Assembly

A report for Mobile UK

Investment in Mobile Infrastructure: The UK's Route to Growth

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About Assembly

Assembly provides independent custom and subscription-based information, analysis and opinion on regulatory, policy and legislative developments that affect communications markets and the wider digital economy.

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About this study

Mobile UK asked Assembly to conduct research on the challenges facing the mobile industry and the policy levers available to the Government that could help improve the investment environment in the UK. This study outlines policy actions that could accelerate mobile infrastructure deployment, drive industrial transformation and digitise public services – key pillars in delivering the Government's growth agenda.

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Summary

In July 2024, a new government took office with a clear mandate to drive economic growth, recognising infrastructure investment as essential to this goal. Mobile connectivity is fundamental to productivity, innovation and the development of emerging technologies like AI – an area the Government is betting on heavily. To succeed, it must now prioritise the mobile industry as a critical enabler of national competitiveness. Amid the tough choices that will have to be made to deliver the growth mission, supporting mobile operators is one of the easiest.

The Government has a proven track record in unlocking private sector investment, as seen in the fixed telecoms market. Policies such as the FTIR, Project Gigabit, and Ofcom's wholesale market review drove unprecedented investment and competition in fibre, benefitting consumers with better speeds, availability and prices. Now, a similar policy shift is needed for mobile, empowering operators to accelerate investment in improving network coverage and capacity. The recent Planning and Infrastructure Bill was a missed opportunity to support that objective, focusing on data centres rather than the underlying telecoms infrastructure. The forthcoming 10 Year Infrastructure Strategy and Spending Review present further opportunities to capitalise on the unique impacts of mobile investment, if the Government develops its broader focus on digital infrastructure and resources key departments appropriately. The Government has had warm words for the mobile industry, which must now be converted into action.

Mobile connectivity is more crucial than ever, with surging data demands and rising consumer expectations. Having invested over £1.7bn in 5G rollouts since 2019, operators are and have been facing financial headwinds, challenging efforts to deliver an advanced 5G deployment nationwide. Despite this they have continued to set aside money to ensure the positive impact of their investment is felt by all, spending more than £320m in the past four years on social programming. The prize here is clear, with studies indicating that for every £1 invested in mobile infrastructure, £5 is generated for the wider economy – demonstrating its power to fuel growth.

Recommendations

1. **Repurpose the £320m extracted annually from the industry via spectrum licence fees**
2. **Expand planning reforms to enable the deployment of vital mobile infrastructure**
3. **Prioritise full implementation of the PSTI Act**
4. **Introduce a temporary business rates holiday on new mobile infrastructure deployments**
5. **Evolve the UK's net neutrality regime towards a more flexible, principles-based approach according to a code of practice**
6. **Provide greater support for operator's plans to retire legacy 2G networks**
7. **Enhance the rollout of 5G at regional and local levels by appointing skilled and experienced digital champions**
8. **Ensure public funding already committed through the Shared Rural Network is retained**
9. **Adopt reforms akin to those proposed in the EU by Draghi and Letta to unlock the industry's potential**

Recommendations in full

1. **Repurpose the £320m extracted annually from the industry via spectrum licence fees** to improve mobile coverage and capacity where it is most needed. Annual licence fees (ALFs) are a tax on the industry that reduce returns and must be reformulated to support the Government's 5G ambitions and overarching growth agenda.

2. **Expand planning reforms to enable the deployment of vital mobile infrastructure.** Proposals to update planning rules have so far been geared around new data centre and housing projects. These will require access to mobile infrastructure, rollouts of which are being slowed by outdated regulation.

3. **Prioritise full implementation of the PSTI Act** to further facilitate the installation, upgrade and sharing of mobile networks, building on progress made by the Barrier Busting Task Force. Policymakers have in the past promised to implement this legislation and not delivered – the current Government must not make the same mistake.

4. **Introduce a temporary business rates holiday on new mobile infrastructure deployments** to create a more supportive fiscal environment for operators, reflecting similar support given to fixed broadband providers. This is not a request for a tax rebate but instead about generating a short-term capex stimulus that will deliver wider economic benefit over the coming years.

5. **Evolve the UK's net neutrality regime towards a more flexible, principles-based approach according to a code of practice** in order to promote investment and competition while maintaining a free and open internet. The current rigid approach to net neutrality risks undermining the emergence of innovative new services and commercial relationships.

6. **Provide greater support for operator's plans to retire legacy 2G networks.** Mitigating the risk of delays will require engaging with and preparing affected industries, thereby enabling the switch-off to go as planned and operators to free up spectrum and financial resources for investment in faster and more reliable 4G and 5G services.

7. **Enhance the rollout of 5G at regional and local levels by appointing skilled and experienced digital champions.** The appointment of digital champions within councils would help bridge gaps between local policymakers and industry, accelerating network rollouts and driving communities' awareness of the benefits of (as well as demand for) ultra-fast mobile connectivity.

8. **Ensure public funding already committed through the Shared Rural Network is retained**, further enabling support for mobile infrastructure deployment, including to fill gaps in 5G deployments and unlock further growth and productivity.

9. **Adopt reforms akin to those proposed in the EU by Draghi and Letta to unlock the industry's potential.** The UK is currently set to miss out on significant reform of the rules governing the EU telecoms sector. Taken together, the Draghi and Letta reports provide a blueprint for growth and competitiveness that post-Brexit the UK will not automatically benefit from. While the UK has an opportunity to chart its own course, it is lagging behind in developing similarly bold proposals of its own.

Background

By enabling or bolstering operator investment, recent policy interventions have made a positive contribution to efforts to extend and improve mobile connectivity throughout the UK. The Government's Barrier Busting Task Force, for example, was set up in late 2017 and has since worked to educate and collaborate with stakeholders, reform regulation and mediate disputes in order to facilitate mobile infrastructure investment and deployments. In addition, the Shared Rural Network (SRN) project – a landmark £1bn+ public-private partnership announced in 2020 – has extended 4G availability to 95% of the country, tackling both partial and total not-spot areas.

The Government's heightened focus on strengthening the UK's connectivity landscape was formalised in 2018 with the publication of the Future Telecoms Infrastructure Review (FTIR), which stressed the role of policy and regulation in establishing the country as a "world leader in 5G". This review was followed by the Wireless Infrastructure Strategy (WIS) in 2023, which emphasised 5G – especially standalone 5G (5G SA) – as the "cornerstone" of the UK's digital economy that would drive growth in emerging sectors such as AI and deliver significant productivity gains if adopted at scale. To seize these opportunities, the WIS recognised the imperative for world-class digital infrastructure, outlining an ambition for coverage of 5G SA in all populated areas by 2030.

However, the focus of policymakers during much of the past decade has largely been on encouraging the rollout of fibre, as reflected by the creation of the flagship Project Gigabit initiative. In parallel, Ofcom has prioritised establishing a 10-year pro-investment framework for fibre and encouraging the market entry of new altnets through its Wholesale Fixed Telecoms Market Review (WFTMR) in 2021, with the conclusion of its future approach to mobile markets doing relatively little to move the needle for the sector. While the WIS identified £140m of new funding for 5G/6G, adding to the £200m 5G Testbeds and Trials programme and the Government's £500m contribution to the SRN, the total support is still a fraction of the £5bn allocated to Project Gigabit.

Mobile operators have nevertheless kept up investment in their networks and services, while also spending millions of pounds each year to safeguard digital inclusion among vulnerable groups. Despite falling retail prices, fierce competition, rising costs and pressure to improve network resilience and coverage on railways, the industry has continued to underpin mobile's critical

role in the economy and in society more broadly. The Labour Party returned to power in July 2024 with a campaign rooted in the need to reignite growth in the UK economy to drive productivity and create jobs. It has stated that the UK's investment in 5G is falling behind other countries and that it would make a "renewed push" to ensure nationwide coverage by 2030. So far, however, the Government is yet to seize the chances presented to it to trigger a wave of much-needed mobile investment. Whereas Australia will update the Low-Impact Facilities Determination to streamline rules for telecoms infrastructure deployments, the UK's Planning and Infrastructure Bill and 2025 Spring Statement[1] made no mention of the word 'mobile', representing missed opportunities for the Government. Similarly, the 10 Year Infrastructure Strategy Working Paper did not specify the unique importance of mobile infrastructure but could still present an opportunity for the Government to course correct and go further to support growth through enabling network deployments before the full plan is finalised (alongside the Spending Review) later this year. Now in post-merger territory, and with a settled – and still competitive – market structure, operators are in a potentially undervalued position to build on the successes they have achieved to date and to be a key contributor to the country's growth mission.

As Sir Chris Bryant (Minister for Data Protection and Telecoms, DSIT) has stated, there is "no route to growth without digital infrastructure".[2] According to the UN's latest E-Government Development Index, the UK excels on certain metrics, but requires further investment in telecoms infrastructure, an area where other European countries lead by some margin. Ofcom is also poised to begin a review of its mobile coverage measurements, which could highlight the need for policy reform to spur industry investment to effect the improvements the regulator may want to see. Amid the tough choices the Government will have to make to deliver its growth agenda, providing the necessary support for operators is one of the easiest. Investment in fast and reliable mobile networks is crucial to the UK's plans to harness the power of AI and transform public services, including the NHS. It is therefore time the Government turns its messaging into action. To demonstrate its commitment to growth, the Government must leverage the various policy tools at its disposal to incentivise and unlock further investment by the mobile industry that can be sustained for the long-run.

[1] Spring Statement 2025, HM Treasury, 2025
[2] Sir Chris Bryant speech at TMT World Congress 2025

The challenges facing the mobile industry

Significant further investment is needed to deliver high-performance 5G services throughout the UK

Over recent years, the mobile industry has continued to invest heavily in the rollout of 5G networks across the country, upgrading sites, improving service quality for end users and extending coverage into underserved areas. Mobile operators invested around £440m in the deployment of 5G access networks in 2023 – a £43m (11%) real-terms increase year-on-year. In total, operators have invested approximately £1.74bn in 5G access networks since 2019.[3] On top of this, investment into core and backhaul networks, which support 5G SA, exceeded £60m in 2023. These significant investments have continued even amid the costs of compliance with the provisions of the Telecommunications Security Act 2021, which the former Government estimated would range from £2-3bn for the replacement of equipment from 'high risk' vendors.

However, despite the investment commitment of the merged Three/Vodafone and the multi-billion pound capex programmes of BT/EE and Virgin Media O2, industry will still likely face challenges in committing the financial resources required for a full 5G advanced rollout to all corners of the UK. Operators' planned investments will provide substantial 5G coverage and capacity across the country, although some areas will remain difficult to reach from a commercial perspective, either due to stubborn deployment barriers or because they are locations where the return of capital employment (ROCE) does not justify rollout. That said, there will be places where the economic value to the UK as a whole is greater than to operators, making 5G deployments worthwhile overall. In such situations, there is an obvious part to be played by the Government in utilising the policy tools at its disposal to unlock operator investment in support of its connectivity ambitions and flagship growth agenda.

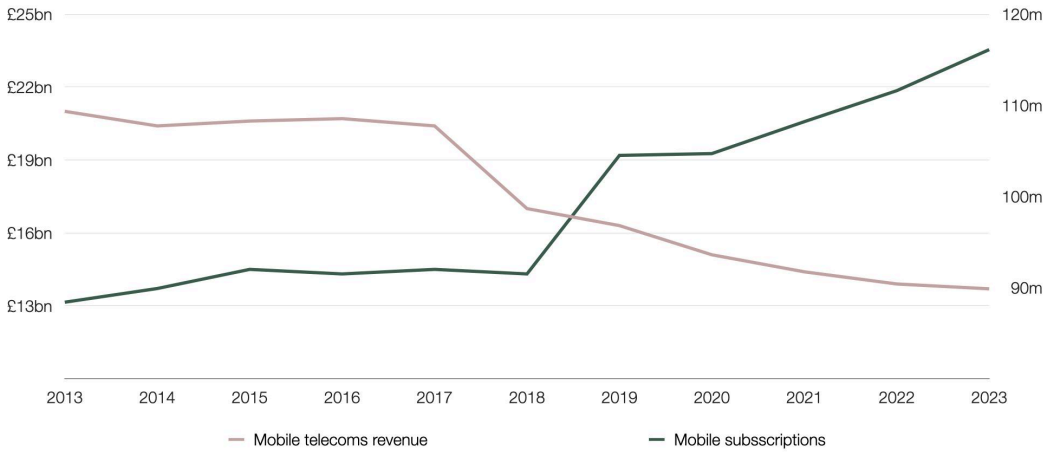
Retail prices and revenues are falling at a time when mobile subscriptions and data usage are rising

In addition, the UK mobile industry has been faced with consistently decreasing retail revenues (see *Figure 1*), which ultimately impacts its ability (and incentive) to invest.[4] Despite total mobile subscriptions increasing from 88.4m to 116.1m (+31%) over the 2013-2023 period, revenues have fallen from £21bn to £13.7bn (-34%). Declining top line trends accelerated since 2018, ramping up financial headwinds for the sector at a time when 5G investment also began to scale and each of the UK's four mobile operators prepared to

[3] Connected Nations, Ofcom, 2024
[4] Communications Market Report 2024: Interactive Data, Ofcom, 2024

undertake initial commercial launches of 5G services, which began in May 2019.

Figure 1
Mobile telecoms retail revenue (£bn) compared to mobile subscriptions (millions)

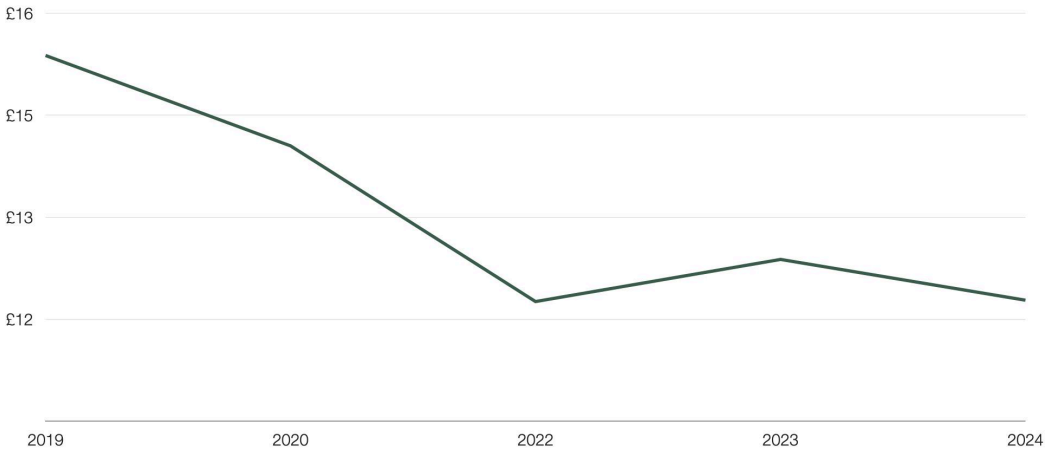


Source: Assembly, Ofcom

As the number of mobile subscriptions in the UK has risen, so too has mobile data usage. Ofcom reports that average monthly data consumption has risen from 2.3GB to 15.7GB over the past five years, including a 5GB jump between 2022 and 2023 alone – an increase of 47%.[5] In parallel, consumer prices for these services have fallen – see *Figure 2.*[6] Between 2019 and 2024, average monthly prices for average mobile use declined from £15.38 to £11.78 in real terms, representing a 23% reduction. Although this may appear positive for consumers in the UK, it has limited operator revenues, which therefore risks restricting investment in 5G network coverage and performance. Expenditure by UK households on telecoms services is also notably low in comparison to expenditure on other essential goods and services, such as energy and transport.[7] Telecoms services spending only made up 1.6% of households' weekly expenditure in 2022/23 compared with 13.9% for transport and 6.5% for energy.

[5] Communications Market Report 2024: Interactive Data, Ofcom, 2024
[6] Pricing trends for communications services in the UK, Ofcom, 2024
[7] Family spending: FYE 2023, ONS, 2024

Figure 2
Weighted average monthly prices for average mobile use, excluding handset cost (£/month)



Source: Ofcom

With a mobile market review underway in government, additional efforts are required to deliver the quality of mobile network the UK needs

The current financial health of the industry is challenging the development of next-generation mobile networks, which will only become more necessary in the years to come not only for consumers but also the wide range of digital markets and technologies that contribute to growth in the economy. Enabling operators to sustain, if not increase, investment in 5G rollouts requires a stable, modernised regulatory and legislative environment. Since coming to power, the Government has engaged in positive talks around planning reforms, which could make it easier for operators to invest in new 5G infrastructure in more rural and remote areas or to provide a platform for the development of AI. However, it is yet to take any meaningful steps to implement the reforms that would boost the mobile industry.

The Planning and Infrastructure Bill did not capitalise on the opportunity to turn rhetoric into action, focusing on the building of data centres and housing rather than critical telecoms infrastructure. While the 10 Year Infrastructure Strategy – together with the Spending Review – presents another opportunity to support mobile infrastructure, the Government needs to specify its endorsement of digital infrastructure as a means of boosting productivity by enabling new forms of economic activity, as well as resource departments sufficiently to implement pro-investment policy reforms. Despite already being on the statute book, the incomplete implementation of the PSTI Act represents another missed chance to streamline planning and building processes for operators, ending unnecessary delays to extending and enhancing mobile coverage that have been caused by legal issues. Though positive conversations are underway, there remains scope to make immediate impact through simple change. With an internal mobile market review ongoing and an expected heightened focus from Ofcom on improving mobile coverage for consumers, additional measures and bold effort are required from the Government to help operators deliver high-quality 5G mobile networks nationwide that will underpin its infrastructure vision and technological ambitions.

The economic and social value of investing in mobile networks

Increased mobile investment would benefit sectors across the economy, creating jobs and encouraging innovation

The financial challenges facing the mobile sector are not just limiting operator investment in pivotal 5G infrastructure, but are also putting the brakes on the UK economy at a time when growth is desperately needed. For every £1 invested in mobile infrastructure by operators, £5 is generated for the economy [8] – the scale of this multiplier effect is one the Government cannot afford to ignore. For example, operators have invested over £1.74bn in 5G access networks since 2019, therefore generating an economic impact worth £8.7bn for the UK's gross domestic product (GDP). Now, policy interventions that help make the business case in the most commercially challenging areas would bring forward further industry investment in deploying advanced 5G networks, creating an even greater value-add for the wider economy. For instance, a business rates holiday on new mobile infrastructure would create a valuable investment incentive, especially in harder to reach and less economically viable areas, and is a relief that has already been given to fixed broadband providers in the past, resulting in an accelerated fibre rollout.

The benefits from increased infrastructure investment would be felt across the economy, particularly in boosting productivity in critical sectors. In the WIS, the Government estimated that 5G could enable productivity gains that add £159bn in cumulative Gross Value Added (GVA) between 2023 and 2035. Similarly, Vodafone has estimated that nationwide 5G SA could deliver productivity savings for small and medium sized enterprises (SMEs) worth £8.6bn per year.[9] High-performance connectivity would also enable growth in consumer and media applications such as digital advertising, mobile gaming and retail, which are already all important economic contributors. For example, in-app purchases alone generated £3bn of revenue in 2022, up 91.6% from 2019. Increased investment in new technologies and infrastructure would also encourage home-grown innovation, with the resultant creation of new jobs.[10]

[8] Rebalancing Act: Unlocking the Potential of the UK's Mobile Industry, Mobile UK & White Hawk Green, 2024
[9] Supercharging Small Businesses, Vodafone, 2024
[10] The UK Telecommunications Sector 2024, Imperial College London, 2024

Mobile connectivity powers rural communities, bolsters digital inclusion and keeps vulnerable consumers connected

The economic benefits of mobile are felt especially in rural and remote areas, where studies suggest that 4G connectivity can generate more than £6m for a community over a 15-year period.[11] The continued investment in greater capacity and coverage also contributes significant social value in providing consumers with more accessible and resilient connectivity. Among rural communities, mobile coverage supports the adoption of new technology in agricultural and heavy industrial industries, and keeps workers in dangerous professions such as forestry better connected and safer on the job.[12] For vulnerable consumers, mobile connectivity bolsters the resilience of telehealth and other connected services, particularly through extreme weather events and the retirement of legacy fixed networks.[13] In the context of improving government efficiency and digitising public services, mobile connectivity continues to play a key role in driving the adoption of innovative solutions, such as through sign-ups to the NHS App, of which there were seven million in 2022 alone.[14]

Perhaps the greatest benefit of industry investment is felt by consumers who only go online using a mobile connection, a group that has doubled (from 5% to 10%) since 2021.[15] Particularly for the younger and lower income consumers who are more likely to rely solely on mobile connectivity, investment in building reliable, high-capacity networks delivers more and better opportunities to participate in the digital economy and keep connected to communities.

[11] Rural 4G Connectivity: Analysing the community benefits of mobile investment, EE & FarrPoint, 2024
[12] Benefits of Rural Mobile Coverage, Building Digital UK, 2022
[13] Statement: Network and Service Resilience Guidance, Ofcom, 2024
[14] Rebalancing Act: Unlocking the Potential of the UK's Mobile Industry, Mobile UK & White Hawk Green, 2024
[15] Technology Tracker, Ofcom, 2021 and 2024

Mapping the sector's contribution beyond connectivity

Operators voluntarily subsidise the provision of social tariffs at a cost of £78m annually

Amid (and despite) a challenging commercial environment, mobile operators in the UK have continued to provide meaningful support to consumers at scale and at no insignificant cost to themselves. A range of voluntary contributions offer improved accessibility and affordability of connectivity throughout the country, ensuring the social and economic impacts of innovation and growth are shared among all consumers. For example, operators have significantly increased the support available to financially vulnerable consumers through social tariff offerings. Eligible households (i.e. those receiving benefits such as universal credit) can now choose from 33 social tariffs from more than 20 operators, marking a rapid expansion in the number of operators offering them, as well as the range and value of social tariffs on offer.[16] Among mobile operators, we identified four mobile social tariffs that range in cost from £10-12 per month and offer consumers competitive data allowances and access to 5G services (where available) – see *Table 1*.

Table 1
Selection of mobile social tariffs in the UK
As of January 2025

Operator and tariff	Price (per month, inc. VAT)	Coverage	Contract terms	Eligibility
EE Basics	£12	5G where available	5GB of data and unlimited calls and texting on a 30-day rolling contract over 12 months	Must receive universal credit, pension credit, Employment and Support Allowance, jobseeker's allowance, or income support
SMARTY Social Tariff	£12	5G where available	Unlimited data, calls and texting and 12GB of EU roaming data on a 30-day rolling contract	Must receive income-based employment support, income-based job seekers support, income support, pension credit or universal credit
VOXI For Now	£10	5G where available	Unlimited data, calls and texting for the first six months, before moving to a standard low cost tariff	Must receive jobseeker's allowance, universal credit, Employment and Support Allowance, disability allowance or personal independence payment
O2 Essential Plan	£10	5G where available	10GB of data and unlimited calls and texting	Must receive universal credit, pension credit, income support, income-based jobseeker's allowance or income-based Employment Support Allowance

Source: Assembly, Ofcom

[16] Social tariffs: Cheaper broadband and phone packages, Ofcom, 2024

According to Ofcom, the number of households in the UK taking a social tariff in 2024 grew 33% from 2023, equaling an additional 125,000 households.[17] 506,000 households are now taking a social tariff, representing 9.6% of all eligible households. Based on this growing adoption, we estimate that operators are now subsidising the provision of social tariffs by – i.e. foregoing revenues of – close to £78m annually. Though uptake continues to improve, this figure remains limited by the fact that more households are eligible for support than those currently receiving it. If take-up of social tariffs rose to even 50% of eligible households, the cost to operators of providing them would rise to £405m per year.

Operators have provided an estimated £320m of additional support to consumers, including through work to close the digital divide

Beyond the supply of social tariffs, operators also provide a range of additional support measures targeting consumers and communities across the UK. In 2023, we estimated that operators had provided approximately £290m in added support to consumers since late 2021.[18] Based on an updated review of initiatives introduced and carried out since then, we estimate that the mobile industry has now subsidised over £320m worth of support through the end of 2024 – see *Figure 3*. In the past year, operators provided more than another £30m worth of programming, both by extending measures introduced in previous years and by introducing new support initiatives.

Figure 3
Support provided by UK operators
Excluding the provision of social tariffs

Source: Assembly

We find that measures typically fall into one of four main categories: financial support for vulnerable consumers, efforts to tackle digital exclusion, offers to assist SMEs and work to create value for all consumers. All of these efforts, undertaken voluntarily, reflect an industry-wide commitment to maximising the availability and benefit of connectivity across the UK, with socioeconomic benefits shared at the individual and macro levels.

[17] Pricing trends for communications services in the UK, Ofcom, 2024
[18] The value of telecoms services in the UK, Assembly, 2023

Learnings from policy proposals in the EU

UK policymakers should be more alive to efforts at the EU level to reverse flagging competitiveness and investment levels

In the EU, there are similar debates around the need for improved mobile connectivity through investment in 5G, as well as how to stimulate growth and competitiveness. In February 2024, much of this was crystalised by the EC's White Paper on digital infrastructure.[19] The paper outlined the problems regarding investment, competition and financial health that currently face the EU's telecoms sector. It was swiftly followed by detailed reports from two former Italian Prime Ministers, Enrico Letta and Mario Draghi – see *Table 2*.

When part of the EU, the UK would have been contributing to this effort and expected to implement its outcomes. With the UK telecoms sector currently facing similar challenges, the Government would be wise to borrow from some of the more progressive remedies being proposed. Unfortunately the UK is still at the ideas stage while the rest of Europe is debating specific policy change. With its post-Brexit freedoms, the UK arguably has the opportunity to go even further.

Table 2
The trio of reports

	EC White Paper *How to master Europe's digital infrastructure needs?*	**Letta Report** *Much More Than a Market*	**Draghi Report** *The future of European competitiveness*
Single market	Fragmentation as a missed opportunity and DNA as a means to finally create a true single market for telecoms	Ultimately the main theme of the report to put Europe on an equal footing with US and Asia (China, Japan)	Define markets at the EU level, where this facilitates cross border integration and the creation of EU-wide players
Institutional reform	Says very little but proposes development of a EU-level access regulation toolkit to complement or replace the national approach	Proposes a "single EU level authority" modelled on roles created by the AI Act and DSA to address fragmentation and inconsistencies	Reduce country-level ex ante regulation and have a greater reliance on ex post competition law
Spectrum policy	A more integrated governance for spectrum that would allow for greater harmonisation of spectrum authorisation (particularly timing)	Strong advocation for harmonisation, end to current use of auctions but somehow still respecting the authority of Member States	Perhaps the firmest area in terms of recommendations, envisaging a much larger role for coordination
Consolidation	Says little about in-market consolidation, with the focus more on creating pan-European operators (not exactly what the industry has been calling for)	Advocates some level of consolidation within national markets to meet investment needs (in edge/cloud, 6G, AI) + "cross border investment that could involve domestic markets"	Facilitate consolidation with increased weight of innovation and investment commitments in merger decisions
Fair share (and net neutrality)	"Dispute resolution mechanisms" for the IP interconnection market (seen as network usage fees through the backdoor)	Nothing on network usage fees, but proposes a meaningful review of net neutrality rules	Original network usage fees idea revived with role for NRAs when negotiations fail
Rebalancing regulation	Proposes extending EECC obligations to cloud providers and removing regulation from former incumbents	An unbalanced relationship between telecoms and large online platforms. DSA and DMA will help here but says nothing on deregulation	Deregulate new investments (fibre, 5G standalone, IoT), 'same rules for the same services'

Source: Assembly

[19] White Paper - How to master Europe's digital infrastructure needs?, EC, 2024

The trio of European reports suggest spectrum policy alterations to enable increased operator investment

The White Paper finds that the financial burden placed upon mobile operators by spectrum auctions has been a hindrance to 5G investment and as a result, suggests changes to these auctions and bidding processes. The paper proposes new bidding processes which are geared towards infrastructure investment as a means of alleviating the financial burden of auctions, arguing that this would bridge the existing 5G investment gap.

Both the Letta[20] and Draghi[21] reports advocate similar approaches to the regulation of spectrum and auctions in order to solve the financial problems faced by the sector as raised in the EC's White Paper. The Letta Report suggests that the spectrum auction process be altered by reducing the ALFs for operators, aiming to enable greater investment into 5G and gigabit-capable infrastructure. If the UK took a similar approach and reduced ALFs, there could be a significant impact on operator 5G investment. The most common theme across all three reports is support for the improved coordination of member states via harmonised EU level regulation on spectrum auctions. The Draghi Report is the clearest in its demands for this coordination, seeing it as an effective route towards enabling scaled-up pan-European operators and large-scale consolidation of smaller firms – putting these larger operators in the position to invest into key infrastructure more heavily.

The Letta Report advocates new net neutrality guidance followed by a review of current open internet rules

The Letta Report also suggests a change of approach in net neutrality to aid operator investment and the continued provision of quality services. Letta discusses the problems faced by operators as a result of the EU's Open Internet Regulation, arguing that certain innovative use cases of network slicing and other practices may be deemed non-compliant under the Telecoms Single Market Regulation. The report suggests a more comprehensive review of open internet rules, with an aim of maintaining an open internet and the freedom of user choice while also enabling operators to reap the benefits of new network technologies in the likes of network slicing and specialised services. Similar reviews and moderations of net neutrality rules in the UK would likely be a welcome step change to operators.

More recently, in February 2025, the EC published its Competitiveness Compass, which takes a broader look ahead at how regulation can promote competition and growth. The Compass takes its three key pillars directly from the Draghi Report, indicating that the EC is preparing to deliver its recommendations. The EC's White Paper as well as both the Draghi and Letta reports have recognised some of the key potential solutions to the investment gap faced by mobile operators and we are now beginning to see early signs of their implementation in the EU.

[20] Much More Than a Market, Enrico Letta, 2024
[21] The future of European competitiveness, Mario Draghi, 2024

Policy levers available to Government to support investment

Despite naming growth as its top strategic and fiscal priority, and calling upon the UK's telecoms industry to help "fix the foundations" of the economy,[22] the Government has made little headway since taking office in July 2024 in supporting mobile operators' capacity to invest. The 2024 Autumn Budget and 2025 Spring Statement made no reference to 5G and included no new public funding commitments beyond the ongoing Project Gigabit and SRN.[23] Given the economic multiplier effect of high-quality mobile networks, promoting operator investment is clearly the right decision. And with the UK economy still lacklustre, time is increasingly of the essence. The Government must not hesitate and examine now the range of tools it has available to improve the investment environment and provide the right incentives for industry. We have identified eight key policy levers that can be pulled to facilitate capex on mobile infrastructure deployments, which would in turn help boost the country's productivity and competitiveness:

1. **Annual licence fees (ALFs):** Ofcom's ongoing review of ALFs for use of the 900MHz, 1800MHz and 2100MHz bands has proposed an overall reduction in the charges paid by mobile operators of £40m, a ~13% decrease on the current total of approximately £320m a year. The revised spectrum valuations put forward by Ofcom acknowledge concerns raised to it, although more should be done to maximise industry investment. These fees are channelled to the Treasury for potentially less economically productive uses than the deployment of mobile infrastructure, and could be better directed into network investment. This would align with the ambitions of the WIS and the Government's growth agenda, fostering UK competitiveness without undermining Ofcom's role in ensuring an efficient and effective use of spectrum. It is instructive that similar issues are live in other countries, including Australia where the Australian Mobile Telecommunications Association (AMTA) has urged the Government's upcoming Federal Budget to reconsider spectrum pricing policy, warning that high renewal costs for expiring licences would undermine network investment and put at risk the broader public benefit that it generates;

2. **Planning reforms:** One of the Government's main priorities since taking office has been to reform outdated planning rules to "get Britain building"

[22] Sir Chris Bryant speech at Connected Britain 2024
[23] Autumn Budget 2024, HM Treasury, 2024

to boost the economy. However, there has been a lack of attention given so far to removing barriers to mobile infrastructure deployments, with this flagship policy for growth centred instead around data centres and housing. While undoubtedly important, both will require access to mobile networks. For example, a newly built housing project must ensure coverage for those living there, while data centre operations will be significantly underpinned by mobile connectivity. The Planning and Infrastructure Bill was a promising, but ultimately missed, opportunity, with a lack of mobile infrastructure considerations. Given the UK's increasing reliance on the services provided by the mobile industry, the Government must expedite revisions to planning regulations – which typically predate the 5G era – to create conditions conducive to investment and facilitate deployments that will help extend coverage and meet rising network demands;

3. **Product Security and Telecommunications Infrastructure (PSTI) Act:** The PSTI Act received Royal Assent in December 2022, paving the way for a new security regime for smart products under Part 1 of the legislation, which came into effect in April 2024. In contrast, Part 2 of the act – which outlines changes to legislation (including to the Electronic Communications Code) that deal with the rights of operators to install, maintain, use and share telecoms infrastructure – has not yet been implemented. Part 2 of the PSTI Act contains provisions to accelerate the deployment and expansion of mobile (and gigabit-capable fixed) networks across the UK, for example relating to upgrade rights, expired agreements and dispute resolution. The Government has previously stated that it would introduce primary legislation that will make changes to the Code "as soon as parliamentary time allows".[24] That time has now come. Given an express commitment to tearing down the barriers to growth and the fact that the act is already on the statute book, the Government must take forward the remaining telecoms provisions without delay and put an end to the legal uncertainties that have arisen in the interim;

4. **Business rates holiday:** In 2017, the Government gave fixed broadband providers a 100% business rates relief on new fibre infrastructure in England and Wales for five years. In Scotland, this same relief was given from 2019 and will last until March 2034. Similarly, the previous Government made its full expensing policy permanent in November 2023, allowing fibre builders to benefit from further tax relief. Enacting similar support for mobile operators would alleviate existing financial burdens and free up extra resources for 5G investment (which could be targeted towards less economically viable areas). The implementation of a business rates holiday would not be a tax rebate to operators for which the Government would shoulder the burden, but rather a temporary financial relief to stimulate investment by the sector, as well as growth in the wider

[24] Consultation on changes to the Electronic Communications Code, DCMS, 2021

economy over the longer-term. These measures have already helped fixed providers accelerate fibre deployments and supported other major infrastructure projects, and should be further utilised to boost investment in mobile telecoms, a sector that underpins other vital aspects of the UK's digital economy;

5. **Net neutrality:** In October 2023, Ofcom revised its guidance on how net neutrality rules should apply in the UK, providing welcome additional clarity for operators to offer premium retail packages, develop 'specialised services', manage network traffic and offer 'zero-rating' in most circumstances. Notably, Ofcom also indicated agreement with several stakeholders that a principles-based approach to net neutrality, for example through codes of practice as opposed to regulation, could deliver the good outcomes it has found to date under the current regime. However, any wider legislative change, including to the regulator's powers and obligations, would be a matter for the Government. Given the significant changes in the market since net neutrality rules were implemented in 2016, there is an opportunity to explore how the UK's framework might evolve to offer greater flexibility, promote competition by supporting new commercial relationships, thereby spurring investment and innovation that would otherwise be constrained by stricter regimes, including the open internet regulation in the EU;

6. **2G retirement:** Mobile operators in the UK will soon have all switched off their 3G networks, which rely on older, less cost efficient technology. The switch-off enables operators to divert resources (e.g. spectrum, capex and opex) to the provision of faster and more reliable 4G and 5G services. Similar benefits can be realised through the retirement of 2G networks, which operators in the UK are already planning for. In light of the Government's 2033 deadline for the retirement of legacy mobile networks, it must now consider its role in supporting the process to avoid delays. For instance, it should use its convening powers to raise awareness among, and instigate dialogue with, affected industries, including telecare providers. Engaging such groups from the start would give them sufficient time to plan, which ultimately eases the country's transition to more secure and energy efficient mobile infrastructure, while avoiding consumer harm;

7. **Digital champions:** The majority of councils in the UK feel that not enough is being done to support the rollout of new telecoms infrastructure at a regional level, citing a lack of local digital infrastructure strategies, information and funding. The appointment of skilled and experienced digital champions to regional and local authorities can act as important partners in improving 5G rollouts by coordinating with industry, promoting understanding of mobile connectivity and facilitating the installation of network equipment. The Government must actively engage these authorities to appoint digital champions or at least provide further support in the rollout of mobile networks through collaboration during the planning

and deployment phases. Establishing better, more detailed local and regional plans for mobile infrastructure would increase operators' confidence to invest. Councils with specialised digital champions are four times more likely to smooth the rollout of 5G infrastructure,[25] helping to drive demand for 5G services among consumers, businesses and the public sector; and

8. **SRN funding:** The SRN has been a general success despite cost and delivery challenges, extending mobile broadband coverage to previously unconnected, remote parts of the UK. Industry is living up to its commitment to invest just over half (£532m) of the £1bn+ partnership in order to deploy the infrastructure needed to eliminate partial not-spots. However, the first publicly funded SRN site addressing a total not-spot was only switched on in November 2024, suggesting the Government has not yet invested all of the £500m it pledged in 2020. Amid competing priorities, it is crucial that the Government confirms that 'unspent' funding will remain committed to the SRN. The project is central to the improvement and proliferation of mobile connectivity throughout the country, and therefore the Government's ongoing pursuit of growth. If there is funding not spent after current objectives are met, this could be reformulated into a subsequent iteration of the project, for example focusing on filling gaps in 5G deployments. Given political pressure, any available SRN money could also play a role in delivering seamless mobile connectivity across the rail network, boosting passenger (and in turn UK) productivity.

[25] Building Mobile Britain: The Case for Digital Champions, Mobile UK, 2022

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