

Ofcom 4G consultation – wave 2

Buckinghamshire Thames Valley and Hertfordshire Local Enterprise Partnership combined response

Context

This paper forms a joint response from both the Buckinghamshire and Thames Valley and Hertfordshire Local Enterprise Partnerships aligned to Ofcom's second 4G consultation process. Both bodies are keen to take an active interest in the proposed auctioning of bandwidth spectrums assigned for the widespread deployment of 4G technology, as well as the proposals to revise existing 900 and 1800 MHz license agreements. This links to the collective focus on 21st century connectivity, the delivery of next generation access broadband, and the implementation of essential infrastructure; each of which will provide the necessary conditions for businesses to develop, grow and thrive in both counties.

Both Buckinghamshire and Hertfordshire are working closely to deliver a programme of activity which will provide substantial improvements in next generation broadband coverage, driven by the need to stimulate enterprise and entrepreneurship, promote job creation as well as enable public sector service delivery transformation and provide greater social equity. With an approved Local Broadband Plan in place, this vision is clearly articulated and we are in the process of working with the market to accelerate investment, allowing businesses and consumers to enjoy the benefits of next generation access.

As part of this programme of activity, there is an emphasis on intervention in the hardest-to-reach areas, the majority of which are rural with minimal density. Given the collective focus on absolute achieved speeds, providing superfast connectivity where possible, both counties are seeking to assess emerging technologies and the ability for this to service these locations, providing alternative access to next generation broadband. Our interest in 4G is therefore central to this; this consultation response seeks to echo our support for a competitive auction process and to ensure that successive deployment sees both Buckinghamshire and Hertfordshire well-placed to maximise 4G coverage, as an integral component of our long-term vision for connectivity and broadband.

Question responses

We have sought to provide a series of concise responses to those questions which are of most relevance. These provide a summary of our comments and highlight the support for the Government's increased aspiration for extended 4G roll-out and accelerated infrastructure deployment.

Question 4.1 Do you agree with our assessment of the competition concerns relating to national wholesale competition that could arise if the auction took place with no

measures to promote competition? Please state your reasons for your views.

We agree with Ofcom's assessment of the requirement for competition at a wholesale level and the need to ensure that the bandwidth auction process is appropriately transparent and robust. The specified allocation of bandwidth to four wholesale suppliers will hopefully ensure the necessary critical mass of investment to meet the Government's targets of achieving 98% nationwide 4G coverage, and avoid a protracted 'bidding war' scenario. In addition, this will help to deliver a more satisfactory solution to the consumer, both in terms of price and service availability. The presence of wholesale market competition should help to foster innovation, accelerate deployment and maximise the presence of retail providers, thereby further encouraging take-up and technological enhancements. We believe this approach will see businesses and consumers in both counties, well-placed to embrace the benefits of superfast mobile connectivity.

Question 4.5 Please provide your views including the reasons for them on which options you believe should be taken in relation to promoting low power shared use of 2.6 GHz spectrum.

We would be in support of Ofcom's approach to provide shared 'low power' access to portions of the 2.6GHz spectrum. This is linked to providing additional market investment opportunities from those organisations that may be seeking to deliver 4G solutions at a more localised/specialised level. A key component of the 4G auction should be to enable additional wholesale competition and to provide opportunities for new market entrants, particularly those which have a strong focus on entrepreneurship and innovation. This may afford Buckinghamshire and Hertfordshire alternative approaches to delivering superfast broadband connectivity across both counties.

Question 5.1 Do you have any comments on the proposal to include a coverage obligation in at least one of the 800 MHz licences, and the proposed extent of such a coverage obligation?

We would fully endorse the Government's revised targets for 4G coverage which would see 98% of UK premises able to access superfast mobile broadband. The 800 MHz spectrum provides an excellent opportunity to extend this reach to rural locations in both Buckinghamshire and Hertfordshire, where existing cable/wireless access is currently prohibitive. Strategically, we would envisage this playing a substantial role in providing next generation solutions to those areas of each county where existing procurement and investment cannot be applied, thus aligning closely with our connectivity aspirations as set out within the joint Local Broadband Plan.

Both Buckinghamshire and Hertfordshire demonstrate a strong proliferation of SMEs and start-up enterprises, many of which are located in rural areas and peripheral market town locations. 21st Century connectivity will be an integral component in ensuring their continued success, vitality and growth. Additionally, ubiquitous 4G coverage will provide a multitude of opportunities linked to online service access, a re-balance of social equity and the ability to embrace new ways of working, reduce motorcar reliance and fully invest in sustainability/environmental principles.

A considered approach to the auction and allocation of bandwidth on the 2.6 GHz spectrum is also critical, enabling smarter deployment of 4G technology in locations with significant density. We are also supportive of the proposal to re-visit the existing 3G licensing agreement, thereby affording additional opportunities for superfast broadband reach.

Question 5.2 Do you have any comments on which of the two approaches proposed for the specification of such an obligation would be preferable: Approach A, which would require the licensee to provide a 4G mobile data service to an area within which at least 98% of the UK population lives; or Approach B, which would require the licensee to provide the specified mobile data service with coverage comparable to the combined mobile voice coverage of today's 2G networks and in addition to provide the same service with coverage comparable to that of the additional mobile voice coverage achieved through the MIP, in those areas where MIP infrastructure is capable of supporting a 4G mobile data service?

Having reviewed the proposals, we would strongly support Approach B. It is imperative that the Government takes a cohesive approach to investment and deployment of next generation infrastructure and the need to provide appropriate opportunities for high speed data transfer. Approach B would seem to offer the most holistic solution to this issue, with the added value of ensuring a degree of local ownership as to how existing and emerging infrastructure investment is targeted locally. Substantial resource is currently being invested in the combined Local Broadband Plan and associated procurement activity; this must be best-placed to capitalise on the benefits achieved via commercial 4G investment and the Government's MIP Programme.

We believe that Approach A will simply encourage focused investment in limited areas so as to achieve the overall connectivity targets, rather than ensuring an integrated methodology which capitalises on existing superfast broadband programmes, which have adopted a technology-agnostic perspective. Additionally, we strongly support OfCom's stance that coverage targets should be measured as indoor targets; we feel this is the most appropriate way to calculate genuine 'reach', to make assumptions on future challenges and to assess the commercial and social impact of next generation broadband connectivity.

Question 5.3 Do you have any comments on our assessment that it is unlikely to be proportionate to impose such a coverage obligation on more than one licensee?

We feel that there is a danger in restricting competition and therefore would not endorse an approach which limits consumer choice if this type of obligation is only included in one of the licenses. This should either be included in all licenses, or there should be obligations placed on the holder of such a single license to have to enable interoperability across their network to other providers. Wholesale access is a key determinant in driving investment, enabling new market entrants and ultimately delivering choice and value to the end user. In this respect, we would endorse a similar approach to that adopted by the DCMS in relation to its overhead wire relaxation consultation, meaning consumers are able to enjoy a choice of service options from more than one supplier. Again, we would also endorse the proposed

review of 900/1800 MHz spectrum licenses, enabling wholesaler suppliers to invest in 4G technology on terms which have parity with the ongoing auction process.

Question 6.1 Do you agree with our revised proposals for the packaging of the 800 MHz band? Please state the reasons for your preference.

We agree that the 800 MHz band offers great opportunities for superfast network coverage, particularly in harder-to-reach locations and welcome Ofcom's focus on this. As with our previous comments, we would like to see the degree of wholesale access to the 800 MHz spectrum maximised as much as possible, thereby ensuring consumer choice, exposure and infrastructure deployment. We view this bandwidth as particularly important in terms of meeting the needs of businesses and communities in rural and hard-to-reach areas, where its increased penetration properties will be invaluable in providing alternative superfast broadband solutions.

Question 6.2 Do you agree with our revised proposals for the packaging of the 2.6 GHz band? Please state the reasons for your views.

We agree with Ofcom's proposals to assign significant importance to this spectrum, offering competitive investment from wholesale suppliers. Aligned to our response to question 6.1, we would like to see the 2.6 GHz spectrum devolved appropriately, ensuring maximum reach and serving customers in those areas which offer the optimum density and data transfer conditions.

Question 8.1 Do you have any comments on the Additional Spectrum Methodology as one of several sources of information for estimating the full market value of spectrum?

We would be supportive of a methodology which suitably attributes an accurate value to the spectrum auction bandwidths. This should incorporate transparent methodology and represent value for the bidding mobile operators, enabling them to fully invest capital in actual infrastructure, innovation and technological advancements.

Question A8.1 : Do you agree with our assessment of when Everything Everywhere, Vodafone and Telefónica are likely to be able to refarm their existing 2G spectrum? In particular, do you agree with our views on the importance of user devices and the likely availability and take-up of devices that use different technologies and bands? Please state the reasons for your views, including if appropriate your views on handset roadmaps and the practical constraints which apply to those roadmaps.

Whilst we have not formed a specific opinion on the presumption that Everything Everywhere will be in a strong position to invest in 4G deployment linked to the proposed spectrum allocations, we would endorse an approach that allows wholesaler parity. Our ambitions are ultimately driven by the consumer and the ability for the process to deliver performance, cost efficiency and choice. In both Buckinghamshire and Hertfordshire, 2G and 3G signal performance can be patchy and we would suggest that robust evidence is provided to suggest that this can be reconfigured to provide the necessary access to 4G services.

Other comments

Wireless 4G provision

Whilst we are pleased to see the Government's approach to 4G delivery and the implementation of a process to allow mobile operator access, we are conscious that the wireless component of 4G delivery should not be ignored. The additional bandwidth provided will enable widespread 4G access via mobile operating devices, yet as demand continues to grow and data requirements also increase, capacity will limit performance in some areas. In this respect, we would value Government's endorsement of wireless 4G opportunities, providing superfast broadband to locations across both counties, utilising fibre infrastructure that will be delivered via the joint broadband project and associated procurement. Whilst suppliers such as UK Broadband are in the process of mobilising a wholesale 4G network, a model for widespread access needs further consideration, as well as providing the necessary retail commitment from ISPs – essential to driving demand and take-up.

Speed

We welcome Ofcom's robust approach to the 4G auction process and the consultation on proposals with stakeholder parties. However, we are aware that the timetable for delivery has slipped and we would suggest that further delays are minimised as much as possible. The need for 4G implementation is apparent, linked to the broader vision for superfast broadband delivery; this is an excellent opportunity to set the direction of travel and see businesses and consumers benefitting from 4G services in the near future, as well as stimulating further innovation in technology that is best-placed to capitalise on widespread superfast connectivity.

Submitted on behalf of Buckinghamshire Thames Valley and Hertfordshire Local Enterprise Partnerships:

Name: Alex Pratt OBE

Role: Buckinghamshire Thames Valley Local Enterprise Partnership Chairman

Name: John Gourd

Role: Hertfordshire Local Enterprise Partnership Chairman

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