



# Vodafone Response to Ofcom's plan of work 2023/24

February 2023

## Priorities for the UK Communications Market

Vodafone welcomes the opportunity to comment on Ofcom's priorities for the year ahead. As a specialist sector regulator, Ofcom has considerable influence over how the UK communications market develops. As we look back upon the past three years, the importance of communication services is now universally acknowledged, being recognised as essential and a key sector that cannot be overlooked. This means we must collectively work to build the right environment that encourages:

- investment in UK connectivity and networks, both in fixed and mobile;
- sustainable networks that have the scope and scale upon which we can all depend – resilience needs scale, and this must be recognised in all aspects of policy making;
- the promotion of sector innovation within a level playfield. Allowing the UK communications sector to thrive and prosper, delivering innovation to consumers without being weighed down by unfair burdens that don't apply to internet based or over the top (OTT) applications and ecosystems, including joint working to prevent ecosystems undermining consumer choice and preferencing;
- safeguarding consumer welfare fairly. Using competition as the primary incentive to promote choice, quality and innovation, while ensuring backstop safeguards are met to act in the consumer interest, including protecting the most vulnerable.

## Regulatory Co-operation

Achieving these objectives in our sector is increasingly hard to accomplish as new internet-based services emerge and regulators (such as the DMU) are established, with separate jurisdictions and lines of responsibility developing. This means UK consumers and the Communications Industry need Ofcom to work alongside its peers and Government to deliver the best outcomes for the United Kingdom. Organisations like the Digital Cooperative Forum are crucial in achieving this and no gaps or buck passing can occur.



## Prioritising sustainable class leading 5G

The UK communications sector is facing considerable challenges that can't be ignore. Returns are low, which impacts on investment, innovation and the sustainability of networks. The UK needs a set of robust and suitably scaled networks to thrive, enabling all sectors of the economy to develop and grow on the back of world class infrastructure. 5G is crucial to this and we need to see it prioritised in all decision making. Action is needed to tackle:

1. the loss of capital from the industry through prohibitively high annual spectrum fees - we are keen to see this burden reassessed or funds ringfenced for network investment;
2. inefficient spectrum allocation decisions that necessitate the need to acquire more sites than is necessary in order achieve the similar coverage levels;
3. Restrictions and barriers around how services can be monetised and shaped through outdated net neutrality legislation collectively undermine the UK's 5G ambitions.

## A coherent approach to dealing with the consequences of the Cost-of-Living Crisis

The cost-of-living crisis has also resulted in considerable challenges and hardships for many of the consumers we serve. The industry has and continues to offer many private goodwill solutions to help address this need, but it is increasingly clear that public good support is needed if we are to ensure all consumers can continue to benefit from the economic and societal benefits that connectivity delivers. We would encourage Ofcom to be more vocal around how this public good need is addressed, perhaps in the form of VAT relief on social tariffs or direct financial support for social tariff funding. Ofcom's support for the delivery of a wholesale social tariff remains critical. An appropriate wholesale input is crucial in underpinning retail social tariffs, making them more sustainable.

## Funding Resilient networks

National resilience is a crucial topic and one that is rightly seeing much more focus from Government. We greatly welcome the emphasis that Ofcom are placing on it within its proposed plan for the coming year. In our industry we have a good track record in delivering high quality networks that achieve excellent levels of commercial resilience. Following PSTN switch off, mobile will default into the position of becoming the UK network of last resort. Should public good levels of resilience be desired, then this needs to be fairly funded either through state funding or from a much broader set of stakeholders who all have a vested interest in ensuring the continuity of connectivity.

The days of setting an obligation without any thought around who or how it should be funded have passed. Our sector no longer has the resources to accommodate such outcomes. While Ofcom's existing powers make it administratively easier to focus narrowly on our sector, this



would neither be fair or sustainable. Broader shoulders are required. While sourcing and delivering new funding to support these kinds of initiatives isn't going to be straightforward, it is vital work that will benefit all UK consumers and the wider economy in the years ahead.

### **Delivering sustainable, robust connectivity in 2023 and beyond**

The UK has made a valuable contribution towards global progress in connectivity, communications innovation and reach. At Vodafone we firmly believe our best years lie ahead. The pace of change is increasing, and the challenges are many, however the breadth of opportunity remains. Ofcom has a critical role in promoting UK connectivity to our collective benefit as a nation. Ofcom's action can help to underpin UK economic growth and aid our transition to a low carbon economy. We are keen to see Ofcom embrace the role of industry champion, showcasing the enormous contribution our sector makes to benefit society, wellbeing, innovation and wider economic prosperity.

Consumers will ultimately stand to reap the benefits from a UK communication sector focused on sustainable growth, where regulation is fairly applied, innovation is rewarded and where we all benefit from a choice of networks of sufficient size and scale to deliver world class resilient connectivity.

**End**