

Liberal Democrat Utilities Policy Working Group

Call for Evidence: Mobile and Fixed Telecommunications

Evidence from Mobile UK

5th June 2020

About Mobile UK

1. Mobile UK is the trade association for the UK's mobile network operators - EE, Telefonica UK (O²), Three and Vodafone. Our goal is to realise the power of mobile to improve the lives of our customers and the prosperity of the UK.
2. As mobile increasingly becomes the device of choice for running daily life both at home and at work, customers have come to expect more extensive coverage, more capacity and greater capabilities. Our role is to identify the barriers to progress, and work with all relevant parties to bring about change, be they government, regulators, industry, consumers or citizens more generally.

Introduction

1. Mobile UK welcomes the opportunity to respond to the Liberal Democrat Party's Call for Evidence.
2. Mobile operators are committed to meeting the rising demand from customers for more capacity and coverage throughout the UK. Our ability to deliver is dependent on many factors and stakeholders across government and beyond: the devolved nations; Local Authorities; metropolitan mayors; Local Enterprise Partnerships; landowners; and infrastructure providers. All have a contribution to make to ensure a positive environment for the rapid deployment of further mobile infrastructure.

Mobile UK Response Overview

3. Mobile UK believes the following changes across a broad range of policy must be considered by the Liberal Democrat Party as part of its discussion looking at the UK's digital infrastructure. We believe that these recommendations would be a positive step in creating the right environment for mobile operators to assist in enhancing and expanding mobile connectivity across the UK:
 - a. Mobile infrastructure policy needs **a much more sophisticated approach that understands the competitive nature of the mobile telecommunications market and competing demands on operators**, especially in harder to reach areas, and that sets out a clear framework that incentivises investment and engages with mobile operators as partners.
 - b. **Reform of the strategic planning framework** is required so that all Local Authorities make specific reference to mobile connectivity in strategic plans, local industrial strategies and Local Plans. Providing this political leadership will bring together the disparate arms of local government to create a supportive environment for mobile investment.
 - c. **Further reform to planning regulations for telecommunications apparatus**, including enhancements to Permitted Development Rights, and the removal of discrepancies in the regimes between fixed and mobile.
 - d. **Wider adoption of the reformed Electronic Communications Code** (whereby providers pay similar rates to power and water companies to occupy land).

- e. **All public bodies, such as Local Authorities, should formally confirm that they will make available their assets (such as rooftops) for mobile apparatus,** on standard terms and at a cost based on the reformed Electronic Communications Code.
- f. Reform to planning regulations for housing and other construction, requiring developers to **make greater provision for electronic communications.**
- g. Make marginal investment more viable with **business rates exemptions,** especially in harder to reach areas.

Response to Questions

1. Does the current regulatory framework for telecoms serve consumers well? This includes digital exclusion, the ease of switching between mobile and broadband providers, bundling of services, out-of-bundle charges and contractual commitments.

The regulatory approach to digital connectivity and telecommunications infrastructure must promote and incentivise investment if Britain is to achieve the goal of being the world’s leading digital economy.

Mobile operators face growing demands on their networks requiring significant investment, whether moving towards 5G, increasing capacity and coverage on transport routes or further extending coverage to the most hard-to-reach areas. To maximise investment and meet these demands, **the policy and regulatory framework must incentivise and prioritise long-term investment,** while recognising the cumulative impact of ostensibly consumer-friendly interventions in a very competitive retail market on operators’ ability to maintain, upgrade and extend their networks.

The requests on mobile operators must be **adequately balanced and prioritised** with an understanding that the private capital they invest in the economy and the market economics they work within are finite and must be focussed accordingly.

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

5. What should be the ultimate target(s) for coverage of mobile networks?

Mobile operators are committed to improving coverage where people live, work and travel as part of the goal to ensure the UK is a leading digital economy with world-class connectivity. To maximise the opportunities from digital connectivity, it is essential that in the UK we have a world-leading framework, based on competition and supportive regulation that operators can work within which is conducive to the cost-effective deployment of mobile infrastructure and seeks to reduce total cost of ownership. Policy should not be too directional or prescriptive, allowing the market to determine use cases.

There also needs to be **clarity over the meaning of ‘ubiquitous’ or universal coverage.** While it is essential to have good connectivity where people work, live and travel (including tourists and ferries), there needs to be a realistic assessment of how near to 100% geographic it will ever be practical or worthwhile to reach, especially for multiple operators.

[The mobile industry and the government committed on 9th March 2020 to the Shared Rural Network](#)

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(SRN) programme. The SRN programme will be coordinated through a joint venture that is owned by all four Mobile Network Operators (MNOs), working with the UK Government to deliver significantly improved 4G coverage to the most rural parts of the United Kingdom. The SRN will take all four operators 4G geographic coverage individually to 84% providing aggregate coverage across the UK of 95%. This agreement was formally signed with the UK Government on 9th March 2020.

6. Will the Covid-19 pandemic lead to permanent changes in the way that people use telecoms services and their expectations of them? Will it have an impact on mental and physical health? How can the telecoms sector contribute to economic recovery? What does this mean for regulation?

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;
- 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.

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 traffic¹ – 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.

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.

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.

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

The impact on customers

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.

The mobile operators have had to take rapid actions to address many affected groups.

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.

In the fullness of time, as growth in the digital economy is likely to outstrip the physical

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

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.

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.

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 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.

Policy must also 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.

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.

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).

7. What measures may be needed to support vulnerable customers, especially when legacy services (such as analogue phone lines, 2G and 3G) are discontinued?

95% of adults have access to a mobile phone. The vast majority of those that don't have a mobile choose not to have one. Mobile UK anticipates that a broad choice of tariffs to suit every budget will continue to be available, whatever technologies are in service.

9. What are your views on the recommendations of the NIC study ‘Strategic Investment and Public Confidence’, to update and strengthen the regulatory system to:

- a) Provide a strategic framework to deliver the UK’s long-term investment needs?**
- b) Make investment decisions reflecting the priorities of the whole of the UK?**
- c) Have statutory duties that support long-term investment?**
- d) Use competition to drive innovation?**

It is necessary that mobile operators work with reasonable **regulatory certainty and that the demands placed on them are adequately balanced and prioritised** with an understanding that the private capital they invest is finite and must be focussed accordingly.

Moreover, they must have the flexibility to allocate resources in response to evolving market demand. For example, areas already covered must be maintained and continuously upgraded as customers use more mobile data. Additionally, and has already been stated previously, to meet demand, the policy and regulatory framework must incentivise long-term investment and **recognise the cumulative impact of additional interventions on a very competitive retail market**. A focus on one area of policy, such as geographic coverage or consumer interventions, will have implications on other areas such as urban densification or the ability of operators to maintain, upgrade and extend their networks continually.

To simplify the development of new infrastructure, the cost to deploy must be both economically viable and also consistent. **Mobile UK calls on the Liberal Democrat Party to publicly back the recently reformed Electronic Communications Code**. There are clear signs that some of the reforms are not working as intended or that the legislation is insufficiently clear in certain respects (such as sharing rights). The new basis for valuation is designed to put downward pressure on the site costs, and thus allow more cashflow to be available for network investment. But this will only happen if the ECC works as intended.

Clear, precise and unequivocal guidance on how the Code is to be applied in practice (or amendments in the law, where required) is imperative to the future deployment of mobile infrastructure. We are already seeing examples of attempts to confound its intent (for example, workarounds for the definition of ‘land’, refusing access to survey and refusal of rights to share). The UK risks losing the opportunity to become a leading player in 5G, while the practical application of the ECC is established through case law in the courts.

A fully integrated approach to housing development where mobile and digital infrastructure is considered is required urgently. **Planning and Building Regulations must promote digital infrastructure in developments** which would enable more efficient deployment of mobile infrastructure. Alongside the ‘Connectivity Impact Assessment’ described earlier in this document Mobile UK believes that the Ministry for Housing, Communities and Local Government should consider a similar ‘Connectivity Consideration’ for all Large-Scale Major Developments or redevelopments. Such a requirement would create a new requirement on developers at the outset of a project to consider mobile infrastructure.

A ‘Connectivity Consideration’ could incentivise early engagement between developers and the mobile industry to ensure minimal impact on existing mobile connectivity and ensuring new infrastructure has the required capacity and coverage to meet expected demand.

Planning Reform

Mobile coverage and capacity must be prioritised into the strategic planning process. Mobile

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

Often strategic planning, such as **Strategic Economic Plans, Local Industrial Strategies or Local Development Plans, do not take into account or effectively include guidance on mobile** that is set out in the National Planning Policy Framework and other vital national documents. For example, many local authorities have yet to adopt a Local Plan or do not have digital strategies in place. Of the 38 Local Enterprise Partnerships, only 58% include a mention of mobile infrastructure within their Strategic Economic Plans or Local Industrial Strategies.

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

On a day to day basis, mobile operators continue to face **considerable variations in the interpretation of planning policy and how it is implemented**. This adds uncertainty, time, resources and costs to the deployment of mobile networks and can often result in some proposed sites becoming unviable, especially in harder to reach and rural areas.

The planning framework operators work in today is failing to keep up with technological progress and the demands of users. Today we have a planning framework that has been built for the deployment of 3G and 4G mobile connectivity, yet we are fast approaching the need to move forward from 4G to 5G. Mobile connectivity is no longer a luxury but a necessity. To move forward, and importantly to ready the country for 5G, bolder ambition is required to support the UK's digital connectivity ambitions. Critically, **digital connectivity must be embedded into the UK's strategic policy and planning framework** and must include all stakeholders recognising that mobile operators alone are not the sole actors in building out these critical networks.

There remain occasional **difficulties in obtaining planning permission in areas of natural beauty**, where there is a need for operators and planning authorities to work more closely together to find practical solutions.

Further reform of the Permitted Developments Rights regime is required such as the removal of unnecessary planning restrictions (for example in designated areas where other controls such as listed building consent exist) and urgent action to remove discrepancies in the regimes between fixed and mobile.

About macro sites the Liberal Democrat Party should consider the following recommendations:

1. The **removal of all prior approval conditions from the exercise of Permitted Development Rights concerning mobile infrastructure** and the extension of such rights to cover larger structures (i.e. be able to work with a Regulation 5 Notice). This would make the process less costly (the operators estimate between £2k-£2.5k per application) and not only take less time of itself but would also allow the other acquisition and build processes to be planned with much more certainty;
2. **Removing limits on the width and thickness of mast equipment**, particularly pole size for the upgrade of sites;
3. **Increasing the radius within which operators can locate an upgraded tower to 50m**;
4. **Increasing the time allowed for emergency works to 2 years** to allow sufficient time to be found for replacement sites without the loss of service, and

5. **Obliging developers to offer sites on the top of buildings where that building is the only suitable building for such infrastructure.** Lastly, clarity is needed on the rights of operators to install on pole mounts as well as masts without additional permissions to avoid situations such as the one at Forsythia House, Lewisham.

17. How can the telecommunications sector contribute to the Liberal Democrat target of reducing UK greenhouse gas emissions by 75 per cent by 2030 and to net-zero by 2045 at the latest? What should regulators do minimise energy consumption, from both networks and consumer devices?

All the mobile operators have a strategy for reducing their carbon footprint through sourcing an increasing proportion of power through renewable sources.

Much more significantly, though, the mobile operators are supporting their customers make the behavioural adjustments that will drive down carbon consumption. The Covid-19 outbreak has seen an enforced reduction on travel by car and by air, and a substantial increase in the use of digital communications as an alternative to travel. When restrictions are lifted, we expect many of these changes to endure. Also, the 'smarter' applications (i.e. connected applications integrated with AI capabilities) that will be enabled by 4G and 5G across, for example, transport, cities, towns, agricultural and pollution monitoring, will make a further contribution. Investment in mobile connectivity is, at its core, environmentally friendly investment.