

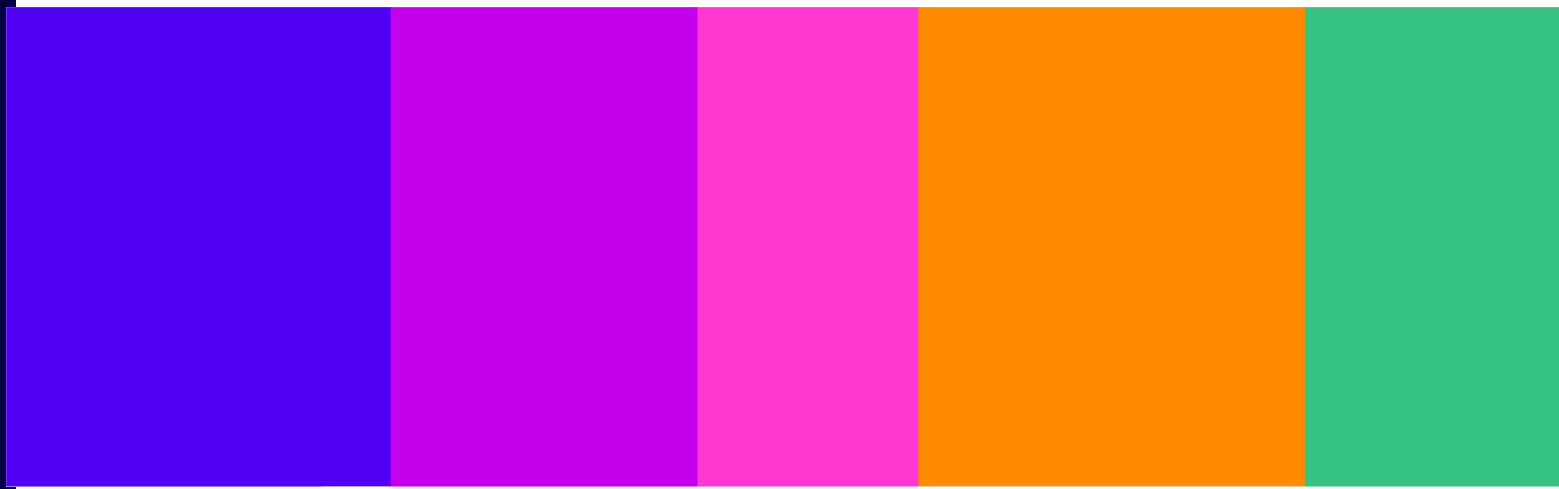


# Telecoms Access Review 2026

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Starting work on the 2026-2031 review

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# 1. Overview

This document sets out Ofcom's approach and timetable for the Telecoms Access Review 2026 (TAR 2026) – which will replace the regulation that applies to fixed telecoms markets, set by the Wholesale Fixed Telecoms Market Review 2021 (WFTMR). The regulation underpins broadband and business connections, and the connections used by communications providers, including mobile operators, to support their services. The review is designed to promote competition and investment in gigabit-capable networks – the future-proof infrastructure that delivers faster, better broadband to people across the UK.

Our decisions to date have incentivised and supported significant investment. Since 2021, Openreach and many other companies have continued to invest in new gigabit-capable networks. Gigabit-capable broadband is now available to 23.2 million homes (78% of the UK) and more than 17.1 million homes (57% of the UK) can now access full-fibre broadband. Operators' plans for network deployment over the next three years remain significant.

Ofcom will continue with the same underlying objectives of incentivising investment and promoting network competition. We consider that the long-term nature of network investments requires certainty and stability of regulation. We recognised this in 2021 and therefore set expectations about future regulation, which stands as the starting point for this review. While the previous review set out a 10 year overarching strategy, the market review process requires us to review the relevant markets taking account of recent and prospective market developments.

We recognise the huge strides made by the industry in rolling out full-fibre networks, but we also recognise the challenges facing companies deploying these networks. A key focus of this review will be our approach to promoting network competition. In particular, we want to see network competition continue to develop where this is sustainable and where it delivers benefits to consumers.

We also want to continue to promote efficient commercial deployments to further extend coverage in the remaining, harder to reach areas. Our regulation complements public funding programmes that we expect will remain a prominent feature of fibre rollout in the next review.

# 2. WFTMR 2021

## Our strategy and overall approach

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- 2.1 Ofcom’s strategy in the Wholesale Fixed Telecoms Market Review 2021 (WFTMR) was to promote investment in gigabit-capable networks by BT (via Openreach) and other companies in order to promote network-based competition. We wanted to encourage BT’s competitors to build their own networks, rather than relying on network access from Openreach. In areas of the UK where there was unlikely to be material and sustainable competition to Openreach in the commercial deployment of competing networks, we wanted to promote investment by Openreach. We also recognised the need to protect consumers’ interests, including in relation to pricing and quality of service, in the period while network competition developed and in areas of the UK where network competition was unlikely to be viable.
- 2.2 The WFTMR, published in March 2021, set the regulatory rules for a period of 5 years to address various issues within markets where BT was found to hold a position of significant market power (SMP), with the aim of promoting investment and network competition in gigabit-capable networks in line with our strategy.<sup>1</sup> The regulation is forward-looking (‘ex ante’) in nature, rather than relying on retrospective ‘ex post’ competition law to address concerns arising from identified conduct.
- 2.3 In the WFTMR, we imposed remedies in the following markets:<sup>2</sup>
- Wholesale access to physical infrastructure;
  - Wholesale local access (WLA);
  - Leased lines access (LL Access); and
  - Inter-exchange connectivity (IEC).
- 2.4 Under s.84A of the Communications Act 2023, Ofcom is required to review its market analyses and SMP determinations within 5 years and we are therefore starting our next review that will conclude by March 2026.

## Our approach to remedies in the WFTMR

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- 2.5 In the WFTMR, our upstream remedy was to require Openreach to provide access to its physical infrastructure - its ducts and poles - in all areas of the UK (excluding the Hull Area<sup>3</sup>). We considered that this remedy would promote competition and investment in gigabit-capable networks, as it reduces the cost and increases the speed of network rollout by Openreach’s competitors.

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<sup>1</sup> Ofcom, 2021. [Statement: Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26.](#)

<sup>2</sup> We identified a national geographic market for physical infrastructure. For each of WLA, LL Access and IEC, we identified sub-national geographic markets in which the conditions of competition are different.

<sup>3</sup> KCOM is the incumbent provider in the Hull Area. We reviewed the relevant markets in the Hull Area in a separate market review.

- 2.6 The remedies we imposed downstream of duct and pole access also sought to promote competition and investment in gigabit-capable networks. In all areas, we prevented Openreach from using wholesale pricing structures to deter new network build by competing network operators by prohibiting certain geographic discounts and requiring it to be transparent about other commercial terms that may distort competition (allowing Ofcom to assess those deals before they take effect).
- 2.7 We recognised that network competition would not develop uniformly across the UK. Therefore, we adopted a regulatory approach to remedies that reflected how we expected network competition to develop in different geographic areas. Specifically, for markets downstream of physical infrastructure, we differentiated between places where material and sustainable network competition was viable, and places where we considered such competition was unlikely to emerge.<sup>4</sup>

## Approach in areas with the potential for material and sustainable network competition

- 2.8 In areas where we considered there to be the potential for material and sustainable competition to develop (which we called Area 2), our objective was to promote competition and investment in gigabit-capable networks by Openreach and other telecoms providers. Our view was that in the long term, effective network competition could emerge in some areas, which would provide increasing protection for consumers.
- 2.9 However, this would take time and so we sought to protect consumers and existing models of downstream competition in the short term. We did this by maintaining access to Openreach's existing wholesale broadband and leased lines services, but set prices and other regulatory conditions in a way that supported both our short term and long term aims.
- 2.10 Specifically, in the WLA market, we focussed our charge controls only on the provision of Openreach's entry-level superfast broadband service, which has a download speed of up to 40 Mbit/s, but did not set price caps for Openreach's higher speed services. We also allowed Openreach to charge more for full-fibre broadband than it does for regulated copper services at equivalent speeds (the "fibre premium"), reflecting the additional customer benefits of fibre, and to further help the investment case. In the LL Access market, we set charge controls on all fibre leased lines.<sup>5</sup>
- 2.11 We decided to hold price caps for the relevant WLA and LL Access services constant in real terms (CPI-0%) to incentivise investment by Openreach and altnets, while also protecting consumers and competitors reliant on Openreach over the review period. In order to promote investment in competing networks we did not require Openreach to supply dark fibre access in the LL Access market.

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<sup>4</sup> For IEC markets, we varied regulation based on the number of alternate providers to Openreach present at each BT exchange and introduced a dark fibre remedy where there was no alternative to Openreach.

<sup>5</sup> In LL Access, we also defined a Central London Area (CLA) market and a High Network Reach (HNR) market. We found the CLA to be competitive. Whilst we found Openreach to have SMP in the HNR we considered the presence of other networks meant we needed less regulation. In particular, we did not set charge controls and instead imposed a requirement that prices be fair and reasonable.

## Approach in areas where material and sustainable network competition was unlikely

- 2.12 In other areas where we considered material and sustainable competition was unlikely (which we called Area 3), we sought to promote investment in gigabit-capable networks by Openreach. We also sought to promote competition based on access to Openreach's networks and protect consumers. Accordingly, our approach to wholesale broadband pricing set incentives for Openreach to invest in fibre, while we required access to Openreach's wholesale broadband and leased lines services with prices and other regulatory conditions set in a way to protect consumers.
- 2.13 Specifically, in the WLA market, we set a cost-based charge control which allows Openreach to recover the costs of both its existing copper network and its investment in a new full-fibre network, to incentivise Openreach to invest in a fibre network since it provides more certainty of cost recovery. Openreach provided a commitment to deploy full fibre to 3.2 million premises in Area 3 by March 2026. We assessed its costs taking account of this and decided it would be consistent to align the level and scope of the charge control to be the same as the price cap in Area 2. We recognised that there were small operators who were planning to invest in some of Area 3, and this pricing approach also supported them. In the LL Access market, we required Openreach to provide dark fibre access at cost.

## Expectations about future regulation

- 2.14 We also outlined how we expected to approach future regulation of fibre, as we recognised that the investments being made by all network operators in gigabit-capable networks have longer payback periods. We said that we did not expect to introduce cost-based price controls until at least 2031. We also said that we expected the same wholesale access prices to apply throughout the UK, as we expected ongoing investment, commercial and state funded, in both Area 2 and Area 3 throughout the period to 2031. We said that beyond 2031, if competition and investment are still in the process of emerging, we would expect to continue to regulate in a way that supports the continued development of competition and investment. Finally, we said that if there is a need to move to cost-based regulation in the future, we would honour the fair bet principle.

## Support for copper retirement

- 2.15 In relation to Openreach retiring its legacy copper network, we recognised that as it lays a new full-fibre network to replace the ageing copper network, it should not have to incur unnecessary costs in running two parallel networks. We incorporated into our WLA market remedies certain provisions to support copper retirement, by progressively shifting the focus of regulation from copper to full fibre.

## Maintaining quality of service

- 2.16 To ensure that Openreach provides the quality of service customers need, we broadly maintained the pre-existing rules for how quickly it must carry out repairs and installations.

## Our work since the WFTMR Statement

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2.17 In the WFTMR Statement, we recognised that we would need to monitor the market and the implementation of our remedies to ensure we remained on track to meet our objectives.

### Duct and pole access remedy

2.18 Access to Openreach's ducts and poles is a key part of Ofcom's strategy to support altnet investment. However, we recognised that the products that Openreach was supplying to industry, and the processes by which they were provided, required further development to ensure they could be consumed at scale. We have been working through these issues with Openreach, the OTA2<sup>6</sup> and industry and significant improvements have been made. These products are now being used at scale by the industry, with 169 providers registered to use Openreach's ducts and poles, and orders placed for 160,000km of duct (against a total duct network of 486,000km), and 1.2million poles (out of a total of 4.1million).<sup>7</sup> We continue to respond to concerns raised with us.

### Openreach pricing offers

2.19 In the WFTMR we introduced a requirement for Openreach to give at least 90 days' notice of the introduction of certain commercial terms (such as volume discounts) that might deter retail ISPs from using competing networks. Since then, we have considered two offers from Openreach (Equinox and Equinox 2) under this process. Having assessed each of the offers and stakeholders' views, Ofcom decided not to prevent them from being introduced. We continue to periodically monitor the impact of these offers on ISPs.

2.20 Alongside our assessment of the terms of the Equinox 2 offer, we also considered stakeholder concerns about the level of pricing under that offer and Openreach's practice of discussing and developing discounts with ISPs. However, we did not at that time identify any concerns that would lead us to investigate further.

### Openreach Monitoring Unit

2.21 We recognise the significant role Openreach plays in these markets, and its behaviour is key in ensuring that competition operates fairly for all network builders. For this reason, in our 2021 annual monitoring report we announced that going forward, the scope of the Openreach Monitoring Unit's ('OMU') work would include issues relating to the broader outcomes of the WFTMR (in addition to monitoring Openreach and BT's compliance with the Commitments).<sup>8</sup> This means monitoring Openreach's activities in relation to investment, consumer outcomes and competition.

2.22 Industry stakeholders raised concerns about Openreach's fibre build plans and 'overbuild'. During 2022 we engaged in considerable detail with Openreach to understand the circumstances associated with specific build decisions. We found no evidence to suggest

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<sup>6</sup> The Office of the Telecommunications Adjudicator (OTA2) is an organisation independent of Ofcom and the industry, tasked with overseeing cooperation between telecoms providers.

<sup>7</sup> Ofcom, 2023. [Connected Nations 2023](#).

<sup>8</sup> Ofcom, 2021. [Ofcom's annual Openreach monitoring report](#). In 2017, BT notified Ofcom of its voluntary commitments to further reform Openreach, making it a distinct company with its own staff, management, purpose and strategy. Ofcom originally established the OMU to monitor Openreach and BT's compliance with the Commitments. See also Ofcom, 2023. [Openreach monitoring report](#).

Openreach has rolled out its fibre network to target or harm competitors, or that these build decisions were not commercially rational.<sup>9</sup> However, we continue to monitor Openreach's build plans and decisions.

## Investigation into Openreach failure to meet QoS standards in 2022/23

2.23 It is also important that we make sure Openreach delivers its services at a good standard and in the WFTMR we set quality of service (QoS) conditions on it to achieve this. The obligations are intended to be a lower bound, met under all but very exceptional circumstances. We monitor its performance against these and will investigate where it does not meet the required standards. On 18 March 2024 Ofcom concluded an own-initiative investigation into Openreach's compliance with its quality of service obligations in the LL access and WLA markets during 2022/23. We found that Openreach had contravened its SMP conditions by failing to meet three of its obligations.<sup>10</sup>

## Other areas

2.24 In addition to the specific actions arising from our last review, our work more generally has focused on supporting our objectives in terms of gigabit-capable network rollout:

- **Broadband consumer information:** As gigabit-capable network rollout continues, consumers have an increasing choice of networks and services to choose from. It is important they have sufficient information to make the right decision for them. We also want to support consumers in migrating with confidence from older to newer technologies, including from copper-based to full-fibre-based broadband. In December 2023, we published a statement setting out our decision to help consumers make more informed choices.<sup>11</sup> It explains how and when we think broadband providers should tell people about the underlying technology used to deliver their service. Alongside the statement, Ofcom has issued guidance to ensure providers give consumers this information in a clear and unambiguous way.
- **One Touch Switch:** New rules came into effect on 3 April 2023 requiring providers to operate a 'One Touch Switch' (OTS) process for residential customers looking to switch their landline or broadband services. The introduction of OTS has been delayed significantly by industry, with a revised go-live date announced of 12 September 2024. When finally introduced, OTS will make broadband switching quicker, easier and more reliable, so that for the first time customers moving between different networks or technologies will have their switch managed entirely by their new provider.
- **Monitoring actual and planned build:** We continue to monitor developments in the market and report on this in our Connected Nations publication. As part of Connected Nations, we also collect information about planned network deployments supporting very high speed broadband services. Our most recent report on actual network deployments was published in December 2023, and our

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<sup>9</sup> Ofcom, 2022. [Open letter to industry about concerns raised with Ofcom associated with Openreach build](#).

<sup>10</sup> There were a number of factors we considered that meant we did not impose a penalty or other remedies on this occasion. Ofcom, 2024. [Investigation into Openreach's quality-of-service performance in leased lines access and wholesale local access in 2022/23](#).

<sup>11</sup> Ofcom, 2023. [Improving broadband information for consumers](#).



last report on planned network deployments was published in October 2023.<sup>12</sup> As discussed further below, these reports show full-fibre and gigabit-capable broadband coverage expanding rapidly.

- **Engagement with stakeholders:** We regularly meet with stakeholders including communications providers, altnets, investors, mobile network operators, consumer groups and government.

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<sup>12</sup> *Ofcom*, 2023. [Connected Nations 2023](#) and *Ofcom*, 2023. [Connected Nations - Planned Network Deployment](#).

# 3. Our approach to the next review

- 3.1 We intend to continue with the same objectives of incentivising investment and promoting network competition in the next review. We consider that the long-term nature of network investments requires certainty and stability of regulation. This includes continuing to support and honour the fair bet principle.<sup>13</sup> We recognised this in 2021 and therefore set expectations about future regulation, which stand as the starting point for this review.
- 3.2 While the previous review set out a 10 year overarching strategy, the market review process requires us to review the relevant markets, taking account of recent and prospective market developments.
- 3.3 Since 2021 there has been significant investment in deploying gigabit-capable networks. In the WFTMR, we said that we expected commercial deployments to deliver gigabit-capable networks covering at least 80% of UK premises by March 2026. Since 2021, Openreach and many other companies have continued to invest in gigabit-capable networks. As of September 2023, 78% of UK premises had access to a gigabit-capable network, with 57% of UK premises having access to a fibre network, up from 40% and 24% in May 2021. Full fibre coverage in each of the four nations has also risen well above 50%.<sup>14</sup>
- 3.4 Operators' network deployment plans, as of May 2023, remain significant over the next three years, with full fibre coverage potentially reaching up to 91% of premises by 2026, and gigabit-capable coverage potentially reaching 94%.<sup>15</sup> We recognise that not all these plans will come to fruition, as plans evolve in response to build by other operators and wider market conditions, including a more challenging macroeconomic environment. Nevertheless, the plans are an indication of the confidence of network operators to continue to invest in rolling out fibre over the next few years.

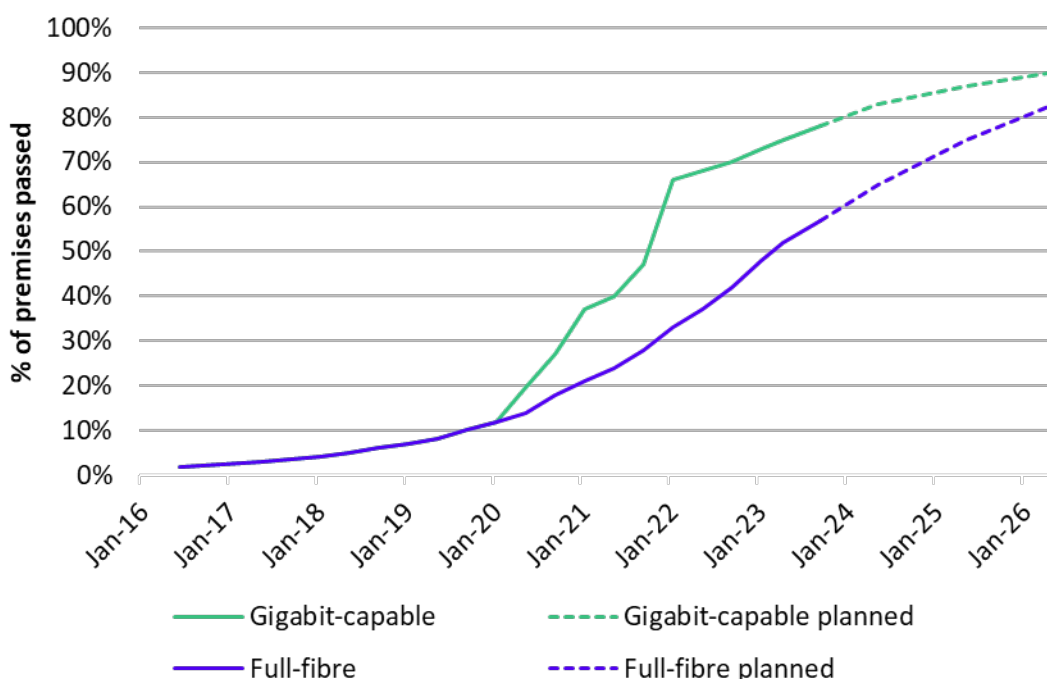
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<sup>13</sup> This means that in setting any future charge controls, our policy would be to allow BT to keep any returns in excess of its cost of capital it has earned up to that point, as well as ensuring it can earn its cost of capital going forwards.

<sup>14</sup> *Ofcom*, 2021. [Connected Nations Update: Summer 2021](#) and *Ofcom*, 2023. [Connected Nations 2023](#).

<sup>15</sup> Each year, we collect the network operators' deployment plans looking three years into the future. The future network build intentions of operators may be at different stages of planning; some plans may already be in the course of deployment, whereas others may not yet have had financial approval to proceed. Looking only at 'High Confidence' plans (i.e. plans that have reached both the low level design stage and for which funding has been committed) shows full fibre coverage potentially reaching 83% of premises by May 2026. See *Ofcom*, 2023. [Connected Nations - Planned Network Deployment](#).

**Figure 1: Full fibre and gigabit-capable coverage, actual and planned**



Source: Connected Nations. Planned deployments include only High Confidence plans.

- 3.5 Given the expected amount of build by 2026, there may be more limited build during the next review period. Therefore, while our objectives include continuing to incentivise network investment, a key focus for this review will be our approach to promoting network competition. In particular, we want to see sustainable network competition, which ultimately will deliver benefits to consumers.
- 3.6 We are mindful that it takes time for competitors to become established after a network is deployed, and that they face considerable challenges overcoming the incumbency advantages of Openreach. In considering any remedies in this review, we will also need to make sure that they do not lead to costs for consumers that are not offset by the benefits we expect to develop in the longer term.
- 3.7 Network operators are increasingly turning their attention to encouraging consumers to take up the new fibre services available. Ofcom estimated that in May 2023, take-up of services on full-fibre networks at all premises where available was 28%.<sup>16</sup> However, take-up varies significantly by operator, with some operators achieving take-up in excess of 30% whereas others have take-up below 10%.<sup>17</sup> Some altnets offer their own retail services, and others only wholesale their networks. For the latter, being able to attract retail ISPs is an important factor in determining the level of competition exerted by these operators.
- 3.8 In addition, while altnets have deployed to around one third of the UK, build has been more fragmented than we expected, with there likely to be over 100 altnets deploying fibre networks in the UK. A relatively small number of these altnets account for the majority of altnet build to date, with a long tail of smaller altnets. Given the large number of companies

<sup>16</sup> Ofcom, 2023. [Connected Nations 2023](#).

<sup>17</sup> Establishing robust full-fibre take up figures at the current time is difficult, as the longer fibre has been available, the more likely it is to have been taken up.

that have entered the market, consolidation is likely to be a feature of the market in the coming years. Although the timing and means by which this happens is uncertain, we are alive to the possibility that this could help those consolidated providers become stronger competitors. In our assessment of competition, we will not only consider the presence of rival networks to Openreach but, importantly, the level of competitive constraint they place on Openreach and their ability to compete sustainably.

- 3.9 Network deployment by Openreach and altnets, both since 2021 and planned to 2026, has been spread across both urban and rural areas. In this review we want to continue to promote efficient commercial deployments to further extend coverage in the remaining, harder to reach areas. Ofcom's regulation complements public funding programmes that we expect will remain a prominent feature of fibre rollout in the next review.<sup>18</sup>
- 3.10 We will also need to consider the retirement of Openreach's copper network and subsequent closure of exchanges.<sup>19</sup> We remain supportive of Openreach retiring its old copper network. Our regulatory approach to this will take into account how to achieve the best outcomes for consumers, both in relation to migrating quickly and smoothly to the better services available on gigabit-capable networks, and to ensuring the promotion of competition.
- 3.11 Finally, where it is appropriate to maintain existing remedies, we will consider whether changes are required to ensure these remedies are as effective as possible in achieving our objectives. This includes looking at duct and pole access as our foundational upstream remedy, dark fibre and other remedies in the LL Access and IEC markets, and quality of service standards.

## Next steps

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- 3.12 We are engaging in initial discussions with stakeholders as we begin to shape this review. We will continue our engagement as we begin to gather evidence, including through use of our formal information gathering powers.
- 3.13 As set out in our proposed Plan of Work for 2024/25,<sup>20</sup> we expect to publish our main consultation on proposals for changes to regulation in in early 2025.
- 3.14 We will carefully consider the evidence we collect and undertake a robust analysis of the information available to us. We will take into account the responses we receive from stakeholders to our consultation(s) and our aim is to publish a statement containing our final decisions in early 2026.
- 3.15 Separately, we will also carry out a review of markets in the Hull Area. In our last review we defined a number of markets in Hull and found KCOM to have SMP in each of them. We will

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<sup>18</sup> Through the Project Gigabit programme, the Government plans to spend c.£1.2bn by 2025 to subsidise rollout in the hardest-to-reach areas across the UK as part of a £5 billion funding commitment to extend coverage beyond what is expected to be achieved through commercial deployments. This is alongside other broadband investment programmes from devolved governments in the UK's nations, including the Superfast Cymru programme in Wales, the Reaching 100% (R100) programme in Scotland, and Project Stratum in Northern Ireland.

<sup>19</sup> Openreach has recently consulted on its approach to closing 105 exchanges prior to 2030, ahead of an expected broader programme in the early 2030s. In the long-term, Openreach expects to reduce the number of exchanges from the current c.5,600 exchanges to c.1,000.

<sup>20</sup> Ofcom, 2023. [Consultation: Ofcom's proposed Plan of Work 2024/25](#).

review these markets again and, following consultation, we plan to publish a statement in Autumn 2026.

- 3.16 In addition, we reviewed wholesale voice markets in 2021 and set regulation to 2026. These markets underpin the provision of telephony to residential and business consumers. We will review these markets again and plan to publish a consultation in Spring 2025 and a statement before March 2026.<sup>21</sup>

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<sup>21</sup> We may also consult in 2024/25 on wholesale SMS markets, following further monitoring of the market.