

# £1 billion deal set to solve poor mobile coverage

- Moves to cement plans to give high-quality 4G coverage to 95 per cent of the UK by 2025, meaning consumers will get good 4G signal on the go wherever they live, work or travel
- Digital Secretary Nicky Morgan supports deal with UK Mobile Network Operators to provide additional coverage to 280,000 homes and businesses and 16,000km of roads
- New plans for all operators to share phone masts to improve UK coverage is a world first

The move will bring 4G coverage to 95 per cent of the UK by 2025 and be a huge boost for consumers. More people in rural areas will benefit from the speed and efficiency of services on the go – from booking travel, shopping online or speaking to friends and family.

Digital Secretary Nicky Morgan is supportive of a £530 million proposal from the UK's mobile network operators for a Shared Rural Network with the potential for it to be matched by £500 million investment from Government.

This would be a world-first deal with EE, O2, Three and Vodafone investing in a network of new and existing phone masts they would all share. Consumers will be able to rely on their own provider's network to use their mobile phones wherever they are.

It follows Government proposals for an overhaul of planning rules and is part of the Prime Minister's plan to level up the country with world-class digital infrastructure across the country to make sure homes and businesses are better connected.

Better 4G connectivity will make flexible working easier, boost regional economic growth and close the digital divide that exists across the country. The benefits will be felt across all four nations of the UK with the greatest coverage improvements in Scotland, Wales and Northern Ireland.

## **Digital Secretary Nicky Morgan said:**

We are determined to make sure no part of the country is left behind when it comes to mobile connectivity. We are closing in on a deal with the mobile network operators so those living in rural areas will be able to get the fast and reliable mobile coverage they need and deserve.

Brokering an agreement for mast sharing between networks alongside new investment in mobile infrastructure will mean people get good 4G signal no matter where they are or which provider they're with.

But it is not yet a done deal and I want to see industry move quickly so we can reach a final agreement early next year.

Strong competition promotes industry investment in mobile coverage in dense urban areas, but rural areas have fewer potential customers and have not seen the level of investment needed to provide good coverage.

The deal would see all four operators come together to create a new organisation to deliver the Shared Rural Network, in what would be an innovative and unique solution to the persistent problem of poor mobile coverage in the countryside. It would get the maximum use out of existing and new phone masts by allowing all four operators to host equipment on them.

Under the proposal, the four operators will invest £530 million to open up and share existing masts and infrastructure to close almost all partial not-spots – areas where there is currently only coverage from at least one but not all operators. It would also mean additional mobile coverage for 280,000 premises and 16,000 kilometres of roads.

If the operators agree to meet these ambitions on partial not spots, the Digital Secretary Nicky Morgan has been clear government will commit up to £500 million of investment to go even further to eliminate total not-spots – those hard-to-reach areas where there is currently no coverage from any operator.

Government-owned mobile infrastructure built as part of the Emergency Services Network will also be made available to all four operators, taking full advantage of government assets. This is expected to contribute to the coverage target by delivering up to an additional 2% of geographic coverage per operator, in some of the most remote, rural locations.

The Shared Rural Network proposal is subject to legal agreement. The Government's ambition is to reach a formal agreement on it early next year.

**Nick Jeffery, CEO of Vodafone UK, said:**

There is no other scheme like this in the world. It will spell an end to annoying mobile 'not spots' for hundreds of thousands of people living, working and travelling in the more remote parts of the UK. By working together, we will deliver better coverage while offering more choice for consumers and businesses using far fewer masts.

**Mark Evans, CEO of Telefonica UK (O2), said:**

These proposals represent a step-change in the way that mobile coverage is delivered. They are the most ambitious solution, of all proposals on the table and will ensure that customers across all corners of the UK can access a good connection. By providing a much-needed boost to rural communities, the Shared Rural Network represents a vital step in bridging the digital divide.

Mobile has become so much more than the phone in your hand; it's the glue that powers the UK's economy and will be a fundamental component of our national success in the years to come.

**David Dyson, CEO of Three UK, said:**

We welcome the Shared Rural Network. It is the best way to enhance mobile connectivity for the 9.3 million living in the UK's countryside: it brings mobile coverage to more places in the UK and it gives people in rural areas a similar choice as those living in towns and cities.

**Marc Allera, CEO of BT's Consumer division, said:**

While EE already has the UK's largest 4G network, we're always looking at new ways to efficiently deliver more 4G to areas that are hardest to reach.

This ambitious proposal combined with critical Government support, will remove the key barriers to tackling the tricky not-spot problem, ensuring people and businesses right across the UK get access to the digital connectivity they need, wherever they are.

**Country Land and Business Association Deputy President Mark Bridgeman said:**

We know the countryside has huge potential for job creation and new economic growth, but in order for this to happen we must ensure every community in the country is fully-connected. Today's news is a big step towards achieving that goal.

This announcement will be welcomed by everyone who lives or works in the countryside. We have been hugely frustrated at the lack of progress in improving mobile reception to date, but the legal coverage obligations now put on operators to improve the situation, through the delivery of a Single Rural Network, will ensure demonstrable improvements over the next few years for rural communities.

## **Hamish MacLeod, Director at Mobile UK, said:**

The mobile industry has a shared commitment with the Government to invest in and accelerate rural coverage improvements, and I am delighted that with the Shared Rural Network we have a proposal of action to deliver.

Working in partnership with the Government all four mobile operators, through a programme of shared infrastructure, will virtually eliminate partial not-spots and then go further to bring 4G coverage to the most rural parts of the UK. This is good news for consumers and businesses across the whole of the UK.

**ENDS**

### **Notes to Editors**

- To date, the Government has considered Ofcom's forthcoming spectrum auction to be the best opportunity for improving mobile coverage. Ofcom plan to auction licences for 5G spectrum for use of the airwaves in the 700 MHz and 3.6-3.8 GHz spectrum bands in 2020. Typically, the mobile network operators will bid for national licences to expand their network capability. Historically, Ofcom has used coverage obligations attached to the operators' licences to improve mobile coverage. Ofcom has proposed to include two coverage obligations in the auction which would require the two operators who acquire them to reach 90 per cent coverage by 2024, in exchange for a discount in the auction.
- The SRN is an alternative proposal from the mobile operators, which relies on Ofcom removing the two coverage obligations from the auction and on the Government funding roll out in total not spots. The Government believes the SRN will deliver a better result for UK consumers and do so at a lower public cost overall because it enables industry to work collaboratively on improving coverage, rather than bidding competitively to do so individually. The SRN proposal would see each individual operator reach 92 per cent coverage by 2025, with licence obligations taking effect in 2026. The collective effect of this will deliver coverage to 95% of the UK.
- To make sure the SRN is delivered, the MNOs would adopt new, legally-binding licence conditions. There will be interim coverage updates every year up to 2025. Ofcom will report regularly on progress in their Connected Nations reports.
- The industry will collectively fund up to £532m over the 20 year lifetime of the programme, with each operator's planned spend reflecting their different starting positions on rural coverage and prior

investment.

- The Government and MNOs have agreed in principle terms for the SRN. The proposal is subject to legal agreement and the ambition is to reach a formal agreement on the SRN.
- The Government's funding for the SRN would be classified as state aid and will be subject to the approval of the European Commission or (depending on the circumstances of EU Exit) the Competition and Markets Authority.
- The UK has a vibrant telecoms industry and we are keen that the SRN proposal reflects that. The programme would be delivered jointly by all four MNOs but it is expected that organisations across the industry would have the opportunity to get involved in the delivery of the programme at various levels of the supply chain, building the required infrastructure in an open, fair and transparent way.