

## Ofcom Advisory Committee for Wales

### Improving Mobile coverage: Proposals for coverage obligations in the award of the 700MHz spectrum band

#### Introduction

The Ofcom Advisory Committee for Wales (ACW) is concerned by the poor levels of mobile coverage in Wales when compared to the rest of the United Kingdom. We note that in preparing this consultation Ofcom understands that there is a duty to ensure the wide availability of communications services to citizens and consumers and that current levels of good quality mobile coverage, although increasing, do not meet consumers' needs, especially in the rural areas of the Nations, and in particular in rural Wales. A lack of mobile coverage has significant implications for citizens ability to participate fully in society.

The ACW agrees that the 700 MHz spectrum band is an important opportunity to further address this challenge in Wales.

*Q1: Do you agree with our proposal to include two geographic coverage obligations and a premises obligation in the 700MHz award?*

- Given the importance of 700MHz spectrum as an opportunity to address coverage in the Nations, especially in rural areas, and especially given the characteristics of 700MHz as being particularly suited to addressing this issue, then ideally all the paired spectrum blocks should have coverage obligations tied to them. An option would be for 50% to have geographic coverage and 50% have premise obligations. These obligations are an important consideration as this is one of the last chances to tie these obligations to spectrum with these coverage characteristics.
- However, we are mindful of the need to balance coverage obligations against the immediate economic attractiveness of spectrum blocks with obligations applied. We hope that with the proposed 50:50 split of obligations : no obligations, that this will encourage one or more mobile operators to demonstrate their commitment to Wales, its people and its economy.
- The ACW considers that there are further potential means of incentivising bidding for spectrum blocks with coverage obligations for the Nations, an example would be to tie more favourable bidding conditions for future 5G spectrum auctions to those operators prepared to commit to blocks in this auction with coverage

obligations, and we hope this might be considered in the auction design.

- The ACW awaits the proposed auction design and will add to these comments once this is available.

*Q2: Do you agree with our proposed target for geographic coverage?*

- We note the 92% geographic coverage obligation is for the whole of the UK but are disappointed that the obligation minimum for Wales is set at 83%. Whilst clearly this a minimum coverage obligation and is intended to ensure the greatest improvements are experienced in rural areas, we are concerned that whilst Wales' topography and population distribution create unique challenges, it also has unique requirements from its network infrastructure that must be met for Wales to keep pace with the rest of the UK.
- We also note that with this lower geographic target in place it is less clear how specific coverage issues such as coverage on key transport routes, for example the A470 previously noted <sup>[1]</sup>, will be resolved using this spectrum, which is well suited to this type of problem.
- The ACW is encouraged by the adoption, in principle, that roaming be allowed in order to contribute to coverage improvements. However, the ACW would want to ensure that the improvements in mobile infrastructure in Wales are not diminished given the longer-term benefits from increases in numbers of base stations and related infrastructure.

*Q3: Do you agree with our proposed target for in premises coverage?*

- The ACW welcomes the proposal for specific obligations for premises coverage improvements, particularly the requirement to cover at least 60% of unserved rural premises in each Nation. The Welsh Government's 'Mobile Action Plan' <sup>[2]</sup> states that 57% of the Welsh population use their smartphones to go online and that mobile coverage is a fundamental need for the Welsh citizens.
- The ACW also observes that in terms of potential revenues to improve the business case for a new base station in a location with a cluster of premises, especially in rural areas, these masts can be used to deploy mobile broadband services and generate additional

revenues for the operator, where fixed broadband may not be economically viable.

*Q4: Do you agree with our proposed approach to targets for the Nations?*

- Wales' topography and population distribution mean there are unique requirements for network infrastructure that must be met for Wales to keep pace with the rest of the UK. Therefore, whilst the ACW welcomes and is very encouraging by the creation of specific targets for each Nation, we are disappointed that there is remains such a significant difference. We see having a figure as an important safeguard in all future auctions. The risk being of spectrum being auctioned with an obligation that is not sufficiently challenging and that only 83% will ever be achieved in the long-term.
- Whilst we note the understandable near-term economic arguments for the coverage obligation being set as they are there is a longer-term argument, given the socio-economic benefits mobile coverage brings to a Nations' communities, businesses and visitors, for improving mobile network infrastructure in more areas of Wales. The ACW is fully aware of the need to apply the specific legal framework Wales has in relation to sustainability and longer-term considerations for future generations, which are covered in more detail in our response to Q7.

*Q5: Do you agree with our proposal that the coverage obligations should be met within 3 years of the 700MHz award?*

- It is important to note that whilst the award will be in 2019, the spectrum will not be available for use until May 2020.
- In the ACW's consideration the estimate of 2 x 10 MHz requiring 500-600 base stations is clearly significant, although there is no breakdown for each Nation that allows a more detailed appraisal.
- Planning is a key factor effecting timings and if, as the consultation paper notes, considerable pre-planning is undertaken, then 3 years from award at approximately 150-200 base stations per year suggests that 3 years is practical.
- We note that section 3.56 observes that deploying base stations in remote rural areas comes with unique challenges, especially in relation to planning. The Welsh Government's 'Mobile Action Plan'<sup>[2]</sup> is clearly relevant as it proposes specific actions to address many of these issues (e.g. planning issues, use of public assets and

potential reduction in non-domestic rate; as well as the issue of mast heights) in Wales through close co-operation between mobile operators, Welsh Government and Ofcom. This plan further strengthens the ACW's view that 3 years from award should be an absolute maximum.

- The ACW is encouraged to take this view given O2's successful compliance<sup>[3]</sup> with its 800MHz coverage obligations.
- A final issue the ACW considers relevant is the availability of appropriate devices that can use the coverage provided by the 700MHz spectrum once it starts to become available. It is not clear when this will be but the ACW assumes this will be much sooner than 3 years.

*Q6: Do you agree that sharing information on the location of new sites in rural areas in advance of submitting a planning notice would be appropriate?*

- We agree that the sharing of information on the location of new sites in rural areas between mobile operators, if this can occur well in advance of the planning process, is appropriate as this will help reduce time and costs, increase the opportunity of site sharing and enhance the case for them.
- Whilst it is hard to see how this can be compelled we would like to see more clarity on how this sharing will be encouraged. Again, the ACW believes that the specific actions in the Welsh Government's 'Mobile Action Plan'<sup>[2]</sup> relating to planning mobile network infrastructure sites is central to addressing planning issues that may be encountered.

*Q7: Do you have any other comments?*

The ACW has two further comments to make:

1. In addition to the Section A5 Legal Framework, in Wales we have to consider and apply the Well Being of Future Generations (Wales) Act 2015<sup>[4]</sup>.

Whilst Ofcom is not a named public body in the Act, the ACW considers its role to include taking the Act's goals into account in our response.

The Act has a number of goals which have a bearing on our response, two of the most relevant being:

- 'A prosperous Wales' that has the capacity to create an 'innovative, productive' society and,
- 'A Wales of cohesive communities, which includes those communities, wherever they are being 'well-connected'.

These goals require public bodies to think more about the long term and have a bearing on our response. Specifically, they require a focus during decision-making on inequalities, jobs and growth, something that the connectivity that mobile infrastructure and the coverage it provides is fundamental to delivering. The Act is a key legal influence on our response to these questions and the final decisions relating to the 700 MHz band award given its importance to current citizens and future generations in Wales. Fundamentally, we must ensure that the availability and use of mobile services via this spectrum auction, and its associated mobile infrastructure, has positive socio-economic outcomes for citizens in all areas of Wales, not only in the next few years but for the long-term.

2. With regard to the 20 MHz unpaired spectrum, whilst the ACW understands the significance of this spectrum for specialist services, given the uncertainty regarding its economic value and the importance of solving the problem of mobile coverage in the Nations is it possible for this to be made available as further 5 MHz blocks of paired spectrum?

#### Sources

1. Ofcom (2017) 'Mobile coverage improving but rural Wales lacks decent service' available at <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2017/wales-mobile-coverage-service> (accessed May 2018)
2. Welsh Government (2017) 'Mobile Action Plan' available at <https://gov.wales/docs/det/publications/171003-mobile-action-plan-for-wales-en.pdf> (accessed May 2018)
3. Ofcom (2018) 'O2's data coverage obligation' [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0019/111943/O2\\_4G\\_obligation\\_compliance\\_letter\\_09\\_0318.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0019/111943/O2_4G_obligation_compliance_letter_09_0318.pdf) (accessed May 2018)
4. Well Being of Future Generations (Wales) Act 2015 available at <https://gov.wales/docs/dsjlg/publications/150623-guide-to-the-fg-act-en.pdf> (accessed May 2018)