

# Review of annual licence fees

Consultation on proposals for implementing  
revised ALFs and notice of proposal to make  
Regulations

**BT's response to Ofcom's consultation  
issued on 27 February 2025**



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**BT Group**



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# 1 Introduction

BT welcomes Ofcom's consultation<sup>1</sup> on its proposals for how MNOs pay ALFs and the associated regulations that would implement these proposals<sup>2,3</sup>.

Our responses to the consultation questions are in section 2 below.

## 2 Response to consultation questions

### **Question 1:**

***Do you agree with our proposal to permit licensees to pay ALFs in 12 monthly instalments? If not, please give reasons.***

Yes, BT agrees with Ofcom's proposal to permit licensees to pay ALFs in 12 monthly instalments.

### **Question 2:**

***Do you agree with our proposal to align the fee payment date for all the ALF spectrum (i.e. to proceed with 'Option 1' above)? If not, please give reasons.***

Prior to this consultation BT's initial preference was for Ofcom's Option 2 – i.e. retaining the existing fee payment dates of 31 October for 900/1800MHz and 4 January for 2100 MHz. As Ofcom has noted BT was concerned that the alignment of review dates could lead to small increase in costs in terms of cash outflow in a given period.

We have considered the consultation Option 1 and assessed the potential impact of the proposal, which to some extent would depend on how CPI changes during the transition period.

Our modelling suggests that additional costs of the transition could amount to about £2.6m in BT's case if inflation is assumed to be constant at around the 3% mark over the transition period, as indicated in the Table 1 below.

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<sup>1</sup> <https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-1-10-weeks/consultation-on-proposals-for-implementing-revised-alfs-and-notice-of-proposal-to-make-regulations/main-documents/consultation-on-implementation-and-regulations.pdf>

<sup>2</sup> <https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-1-10-weeks/consultation-on-proposals-for-implementing-revised-alfs-and-notice-of-proposal-to-make-regulations/main-documents/annex-6-draft-900-mhz-and-1800-mhz-regulations.pdf>

<sup>3</sup> <https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-1-10-weeks/consultation-on-proposals-for-implementing-revised-alfs-and-notice-of-proposal-to-make-regulations/main-documents/annex-7-draft-2100-mhz-regulations.pdf>

**Table 1: Projected BT fees under the two alternative payment date options**

Fee mechanics	FY26 £m	FY27 £m	FY28 £m	FY29 £m	Total £m
<b>Option 1:</b> Payment dates aligned, 12 instalments	27.1	34.6	33.0	34.0	<b>128.8</b>
<b>Option 2:</b> Existing payment dates, 12 instalments	27.2	32.0	33.0	34.0	<b>126.2</b>
<b>Cost difference (£m)</b>	<b>-0.1</b>	<b>2.6</b>	<b>0.0</b>	<b>0.1</b>	<b>2.6</b>

This calculation result looks to be less than the additional c.£7.5m across all operators mentioned in the consultation document (including accounting for the fact that BT has half of the 2100 MHz spectrum). But nevertheless it is still a material sum, and if it were not charged it would not have any negative impact on Ofcom's statutory duties and objectives in relation to setting fees to promote optimal and efficient use of spectrum. Therefore, in order to make the switch to Option 1 cost neutral, Ofcom could make a small adjustment to the one-off fee calculation for the 2100MHz fees for the period January – October 2026 to remove the extra cost that arises from the alignment of fee payment dates.

The necessary adjustment could be achieved by amending the formula that sets the one-off fee due in January 2026 in the Regulation 3 of the draft 2100MHz Fee regulations as follows:

$$X = \text{£Y} \times [\text{CPI}_t / \text{CPI}_0] \times \frac{303-273}{365}.$$

BT would then be supportive of the Option 1 and be aligned with other MNOs that prefer this option.

### **Question 3:**

***Do you agree with our proposal not to move to monthly liability for ALFs? If not, please give reasons.***

Yes, BT agrees with Ofcom's proposal not to move to monthly liability for ALFs.

### **Question 4:**

***Do you have any other comments relating to this consultation? Please provide evidence in support of your views.***

BT has no further comments.



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