

Arqiva submission to DCMS consultation, *Statement of strategic priorities*

About Arqiva

Arqiva is a communications infrastructure and media services company operating at the heart of the mobile and broadcast communications industry. Arqiva provides infrastructure for television, radio, mobile and other wireless communication in the UK.

Arqiva operates shared radio site assets throughout the UK working with the mobile industry for over two decades and with a significant presence in suburban and rural areas. Our portfolio includes over 8,000 active mobile, radio and television sites.

Arqiva worked with DCMS to build new shared sites in 'not-spots' as part of the Mobile Infrastructure Programme (MIP). We also extend the MNOs' coverage and capacity into challenging environments such as Canary Wharf and the ExCel Centre.

Arqiva is building a national Internet of Things ("IoT") network, starting with 10 of the UK's largest cities. Our smart metering service, connecting 10 million homes using long-range radio technology, will be one of the UK's largest machine-to-machine deployments.

Arqiva is a founder member and shareholder of Freeview. We broadcast all eight Freeview multiplexes, are the licensed operator of four of them. Arqiva is the licensed operator of both national commercial DAB digital radio multiplexes.

Arqiva is a major player in the UK's satellite industry, and is a major provider of permanent satellite services to both Freesat and Sky customers. Arqiva also provides global satellite based services to the security, oil & gas and exploration sectors.

Arqiva is owned by a consortium of long-term investors and has its headquarters in Hampshire, with major UK offices in London, Buckinghamshire and Yorkshire.

Responses to questions

Question 1. Do you agree with the Government's strategic priorities and desired policy outcomes for telecommunications, the management of radio spectrum and postal services?

Our interest as the UK's largest independent wireless communications infrastructure provider is in the Government's vision for telecommunications and the approach to managing radio spectrum. In that position, we strongly support the key strategic priorities as set out by DCMS in its statement. In particular, we:

- Applaud the ambition of providing gigabit connections to 15m households by 2025 (with nationwide coverage by 2033) and note that 5G wireless should remain an option to deliver such ultrafast broadband speeds;
- Welcome the supporting of 'neutral host' wholesale providers; and
- Support the target of extending mobile coverage to 95% of the UK by 2022, adding that this coverage should offer good quality data speeds.

A great deal of policy development is already being done to promote the expansion of fixed broadband networks and 5G in the UK. We have given our support for a number of recent initiatives from both Government and Ofcom in this area, such as expansion on BT Openreach Physical Infrastructure Access (PIA) for any use and the zero-rating of business rates for new broadband fibre deployments.

As DCMS notes, the four national MNOs have been, or are in the process of trialling 5G technology in anticipation of commercial roll-out of services. Arqiva has also partnered with Samsung in conducting 5G fixed wireless access trials, harnessing our unique UK position as an independent wireless infrastructure provider and a national licensee of 28 GHz millimetric spectrum – the frequencies favoured for 5G in the US, Japan and South Korea. That trial demonstrated that high speed broadband could be delivered to businesses and consumers using a mix of fibre and 5G.

We also note and support the requirement for a material improvement of mobile coverage "across the UK particularly in rural areas and on the UK's major roads" as "the key priority in the conduct of [the 700 MHz and 3.6-3.8 GHz] auction" (our emphasis).

We strongly support the policy objective of extending mobile coverage to the ambitious levels as set out in the statement. While we recognise that 2022 is a challenging timescale to reach those coverage levels, we think it appropriate for them to be set ambitiously. However, this goal is achievable with the accompanying political will to implement the targets.

Finally, we welcome Government's continuing policy commitment toward encouraging neutral host infrastructure provision. It is our view that increased independent infrastructure provision is a necessary element of achieving ubiquitous mobile coverage in

the UK. By increasing the level of sharing on masts, costs for operators can be reduced and coverage gains to benefit mobile users can be made more attainable.

Question 2. Does this document set out clearly the role of Ofcom in contributing to the government strategic priorities and desired outcomes?

At a structural level, the separate roles of Government and Ofcom are clear and consistent with the requirements for independence as set out in the various relevant EU Directives. However, on the issue of achieving the Government mobile targets as set out in this Statement there is a disconnect between Government and with the ongoing work from Ofcom on the 700 MHz/3.6 GHz auctions. In other words, the roles of Government and Ofcom are transparent but the objectives they are working towards (in this area at least) appear to be in conflict.

There is a question as to how the Government's mobile coverage obligations can be achieved once the 700 MHz and 3.6 GHz bands has been auctioned in 2020. Under the terms of Ofcom's current proposals for that award the coverage obligation levels are set, at best, at the lower geographical level of 90% of the UK. Specifically:

- The only policy lever we are aware of which is open to Ofcom to achieve the stipulated mobile coverage levels is through licences at the time of award;
- There is no provision for applying coverage targets retrospectively on operators' spectrum holdings; and
- After the 700 MHz and 3.6 GHz awards the only spectrum which might be auctioned for mobile services in the medium term is the 26 MHz band, which is clearly unsuitable to have coverage obligations attached to it.

Our view is that these ambitious government coverage targets can be met in a cost-efficient way for operators - but only through increased use of independent infrastructure to minimise costs. Both Ofcom and Government will need to establish what mechanism they would need to put in place to create the necessary incentives or obligations for industry to reach ever greater mobile coverage levels.

The context for the need for intervention is that there has been no commercial incentive to improve coverage for many years. All coverage improvements in recent years have come about due to policy interventions; primarily this have been through coverage obligations in spectrum awards. However, they have also been due to direct funding such as the Mobile Infrastructure Programme, or through public procurements such as the Emergency Services Network. Given this, there is no obvious reason to expect the market to deliver improved coverage without a further policy intervention.

As currently drafted, Ofcom's coverage proposals are voluntary. As its award consultation acknowledges, there is no requirement for any of the operators to acquire any coverage obligations in the auction. Therefore, as it stands, the rules that Ofcom have proposed do not guarantee that there will be any improvement in mobile coverage in any part of the UK

as a result of the auction. This is in conflict with the requirement from the Government for the auction to secure material improvements.

Furthermore, by only applying to a maximum of two of the four mobile operators, the current Ofcom proposals may limit retail competition and choice for rural customers. Therefore, the coverage obligations should be rewritten so that they apply to all of the new licensees.

In further conflict with the Government's objectives, Ofcom's proposed coverage obligations as they stand do not have any specific requirements on road or rail coverage. While Ofcom says that it "anticipates that the obligations are likely to deliver increases in B-road and minor road coverage" that is not the same as guaranteeing a material improvement in mobile coverage on roads as a result of the auction. If Government is requiring Ofcom to see material improvement of mobile coverage on road as one of the two key priorities in the auction that would suggest that the coverage obligations should be revisited to ensure that a material improvement in mobile coverage on roads is guaranteed by the auction.

We also note the speech made by Jeremy Wright, Secretary of State at DCMS, at the Enders conference on 7 March 2019. With reference to telecoms innovation, he said the following:

*I want to see new innovative ideas from industry to deliver widespread, high quality coverage. And if necessary, **we will consider every single tool that we and Ofcom have in the policy and regulatory toolbox in order to achieve that 95 per cent goal [our emphasis].***

It is essential that the UK has the telecoms infrastructure to meet the growing demands of consumers and businesses, promoting the benefits of connectivity across the whole of the UK.

Overall, and in light of this new requirement from the Government, Ofcom should be required to look at the obligations afresh. There should be a focus on guaranteeing expansion of coverage beyond where it is today (not only a removal of partial not spots) and to guarantee that there will be a material improvement in rural areas and on the UK's major roads. While other factors may also be relevant, the Government has made it clear that it expects that coverage will be the key priority for Ofcom in this auction and so Ofcom should subordinate all other factors as secondary to that.

We also note DCMS's views on the importance of use-it-or-lose-it powers as they relate to the use of mobile bands (a key addition to the revised European Electronic Communications Code). While DCMS does not appear to advocate wholesale use of these powers, we welcome its objective to adopt them where they could be used to incentivise sharing in bands which are licensed for mobile.

In that respect, we note the ongoing work we are undertaking with Ofcom on using the 700 MHz duplex gap to sustain existing DTT channels where mobile operators are not deploying services. Our goal in this is to ensure that viewers do not lose the TV services that they are receiving today when the alternative is that the spectrum is left unused. We would be

interested in DCMS's and Ofcom's views on how use-it-or-lose-it could be used to ensure that the 700 MHz duplex gap does not sit fallow when there is a demonstrable demand to use those frequencies from DTT.