

Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31

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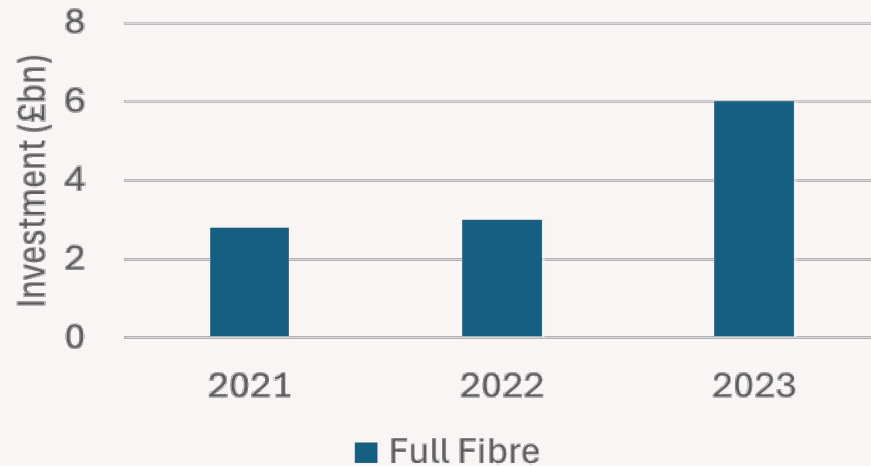
Ben Harries, Director, Networks & Communications

20 March 2025

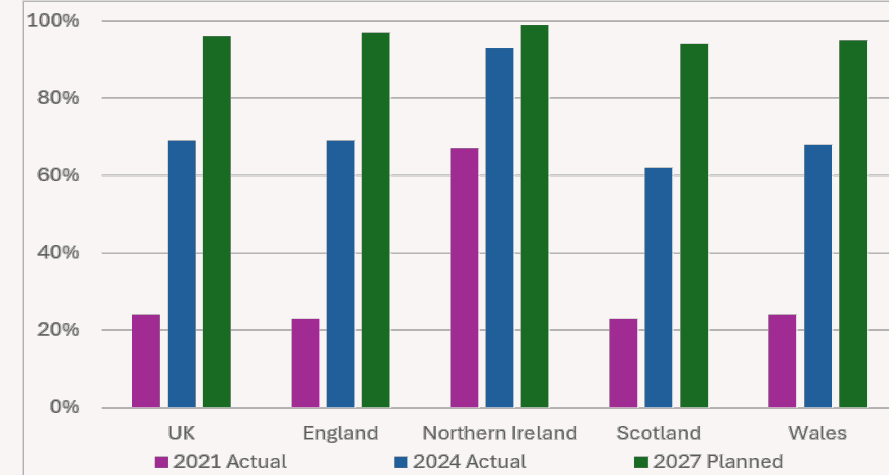


WFTMR → investment, coverage & competition

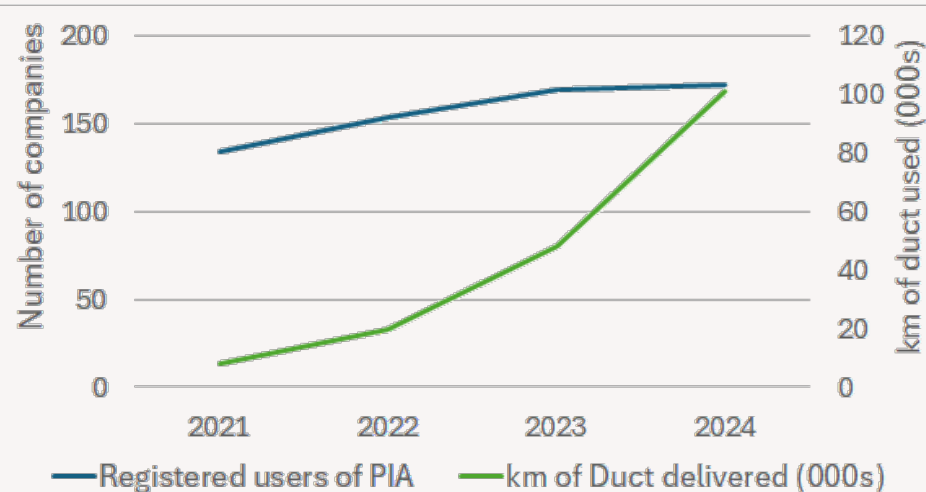
Significant investment since 2021...



...has driven significant improvements in coverage...



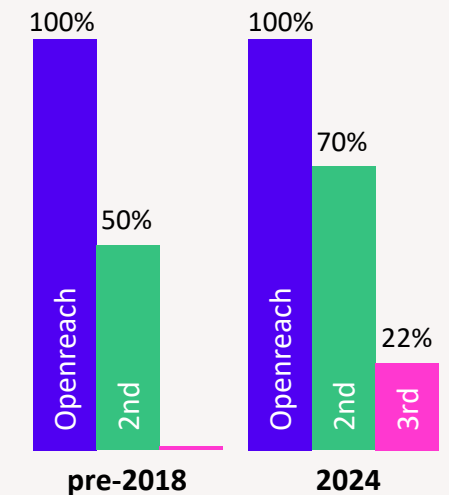
...enabled by regulation, including duct and pole access...



...and greater network choice for customers

Extent of competitive supply

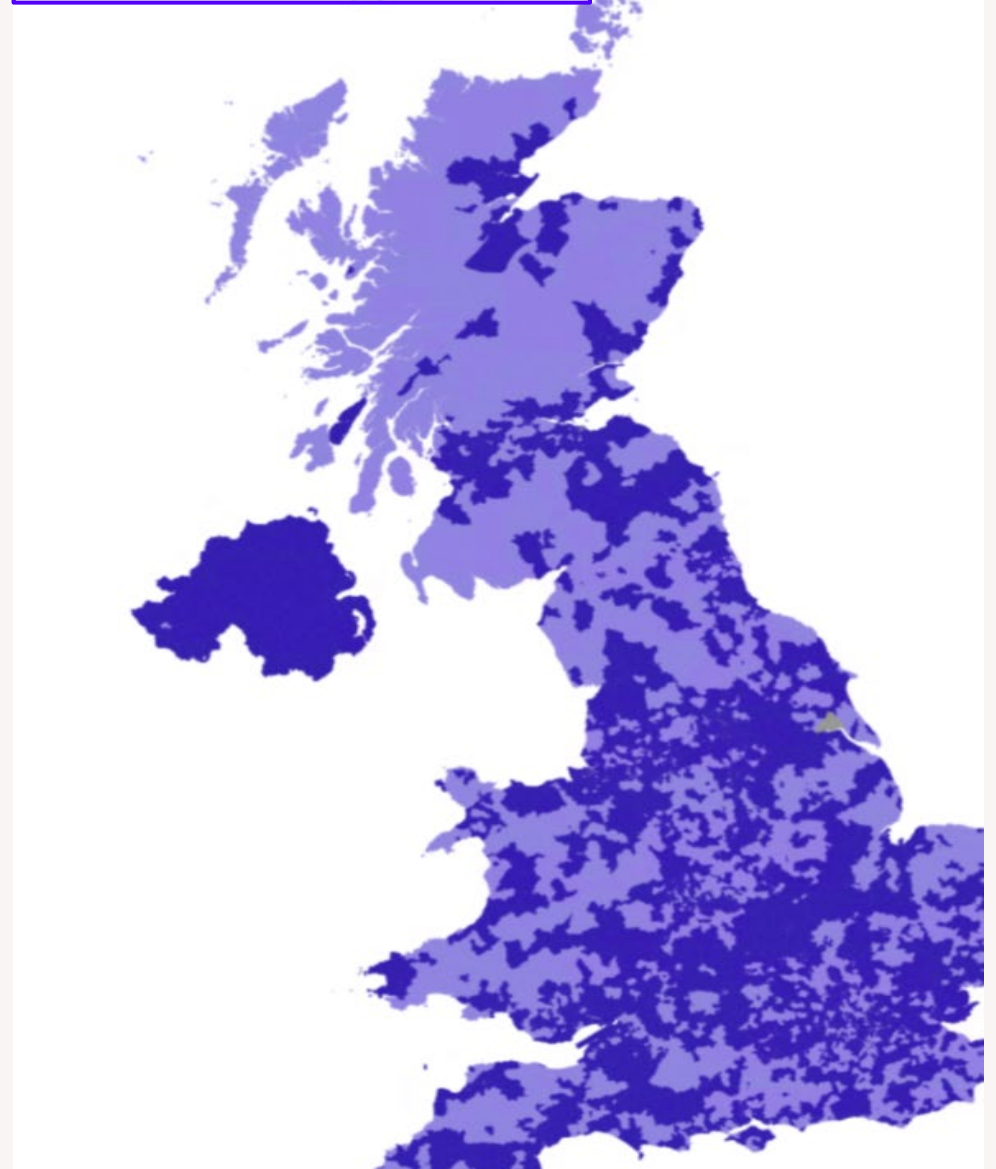
Premises with at least one alternative to Openreach	70%
Premises with at least two alternatives to Openreach	22%



But there is more to do

- ***Pro-investment, pro-competition strategy*** to continue to promote investment in network rollout across the UK; complemented by public funds in the most rural areas
- ***Competition is still developing*** and is not yet established, material and sustainable
- ***Monitor Openreach, but allow flexibility to compete***
- Fibre investment framework sits alongside ***consumer interventions*** like One Touch Switching, End of Contract Notifications and Fibre Labelling

UK postcode sectors where majority of homes have access to full fibre



Source: Ofcom analysis of providers data. Contains Ordnance Survey data © Crown copyright and database right 2024. Contains Royal Mail data © Royal Mail copyright and database right 2024. Contains National Statistics data © Crown copyright and database right 2024

Certainty, consistency and stability

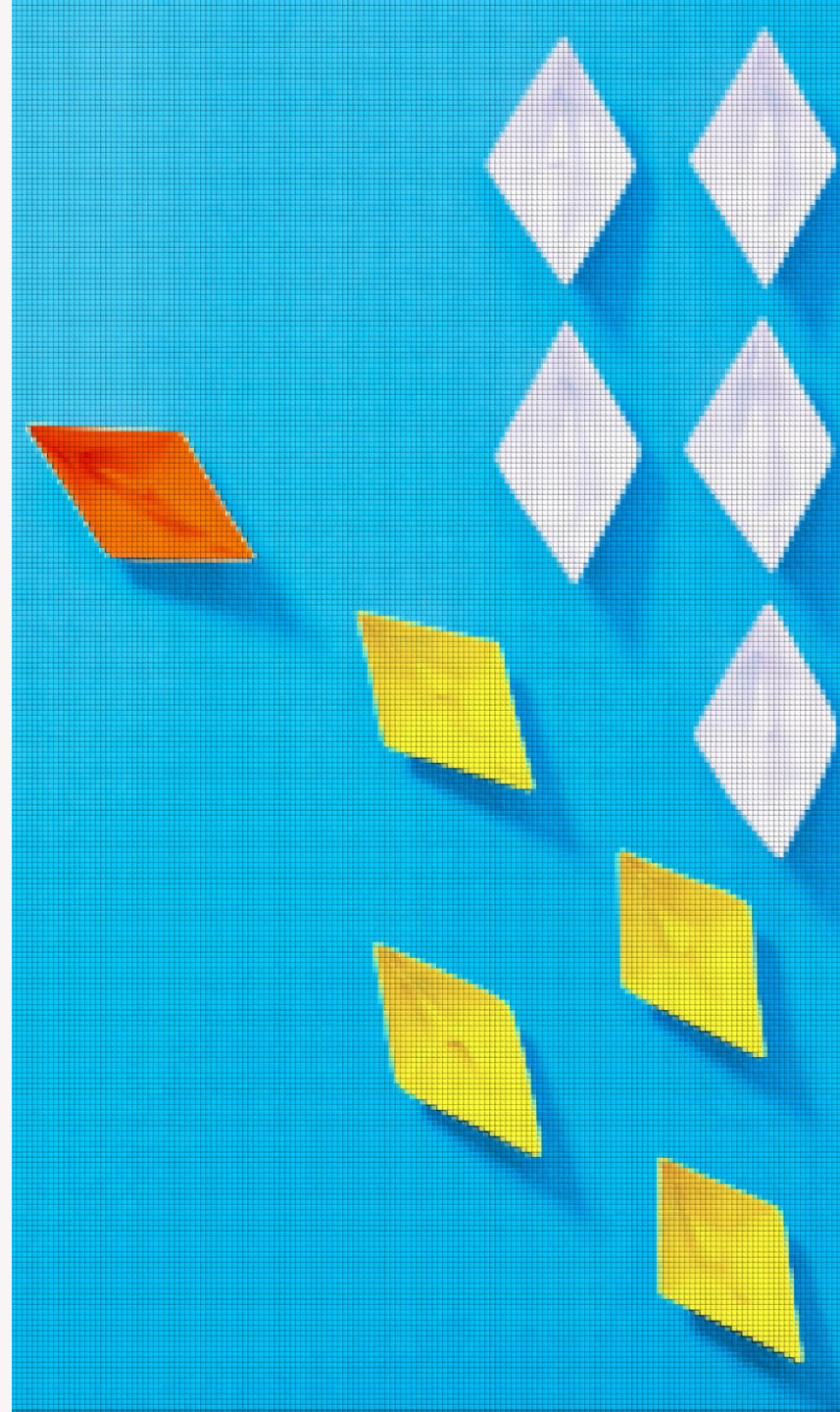
		Retained from 2021?	Updates in proposals
Duct & pole access	<i>Unrestricted access at cost based prices</i>	✓	Cost based prices updated based on new data and analysis of fair shares
Geographically targeted regulation	<i>No areas are effectively competitive allowing us to remove regulation (Area 1)</i>	✓	No change
	<i>Define separate Area 2 and Area 3.</i>	✓	Area 2 increased from 70% to 90%
Pricing continuity	<i>No cost-based broadband prices</i>	✓	No change
	<i>Inflation-adjusted anchor pricing</i>	✓	Move anchor from 40/10 to 80/20 product based on market evidence
	<i>Pricing flexibility on higher speeds</i>	✓	No change
	<i>Premium on 80/20 FTTP versus legacy 80/20 service</i>	✓	Premium based on market evidence
Fair wholesale pricing	<i>Prohibition on discriminatory geographic prices (subject to consent mechanism)</i>	✓	Include connection charges Only apply in Area 2
	<i>Notification of commercial terms that could deter use of alternative networks</i>	✓	120 days notice. New guidance on terms seeking to accelerate migration to fibre
Copper retirement	<i>Progressively shift regulation from copper to fibre services</i>	✓	Consulting in relation to excluding premises for Openreach to achieve Second Threshold

Certainty, consistency and stability

		Retained from 2021?	Updates in proposals
Leased Lines	<i>3 regulated geographic markets – High Network Reach, Area 2, Area 3</i>	✓	Larger HNR Area; Area 2/Area 3 boundary not aligned to broadband
	<i>Pricing flexibility in High Network Reach area</i>	✓	No change
	<i>Dark fibre available at cost based prices in Area 3 only</i>	✓	No change
	<i>No cost based prices for active services in Area 2. Inflation-adjusted prices across all services.</i>	✓	No change
	<i>Low bandwidth active services in Area 3 priced at cost; high bandwidth active services with inflation-adjusted prices</i>	CHANGE	Cost based pricing on low bandwidth services
Inter-exchange services	<i>De-regulate where BT faces 2 or more competitors</i>	✓	No change
	<i>Dark fibre available at cost; active services with inflation-adjusted prices</i>	CHANGE	Dark fibre previously only available at exchanges where no nearby competitors
Quality Of Service	<i>QoS standards on legacy copper services</i>	✓	No change to standards; change in how performance assessed
	<i>QoS on full fibre services</i>	CHANGE	New backstop standards in Area 3 only
	<i>QoS on leased lines services (inc. dark fibre in Area 3)</i>	✓	No change

Future regulation

- By 2031, cost-based controls not applied for **10 years**
- Where effective competition emerges → **deregulate**
- Where ongoing investment and evolving competition → **regulate to support this**, while ensuring consumers continue to be protected
- If not, then examine market outcomes → **light touch regulation may be appropriate**
- If did need to apply cost-based prices → **honour the fair bet**
- **Opportunity for returns above cost of capital** over whole full-fibre investment cycle



Conclusion

- The UK fibre investment story has been a ***success – investment, coverage, competition***
- At the half-way point there is more to be done to ***establish material & sustainable competition***
- ***Sticking to pro-investment, pro-competition strategy*** → more coverage, increased take-up
- Proposing some updates while maintaining ***consistency and stability in regulation***
- Clear and compelling investment case
- ***For challengers:*** access to ***ducts and poles, pricing decisions*** and ***retained restrictions*** on Openreach
- ***For BT:*** flexibility to compete; clear path to ***honour fair bet*** → opportunity for ***returns > cost of capital***
- ***Key safeguards:*** anchor product, monitoring of Openreach and quality of service provisions
- Future approach (>2031) depends on market outcomes – ***light touch regulation may be appropriate***
- Where effective competition emerges, ***there will be no need for Ofcom to regulate***