

REPORT OF THE HEAD OF PARK DIRECTION

**SUBJECT:
MOBILE INFRASTRUCTURE PROJECT**

Purpose of Report

The purpose of this report and presentation by Lionel Spencer of the Department for Culture, Media & Sport on the day of the meeting is to brief Members on the above project and the possible implications for this National Park. Members will also have an opportunity to seek any clarification required on the project at the Authority meeting.

Background

A briefing paper along with some ready prepared questions and answers are provided as Appendix A to this report.

Recommendation: To note the presentation.

Mobile Infrastructure Project Procurement Schedule (based on bidders' current expectations)

Sep-12

Procurement Route	Activity	Pre-Jan	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Year-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Implementation ends	
OJEU	Procurement																						
OJEU	National radio and implementation plan																						
OJEU	Site acquisition and planning																						
Internal	"Proof of concept" site build																						
OJEU	Site rollout																						Mar-15

KEY
 Preparation
 Activity

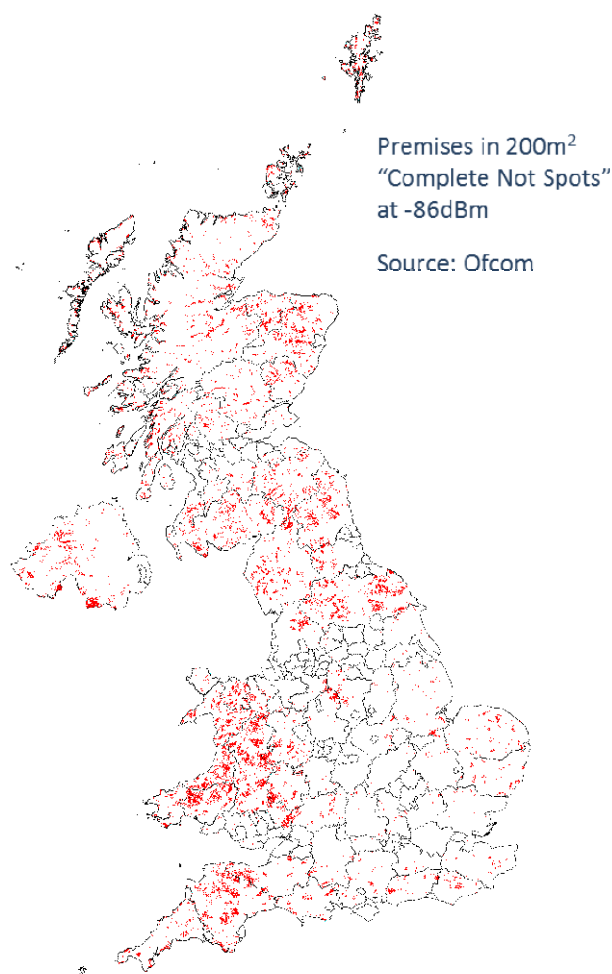
Mobile Infrastructure Project

Background

1. On 3 October, the Government announced up to £150m funding to improve mobile coverage and quality across the UK – known as the Mobile Infrastructure Project (MIP). This is intended to improve mobile phone coverage through building additional mobile phone masts in uncovered areas, whilst ensuring technical solutions are compatible with future technological developments.

2. There are areas of the UK where no mobile coverage is provided by any Mobile Network Operator (MNO)¹ and other areas where there is low quality coverage which results in a poor level of customer experience. In certain areas of the UK, particularly rural areas, there is a limited commercial case for market-driven private investment to improve coverage. In the twenty years or so which the mobile networks have been in place they have demonstrably not done so.

3. Ofcom have identified 80,484 premises in complete not spots². The aim of the MIP is to cover as many of these premises as we can, as well as ten roads identified in the 2012 Budget. Two potential limiting factors on the number of not spots we can cover are the need to ensure that the proposals reflect value for money for Government and that the MNOs will “occupy” the sites and pay the cost of operating them. This latter is the subject of a commercial negotiation. We also need to confirm that the proposals for spending are allowable under European Commission State Aid regulations.



¹ The four Mobile Network Operators (known as MNOs) are: Vodafone; Telefonica (trade as O2); Hutchison 3G (trade as Three); Everything Everywhere (formed from the merger of T-Mobile and Orange)

² Defined as a 200m² area where the received signal strength indicator is below -86dBm from any of the four operators.

4. Following the announcement in October, the [2011 Autumn Statement](#) said:

Communications

A.27 Improving mobile network coverage – As announced on 3 October 2011, the Government will invest up to £150 million to improve the coverage and quality of mobile network services for the five to ten per cent of consumers in areas of the UK where existing mobile network coverage is poor or non-existent, with the aim of extending coverage to 99 per cent of the UK population. The Government will begin procurement by spring 2012 with businesses and consumers benefiting from improved coverage from early 2013 onwards.

5. Following further work, the following was announced in the [2012 Budget](#):

Technology

1.224 The Government is setting an ambition to make the UK the technology hub of Europe. To support technological innovation and help the digital, creative and other high technology industries, the Government:

- will extend mobile coverage to 60,000 rural homes and along at least ten key roads by 2015, including the A2 and A29 in Northern Ireland, the A57, A143, A169, A352, A360 and A591 in England, the A82(T) in Scotland and the A470(T) in Wales, subject to planning permission, using the £150 million investment announced at Autumn Statement 2011. The Government will also consider whether direct intervention is required to improve mobile coverage for rail passengers;

6. The MIP procurement began in spring 2012, with businesses and consumers benefiting from improved coverage from early 2013 onwards and the project completed by 2015.

MIP Q & A

Q What's happened to the 5%-10% population coverage in the Chancellor's Autumn Statement Announcement?

A Our refinement work with Ofcom has indicated that the problem of complete not-spots is not as widespread as first thought by Ofcom.

We understand from Ofcom that there are around 80,000 premises in complete not-spots, as well as a number of main roads, but no motorways.

Q Will you be covering the 60,000 premises and ten roads the Chancellor announced in the 2012 Budget?

A The aim of the project is to extend coverage as far as reasonably possible. However, there are two potential limiting factors:

we as Government need to consider the value for money of our interventions. We are currently working to develop a "threshold" cost above which – even with the MIP objective – the number of people or premises covered by sites simply does not warrant the expenditure. Where that is the case, we will not build them.

The willingness of the industry to occupy sites built under the Mobile Infrastructure Project will also be a requirement of building the sites – there is no point in building a site which will not extend coverage. We are therefore working with the operators to make sure that all sites built are supported by mobile services.

Q As you are funding it under the Industrial Development Act 1982, how does this project support industrial development?

A Commerce is fundamental to delivering Economic Growth – we should not miss an opportunity to exploit the full potential of the UK's population or deny commercial opportunity to members of our society because simply because they are in commercially challenging areas – this intervention seeks to do both. I would anticipate a boost to economic growth in those locations as a result.

Q How many businesses will benefit?

A We are undertaking a detailed assessment of all of those premises which are currently affected. This will tell us whether they are businesses, hospitals, homes or schools. In conjunction with the practicalities of radio-planning and MNO engagement, this will inform our choice of which sites to select.

Q How will you ensure the Mobile Network Operators maintain the services you are paying for?

A We are in negotiation with the operators, but the current intention is that they will contract to occupy the sites for at least ten years.

Q Who will supply the infrastructure for MIP?

A We issued a tender notice for a MIP Supplier in April and have shortlisted six companies:

•Airwave Solutions; •Arqiva; •BT Wholesale; •Ericsson; •Telefonica; •Vodafone

We expect to appoint the MIP supplier early next year, subject to necessary State Aid clearances.

Q Will you be fixing the reception in my area?

A We are still in the process of selecting the precise areas which will benefit from the MIP. The prioritisation process underway is a combination of assessing the number of people who live, work and study in any “complete not spot”, the cost of fixing the not-spot and how it fits with the practicalities of radio-planning. We will work with Devolved Administrations and affected Local Authorities before finalising sites.

As part of this work, we have recently appointed (30 May) Aircom International, an independent provider of cellular network planning management & optimisation tools and services, to assist us in our initial radio planning.

Q How can you justify spending so much money on something that appears to benefit such a small percentage of the population?

A The potential to support a diversification of rural economies provides enormous incentive to support this initiative.

The project aims to boost coverage to up to 60,000 premises, homes and business, currently in complete voice not-spots. To achieve this, and realise the benefits, a complex technical solution is required, including new infrastructure, which inevitably comes at a cost.

Q What economic and social value do you anticipate resulting from this intervention?

A The numbers always need to be tested, but the evidence is that there is a growth in GDP from a growth in mobile coverage and of course there would be additional social impacts like increased safety and security in terms of emergency response as well as general ability to engage in social media.

- Q** **Wouldn't it be better to spend the money on other routes to provide rural connectivity, such as rural broadband?**
- A We have committed that by 2015 we will have achieved 90% superfast broadband and universal standard broadband coverage. Mobile provides another communications option for people in rural areas that the rest of us rely on, and it's quite right that this should be extended as far as possible.
- Q** **Will this project also support mobile broadband?**
- A Our objective is focused on basic voice and data services. But the mobile operators may well want to provide other services as these become viable. This will help increase the choice of modes of communication in rural areas.
- Q** **How will you ensure that rural areas benefit?**
- A The majority of the "complete not-spots" we are treating are in rural areas. We are also working closely with DEFRA to ensure that rural concerns are taken into account in developing our plans.
- Q** **Why is there no intention to cover 100% of premises in complete not-spots?**
- A The focus of the project is on maximising the number of people benefitting from the investment, and it is unlikely that 100% geographical coverage could be achieved due to (a) the disproportionate costs of trying to do this, and (b) planning and aesthetic issues relating to the installation of technical solutions (large radio masts, for example) in areas of outstanding natural beauty.
- Q** **Communities don't want more unsightly mobile phone masts put up, especially in rural areas. What kind of effect will this project have on the landscape?**
- A We will be working closely with local authorities, devolved administrations and other key organisations such as the Association of National Park Authorities to ensure that proper planning and consultations procedures are followed, and that local issues are taken into consideration throughout the design and installation of the new infrastructure. We want to achieve maximal benefits in terms of coverage in voice not-spots, with minimal impact of the natural environment.
- Q** **Isn't this public money being used to subsidise a service that should be provided by the mobile phone operators, shouldn't you just make the MNOs extend their coverage?**
- A MNOs are currently fulfilling, and in fact, exceeding, all their coverage obligations as set out and monitored by Ofcom. Government does not

compel MNOs to provide coverage in specific locations – anything beyond their obligations are commercial matters.

With regard to this project, we are working closely with MNOs and other industry suppliers to ensure that they are fully engaged with the project and that a fair agreement on cost sharing is reached.

We are also working closely with the European Commission to ensure that all proposals comply with EU State Aid regulation.

Q Which are the 10 roads that have been selected for improved coverage?

Road	Nation	km Not spot >200m*	Start	End
A2	Northern Ireland	5.8	Derry	Newry
A29	Northern Ireland	7.1	Coleraine	Armagh
A591	England	9.4	Keswick	Sizergh
A169	England	4.5	Whitby	Norton
A57	England	7	Liverpool	Manchester
A470(T)	Wales	7.2	Llandudno	Cardiff
A82(T)	Scotland	5.7	Inverness	Glasgow
A360	England	0.3	Devizes	Salisbury
A143	England	0.3	Great Yarmouth	Haverhill
A352	England	0.3	Sherborne	Wareham

* after 60,000 premises taken into account

Q How will local authorities and devolved administrations be involved in this project?

A We are meeting with DAs and those local authorities most affected, inviting their feedback and input into the project.

Q Will MIP fix the large-scale problem of poor mobile coverage on trains?

A There are specific technical difficulties with receiving mobile signals on many newer types of train, which mean that no matter how good the external signal, the on-train reception will be poor. We are working with the Department for Transport, Ofcom and others to bring the mobile and rail industries together to improve the mobile coverage experience of rail passengers.

Q I can't get coverage using my handset in my local area – why isn't my area listed as a not-spot?

A This project is focusing on '**complete not-spots**' where voice coverage is not currently available on any network. Ofcom is looking at ways to reduce those areas called '**partial not-spots**' where coverage maybe available from only one (or more) but not all networks. This could be why you have problems with coverage in your area.

Facts and Figures [WILL ADD INTERNATIONAL COMPARATORS]

Figure 12 - Mobile coverage (based on predicted coverage)

Mobile Coverage								
	2G				3G			
	Geographic coverage		Premises coverage		Geographic coverage		Premises coverage	
	no signal from any operator	signal from all operators	no signal from any operator	signal from all operators	no signal from any operator	signal from all operators	no signal from any operator	signal from all operators
England	1.4%	83.8%	<0.1%	97.5%	8.9%	20.4%	0.4%	76.3%
Scotland	15.5%	37.9%	0.2%	94.5%	60.6%	3.1%	3.9%	63.0%
Northern Ireland	2.2%	73.4%	0.4%	93.2%	51.7%	5.7%	13.0%	51.7%
Wales	5.8%	59.0%	0.2%	91.6%	31.5%	6.8%	3.5%	49.9%
UK	6.4%	66.3%	<0.1%	96.8%	29.9%	12.8%	1.2%	73.1%

Source: Ofcom / operators

Source: Ofcom, [Infrastructure Report](#), November 2011