

Openreach's response to Ofcom's Consultation:

Promoting competition and
investment in fibre networks:
Telecoms Access Review



openreach

Foreword

- On 20 March 2025, Ofcom published its consultation document Promoting competition and investment in fibre networks: Telecoms Access Review (TAR) 2026-31 (the Consultation).

- This response is provided by Openreach Limited - a wholly owned subsidiary of BT Group Plc.

- We are the UK's largest wholesale broadband network provider. We build and maintain an open network that is used by more than 680 Communications Providers (CPs), so they can offer broadband, phone, and TV packages to homes and businesses all over the UK.

- Our network is made up of nearly 270 million kilometres of fibre optic cables and copper wires. To maintain and grow a network of this scale requires an exceptional team, and our 22,000 field engineers work around the clock, in all kinds of weather and in every community. Last year they completed around nine million engineering jobs, installing and maintaining the equipment that provides fast, reliable broadband to millions of people. Our work often involves liaising closely with local councils, highways agencies, energy suppliers and landowners, to solve complex engineering and logistical problems.

Chapter 01

An infrastructure success story



An infrastructure success story

Realising the UK's Full Fibre future will require adjustments to Ofcom's proposals

The fixed telecoms sector is a UK infrastructure success story

Ofcom's 2021 Wholesale Fixed Telecoms Market Review (WFTMR) framework is driving the country towards a competitive, Full Fibre future. It has unlocked a wealth of competitive private sector investment, unlike most other regulated sectors. This investment is a vital underpin to the economic growth the UK so desperately needs.

Research commissioned by Openreach from Stantec and CEBR confirms overwhelmingly positive impacts of our Full Fibre roll-out, supporting the government's growth mission. Taken together, the productivity and workforce boosts to Gross Value Added will total £66 billion per year by 2029 and £73 billion per year by 2034.¹ As Sir Chris Bryant, the Minister for Data Protection and Telecommunications recently said, "there is no route to growth without digital infrastructure."²

¹ [£66 billion broadband boost predicted for the UK Economy](#)

² [Sir Chris Bryant speech at TMT World Congress 2025 - GOV.UK](#)



More than seven in every ten UK customers are able to order Full Fibre broadband: Openreach has made this life-changing technology available to more than 18.5 million homes and businesses and the combined effort of Altnets such as CityFibre, Netomnia/brsk, Hyperoptic and Community Fibre – all using Openreach’s passive duct and pole infrastructure – has reached more than 17 million homes. Virgin Media O2 (VMO2) has also extended its network – offering broadband over a combination of Full Fibre and ultrafast-capable cable – to reach 18.3 million premises.

In two years’ time, Ofcom expects 95% of the UK to have Full Fibre access as networks expand and VMO2 upgrades its cable infrastructure. By the end of the decade, a combination of commercial and publicly subsidised builds will move the UK closer to universal Full Fibre coverage.

All of this has been achieved thanks to a stable public policy and regulatory environment that’s given encouragement and long-term certainty to investors – as well as a level-playing field for fair competition. But the job is not yet done. And there’s a risk it won’t be.

At a time of significant economic volatility, market players face big strategic decisions about technology choices, innovation, expansion, consolidation and diversification. Massive investment is still needed to complete the build and connect customers. So, continuity and consistency with Ofcom’s 2021 regulatory approach is key.

Ofcom’s strategic focus on delivering a competitive, Full Fibre future for the UK remains right, but this means it’s vital that the TAR progressively rolls back regulation in the market reflecting the scale of competition that has emerged since 2021.

Chapter 02

Encouraging elements



Encouraging elements

There's much to applaud in Ofcom's TAR proposals.

The regulator has resisted dangerous calls to radically change the way it mandates access to our ducts and poles. It has also rejected demands from some Altnets to establish price floors on our Full Fibre services and, in many areas, has maintained its 'pricing continuity' focussed on ensuring prices of key wholesale inputs remain flat in real terms through this period of transition to a competitive, Full Fibre future.



Chapter 03

Significant concerns



Significant concerns

Ofcom has proposed two major departures from its 2021 approach that raise significant concerns:

- Effectively 'calling time' on competition in the leased lines market by taking a radically different approach to assessing the scope for future competition than was taken in the 2021 WFTMR or than Ofcom is taking in the Wholesale Local Access (WLA) market. It then proposes a return to cost-based price controls for active leased lines in almost half of the UK. This is despite clear evidence that the Full Fibre networks that have and will be built over a much wider area can deliver competing leased lines services.
- Failing to reflect the strength of competition in the supply of WLA services in geographic areas where competition has evidently emerged and is strengthening in real time as wholesale Altnets like CityFibre and retail Altnets like Hyperoptic and Community Fibre grow take-up and win lines from Openreach. This results in Ofcom failing to roll back any regulation in the TAR or provide any clear route to roll back regulation before 2031. Instead, Ofcom proposes to extend constraints on Openreach's commercial activity for the full five-year review period in a way that will prevent us from competing fairly on the merits with expanding rivals in the provision of broadband services, in the areas where they have built.

This impact can easily be avoided. Ofcom's objective is to ensure pricing continuity for 80Mb FTTC services over the TAR period and we intend to extend existing contractual arrangements on the supply and price of these services until 2031 to achieve this aim and avoid the need for regulatory intervention.

We provide a report from NERA alongside our response to the TAR which, among other things, sets out why the TAR "does not deliver on Ofcom's 10-year strategy to boost competition and investment" in which adjusting regulation to reflect the growth in competition was a key feature. NERA explains that Ofcom's analysis is too cautious in its forward look and that Ofcom adopts a "wait and see" approach in many areas when faced with opportunities to roll back rather than increase regulation.

Departing from the 2021 approach will undermine investor confidence in the regulatory framework and Ofcom's stated regulatory strategy of promoting investment and competition. Ofcom's proposals will actively disincentivise investment and competition, diluting choice for consumers and slowing the adoption of Full Fibre services. This will put at risk the Government's growth mission.

Chapter 04

Our proposed way forward



Our proposed way forward

In this document, we offer comprehensive evidence and analysis explaining where and why we think Ofcom's approach is misguided.

This covers the issues above and several other important areas where changes are needed in the final Statement. We also highlight where Ofcom has got things right and for which stability is key.



Our proposed way forward

We recommend that Ofcom makes the following key changes to its TAR proposals:

- **In leased lines markets, Ofcom should:**
 - i. define a significantly larger potentially competitive Area 2, consistent with the approach it proposes to take for WLA services; and
- **In WLA markets, Ofcom should:**
 - ii. Revisit and adjust its forward-looking assessment of competition for WLA services to identify Area 1s where Significant Market Power (SMP) should be removed and define a separate geographic market for any areas where VMO2 is present;
 - iii. Remove restrictions on Openreach's ability to compete on the merits in geographic markets where competitive dynamics are strong and will strengthen over the TAR period;
 - iv. Take a dynamic approach to rolling back regulation over the TAR period as competition develops through additional rollout, increased wholesaling and/or industry consolidation;
- Go further in supporting copper retirement by adapting supply obligations on copper services. Ofcom's summer consultation must set a clearer framework for supporting migrations to Full Fibre networks wherever they're available.
- Correct identified errors and analytical flaws underpinning Ofcom's proposals for Physical Infrastructure Access (PIA) lead-in prices
- Correct identified errors and analytical flaws underpinning Ofcom's proposals for Full Fibre Quality of Service (QoS) standards in Area 3.



We set out evidence in support of our position and we welcome the opportunity for further engagement with Ofcom during this consultation phase.

Mark Shurmer
MD Regulation

Openreach
12 June 2025

Chapter 05

Executive summary



Executive summary

Ofcom's current approach is working

- The Digital Communications Review (DCR) of 2015-17 resulted in a significant strategic shift in Ofcom's approach to regulating fixed network access in the UK.
- Ofcom set a clear strategic objective: to drive the availability of ultrafast-capable networks across the UK. This culminated in the bold, radical, pro-competition and pro-investment approach that Ofcom took in its 2021 WFTMR.³

³ [Statement: Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26 - Ofcom](#)

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- The WFTMR stepped away from traditional cost-based regulation of Openreach's existing legacy services, which failed to support risky investments with long paybacks. The focus was on supporting efficient competition in networks and creating the best conditions to invest through:
 - i. fair access to Openreach's physical infrastructure;
 - ii. limiting Openreach price controls to CPI-indexed caps on legacy anchor services;
 - iii. specific rules to oversee commercial behaviour by Openreach which could have the effect of deterring Altnet build during a period where competition was nascent; and
 - iv. providing assurances on longer-term stability and certainty around the role of regulation⁴ including in relation to the fair bet.
- Ofcom's ambition for the WFTMR was clear: with the right regulatory framework offering clarity and stability for investors, there could be a 'decade of investment' in competing multi-service Full Fibre networks that would deliver the UK's long term connectivity requirements for residential and business customers.⁵

⁴ Moving to a 5-year review cycle but signalling an expectation of stability for a decade; supporting progress to copper retirement as FTTP was deployed.

⁵ Openreach broadly supported Ofcom's WFTMR 2021 decision, noting that it was intended as a package of measures. We had, however, some concerns including that Ofcom went too far in constraining our ability to fairly compete.

Executive summary

The success of the WFTMR framework is clear

- The latest data shows that 74% of UK premises have access to a Full Fibre network today,⁶ with choice growing in all geographic areas including those considered unlikely to see competition in the 2021 WFTMR.
- Ofcom states in the TAR that Full Fibre availability could reach 95% by January 2028,⁷ and that 85% of premises could have a choice of network provider by 2030, with further commercial and publicly subsidised build meaning very few areas will be 'Openreach only' in the long run.
- Ofcom notes that "This level of build exceeds what we expected in 2021".⁸
- Take-up of Full Fibre services, where available, has grown to around 35%⁹ - with Ofcom's analysis showing the strong consumer outcomes resulting from competitive prices for faster connectivity.¹⁰

⁶ [Connected Nations update: Spring 2025 - Ofcom](#)

⁷ [Connected Nations - Planned Network Deployments 2025 - Ofcom](#)

⁸ TAR Vol 1 para 1.5

⁹ Table 2.3 [Connected Nations UK report 2024](#)

¹⁰ See, for instance, TAR Vol 2 Figures 2.5 and 2.6 tracking retail prices since 2021

Executive summary

Openreach has been central to this success

- Access to our PLA products on non-discriminatory terms and at low prices to over 160 Altnets has been the bedrock of cumulative Altnet build reaching 17m homes to date and VMO2 expanding its coverage through its nexfibre joint venture to 18.3m homes.
- Our own Full Fibre build has reached more than 18.5m premises across all parts of the UK and we're already building at the fastest pace ever seen in Europe, with plans to go faster still in the current financial year adding up to 5m additional homes by March 2026.¹¹
- Openreach is on track to beat its target of reaching 25m homes by the end of 2026¹² and we won't stop there. We'll reach as many as 30m homes by 2030 with the right regulatory and investment conditions.
- We've driven take-up of Full Fibre services by working with our wholesale customers to offer fair and competitive terms for higher bandwidth Full Fibre speed connections relative to regulated legacy anchors via our Equinox offers that have shifted the broadband acquisition market to Full Fibre propositions where available and provides the basis for our offering technology upgrades.

¹¹ [Results for the full year to 31 March 2025](#)

¹² [Results for the full year to 31 March 2025](#)

Executive summary

Competition across the UK is delivering strong choice for UK consumers and businesses

- VMO2 is a long-established and successful retail provider of ultrafast broadband services and is currently engaged in expanding and upgrading their network and with ambitions to provide wholesale access to a potential customer base of more than 20m homes.
- Altnet entrants are taking market share from Openreach, both directly at the wholesale level and indirectly through competing at the retail level and winning business from Openreach's Internet Service Providers (ISPs). Openreach saw net line losses of over 800,000 lines in the year to March 2025, and many Altnets reported strong take-up, particularly on their oldest cohorts of build. For instance, Community Fibre with a footprint covering 1.3m homes is reporting take-up of 25%¹³ on the back of discounted offers in the market.
- Our major external wholesale customers are now multi-sourcing their supply, with CityFibre securing wholesale supply arrangements with all major external ISPs to allow it to supply retail broadband offerings to its installed Full Fibre footprint of 4.1 million¹⁴. Since Ofcom published the TAR consultation, we are aware that Sky has begun placing new end customer broadband orders with CityFibre in their footprint rather than with Openreach.
- Increased consolidation and innovation across the Altnet sector will further strengthen competitive dynamics over the period to 2031. Full Fibre networks can deliver a wide range of connectivity services to UK end customers and businesses, and there will be ever-increasing convergence in competitive conditions for all customer solutions.

¹⁴ 4.1m Ready for Service FTTP homes (4.3m homes passed) [CityFibre delivers first full year of profitability, with... | CityFibre](#)

Executive summary

Continuity of Ofcom's regulatory approach in the TAR is vital to completing the job this decade

- Progress towards the Full Fibre future under the 'decade of investment' is well ahead of reasonable expectations in 2021. But the job is not done, and we share Ofcom's ambition for the TAR to propel the UK to the final phase of the Full Fibre revolution.
- In this, we also agree with Ofcom that maintaining stability and clarity in the regulatory approach is vital in further boosting investment and competition. Regulatory rules set in the WFTMR should be reviewed and adjusted in the TAR to reflect the significant developments seen in the market, but there should be no shift in the core principles and policy framework established in 2021 that have underpinned progress to date. To do otherwise will not only have specific and direct effects on the market and industry decisions but will also undermine investor confidence about the longer-term direction of regulation, potentially leading to a loss in innovation and customer choice, to the detriment of the end customer.
- Continuity of Ofcom's WFTMR approach will allow the market to play out and finish the job of building Full Fibre networks as widely as possible, and competing on price and service to connect customers to the connectivity services they need and demand. And strengthening market dynamics will drive growth in the digital economy over the long term to the benefit of the UK.

Executive summary

There is much we like about Ofcom's initial TAR proposals...

- We welcome many aspects of Ofcom's assessment and specific proposals in the TAR consultation. In particular, Ofcom:
 - i. Resists calls from some Altnets to radically change the approach to PIA regulation to require supply on Equivalence of Inputs (EOI) terms – which would be an unnecessary distraction and raise significant costs - and to significantly cut PIA charges – which would send inefficient entry signals, when PIA charges are already clearly below cost.
 - ii. Maintains the pricing continuity approach aimed at keeping prices of key wholesale inputs flat in real terms in most markets where SMP is found.
 - iii. Resists calls from some Altnets for new constraints to establish price floors on Openreach services and limit the frequency of price changes and the ability to introduce offers, both of which would lead to higher prices for consumers and businesses, and shield inefficient entry.
 - iv. Re-states in-principle support for copper retirement and the importance of limiting the costs of parallel running and provides additional in-principle support for Openreach's exchange exit plans, signalling that progress should not be delayed by unresponsive customers.
 - v. Simplifies existing QoS standards on copper services to reflect the significant reductions in provision and repair volumes as services migrate to Full Fibre.
 - vi. Provides additional assurances about its longer-term regulatory approach including with regard to the application of the fair bet.

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... but there are two fundamental changes proposed to Ofcom's 2021 approach that would undermine achievement of Ofcom's stated objectives

- Despite Ofcom's stated ambition of providing stability and clarity for the market, we are concerned that two central parts of the TAR proposals would, in fact, represent fundamental shifts away from Ofcom's 2021 policy approach. That is:
 - i. Ofcom proposes to change its approach to identifying the scope for potential competition to emerge in the supply of leased lines;
 - ii. Despite the growth in deployment of Full Fibre networks capable of supplying all forms of network access services to residential and business customers, Ofcom now sees significantly less scope for competition in leased lines services than in 2021 and is proposing to include almost half of UK postcode sectors in the 'non-competitive' Area 3;
- On the back of this, Ofcom is proposing a premature return to cost-based prices for Openreach active leased lines services and increased obligations to supply dark fibre. This will blunt incentives to invest and reduce market entry;
- These proposals would devalue all investments in the ground and deter further investment and innovation, contrary to Ofcom's strategic objective.

- Ofcom proposes to tighten regulatory restrictions on Openreach's supply of WLA despite the clear growth in competition since 2021:
 - i. There are no areas – even the 22% of postcode sectors where Ofcom identifies that there are two rival networks to Openreach in place and clear evidence of strong competitive dynamics – that Ofcom finds effectively competitive and that are therefore deregulated;
 - ii. Ofcom provisionally concludes that competitive conditions across a widely-defined Area 2, covering 90% of UK homes, are sufficiently homogenous such that it proposes to apply the same remedies in all geographic areas despite wide variances in current network presence and trends in market shares;
 - iii. Ofcom provides no route for any regulatory rules to be rolled back in the next five years as competition further strengthens;
 - iv. The proposed increased commercial restrictions on geographic pricing within the proposed wide Area 2 (including connection as well as rental prices) and on the introduction of terms conditional on the volume or mix of services purchased will significantly limit Openreach's ability to respond reasonably and proportionately to competitive challenges from individual Altnets at the wholesale or retail level, for instance by offering efficient localised discounting or terms that support increased adoption of Full Fibre services to our wholesale customers.
- The consequence of Ofcom's proposals would be to protect individual Altnet business cases from competition to allow them to grow take-up faster at Openreach's expense, but this means consumers experiencing higher prices to deliver higher returns to private investors. This amounts to protecting competitors not competition and is against Ofcom's stated aims.
- In a world where more competition has emerged than expected, it seems odd that Ofcom feels the need to layer on more regulatory constraints. It is also very difficult to see how such increased regulation is necessary. To the contrary, the increased competition suggests that it might not be necessary to maintain all of the existing regulation on Openreach.
- Against that background, in this response we set out why we believe Ofcom has erred in its overall approach to defining geographic markets, assessing competitive conditions, identifying competition concerns and proposing remedies across WLA, Leased Lines Access (LLA) and Inter-Exchange Connectivity (IEC).
- We also submitted to Ofcom a report from David Matthew at NERA where he sets out the reasons that the TAR "does not deliver on Ofcom's 10-year strategy to boost competition and investment" by failing to reflect the significant developments in competition across WLA and LLA markets.

- We put forward an alternative approach that would:
 - i. Align LLA Area 3 to cover the same postcode sectors as WLA Area 3 and retain CPI-indexation of active leased lines across the UK until 2031 to ensure stability in the framework and maintain investor confidence;
 - ii. Properly assess forward-looking competitive dynamics in the proposed WLA Area 2 and identify:
 - a. Area 1s where at least two rivals to Openreach are present and where Ofcom has failed to capture the higher strength of competitive constraints compared to other parts of Area 2; and
 - b. VM02 overbuild areas as a separate geographic market (where not captured in Area 1s) on the basis that competitive conditions are clearly different;
 - iii. Apply proportionate remedies in defined geographic markets where SMP is found. Specifically, Ofcom should allow Openreach to compete on the merits with competitors in WLA markets by removing geographic and other pricing restrictions that are no longer proportionate remedies given the scale of Altnet competition and forward-looking competitive dynamics;
 - iv. Ensure remedies do not themselves hinder the competitive process, such as where obligations to publish a reference offer adversely affect the dynamics of LLA bidding markets;
 - v. Not create inefficiencies, such as the unjustified proposal to increase the number of exchanges where DFX applies in the IEC market;
 - vi. Take a dynamic approach to defining markets, assessing SMP and adjusting/removing remedies that allows Ofcom to capture changes in market dynamics over the period of the TAR to ensure regulation is rolled back at an appropriate pace.

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Ofcom should go further in supporting copper retirement and a clear path to exchange exit

- Ofcom plans a further consultation on copper retirement rules in the summer: we welcome this and call on Ofcom to adopt a bolder approach on this that will roll back obligations on the supply of copper services wherever Full Fibre is available.
- We also need to continue to work closely with Ofcom and industry to ensure progress to closing the initial set of exchanges can be made before the end of the decade. Exiting the first 108 exchanges is increasingly time-critical if we are to fully realise the cost efficiencies and benefits for end customers. We need to exit all these exchanges by December 2030.
- We therefore welcome Ofcom's openness to look at new approaches both for exchange exit and copper retirement.

Executive summary

Ofcom should correct errors in its analysis and revisit its proposals to change PLA lead-in prices and introduce QoS standards in Area 3

- Finally, we ask Ofcom to review the data and analysis it has relied upon to support proposals to set regulations in two important areas:
 - i. Proposals to significantly **reduce lead-in prices for ducts and poles** are based on methodological errors and unevidenced assumptions.
 - ii. Proposals to introduce **QoS standards for FTTP provision and repair in Area 3** are based on a flawed understanding of why Openreach's FTTP service performance is lower in Area 3 than in Area 2. Ofcom's proposals are therefore neither justified nor proportionate.
- Of course, completing the job and moving the UK towards universal availability of ultrafast connectivity services is not just about the regulatory framework. Targeted public funding will be needed, as will clearer support for network builders to access premises to install Full Fibre connections where network is available. There should also be wider access to the passive infrastructure of VMO2 and Altnets where no alternatives are available, to enable efficient deployment of Full Fibre in all parts of the UK and to the benefit of end customers everywhere.

We look forward to engaging constructively with Ofcom on all our concerns during this important consultation phase.



Thank you