

Dear Annual Licence Fees team,

Please find below the Federation of Communication Services (FCS) response to your Review of Annual Licence Fees (ALFs) consultation. As our members are not directly affected, we have not provided answers to your individual questions, but we do have a couple of important points of principle to share. I can confirm that our response is not confidential, and we are happy for it to be shown on the Ofcom website.

The FCS represents companies which provide professional communications solutions to business users. Our members deliver telecommunications services via mobile and fixed line telephony networks, broadband, satellite, wi-fi and business radio. Our members' customers range from SMEs, home-workers and micro-businesses up to the very largest private enterprises and public sector users. FCS is the largest trade organisation in the professional communications arena, representing the interests of circa 350 businesses which supply B2B services nationwide.

The FCS welcomes any proposals which reduce the cost of providing telecommunications services in the UK, so supports the overall conclusions of the consultation. Regulation should encourage the efficient use of spectrum which is an important aspect of the telecommunications market.

The reduction in ALFs apply at the MNO level and there is no requirement for the reductions to flow through the supply chain. Indeed, there is no obligation for MNOs to make available wholesale products to the complex supply chain on an equivalent or fair and reasonable basis and the FCS believes that Ofcom should address this issue when considering ALF pricing. Access to wholesale mobile services in a way that encourages competition is fundamental to a vibrant marketplace that supports UK plc growth. Regulation should actively support and encourage such competition.

It would be helpful if you could confirm receipt of our response, and we would be very happy to discuss any of the points we have made if that would be helpful.