

Graham Howell
Secretary to the Corporation
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Dear Graham

At the Communications Consumer Panel's meeting in May 2011, the Panel discussed a paper on Mobile Coverage provided by Ofcom (CP 019 (11)). Previously the Panel had expressed a desire for a more joined-up approach between the mobile coverage and spectrum teams and so it welcomed this holistic overview of Ofcom's work in relation to mobile coverage.

In discussion with the Ofcom teams, the Panel raised a number of points which it wishes to provide to Ofcom by way of an Advice Note. As you will know, historically, the Panel's use of Advice Notes has been sparing. That the Panel wishes to provide this Advice Note on mobile coverage is testament to the strength of its feeling on this matter.

I look forward to receiving Ofcom's response in due course.

Yours sincerely



Bob Warner
Chair, Communications Consumer Panel

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Advice to Ofcom from the Communications Consumer Panel

Mobile coverage and the 4G spectrum auction

Coverage

The Panel commends the work Ofcom is undertaking to increase the availability of mobile coverage on the rail network and encourages further efforts to accelerate the availability of reliable coverage for rail and London Underground travellers which would bring about benefits for both consumers and small businesses.

However there remains a need for a significant improvement in mobile coverage, especially in rural areas and in the nations. “Coverage” is one of the main attributes of a mobile infrastructure and one to which citizens, consumers and small businesses attach a high importance. A pure market oriented approach to delivering the coverage that citizens, consumers and small businesses need has proved inadequate. Basic voice coverage issues that existed 10 years ago still exist today; largely as a result of Mobile Operators switching their priorities to rolling out 3G in the more populated areas.

We do not believe that the current coverage on 2G meets the legitimate aspirations of consumers or the needs of small businesses. The harms rightly described in the Consultation Document, which affect both consumers and small businesses need to be addressed. We believe that it would be unacceptable if consumers and small businesses who currently do not receive 2G coverage were to be prevented forever from receiving the benefits of mobile technology. In our consultations with mobile operators and others they have said that current 2G coverage is at its commercially economic limit and is unlikely to be significantly extended. 3G and 4G services may not reach, and are certainly unlikely to extend significantly beyond, the current 2G footprint without some intervention to impose more stringent coverage conditions or to fund increased coverage in commercially unattractive areas. In considering whether the policy is rural proof, the Panel also encourages Ofcom to consider the significant detriment to SMEs in rural communities, including farms and farming-related businesses, caused by inadequate mobile coverage. Adequate mobile coverage is an essential prerequisite for growth of rural communities.

The real value of a coverage obligation is best measured by the improvement it brings about to people’s everyday lives and businesses in the areas where three million people have at best an unreliable signal or none at all. This will be directly related to the number of new base stations with broadband back-haul that it creates. The proposal in the Consultation Document that involves no new base stations lacks ambition to seize this unique historic opportunity. In the recent Parliamentary debate on this issue a figure of 1400 new base stations at an approximate cost of £250m was mentioned as a means of

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achieving 98% coverage. This would require verification but we consider that a sum of money of at least this order is necessary to provide satisfactory coverage at this level.

A coverage obligation at an average UK level discriminates against large parts of the devolved nations and many areas of rural England. The Panel would strongly recommend that Ofcom should additionally consider setting obligations for each of the devolved nations and some English regions.

Imposition of more stringent coverage obligations may reduce the price that MNOs are willing to pay for the auctioned spectrum, and Ofcom would have to negotiate a lower annual fee for the existing spectrum in exchange for increased coverage obligations on that spectrum. An alternative for Ofcom would be to ensure that a sum of money is retained from the spectrum auction and re-pricing, which would be used to provide a fund for subsidising increased coverage in commercially unattractive areas. A similar approach has been employed by Broadband Delivery UK (BDUK) in relation to the provision of broadband. Where public money is used to provide additional access, the additional coverage should be available to the users of all networks.

We invite Ofcom to assess these alternatives, but we believe that some intervention to increase coverage is necessary at this opportunity. None of the £22bn raised by the 3G auction was used to provide improved coverage for consumers. We believe that, this time around, significant sums should be set aside from the windfall to the Treasury to provide coverage benefits to consumers and citizens.

In summary, therefore, the Panel believes that Ofcom should use the 'once-in-a-generation' opportunity provided by the current spectrum auction and re-pricing of existing spectrum allocations to make an intervention with the purpose of increasing mobile coverage beyond the current 2G footprint.

Roaming

The Panel would also like to make a comment on Ofcom's proposal to impose a coverage obligation on only one of the licences. This would mean that in geographically difficult areas, only one operator was available and also assumes that consumers do not travel into and out of these areas. If this approach is to work at all, then it must be accompanied by the enablement of roaming throughout all such areas - which would lessen the number of new base stations needed, with consumers having additional protection against unfair termination charges.

We have made a number of more detailed points in our full submission to the consultation, which is attached at Annex 1.

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