

INCA Response to the Statement of Strategic Priorities

April 2019

INCA welcomes the opportunity to respond to the DCMS consultation on the Statement of Strategic Priorities for telecommunications, the management of spectrum and postal services.

INCA's members represent a cross section of industry working to build the UK's new digital infrastructure - full fibre and fixed wireless. Members include operators, suppliers, local authorities and consultancy and support services. Our response relates specifically to fixed line and fixed wireless services.

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?

INCA's members broadly agree with the government's strategic priorities as discussed in the FTIR.

The SSP consultation does clearly set out the role of Ofcom in contributing to the strategy priorities and desired outcomes with some caveats and areas that can usefully be developed or clarified.

1. World Class Digital Infrastructure

INCA's members are making a significant contribution to building the new digital infrastructure that the UK needs. Independent operators contributed around 50% of the full fibre connections that led the UK to enter the FTTH Council Europe Global Ranking for the first time in 2019. Independent operators are bringing forward substantial investments which alongside those of BT-Openreach and Virgin Media will make major inroads towards meeting the 2025 and 2033 targets.

1.2 Effective Access to Passive Infrastructure in telecoms & other utilities

Access to existing passive infrastructure is widely regarded as a benefit to new fibre deployment in many parts of the country. Consequently, INCA members have been at the forefront of efforts to open up Openreach ducts and poles.

In relation to PIA one of the concerns that has been expressed by a number of independent operators is that unless there is a clear requirement for equivalence of inputs between Openreach and alternative operators, it will be difficult to ensure there is a level playing field between all operators. We recognise that this goes further than a 'non undue discrimination' condition and presents implementation difficulties. However, it seems clear that full equivalence whereby Openreach and alternative operators consume the same product will help transparency, remove any perverse incentives and speed up deployment.

INCA generally supports access to other passive utilities and our members continue to explore opportunities in both the public and utility sectors. One INCA member, The Tameside Digital Infrastructure Co-op is pioneering access to local authority and other duct infrastructure to facilitate new network deployment.

1.3 Stable and Long-Term Regulation that encourages network investment

Proposed changes to the market review periods and their nature have been broadly welcomed. There is also general acceptance that a geographically differentiated approach to wholesale regulation makes sense in a competitive environment.

In relation to Openreach's full fibre plans concerns have been expressed that Openreach announcements frequently appear to follow project announcements by alternative operators. Whilst we recognise that the policy is predicated on a competitive approach to new network build and that Openreach is one of the competitors, there is a danger that plans and announcements are made that undermine the competitive investment the policy seeks to support. It is not at all clear from the recent Ofcom consultation on "Promoting competition and investment in fibre networks" that this point is fully taken on board.

1.4 An 'Outside-In' Approach to Deployment

Many INCA member operators are building new NGA and ultrafast (full fibre and wireless) networks in rural areas. We fully support the Outside-In policy ambition and INCA is working with DCMS and local authorities to help flesh out what this means in practice, through a series of workshops in Q2-3 2019 and at the INCA Conference in October.

The BUSO remains a problematic issue for many independent operators, particularly since in the main they offer services with NGA speeds (30Mbps) or above. Good arguments have been put forward that the universal service provider should utilise expansion of independent operators' networks to deliver the USO to end consumers, where this is more cost-effective and better value than an alternative Openreach or EE solution. Others have argued that some independent operators are creating products that meet the proposed cost requirements of the BUSO (which could be regarded as essentially a defensive measure) and effectively have the potential to become USO providers by default.

1.5 Switchover Process

Switching is key to the success or otherwise of the whole strategy. As the SSP rightly points out the benefits of the investment in new networks will only be realised once consumers and businesses are using them. Facilitating easy switching from old networks to new, by consumers and ISPs will become increasingly important. We are concerned that too much of the debate is taking place in the context of switching from Openreach copper to Openreach full fibre. This essentially includes discussion on switching from PSTN to IP, voice, broadband and eventual copper switch off. For the full benefits of competitive investment to be realised we need to ensure that switching is seen in a broader context of multiple full fibre and potentially wireless networks.

1.6 Mobile and 5G Connectivity and

1.7 Spectrum Management

A number of INCA members have been involved in the 5G testbeds and trials programme - demonstrating new use cases that will support 5G deployment. Others deliver rural fixed wireless services and are keen to access spectrum that will improve the service capabilities. One INCA member has been involved in deeply rural deployments using TV Whitespace with dynamic management of the spectrum. In a number of cases companies that have built rural fixed wireless networks have attracted investment into building full fibre deployments. Consequently, supporting this sector is valuable and can be seen in the context of 'market expansion.'

Models that involve spectrum sharing offer opportunities for more widespread deployment of both mobile and fixed services and innovative new models.

Alongside UKWISPA we have argued that access to the 3.4-3.8GHz spectrum would be very beneficial to fixed wireless operators enabling them to improve speeds and reach more under-served premises. Ofcom seems to be moving in this direction and measures that facilitate market access will be welcomed by the sector.

