Digital Connectivity Forum Response to the Mobile Market Review
May 2026

About the Digital Connectivity Forum
The Digital Connectivity Forum (DCF) is the primary advisory group to the UK Government on the provision of seamless digital connectivity.

Our goal is seamless digital connectivity, empowering positive societal change and economic growth across the UK.

We are an expert advisory forum for the entire digital connectivity sector. Through collaboration, evidence-building and research, we make recommendations to Government, regulators and industry.

Further information about the DCF is available here.

Introduction
The Digital Connectivity Forum (DCF) welcomes the opportunity to respond to the Mobile Market Review. The Review is timely because mobile connectivity is now core national infrastructure: it underpins economic productivity, public service delivery, digital inclusion, transport, and the next wave of data-intensive applications.

The DCF supports the Government's effort to take a broader, forward-looking view of the mobile market. Our central message is that the UK's long-term ambitions will only be met if the policy framework gives operators, infrastructure providers and investors enough certainty, commercial headroom and stability to keep investing in high-quality networks over the next decade.

The technological and structural evolution of the mobile market over the next decade
The mobile market is entering a period of significant technological and structural change. Over the next decade, the sector will continue to evolve from a largely consumer-facing connectivity market into a much more integrated part of the UK's wider digital infrastructure, supporting cloud services, edge computing, private networks, enterprise applications and an expanding range of data-intensive use cases. That evolution will create real opportunities, but it will also place new demands on networks, investment and regulation.

The UK mobile sector has already made substantial progress in recent years. Industry has continued to expand coverage, improve performance and invest in capacity, including through collaborative programmes such as the Shared Rural Network. Operators have also committed to the next phase of network development, including the rollout of 5G standalone, which will be important in unlocking lower latency, greater flexibility and new service models. The challenge is now to build on that strong foundation and ensure the market conditions remain supportive of continued investment.

At the same time, the commercial environment remains demanding. In mature consumer markets, demand growth is relatively flat, while services have become increasingly commoditised. Price competition, the continued growth of MVNOs and the spread of unlimited tariffs can all place downward pressure on margins, making it harder to monetise network upgrades in the traditional way. That does not mean investment has stopped. Rather, it means operators are having to make increasingly difficult choices about where to direct capital, with a greater share of spend focused on maintaining existing networks, managing traffic and preserving coverage rather than on more ambitious performance-led enhancement.

This is significant because the next phase of mobile development will depend on dense, high-quality infrastructure. Technologies such as network slicing, edge-based applications and advanced enterprise services all require capable, resilient underlying networks. The same is true of new revenue opportunities such as network APIs and vertical-specific solutions. These are promising areas, but their commercial potential remains uncertain and they should not be assumed to offset current pressures on returns in the near term.

AI is another important factor in this landscape. It may improve network optimisation, automation and energy efficiency, but it will also add to demand for capacity, computing and power. The balance of these effects is still emerging, but it is clear that AI will become an increasingly important consideration for network architecture, energy use and future governance. More broadly, the trend towards a more disaggregated ecosystem, with greater specialisation across the value chain and more shared infrastructure models, may improve efficiency in some settings, but it does not by itself remove the underlying challenge of sustaining long-term investment. Indeed, Government has already recognised the strategic importance of AI through the designation of AI Growth Zones, with funding of around £160 million per zone over ten years. However, the published connectivity criteria for those zones appear to define reliability in binary terms without explicit performance thresholds. Aligning those criteria with the more outcome-based quality framework discussed later in this response would strengthen the industrial strategy case for investment.

Non-terrestrial networks, including satellite-based solutions, will also play a growing complementary role. They can extend reach, improve resilience and help serve areas where terrestrial deployment is difficult or uneconomic. They are not a substitute for terrestrial mobile networks, but they are likely to become an increasingly important part of a broader digital connectivity ecosystem. Their deployment will still depend on appropriate ground infrastructure, commercially workable models and continued attention to issues such as security, sovereignty and regulatory alignment.

Finally, the structure of the market is being reshaped by the continued growth of MVNOs and the spread of eSIM-enabled services. These developments are positive for consumer choice and flexibility, but they also change the economics of the sector by lowering switching barriers and strengthening buying power in wholesale markets. That can put further pressure on investment incentives, particularly if regulatory obligations are not aligned more closely across the value chain. The DCF therefore believes the Review should recognise both the benefits of these developments and their implications for long-term network investment.

The state of the mobile market and the government's approach to supporting the sector

The investment environment remains challenging

There is a broad consensus within DCF membership and the wider digital connectivity sector that the current investment environment is challenging. Investment is still taking place, but operators are increasingly forced to prioritise keeping networks running, maintaining coverage and managing traffic rather than making the kind of capacity and performance upgrades needed to close the UK's wider connectivity gap.

Several pressures are reinforcing one another. Real revenues are under pressure, data demand continues to rise, energy and materials costs have increased, and security and resilience obligations have become more demanding. Retail markets remain highly competitive, which is good for consumers but can make it harder to convert network quality into sustainable returns. The result is a tighter investment case, particularly for more ambitious or anticipatory upgrades. It is important, however, that the Review should look not only at cost-side pressures but also at how available capital is being deployed and whether enough of it is flowing into capacity, density and quality-led upgrades.

This is consistent with the DCF's 2022 report on the 5G investment gap, which highlighted that the UK faced a real tension between its coverage ambitions and the economics of commercial rollout. The core issue then, as now, was not simply whether networks could be built, but whether the market conditions allowed the scale and pace of investment needed to support a truly high-performing mobile environment.

In that context, the Review should be honest about trade-offs. If Government expects outcomes that go beyond what the market would otherwise fund, then it should consider how best to support delivery, whether through public funding, procurement, co-investment, demand stimulation or a better balance of obligations across the sector.

Coverage ambition should be matched by a clearer definition of quality

The DCF welcomes the shift away from viewing coverage solely as a measure of signal presence. The UK mobile sector has made significant progress in expanding coverage in recent years, supported by sustained industry investment and initiatives such as the Shared Rural Network. Mobile network operators have also demonstrated a clear commitment to the next phase of deployment, including the rollout of 5G standalone networks, which will further enhance performance and enable new use cases.

As a result, the UK now benefits from widespread geographic coverage and a strong foundation on which to build. The key challenge for the next phase is not simply extending coverage further, but ensuring that connectivity consistently meets the expectations of users and the needs of the economy.

In this context, the DCF supports Government's focus on the relationship between reported coverage and lived experience. Coverage maps remain a useful tool, but further work must be undertaken to address the credibility gap between reported coverage and the experience users have in reality. Factors such as congestion, indoor performance and local variability can shape mobile service in practice, so improving the way coverage is measured and communicated will be important in maintaining trust and ensuring that policy interventions are well targeted.

The DCF believes that "good" mobile coverage should increasingly be defined in terms of outcomes. In some contexts, this will continue to mean basic accessibility. In others, it will mean reliable capacity, low latency, strong uplink performance, or the ability to support enterprise and public sector applications. A single national measure is unlikely to reflect this diversity of need.

At the same time, greater transparency in measurement should be seen as a positive step rather than a burden. The key is to pair better information with a policy framework which allows ambition to be targeted where it delivers the greatest economic and social value, while supporting continued industry investment in network improvement.

Government can do more to stimulate demand and de-risk investment

The DCF supports stronger demand-side policy. One of the clearest ways Government can help the sector is by using procurement more strategically. Public bodies, infrastructure projects, transport operators and essential service providers can all help create anchor demand for high-quality mobile connectivity.

Stronger demand signals would help de-risk investment in advanced services. It would also help move the market beyond a narrow focus on consumer price competition and towards use cases that reward performance, resilience and quality. That is particularly important if standalone 5G is to support economic growth across sectors rather than remain an under-monetised network upgrade.

The DCF also believes there is value in looking more closely at shared delivery models. The Shared Rural Network shows that where Government and industry align on a clear objective and a practical funding approach, meaningful progress can be made. Similar approaches may be needed in other areas where the policy ambition is wider than what normal commercial incentives can support.

The market should not be asked to carry all national objectives alone

There is an important distinction between asking the sector to deliver commercially viable investment and asking it to underwrite broader national objectives. The latter may still be the right policy choice in some cases, but it should be recognised as a public policy decision rather than treated as a purely market-led outcome.

That applies particularly to ambitions around coverage in hard-to-serve areas, better in-building connectivity, transport corridors and high-demand public service locations. These are all important priorities, but they may require co-ordination, incentives or co-funding if they are to be delivered at the pace and quality the Government wants.

A regulatory framework to support investment, innovation and consumers

Regulation should support investment and reflect market reality

The DCF's view is that the regulatory framework should be stable, proportionate and future-facing. It should support investment and innovation rather than simply respond to historic market structures.

In recent years the DCF's industry member have increasingly highlighted the cumulative effect of sector-specific costs. Spectrum fees, energy costs, resilience and security obligations, planning constraints and wider compliance burdens all affect investment decisions. Any one item may be justifiable in isolation, but their combined effect can be material. Government and Ofcom should assess that burden in its totality.

This is especially important because the structure of the market has changed materially. TowerCos now provide a substantial share of the UK's physical mobile infrastructure, backed by infrastructure-fund capital with long investment horizons. That layered model was not the one around which much of the existing regulatory framework was originally designed. As a result, assessments of cumulative cost burdens and investment incentives need to look across the whole value chain, not just at MNOs in isolation, because many of the decisions that shape network build and upgrade now sit within a more dispersed infrastructure ecosystem.

Spectrum, resilience and consumer obligations need careful calibration

Spectrum policy remains central to the sector's future. The DCF supports a framework that improves spectrum efficiency, enables timely access to spectrum, and preserves a mix of licensed, shared and licence-exempt models where each can add value. Clear, predictable spectrum policy is essential for investment confidence. In particular, early clarity on future mid-band and upper mid-band spectrum availability will be critical to supporting capacity growth and the UK's long-term competitiveness in advanced mobile technologies, including 6G. Fragmentation or prolonged uncertainty in globally harmonised bands risks increasing deployment costs, delaying rollout and weakening the investment case for next-generation networks.

The same principle applies to resilience and consumer protection. Mobile networks are increasingly critical to the functioning of the economy and public services, but obligations need to be aligned with the market roles of different participants. The DCF would encourage Government to consider whether the current framework distributes obligations fairly across the entire digital connectivity value chain.

On consumer outcomes, the policy question should not be reduced to price alone. Low prices are valuable, but so are quality, capacity, reliability and resilience. The regulatory framework should protect consumers while still allowing the sector to earn the returns needed to reinvest in networks.

Net neutrality and new service models should be reviewed on an evidence-based basis

As the network becomes more software-defined and service-based, the case for revisiting aspects of net neutrality should be considered carefully and empirically. The DCF does not advocate for weakening consumer protections or open internet principles. However, there is a legitimate question about whether the current framework gives enough clarity for differentiated services, especially where these could support innovation, enterprise use cases or new forms of value creation.

The right approach is to avoid both rigid caution and premature deregulation. What is needed is evidence-based reform that gives firms the confidence to innovate while keeping the protections that consumers expect.

The UK should be open to both alignment and divergence where each is in the national interest

The DCF also notes the relevance of international developments, including on live areas of EU policy such as the Digital Networks Act. The UK should be alert to changes in European policy, but it should not assume that alignment is always the right answer. In some areas, selective divergence may create a better investment environment or a more proportionate regulatory outcome. In others, alignment may help with certainty and cross-border efficiency.

The key is to judge each issue on its merits and to ensure that the UK retains the flexibility to act quickly where reform would improve the investment climate or support innovation.

Conclusion

The Mobile Market Review is an opportunity to reset the policy framework so that it aligns ambition with delivery. The UK's mobile sector is capable of continued improvement, but only if the conditions for sustained investment are credible and stable over the long term.

The DCF's central message is that policy must move beyond a model that relies primarily on obligations placed on industry, and instead focus on enabling investment, stimulating demand, and targeting intervention where it delivers the greatest value.

In practical terms, we recommend that the Government uses the Mobile Market Review to:

- **Set a clear investment framework:** Assess the cumulative impact of spectrum costs, regulatory obligations, energy, security and resilience requirements, and ensure these are calibrated to support long-term capital investment.

- **Strengthen demand signals:** Use public procurement, infrastructure programmes and sectoral digital strategies (e.g. transport, health, local growth) to create predictable, bankable demand for high-quality mobile connectivity.
- **Refine how coverage is defined and measured:** Move towards outcome-based metrics that reflect real user experience (including indoor performance, reliability and capacity), and use these to better target policy intervention.
- **Adopt a more flexible delivery model:** Enable a mix of solutions (including neutral hosts, private networks and non-terrestrial technologies) through technology-neutral, outcome-focused regulation, and reflect the growing role of infrastructure providers across the value chain
- **Target public intervention where needed:** Where policy ambitions exceed commercial incentives, including in AI Growth Zones, rural areas, transport corridors, or public service environments, be prepared to use co-investment, funding or incentives rather than relying solely on mandates.
- **Ensure regulatory stability and future-readiness:** Provide clarity on key issues such as spectrum, net neutrality and market structure, while allowing space for innovation in new service models and revenue streams.

Taken together, these steps would help close the gap between ambition and investability identified in the DCF's previous work, and reinforced through our engagement with industry and Government.

If the Review leads to a more coherent framework which balances competition, investment and innovation, the UK will be well placed to deliver not just widespread mobile coverage, but a genuinely high-performing, resilient and future-ready mobile ecosystem.