The Digital, Culture, Media and Sport Select Committee Inquiry into the impact of COVID-19 on DCMS Sectors

Evidence from Mobile UK

Introduction

1. Mobile UK, being the trade body for the UK's mobile network operators EE, O2, Three and Vodafone, welcomes the opportunity to submit evidence to the DCMS Committee's inquiry into the impact of COVID-19 on DCMS Sectors.

2. We note that, in light of the pressures of the COVID-19 outbreak, the submission deadline is flexible and open-ended and that organisations may submit more than one piece of evidence. Mobile UK will do this if further relevant information emerges during the inquiry.

3. The COVID-19 pandemic has struck the UK with such speed and ferocity that, as a nation, our collective resources are presently devoted to tackling immediate needs and problems.

4. Even so, Mobile UK strongly supports the Committee's decision to look beyond the immediate situation. The UK economy will soon need revival, and we fully expect the digital economy to be the engine of that revival.

5. Now is the right to time to be considering what policies need be in place to maximise that potential.

Summary of key points

The immediate impact of COVID-19 on the sector

6. During the outbreak, the UK's digital networks have been at the core of keeping the economy going, keeping families connected, and supporting critical infrastructure such as the NHS.

7. All mobile operators have experienced significant and rapid increases in traffic, alongside shifts in the patterns of usage. Overall, networks proved highly resilient and well able to cope with the increased load.

8. The outbreak has had an impact on all customers. For some, it has been devastating. The industry has responded with agility and speed to support vulnerable consumers, the NHS and education sector.

9. While the adverse impact on the mobile sector was considerably less than on some, our situation has been very far from 'business as usual'. It has required rapid redeployment of resources to focus on issues arising from the outbreak.

10. It has not business as usual in terms of retail and sales more generally either. A weak economic outlook will present added pressure margins and return on investment.

11. Co-operation and coordination between industry and Government has been effective during the outbreak. The industry has supported the Government with connecting Nightingale hospitals, data insights (e.g. for repatriation planning) and public health messaging (an SMS to all mobile users – 95% of the population).

12. The Government and the police have also been very supportive to the industry in combatting matters arising from the 'fake news' link between Coronavirus and 5G (which resulted in about 100 masts being burnt and telecoms workers being intimidated and abused.)

Collateral impacts

13. Mobile operator's resources have been severely diverted and depleted by the COVID-19 outbreak. The implementation of some vital regulatory measures must be re-scheduled to reflect this reality so that we can continue to support vulnerable customers and critical infrastructure.

Seizing the opportunities

14. The COVID-19 outbreak has reshaped society and the economy, as shown by increased levels of network usage and changed patterns of behaviour. This effect is unlikely to be fully reversed.

15. This undoubtedly presents unexpected opportunities to realise more quickly long-held ambitions in some significant policy areas, such as getting to net-zero carbon emissions, better work/life balance, more accessible services for disabled customers and rebalancing the economy into the regions.

16. As a result, digital infrastructure will become much more central to our national life. The digital economy will be the engine of growth to lead the revival of the broader UK economy.

17. Policy must now reflect this and pivot towards digital infrastructure, with urgent reforms to planning regulation, fiscal measures to promote investment, and action to ensure reforms enabling operators to access land become effective.

18. These objectives should be pursued now so that mobile operators can work in a much more 'pro-investment' environment when social distancing guidelines start to lift and network rollout can continue – including the Shared Rural Network programme and also 5G.

Response to the Committee's questions

What has been the immediate impact of COVID-19 on the mobile sector?

A step-change in the use of digital infrastructure

19. The most visible immediate impact of COVID-19 and the associated lockdown on the mobile sector has been the very rapid acceleration of patterns of usage and behaviour that have been emerging over many years, most notably:

   • Increased working from home (WFH);

   • Increased online shopping/home delivery;

   • Increased consumption of online entertainment; and

   • Increased use of video-conferencing platforms for work and consumer use, including NHS and other vital services.

20. These factors have resulted in significant rises in mobile (and fixed) network traffic. For example, Vodafone stated that in the two weeks to 25th March, their business saw a 30%

increase in mobile and fixed internet traffic and a 42% increase in mobile voice traffic[1] – a substantial and rapid increase over a short period, which networks have coped very well. Unsurprisingly, there has been a considerable increase in the use of video conferencing platforms.

21. It is improbable that these increases in usage and changes in patterns of behaviour will be entirely reversed once 'normal' life returns. Collectively we will experience a step-change in our adoption of digital habits.

22. In sum, it is no exaggeration that through this COVID-19 outbreak, we have all come to realise how critically important our digital infrastructure is.

23. Without resilient fixed and mobile broadband networks, the dent in the UK's economy would have been considerably higher.

The impact on customers

24. That said, the other most visible impact of the COVID-19 outbreak has been the devastating economic impact on some of the mobile sector's customers, both consumers and businesses.

25. The mobile operators have had to take rapid actions to address many affected groups. These are described in outline in the next section.

Collateral impacts

26. While the adverse impact on the mobile sector has been much less severe than in some sectors, the situation has been very far from 'business as usual'. It has required rapid redeployment of resources to focus on issues arising from the outbreak.

27. In the fullness of time, as growth in the digital economy is likely to outstrip the physical economy, we would expect the sector to bounce back strongly eventually. In the meantime, though, the overall economic environment will be weak, putting pressure on margins and investment cases. Mobile operators will have to operate with great care and within resources that have been severely diverted and depleted by the COVID-19 outbreak. Thus, for example, the implementation of some vital regulatory measures must be re-scheduled to reflect this reality, namely the Telecom Security Requirements (TSR) and the European Electronic Communications Code (EECC), so that we can continue to support vulnerable customers and critical infrastructure.

28. Operators fully support the Government's intention to strengthen telecoms security through the TSR. COVID-19 has brought centre stage the core strategic value of the UK's mobile and fixed broadband networks. The overall performance of the networks during this period has served the UK well. Now more than ever, we recognise the importance of the security and resilience of the networks. It is for this reason that the mobile operators want to work closely with Government on finalising the detail of the TSR ahead of legislation and scheduling a realistic glide path into full implementation.

29. A similar approach will be needed with the EECC. From a practical point of view, the impact on consumers of a delay would be minimal (many measures are already implemented.) Ofcom has expressed a willingness to be flexible with implementation. However, the prevailing deadline is driven by the EU transposition timetable. We

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[1] https://newscentre.vodafone.co.uk/viewpoint/vodafone-networks-up-to-the-task-says-scott-petty/

understand that many EU member states themselves are behind in terms of execution and are not likely to meet the 21st December deadline, particularly those severely affected by COVID-19. We have asked the Government to re-set the timeline.

How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector's needs?

30. While the rapidity with which the crisis descended caused an initially frenetic flurry, this period has been characterised by close and productive work between the industry and Government generally and the DCMS in particular.

31. All requests come through a single sponsor department. This not only benefits in terms of coordination but also sponsor department can prioritise competing requests and also broader knowledge of what is technically possible in this space.

Action for vulnerable consumers, education and the NHS

32. From the beginning, mobile operators have shown a desire to support the worst affected groups. While operators have maintained the commercial freedom to address the affected groups in ways that meet the needs of their particular customer base (e.g. boosted voice and data packages), the DCMS has used its convening power to elicit the requirements of vulnerable and other groups and to bring some structure to working across a very diverse range of stakeholders.

33. This work with the Government resulted in a significant package of measures being announced on 29th March to support consumers made vulnerable by COVID-19 and was followed by a further joint announcement on 10th April of sector support for the NHS and its staff.

34. The mobile operators remain committed to working with the Government on identifying and meeting other specific needs arising from the COVID-19 outbreak, particularly for the NHS and the education sector.

35. In addition to the Government supporting industry, the industry has also given [non-commercial] support to Government, for example:

- Sending out an SMS to every subscriber (Stay at home, protect the NHS, save lives);

- Using aggregated and anonymous data sets to analyse changing population dispersal (this helped to gauge 'social distancing' compliance and plan emergency responder deployment); and

- Assessing (on an aggregated and anonymised basis) the numbers of UK residents overseas (for repatriation planning).

Fake news/misinformation

36. One unexpected aspect of the COVID-19 outbreak was a social media-fuelled link being made between 5G and the cause of Coronavirus.

37. This has had very damaging consequences: field engineers, going about the vital business of maintaining the network, have been verbally abused, intimidated and even physically attacked.

38. Around 100 masts have been put out of action by arson attacks. Not only did this cause about £5m in damage, but it has also generated thousands of customer complaints from

those that lost coverage, and tens of thousands (potentially over 100,000) customers have had their service disrupted as a consequence.

39. Mobile UK can report, though, that the industry has received strong support from the Government, from law enforcement and from the 'counter-disinformation' unit in DCMS (who interact with the social platforms to have fake content removed).

40. Much content, we understand, has been taken down. If there is a criticism, there is a lack of transparency over the editorial line being taken over 'take-down' decisions and lack of a feedback loop to industry, summarising action that had been taken.

What will the likely long-term impacts of COVID-19 be on the sector, and what support is needed to deal with those?

Looking beyond the COVID-19 outbreak

41. Mobile UK strongly supports the Committee's intent to look at what happens beyond the immediate management of the outbreak, even though there remain considerable uncertainties over how long this will be or how long COVID-19 will remain a critical factor in our strategic thinking.

42. In the short term, the COVID-19 outbreak has reshaped society and reshaped the economy. It is highly likely that neither will ever return to how they were before. The outbreak has catalysed a step-change in attitudes, behaviours and even confidence in digital skills.

43. Anecdotally, many employers have been surprised at how well productivity has held up during home-working. And many employees have welcomed the reduction in travel and the extra flexibility that home-working allows, (even roles which rely on large corporate systems - such as some call centre functions - have found working from home feasible.)

44. In addition to these changes in behaviour, the lockdown has seen the emergence of online home learning and online/video patient consultations. While the former is never going to be a substitute for attendance at school, there is plenty of scope for using more online tuition and training for the older school-age groups.

45. On-line will also play a substantial role in General Practice, particularly with high-risk patient groups for whom visits to a GP surgery and exposure to Coronavirus is likely to be an ever-present risk for some years.

46. While there remain considerable uncertainties over how long it will take life to return to 'normal' and on what the near term and long term impacts of COVID-19 will be: its impact on the economy, its impact on our freedom of movement, its impact on our behaviour towards each other, the policies pursued by the UK Government and the international community will have a strong bearing on how matters turn out.

47. The COVID-19 pandemic has served as a strong reminder of how globally connected we are.

48. At an international level, all Governments will have to work collaboratively towards the twin goals of controlling the spread of the virus but also recharging the global economy, with policies that promote trade and a secure global supply chain. The instinct to retrench within national boundaries must be resisted. That would be very bad for economic recovery everywhere.

Seizing the opportunities

49. At a national level, policy must place a much stronger emphasis on the country's fixed and mobile broadband networks. The digital economy will be the engine that drives a return to growth. To repeat, it is improbable that the changes in behaviour seen during the outbreak – more working from home, more online shopping, more remote GP consultations - will be fully reversed.

50. As a result, the outbreak has undoubtedly presented unexpected opportunities to realise more quickly long-held ambitions in some significant policy areas, such as getting to net-zero carbon emissions, better work/life balance, more accessible services for disabled customers and rebalancing the economy into the regions.

51. The Government's independent adviser on climate change has advocated a switch away from investment in physical towards digital infrastructure[2]. Employers can be expected to have a more positive and flexible attitude towards staff working from home, and this will improve work/life balance and will make the rural economy, particularly, more sustainable.

52. The outbreak has seen a transformation in the range of services becoming available online to many disabled customers, such as more university courses, the National Theatre and other cultural organisations. There is an optimism that we are all better understanding of the barriers that many disabled people face.[3]

53. All these factors reinforce the need for more investment in digital infrastructure and thus the need for a much more favourable investment environment to encourage it.

54. Mobile UK has been pressing for some relatively modest measures to promote investment in digital, for example:

    • Reform of Permitted Development Rights for mobile infrastructure (where we are still waiting for the Government to publish its response to the consultation carried out in October 2019);

    • Business rates holidays for new mobile infrastructure; and

    • Wider adoption of the reformed Electronic Communications Code (whereby providers pay similar rates to power and water companies to occupy land).

55. Two years after the introduction of the reformed ECC, it is still not working as intended. The rate at which new Code agreements are being struck is far behind what it needs to be to fulfil the Government's 5G ambitions and the timely rollout of the Shared Rural Network programme. It is time the Government showed leadership to embed the reform by, for example, showing a willingness to conclude Code agreements with publicly owned buildings.

56. These objectives, furthermore, must be pursued now, so that mobile operators can be working in a much more 'pro-investment' environment when the lockdown is relaxed and network rollout can continue – both on the Shared Rural Network programme and also 5G.

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[2] https://www.bbc.co.uk/news/science-environment-52371140
[3] https://www.theguardian.com/world/2020/apr/20/covid-lockdown-opening-up-world-for-people-with-disabilities

57. 5G networks will not only deliver the added capacity that increased mobile traffic requires; they will also support the new needs of a post-outbreak world; a world in which COVID-19 is likely to remain a threat, a world where there is more working from home, lower carbon smart cities and more IoT applications to help mitigate the risk of a COVID-19 crisis recurring.

What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with COVID-19?

58. The main lessons from the COVID-19 crisis are a) that UK's mobile (and fixed) networks can perform well under considerable pressure and b) that the diversity (and competitive) range of providers in the UK market served the country well during the outbreak. While the humanitarian element added a collective sense of urgency, the speed and agility shown by all to adapt tariffs and other policies to the new reality was remarkable.

59. The UK market is broadly competitive and that, coupled with the industry response to the COVID-19 situation, demonstrates that there is plenty of scope for Ofcom to take a less interventionist approach to consumer regulation.

60. There will also need to be a discussion between the Government and regulators on the broader question of regulatory forbearance in the aftermath of the outbreak. There must be explicit recognition of the significant disruption caused both by the actions taken for specific groups but also by the depletion of the operators' workforce, resources and other pressures. This is a subject that will need to be looked at closely, as the full consequences of COVID-19 become clear.

How might the sector evolve after COVID-19, and how can DCMS support such innovation to deal with future challenges?

61. Our public health experts are expressing a range of views as to when 'after' COVID-19 will be, and so it may have to be factored into our collective thinking for some time.

62. In one specific innovation, it is time for the Government to fund a public warning system, based on 'cell broadcast' technology. This technology has no commercial application, and so there is no likelihood or justification for the operators to invest in (or fund) one. SMS (text message) has previously been considered, but it is not an effective system for delivering immediate alerts to large volumes of people. (the 90m texts -stay at home, protect the NHS, save lives – sent at the start of the lockdown took several hours to deliver.

63. More broadly, as set out in our submission, mobile network traffic and applications, the use of which has surged during the COVID-19 outbreak, is not likely to fall back to pre-crisis levels. All telecommunications infrastructure will take on increasing importance to our economic, social and physical well-being.

64. Policy must now reflect this and lean towards digital infrastructure, with urgent reforms to planning regulation, fiscal measures to promote investment and action to ensure the reforms enabling operators to access land (the Electronic Communications Code) become effective.