the Data Protection Act 2018 and the Environmental Information Regulations 2004). If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department. The Department will process your personal data in accordance with the Data Protection Act 2018 (and the General Data Protection Regulation). The privacy notice can be found at Annex A at the end of this document. This consultation follows the Government's Consultation Principles (published in 2013) which are available at:

<https://www.gov.uk/government/publications/consultation-principles-guidance>

Consultation questions

Do you agree with the Government's strategic priorities and desired policy outcomes for telecommunications, the management of radio spectrum and postal services?

Does this document set out clearly the role of Ofcom in contributing to the Government's strategic priorities and desired outcomes?

Executive Summary

The purpose of this Statement of Strategic Priorities (“SSP”) is to provide Ofcom with context and guidance about the Government’s policy priorities and desired outcomes in relation to telecommunications, the management of radio spectrum and postal services. Ofcom must have regard to the SSP when exercising its regulatory functions in these areas.

The SSP follows the publication of the Government’s Future Telecoms Infrastructure Review (FTIR) and reflects the conclusions of that review. The FTIR, published in July 2018, set out a national, long-term strategy for digital infrastructure in the UK, with the aim of securing world-class connectivity that is gigabit-capable, reliable, secure and widely available.

To achieve the Government’s targets of gigabit capable connections to 15 million premises by 2025, and nationwide coverage by 2033, the FTIR set out a number of strategic priorities, including: reducing the costs and barriers to the deployment of fibre networks; easy access to Openreach’s ducts and poles; the need for stable and long term regulation that incentivises investment and ensures competition; an “outside in” approach to full fibre deployment so that the most commercially difficult to reach premises are not left behind; and the need for a timely switchover to full fibre networks.

The FTIR also set out the Government’s strategic priorities to extend geographic mobile coverage to 95% of the UK by 2022, and for the majority of the country to have 5G coverage by 2027. The SSP reiterates the importance of Ofcom’s forthcoming 700MHz and 3.6 - 3.8 GHz spectrum auction and identifies roaming as a potential mechanism to improve mobile coverage. The SSP also reiterates the importance of ensuring that market conditions are conducive to 5G investment, and considering flexible spectrum models to support innovation and coverage.

In addition to reiterating the FTIR’s conclusions, this SSP sets out the Government’s strategic priorities and desired outcomes in a number of other key areas, including telecoms consumers, network security and resilience, and post.

In relation to telecoms consumers, the Government wishes to improve consumer experience in the sector and, as such, its strategic priorities include:

- Addressing harmful business practices, particularly those that affect the most vulnerable consumers;

- Improving consumer engagement by helping consumers to better navigate the market and removing barriers to switching;
- Exploring the potential of greater data portability to transform the consumer experience in telecoms; and
- Tackling the ‘loyalty penalty’ being paid by some consumers.

The security and resilience of the UK’s telecoms networks is of paramount importance and a strategic priority for the Government. We support an engaged, proactive regulatory approach to the security of communications networks and services. This should incentivise network and service providers to respond to identified threats and risks, and lead to higher standards across the sector in the management of cyber security and resilience. The Government is currently reviewing the supply arrangements for the UK’s telecoms infrastructure¹, to ensure we have an effective policy and regulatory framework in place for the secure and resilient deployment of new fixed and 5G networks.

Finally, in relation to post, Ofcom will need to take action if it is not reassured that Royal Mail is planning and investing appropriately, as part of its strategy to achieve long-term resilience.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/754741/20181108_Telecoms_Supply_Chain_Review_Terms_of_Reference.pdf

Introduction

1. The Government has set out clear, ambitious targets for the availability of new digital networks in the UK. Those targets include:
 - Making gigabit-capable networks available to 15 million premises by 2025, with nationwide coverage by 2033;
 - Increasing mobile coverage to 95% of the UK by 2022 to address ‘not-spots’ and improving the connectivity on the UK’s main roads and railways; and
 - Becoming a world leader in the next generation of 5G mobile technology, with deployment to the majority of the country by 2027.
2. The Future Telecoms Infrastructure Review (FTIR) set out the changes that need to be made to the UK telecoms market and policy framework to help secure world-class digital infrastructure. The review’s conclusions support the UK Digital Strategy’s² ambition for this country to be the world’s best place to start and grow a digital business. They also underpin the UK’s modern Industrial Strategy, which set out four Grand Challenges in areas where the UK can lead the global technological revolution³.
3. The FTIR’s recommendations form the basis of this Statement of Strategic Priorities (SSP) for telecommunications and the management of radio spectrum. The SSP also sets out the Government’s strategic priorities and outcomes in relation to safeguarding the interests of telecoms consumers, the security and resilience of telecoms networks, and postal services. In relation to consumers, the Government is determined to work with Ofcom, industry and other stakeholders to improve the quality of consumer experiences in the sector.
4. The power for the Government to designate an SSP for telecommunications, spectrum and post was introduced in the Digital Economy Act 2017. This is the first time the Government is exercising this power.
5. Ofcom must have regard to the statement when exercising its regulatory functions. The introduction of this power brings the legislative framework for Ofcom into line with other sectors such as energy and water, where the Government also has the power to designate a Statement of Strategic Priorities. Further detail on the legislative framework for the SSP is set out below.

² <https://www.gov.uk/government/publications/uk-digital-strategy>

³ <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

6. If Ofcom is unable to consider regulatory options that would contribute to achieving the strategic priorities set out in this SSP due to the existing statutory framework, the Government will consider legislation to allow it to do so.
7. There are a number of procedural requirements with which the Secretary of State must comply before they are able to designate an SSP. First, they must prepare a draft and consult Ofcom and such other persons as they consider appropriate for at least 40 days. Once the Secretary of State has consulted, they must make any changes to the draft that they consider necessary in view of responses. The Secretary of State must then lay the draft before Parliament. After 40 days, excluding recesses, the Secretary of State may designate the SSP, providing neither House resolves not to approve it.
8. The Government has decided to conduct a public consultation on its draft SSP. The draft SSP is set out in the next section of this document.

The legislative framework

The Digital Economy Act 2017 inserted new sections 2A - 2C into the Communications Act 2003, which sets out the legislative framework for the Statement of Strategic Priorities.

Under section 2A, the Secretary of State may designate a statement of the Government's strategic priorities in the United Kingdom relating to telecommunications, the management of the radio spectrum, and postal services. The statement cannot be amended within five years unless there is a general election or a significant change in Government policy, or the Secretary of State considers that the statement, or a part of it, conflicts with Ofcom's general duties. Section 2A also stipulates that the statement may set out particular outcomes identified with a view to achieving the strategic priorities.

Under section 2C, before designating a statement, the Secretary of State must consult Ofcom and such other persons as he considers appropriate on a draft of the statement for at least 40 days. The Secretary of State must then make any changes to the draft that appear to him to be necessary in view of responses to the consultation and lay the draft before Parliament for a 40-day period, excluding Parliamentary recesses. The Secretary of State may then designate the statement unless either House of Parliament resolves not to approve the draft within that period.

Under section 2B, Ofcom must have regard to the statement when exercising relevant functions. Ofcom must explain what they propose to do in consequence of the statement within 40 days of the designation of the statement or such longer period as the Secretary of State may allow. Ofcom must also, as soon as practicable after a period of 12 months from the designation of the statement and after every subsequent period of 12 months, publish a review of what they have done in the period in question in consequence of the statement.

Draft Statement of Strategic Priorities

9. The Secretary of State may designate a statement of the Government's strategic priorities in the United Kingdom relating to telecommunications, the management of radio spectrum, and postal services. Ofcom must have regard to this statement when exercising its relevant regulatory functions.

10. The Government has identified the following strategic priority areas to be covered by the Statement of Strategic Priorities (SSP):
 - **Section 1: World-class digital infrastructure**
The Government's commitment to world-class digital infrastructure for the UK, reflecting the conclusions of the Future Telecoms Infrastructure Review⁴.

 - **Section 2: Furthering the interests of telecoms consumers**
The Government's commitment to safeguarding the interests of telecoms consumers, including the vulnerable and less engaged, by ensuring they are better informed and protected.

 - **Section 3: Secure and resilient telecoms infrastructure**
The Government's commitment to ensuring the UK's telecoms networks and services are secure and resilient.

 - **Section 4: Postal services**
The Government's commitment to a universal postal service and need for industry and Ofcom to work together to secure the long-term sustainability of the sector.

⁴ <https://www.gov.uk/government/publications/future-telecoms-infrastructure-review>

Section 1: World-class digital infrastructure

11. The Government is committed to providing the UK with world-class digital connectivity that is gigabit-capable, reliable, secure and widely available across the UK - and to do so at pace. We have set an ambitious target of making gigabit-capable networks available to 15 million premises by 2025, with nationwide coverage by 2033. We also want to be a world leader in the next generation of 5G mobile technology, with deployment to the majority of the country by 2027.
12. In July 2018, the Government published its FTIR, which set out the changes that need to be made to the UK telecoms market and policy environment to help secure these goals. The FTIR concluded that the most effective way to deliver nationwide full fibre connectivity at pace is to promote competition and commercial investment where possible, and to intervene where necessary.

1.1 Full Fibre Connectivity

13. The FTIR outlined the following strategic priorities to deliver the Government's connectivity ambitions:
 - Making the cost of deploying full fibre networks as low as possible by addressing barriers to deployment. The Government has launched a Barrier Busting Taskforce, with the objective of reducing the cost of deploying networks by identifying and removing barriers. We will propose legislative and non-legislative measures to tackle the biggest barriers that exist;
 - Supporting market entry and expansion by alternative networks operators through easy access to Openreach's ducts and poles, complemented by access to other utility infrastructure for example, sewers;
 - Stable and long-term regulation that incentivises network investment and ensures fair and effective competition between new and existing network operators;
 - An 'outside in' approach to deployment that means gigabit-capable connectivity across all of the UK is achieved on a similar timescale, and no areas are systematically left behind; and
 - A switchover process to enable consumer migration to full fibre services.
14. The following sections explain these strategic priorities, focusing primarily on those that are relevant to Ofcom's regulatory functions (the last four bullets above).

1.2 Effective Access to Passive Infrastructure in telecoms and other utilities

15. The largest expense incurred when deploying networks is typically that of laying passive infrastructure such as ducts and poles. Sharing such infrastructure can reduce rollout time, costs and disruption, while supporting market entry from alternative networks.
16. The Government regards effective access to Openreach's national network of underground ducts and poles as a key enabler of competitive network deployment. Ofcom has improved access to Openreach's national network of underground ducts and telegraph poles, through enhanced access remedies in its 2018 Wholesale Access Review⁵. It intends to implement unrestricted access to Openreach's physical infrastructure from spring 2019⁶, so companies have greater flexibility to lay fibre networks that serve residential or business customers, including mobile backhaul services. The Government is supportive of unrestricted access to Openreach's ducts and poles nationwide and of Ofcom's proposed timetable for implementation of this remedy.
17. Ofcom recognises that duct and pole access comprises a number of processes and products, and it therefore applies a "no undue discrimination" condition on Openreach. Openreach is required to provide physical infrastructure access to all communications providers on the same terms, unless Openreach can demonstrate that a difference is justified. Enforcing workable ducts and poles mechanisms will require rigorous and close monitoring by Ofcom. It is the Government's view that if the duct and pole remedies imposed by Ofcom are not being fully implemented by Openreach, then all options should be considered to ensure compliance.
18. Where access to Openreach's ducts and poles network is not available or effective, there should be other options to support competitive network deployment, for example dark fibre access. In the FTIR, the Government encouraged Ofcom to consider regulatory options in these circumstances, in a way that does not undermine the case for operators to invest in their own networks using duct and pole access.
19. Access to telecoms infrastructure can be complemented by access to passive infrastructure owned by other utilities (e.g. water or energy) and by transport infrastructure providers such as Network Rail. The Government would like Ofcom to work collaboratively with other regulators, including through the UK Regulators'

⁵ <https://www.ofcom.org.uk/consultations-and-statements/category-1/wholesale-local-access-market-review>

⁶ <https://www.ofcom.org.uk/consultations-and-statements/category-1/physical-infrastructure-market-review>

Network, to ensure opportunities for passive infrastructure sharing with other utilities are explored and barriers addressed.

1.3 Stable and Long-term Regulation that encourages network investment

20. The Government's aim is to promote effective competition and investment in world-class digital networks. Investment in new networks is key to improving consumer outcomes, in terms of choice, service quality, and innovation. It is the Government's view that promoting investment should be prioritised over interventions to further reduce retail prices in the near term.⁷

21. We regard competition where possible as a key driver of network roll-out. It is essential that competition is fair and effective between existing network operators and new entrants, and we expect Ofcom to be vigilant and use its full range of powers to address any anti-competitive behaviour.

22. The Government has identified a set of desired outcomes in relation to the strategic priority of stable and long-term regulation. These are set out below:

- Greater regulatory stability and clarity through at least five year market review periods;
- Regulation only where and to the extent necessary to address competition concerns, and ensure the interests of consumers are safeguarded as fibre markets become more competitive. It is the Government's view that regulatory forbearance, where appropriate, should be considered by Ofcom in developing its regulatory approach to incentivise the roll out of full fibre networks;
- Recognition of the differences in local market conditions across the UK through, where appropriate, a geographically differentiated approach to wholesale regulation. For areas where there is actual or prospective effective competition between networks, the Government would not anticipate the need for regulation as competitive pressures should shape investment and pricing decisions. For other areas, the Government would expect the regulatory model to evolve over time as networks are established. If market power emerges, regulated wholesale access (including price controls) may be needed to address competition concerns. However, this may not be necessary in the near term if there are regulated copper-based superfast

⁷ Ofcom's, *Pricing Trends for Communications Service in the UK*, found that between 2006 and 2016, average household spend on telecoms and TV services fell 8% overall in real terms, May 2018, Page 8.

products available to customers. These detailed regulatory decisions are for Ofcom to take;

- The regulatory environment should ensure there is clarity regarding the application of the 'fair bet' principle over an extended time scale. The Government's view is that an effective 'fair bet' regime would be one that allows firms making large and risky investments to have confidence that any regulation will reflect a fair return on investment, commensurate to the level of risk incurred at the time of making the investment decision. Ofcom should publish clear guidance that sets out the approach and information it will use in determining a 'fair bet' return;
- The Government is interested in how greater transparency of Openreach's build plans could help to accelerate and expand network deployment. We will work with Openreach and Ofcom on effective measures in this area; and
- It is important that firms are able to agree appropriate commercial deals that share the risks and gains from network deployment to support investment. There should be flexibility for firms to develop new approaches to reduce deployment costs and manage risks through commercial risk-sharing and co-investment arrangements. Although these will be commercial decisions for operators, the Government expects Ofcom to play a role in facilitating such arrangements where appropriate.

1.4 An 'Outside In' Approach to Deployment

23. The Government has a commitment to ensuring the universal availability of decent broadband services. This will be delivered via the broadband Universal Service Obligation (USO), which Ofcom will implement by 2020 (following the laying of the necessary secondary legislation in March 2018, specifying the design)⁸. The USO will provide a legal right to request a broadband connection with a minimum download speed of 10 Mbps. The USO speed and other specification requirements will be kept under review.

24. The Government has a longer-term ambition for the nationwide availability of gigabit-capable networks by 2033. It is likely that there will be areas - estimated at around 10% of UK premises in the FTIR - where it will not be commercially viable to deploy networks. The Government will pursue an 'outside in' strategy to support the deployment of networks in these hard to reach areas, starting at the same time as the market deploys to commercially viable areas.

⁸ <http://www.legislation.gov.uk/uk/si/2018/445/contents/made>

25. The Government will work with Ofcom to ensure effective alignment between the USO programme and our longer-term connectivity ambitions.

1.5 Switchover Process

26. As full fibre networks are rolled out, maximising the number of people using them will secure the benefits of the new technology. This will involve Internet Service Providers (ISPs) and their customers moving onto new fibre networks, and eventually retiring the legacy copper networks.

27. The Government is clear that switchover should be led by industry, working closely with Ofcom and Government to ensure the process is consistent with policy and regulatory goals. To aid the migration of consumers, we would expect fibre networks to have suitable 'entry level' products at prices similar to those provided on copper networks, including voice-only services for those who want them. We also expect ISPs to take-up and promote newly available fibre products to drive consumer take-up.

28. Ofcom will have an important oversight role in ensuring industry readiness for switchover. In particular, Ofcom will need to protect the interests of consumers (see section 2 below), promote competition between networks, and ensure that switching processes are easy, reliable, and transparent, including where consumers switch between ISPs on different fibre networks (i.e. 'cross-platform' switching). This is important at the retail level for consumers and at the wholesale level for retail ISPs. Ofcom should also consider whether their regulatory approach to existing copper assets needs to change in light of the switch to fibre networks.

1.6 Mobile and 5G Connectivity

29. The Government wants the UK to have high quality mobile coverage where people live, work and travel. We are committed to extending geographic mobile coverage to 95% of the UK by 2022, as well as providing an uninterrupted mobile signal on all major roads. While there have been significant improvements in coverage overall, coverage levels are poorer in rural areas (in some cases significantly poorer), and some transport modes like road and rail also face particular challenges.

30. The Government believes that the 700 MHz spectrum, which Ofcom has proposed auctioning on a combinatorial basis with the 3.6 - 3.8 GHz spectrum, presents a vital opportunity to materially improve mobile coverage across the UK,

particularly in rural areas and on the UK's major roads - and this should be the key priority in the conduct of that auction.

31. Roaming⁹ in rural areas also has the potential to improve consumer choice and address partial not-spots (where one or more operators are present, but all four are not). Ofcom should fully consider the costs and benefits of achieving this outcome, and maintain the option of requiring roaming by including appropriate provisions when granting rights of use for spectrum.
32. Alongside improving 4G coverage to meet existing mobile demand, the Government wants the UK to be a world leader in 5G, and for the majority of the population to have 5G coverage by 2027. 5G is expected to deliver faster and better mobile broadband services to customers and businesses, and to enable new services for industry sectors, including manufacturing, logistics and immersive technologies.
33. 5G creates an opportunity for market expansion - in the type of wireless services available and in the number of providers of networks and services. The Government's view is that there would be strategic advantages in a model that maintains the benefits of network competition between multiple mobile network operators, while enabling new solutions to connectivity challenges, including in-building coverage, rural coverage and industrial applications. The Government has identified four strategic priorities to help create the conditions for a competitive mobile market that supports investment and innovation in 5G:
 - Make it easier and cheaper to deploy mobile infrastructure, including the implementation of the wide-ranging Electronic Communications Code (ECC) on site access, and consideration of further planning reforms in relation to England;
 - Support the growth of infrastructure models (including 'neutral host' wholesale providers) that promote competition and investment in network densification and extension to rural areas;
 - Fund new 5G use-cases through the Government's £200 million 5G Testbeds and Trials Programme; and
 - Promote new 5G services from existing and new players, through the release of additional spectrum. This is covered in section 1.7 below.

⁹ Roaming between MNOs is where operator A's customers can access operator B's network in areas where B has a coverage footprint but A does not.

34. Mobile investment should be closely monitored by Ofcom and appropriate options considered if it becomes clear the current market structure is not supporting investment in 5G at sustainable levels.

1.7 Spectrum Management

35. Spectrum is a valuable national asset and the Government wants to maximise the economic and social value for the UK from its use. The Government's key objectives in relation to spectrum are: ensuring the efficient use of spectrum (including preventing under-utilisation of spectrum); improving mobile coverage to meet current demands; encouraging innovation and investment in new 5G services to meet future demands; and promoting competition in mobile markets.

36. As set out in the FTIR, the Government regards the introduction of flexible, shared spectrum models and the release of additional public sector spectrum as strategic priorities, and a means by which it could secure its objectives. Spectrum sharing models could enable new players, alongside existing mobile operators, to access spectrum and invest in new business models. They could help increase the availability of services and unlock opportunities for innovative new applications, including:

- Coverage extensions to rural communities and in-buildings;
- Private 4G LTE/5G networks to support innovation in the industrial internet of things, including wireless automation and robotics; and
- Fixed wireless access to premises in local, often rural, areas.

37. The Government considers that its strategic priorities can be met in the following ways:

- Meeting and going beyond the European Electronic Communications Code (EECC) requirement to release 1 GHz of spectrum in the 26 GHz band in a timely manner;
- Completing the award of the 700 MHz and 3.6 – 3.8 GHz bands in a timely manner;
- Assessing the feasibility, costs and benefits of flexible licensing models in the 3.6-4.2 GHz bands; and
- Developing licensing arrangements between public and private sector uses which facilitate restricted spectrum sharing, to assist the Government in releasing public sector spectrum for new uses.

38. In addition, the EECC contains express powers that will enable competent authorities to impose and enforce 'use or lose it' conditions related to individual spectrum rights, subject to the usual constraints on the grant of spectrum rights, such as proportionality. The Government considers that this obligation will form an important incentive for Mobile Network Operators to utilise, share or lease spectrum. In anticipation of these express powers being implemented, we would expect that Ofcom include appropriate provisions when granting rights of use for spectrum.
39. To identify the opportunities for spectrum sharing in the mobile bands and the extent to which spectrum sharing policies are increasing the utilisation of spectrum, Ofcom should report on the utilisation - as a minimum on a geographic basis - of spectrum in mobile bands. This information will identify the parts of the UK where spectrum in each mobile band is and is not being fully utilised.
40. More broadly, the Government believes that there should be greater liquidity in the spectrum market and barriers to spectrum trading should be removed. The Government would like Ofcom to clarify, through amendments to its Spectrum Trading Guidance Notes, that leasing or pooling of spectrum is not prohibited under the Wireless Telegraphy (Mobile Spectrum Trading) Regulations 2011 (as amended).
41. As the UK leaves the EU, the Government is strengthening the country's global role and reinforcing our active engagement in international bodies covering communications policy. International coordination is an essential element of making it technically and economically possible to utilise spectrum in the UK.
42. Ofcom provides representation on behalf of the Government at a number of international bodies on radiocommunications, including the International Telecommunication Union (ITU) and European Conference of Postal and Telecommunications Administrations (CEPT). It is important that this representation reflects the strategic priorities of the Government. Ofcom, DCMS and other government departments should work together to ensure that spectrum harmonisation and cooperation decisions support, as far as possible, the UK's interests.

1.8 Convergence between Full Fibre and 5G networks

43. The Government expects to see greater convergence in the telecoms sector. Fixed fibre networks and 5G are complementary technologies and, in some areas and for some consumers, 5G could provide a viable alternative to a fixed fibre connection. It is important that fibre networks and associated passive

infrastructure are provisioned to meet the demands of 5G network densification, including sufficient backhaul capacity to meet data demands.

44. The policy and regulatory framework should be sufficiently flexible and forward-looking to support convergence between fixed and mobile networks, through:

- Removing practical obstacles or barriers to the deployment of converged networks. The Government would like network operators and mobile operators, working with local authorities and other relevant parties, to design infrastructure architecture that can meet the requirements of 5G roll-out;
- Single, unified access market reviews that recognise the convergence of access networks to serve business, residential and mobile requirements; and
- Allowing mobile operators to benefit from unrestricted use of Openreach's passive infrastructure for the provision of backhaul services, as soon as possible. If duct and pole access is unavailable or ineffective, the Government would like Ofcom to consider the merits of alternative effective remedies, including dark fibre access.

Section 2: Furthering the interests of telecoms consumers

45. Consumers rely more than ever on fixed and mobile connectivity in their everyday lives. However, the consumer experience in the telecoms sector is lagging behind that of other essential services.
46. The Government's strategic priorities for current and future telecoms consumers are to:
- Address the difficulties that consumers experience in navigating the communications market by giving them the right data, information and support to boost their engagement;
 - Remove barriers that consumers face to switching products and services, and ensure that all consumers get better outcomes, even if they are not actively searching for the best deal all of the time;
 - Tackle harmful industry practices and improve the support available to vulnerable consumers, who can pay more than others; and
 - Improve the overall quality of service for telecoms consumers.
47. The July 2018 UK Customer Satisfaction Index¹⁰ produced by the Institute of Customer Service ranked telecommunications and media as the worst performing sector apart from transport. Ofcom's second annual service quality report, published in May 2018¹¹, found that overall satisfaction of broadband customers has fallen since 2016, although the proportion of mobile customers satisfied with their service has remained stable. Ofcom's work on Consumer Engagement with Communication Services found that consumers often struggle to engage with, and navigate, a complex market, and suffer unfair practices and poor quality service as a result.¹² Ofcom's recent report on Pricing Trends for Communications found that loyal customers who do not shop around typically pay higher prices than more engaged consumers.¹³
48. This 'loyalty penalty' in the broadband and mobile markets (but also the insurance, mortgage and savings markets) was also the subject of a super-complaint by Citizens Advice to the Competition and Markets Authority

¹⁰ <https://www.instituteofcustomerservice.com/research-insight/uk-customer-satisfaction-index>

¹¹ <https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/quality-of-service/report>

¹² <https://www.ofcom.org.uk/research-and-data/multi-sector-research/general-communications/consumer-engagement-with-communication-services>

¹³ https://www.ofcom.org.uk/__data/assets/pdf_file/0030/113898/pricing-report-2018.pdf

(CMA). The CMA's response to the super-complaint found a massive loyalty penalty in telecoms.¹⁴ The combined effect of the loyalty penalty incurred by customers of broadband and mobile was £1.3bn per year (of which £1bn was broadband). The loyalty penalty in other markets subject to the super-complaint was:

- Cash Savings £1.1bn
- Mortgages £0.8bn
- Home Insurance £0.7bn

49. In their response to the super-complaint, the CMA made a number of recommendations to Ofcom and Government, which are reflected in this SSP.

50. The deployment of faster, more reliable and resilient fixed and mobile networks should help to improve customer satisfaction over the longer term. However, the Government believes that further action is required now to improve telecoms consumers' experience. As the Government set out in its Consumer Green Paper and the CMA in their response to Citizens Advice super-complaint, simply relying on "engaging" consumers by providing them with more information has been shown not to be sufficient.¹⁵ This represents a challenge to regulators and requires a comprehensive approach to ensure that consumers get improved outcomes.

51. The SSP sets out the Government's key strategic priorities in relation to telecoms consumers. The Government's Consumer Forum, which brings together Ministers and the CEOs of regulators, is key to coordinating our efforts to support consumers and we welcome Ofcom's continued engagement in this forum.

2.1. Addressing harmful business practices

52. The Government enhanced Ofcom's powers to protect consumers through the Digital Economy Act 2017, and Ofcom has used these powers to improve the consumer experience in telecoms in a number of areas¹⁶. It has also consulted on proposals to ensure fairer, more transparent prices for mobile consumers who pay for handsets and airtime within the same contract, including fairer default tariffs at the end of the minimum contract period. At the current time, many consumers, if they do not switch at the end of the minimum contract period, end up paying for a handset they have already paid off, which the Government regards as unfair. In their response to the Citizens Advice super-complaint, the

¹⁴ <https://www.gov.uk/cma-cases/loyalty-penalty-super-complaint#response-to-super-complaint>

¹⁵ <https://www.gov.uk/government/consultations/consumer-green-paper-modernising-consumer-markets>

¹⁶ For example, it has introduced a text to switch reform; introduced automatic compensation for broadband and landline users; and published its second Quality of Service report, which included data gathered using its new information gathering powers

CMA also highlighted this issue and indicated their support for a requirement on providers to move customers on bundled contracts onto fairer tariffs when their contracts ends. The Government agrees that this would be the ideal outcome and will consider legislation if Ofcom's view is that its regulatory powers are insufficient to address this issue fully.

53. Similarly, Ofcom should continue to examine the large and growing gap between the best broadband deals enjoyed by the most engaged consumers and the worst deals. This is difficult to justify, particularly where those consumers getting the worst deals are vulnerable or in areas poorly served by competition. Ofcom should consider all available evidence, including from their recent consultations and other studies, to address consumer detriment in this area. In considering potential remedies, Ofcom should also take into account the CMA's recommendations, which include potential pricing interventions such as targeted safeguard caps to protect vulnerable consumers.

2.2 Access to better data & information for consumers

54. Giving consumers and third party intermediaries access to a range of reliable data is key to ensure consumers can choose products and services that best meet their needs. As part of this, Ofcom should continue to use its powers, including those arising from the Digital Economy Act 2017, to:

- Improve the quality and availability of address-level broadband data and mobile coverage data, to better inform consumers on the level of service they could benefit from in particular locations (including at home, at work or while on the move) and allow third party players to monitor the quality of service and coverage of telecoms networks; and
- Continue to improve its Quality of Service reports, in particular by including data on consumer complaints made directly to telecoms providers as well as to Ofcom, and work with the UK Regulators Network (UKRN) to introduce performance scorecards for all communications providers and digital comparison tools.

55. More generally, Ofcom should also review how access to better data and information could benefit consumers, including those who are vulnerable. This should include looking at opportunities for supporting consumers to navigate a complex market, for instance by helping them understand the different types of technologies available, and supporting them to match those technologies to their needs.

56. The Government has launched the Smart Data Review to accelerate the development of new data-driven technologies and services to improve consumer outcomes in regulated markets. It is the Government's view that data portability¹⁷ has a potentially transformative role to play in telecoms, including enabling innovations such as automatic and/or collective switching. This was also the view of the CMA in their response to Citizens Advice's super-complaint, who argued it should be "pushed forward" in telecoms. As such, Ofcom should engage closely with the Smart Data Review and take action in relation to its conclusions, as well as drawing on the lessons from other regulated markets. It is important that telecoms consumers benefit from data portability and that digital intermediaries can use data to make it easier for consumers to navigate the market. The Government is prepared to legislate to provide Ofcom with additional powers to implement data portability in telecoms, if this is necessary.

57. The UK's Digital Strategy made clear that Government would work with regulators and industry to ensure broadband advertising more accurately reflects the speeds consumers can expect to receive and accurately describes the technology used. The Government welcomes the reforms that the ASA has made to the way broadband speed claims can be advertised, which came into force on 23 May 2018, and Ofcom's changes to its Code of Practice on Broadband Speed, which will come into force in March 2019. In the context of the strategic objective to secure the roll-out of full fibre broadband, Government would ask Ofcom to consider whether the information available to consumers about the characteristics of different types of broadband services, is helping consumers make informed choices.

2.3 Improve Consumer Switching

58. As set out in paragraph 28, Ofcom should continue to improve industry processes for broadband switching, including across platforms. Ofcom should also continue to prioritise their work on how to support consumers to engage more actively with the market.

2.4 Supporting telecoms consumers, including the most vulnerable

59. Ofcom should continue to take all opportunities to improve the consumer experience in the telecoms sector, particularly for vulnerable consumers, including those with disabilities. Ofcom should play a full role in taking forward the work set out in the Government's Consumer Green Paper¹⁸, including:

¹⁷ Data portability allows people to have their personal usage data given to them or a third party of their choice in a commonly used machine-readable format.

¹⁸https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/699937/modernising-consumer-markets-green-paper.pdf

- Looking at opportunities for non-financial data sharing on vulnerability between companies, and reviewing companies' policies and approaches from across sectors to assess the effectiveness of different approaches to supporting vulnerable consumers;
- Exploring benefits, including through the UK Regulators' Network, from the introduction of minimum standards that consumers with mental ill health, cognitive impairments and dementia should expect to receive, and to explore best practice for supporting these consumers; and
- Supporting the Government's work exploring the consumer advocacy arrangements in the telecoms sector, both in the short term with measures to strengthen the current Communications Consumer Panel and on options for longer-term reform, including reviewing the resources allocated to supporting consumers in telecoms in comparison to the resources allocated to supporting consumers in other regulated markets.

Section 3: Secure and resilient telecoms infrastructure

60. The security and resilience of the UK's telecoms networks is of paramount importance and a strategic priority for the Government.

61. Under the Communications Act 2003, Ofcom are responsible for ensuring that network and service providers take appropriate measures to manage cyber security risks, including to the confidentiality of communications and data, the integrity of networks and services, and network availability. Given the importance of protecting the UK's critical telecoms and internet infrastructure, the Government supports an engaged, pro-active regulatory approach to the security of communications networks and services. This should incentivise network and service providers to respond to identified threats and risks, and lead to higher standards across the sector in the management of cyber security and resilience.

62. Ofcom has powers at its disposal - including information gathering, audit, enforcement and penalty powers - to ensure providers comply with their statutory duties to manage security risks. We welcome the strengthening of Ofcom's capability, skills and resources in order to perform an enhanced cyber role to:

- Ensure appropriate risk understanding, ownership, and mitigation by communications service and network providers;
- Lead a cyber penetration testing (T-BEST) programme, working collaboratively with DCMS, NCSC and network providers to undertake intelligence-led vulnerability penetration tests as an integral part of cyber security management; and
- Strengthen stakeholder engagement with providers and suppliers, including on sector-wide cyber security and supply chain arrangements.

63. The Government is currently reviewing the supply arrangements for the UK's telecoms infrastructure¹⁹, to ensure we have an effective policy and regulatory framework in place for the secure and resilient deployment of new fixed and 5G networks.

¹⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/754741/20181108_Telecoms_Supply_Chain_Review_Terms_of_Reference.pdf

Section 4: Postal services

64. The Government put in place a framework for Ofcom to deliver our primary objective to secure the provision of a financially sustainable and efficient universal postal service in the UK. Subject to this, we want a postal services market that is competitive and delivering good outcomes for consumers and other users of postal services.
65. Changes in consumer behaviour have led to a structural decline in letters and increasing online shopping, meaning Royal Mail, and the sector more widely, needs to plan, invest and operate to meet the needs of people and businesses in a way which offers best value for money over the long term.
66. Risks to resilience go wider than changes in consumer behaviour. Royal Mail's network, under the government's Critical National Infrastructure regime, needs to be able to protect itself from and respond effectively to the range of hazards and threats that in the short-term could have an impact on service provision. Where Ofcom does not have assurance that Royal Mail is planning and investing appropriately, as part of its strategy to achieve long-term resilience, for example in the event of a significant failure to meet quality of service targets, we expect that it will review Royal Mail's contingency plans and mitigating actions, to make sure that the needs of current and future customers will be met effectively and efficiently.

Annex A

Privacy notice

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018. Note that this section only refers to your personal data (your name, address, email address, telephone number and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the data controller and contact details of our Data Protection Officer: The Department for Digital, Culture, Media and Sport (“the department”) is the data controller. The Data Protection Officer can be contacted at dcmsdataprotection@culture.gov.uk.

2. Why we are collecting your personal data: Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data: The Data Protection Act 2018 states that, as a government department, the department may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data: We will not share the personal data obtained through this consultation outside of the department. Copies of responses may be published after the consultation closing date on the Department’s website: www.gov.uk/dcms

5. If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

6. For how long we will keep your personal data, or criteria used to determine the retention period: Your personal data will be held for three months after the consultation is closed. This is so that the department is able to contact you regarding the result of the consultation following analysis of the responses.

7. Your rights, e.g. access, rectification, erasure: The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- to see what data we have about you
- to ask us to stop using your data, but keep it on record
- to have all or some of your data deleted or corrected
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law.

You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

8. Your personal data will not be sent overseas.

9. Your personal data will not be used for any automated decision making.

10. Your personal data will be stored in a secure government IT system.

ENDS