



**Department
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Ed Richards
Chief Executive
Ofcom
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CMS 259251/asg
17th December 2014

Dear Ed

I am writing to inform you that I have today reached agreement with the MNOs on the introduction of a new binding coverage commitment. This will result in a significant improvement in mobile phone coverage and will require an incremental increase in investment from MNOs to meet the new commitment.

I am sure you will agree with me that in these circumstances it must be right to extend your current work to revise annual licence fees in accordance with previous Government directions to Ofcom.

I would expect the process to afford all interested parties a reasonable opportunity to comment on whether they consider this new commitment, taking account of the associated incremental costs incurred by the MNOs, should impact on future ALFs. I am sure you would agree with this.

I understand that the consequences of you adopting this approach would be to delay the introduction of a full new ALF regime, which I believe you consider could be in the order of 4 to 7 months from February.

I would be grateful if you could write to confirm our understanding of the position and also if you could confirm that you are content for this exchange of letters to be shared with the MNOs.

S.2A,

Rt Hon Sajid Javid MP
Secretary of State for Culture, Media and Sport



