



## Award of the 700MHz and 3.6-3.8 GHz spectrum bands

### Ofcom Consultation

Date: 08 March 2019

#### Introduction

1. The CLA represents 30,000 members in England and Wales engaging in agriculture and other rural economic activities that help sustain the rural economy. Digital connectivity, whether it be fixed line or mobile, is vital to their respective businesses as they seek to remain both viable and able to exploit new opportunities.
2. The Ofcom consultation on revised proposals for coverage obligations regarding the award of the 700 MHz and 3.6 – 3.8 GHz spectrum bands is therefore welcome. The CLA's response responds to the questions raised and sets out the CLA's policy with regard to digital connectivity as it affects rural businesses and rural communities.

#### The need for better connectivity

3. It has always been the case that digital connectivity in rural areas has been lacking when compared to urban areas. Indeed, it is the epitome of the rural – urban digital divide. Regarding mobile connectivity we can understand the reluctance of the mobile network operators to deploy networks in rural areas given the economies of scale involved and the potentially poor returns. However, it is also the case that today's modern society regards effective mobile connectivity and coverage as a public good and as such, the "fourth utility" as underlined by Government in its digital strategy.
4. The CLA welcomes Ofcom's revised proposals as being far more realistic and in tune with the needs of both rural communities and rural businesses. As Ofcom has recognised, too many rural areas have been left with patchy or unreliable mobile reception: while 83% of urban homes and offices have complete 4G coverage, the figure for rural premises is less than half that (41%). In some remote parts of the country, there is no coverage at all. We also welcome the fact that Ofcom has recognised that "improving the quality and availability of a good mobile service is one of our top priorities."<sup>1</sup>

#### Delivery of the coverage obligations

5. We note with interest the timescales Ofcom has proposed for meeting the new obligations, a four-year delivery plan rather the three years proposed under the March 2018 consultation. Under the new proposals, it is envisaged that geographic coverage will reach 90% in England and Northern Ireland, 83% in Wales and 74% in Scotland. In

---

<sup>1</sup> Paragraph 4.18, Ofcom consultation

addition, a further 140,000 premises will have access to a good quality service and that obligated operators will need to deploy at least 500 new sites<sup>2</sup>. We will address these proposals in turn within our response.

6. As far as the proposed timescales are concerned, Ofcom has noted that the CLA believed that the process of awarding spectrum and the rollout of new sites should be accelerated.<sup>3</sup> We have always recognised that it is important to reduce the rural-urban digital divide as quickly as possible. Our position on the need for universal connectivity (fixed line and mobile) also remains the same.
7. However, we have taken into account the points made by Ofcom in the consultation regarding the installation and operational readiness of new sites<sup>4</sup>. We have also assessed the potential impact of the revised Electronic Communications Code that may lead to potential difficulties with new site deployment, although the Code will have been operational for three years by the end of 2020. Therefore, we support Ofcom's intended four-year delivery period for coverage obligations.

### **The effect of the Electronic Communications Code on deployment**

8. Although the Code came into effect at the end of 2017, the sector is still experiencing significant issues with its implementation. We accept that it will take time for the Code to "bed in" but we remain concerned that there will still be problems by the time Ofcom's coverage obligations begin to be implemented in 2020. Therefore, it is incumbent on the government and the industry to ensure that the Code is fully functional and working as it should by the time obligated operators are to meet their commitments. The CLA would be very concerned if operators were able to delay implementing the coverage obligations due to a failure of the Code.

### **Ofcom's proposals and Government digital policy**

9. It is quite clear that Ofcom's proposals have to fit within the framework of Government policy. As the CLA set out in its response to the March 2018 consultation, the Government has stated that it wishes to extend mobile coverage to 95% of the UK by 2022. As importantly, this is set out in the Conservative Party's manifesto.
10. Only now are we beginning to see what this commitment may actually mean. We accept Ofcom's premise that improving mobile coverage has to be realistic. In addition, the Government does need to clarify how it intends to implement its policy ambition. Whilst we support the aims and objectives of the Future Telecoms Infrastructure Review, particularly in terms of the deployment of full fibre and 5G technologies, there needs to be an understanding that there remain certain challenges that need to be overcome. The CLA is at the forefront of seeking to bring together rural bodies and communities in understanding medium to long term policy development so that both rural communities and businesses will be able to benefit from better coverage. But it is important to ensure

---

<sup>2</sup> Paragraph 4.2, Ofcom consultation

<sup>3</sup> Paragraph 4.142, Ofcom consultation

<sup>4</sup> Paragraphs 4.145 – 4.148, Ofcom Consultation

that all the elements of the Government's telecoms strategy are harnessed and are seen to work effectively.

## Coverage in the UK Nations

11. We note the points made in paragraphs 4.130 to 4.132 of the consultation as to the potentially limiting factors that could either inhibit deployment in Scotland and Wales or lead to reduced investment in England. However, as the CLA stated in its response to the March 2018 consultation, we still believe that the revised targets for Wales and Scotland are too low whilst we recognise the potential economic constraints on operators.

## The potential long-term effect of Ofcom's proposals

12. Ofcom makes it clear that: "Any coverage obligations we impose as a result of the award would remain in effect for the duration of the awarded licences (i.e. at least 20 years)."<sup>5</sup> This raises two important points.
13. Firstly, the proposals make it clear that it is important that telecoms policy is looked at in the long term with which we agree. The awards of spectrum have to create a platform from which the availability of mobile connectivity can become universal. Whilst we accept the economic rationale of the operators that the more remote locations are not seen as economically viable there is still a societal benefit that wider mobile availability can meet. It is therefore important that the 20-year period does not give the impression that in meeting their coverage obligation during the first 4 years (of the 20-year period) operators will have met their social responsibilities.
14. This leads onto the second point that a long-term approach has to dovetail into the Government's own long-term digital strategy. It will be fundamental that the spectrum policy set out by Ofcom in both the short and long term fully reflects government objectives of increasing the availability of 4G and using 5G technology as the foundation of a robust future policy.

## Rural roaming and local networks

15. In its advice to Government of the options available for extending coverage,<sup>6</sup> Ofcom raised the concept of rural roaming, an issue of considerable importance to the CLA. The All Party Parliamentary Group on rural business has also reported on the need for a rural roaming network when it said: "we believe that the introduction of a single rural network seems to be the quickest solution to the difficulties around the economic challenge, as it would use existing infrastructure and make a noticeable difference to rural coverage immediately."<sup>7</sup>

---

<sup>55</sup> Paragraph 4.68, Ofcom Consultation

<sup>6</sup> Ofcom: Further Options for Improving Mobile Coverage – Advice to Government, 14 September, 2018

<sup>7</sup> APPG for Rural Business, report – "4G in rural areas: how to close the digital divide", p8

16. It is therefore unfortunate that Ofcom has decided against adopting a national rural roaming approach, apparently against its own advice. We agree with the APPG report that the ability of a consumer to roam a network in areas which are hard to reach is a necessity.
17. It is also important to note that Ofcom is allowing a form of roaming by allowing groups other than the four operators to build and operate their own mobile networks. Importantly, as Ofcom's overview paper states: "An organisation could set up a private network, providing coverage within a limited area. Or it could agree with mobile operators to allow their customers to roam on to its network, effectively extending their coverage." If Ofcom is proposing this new system, we believe that there is no logical reason why this principle could not be extended to a wider rural roaming network.
18. The opportunities afforded through a rural roaming network are immense and meet the expectations of the general public in being able to provide good mobile coverage for people where they live, work and visit. The CLA therefore strongly advises Ofcom to revisit its rejection of a rural roaming network.

### **Ensuring compliance**

19. What is essential is that the obligations awarded to the successful operators can be monitored effectively to ensure compliance. The APPG for Rural Business report stressed the need for greater transparency from operators whilst recognising the commercial sensitivity of roll out plans. We recognise the importance of this and we are concerned that operators will only have to provide evidence that they have complied with the coverage obligations in 2024, after the 4-year obligation window. Given that Ofcom has repeatedly noted the reluctance of operators to deploy in rural areas, a failure to monitor the activities of operators effectively could reduce the effectiveness of the new obligations.
20. The CLA believes that the award of new spectrum and conditions imposed on successful operators actually provides Ofcom with a real opportunity of introducing greater transparencies which would inevitably improve communication with consumers. That is why we are suggesting that Ofcom should set out how operators are meeting their obligations on an annual basis within the Connected Nations report.

### **Concluding remarks**

21. The CLA believes that Ofcom's revised proposals for the new spectrum licences represent a major step forward in providing greater mobile coverage in rural areas. It is clear that Ofcom has recognised the need to use the new spectrum awards as a way of inducing far more effective change in the telecommunications sector. Although we would wish for a shorter timescale in the award and implementation of the new coverage obligations, we recognise the need to be realistic, particularly given the problems that have emerged with the implementation of the revised Electronic Communications Code.
22. Nevertheless, it is important to stress that actual delivery of the coverage obligations is fundamental. This means that the monitoring and evaluation of delivery has to be



effective if the new obligations are going to have their intended effect. The CLA believes that if implementation can be effective and within the set timeframe envisaged by Ofcom, the necessary synergy with government policy can be realised to the benefit of consumers and the industry.

