FCS Response to Promoting competition and investment in fibre networks – Hull Area Review 2026-31

Summary

FCS agrees with the findings of the review that the level of competition in the Hull area is low compared to the rest of the UK and that in the Hull area KCOM have a near monopoly position in both wholesale and retail markets. Customers are likely to be losing out, and competition will not develop unless further regulatory intervention is taken.

We consider that the remedies, and particularly the PIA remedy, proposed in the consultation will go a long way to supporting the development of competition in the Hull area. We suggest Ofcom considers what support could be given to the industry to support the rapid development of the KCOM PIA offer.

More generally there is a need for tighter regulation of KCOM as a vertically integrated company to prevent it blocking market entry.

About FCS

The Federation of Communication Services (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. Some FCS members also have some consumer customers. FCS is the largest trade organisation in the professional communications arena, representing the interests of around 350 businesses, which supply B2B services nationwide.

Comments

FCS is pleased to respond to the Ofcom consultation 'Promoting competition and investment in fibre networks – Hull Area Review 2026-31' (the 'Consultation').

The Consultation clearly shows that the level of competition in the Hull area has lagged behind that in the rest of the UK, with KCOM still having high market shares in both its retail and wholesale markets. We note however that some infrastructure providers have begun to make inroads in this challenging geographic area, but we consider that further regulatory intervention as proposed in the remedies is required to support the growth of competition. Although, we support the proposed PIA remedies in the Consultation we do have some comments on the remedies where we consider that they may be rendered ineffective without oversight by Ofcom.

Equivalence

KCOM still remains a vertically integrated provider with poor boundaries between its retail and wholesale activities which could stifle consumer choice and competition. Given the near monopoly position at both wholesale and retail level, as well as the lack of structural separation, it is important that any remedies should ensure that they also protect the development of competition.

Any wholesale remedies should safeguard the wholesale customer's information by preventing it being shared with the downstream (retail and business) divisions of KCOM. We see this basic requirement has been an important and effective remedy applied to BT.

The concept of Equivalence Of Input (EOI) applied to BT which exists in the rest of the UK does not exist in the Hull area and so KCOM does not consume its own products in the same way that BT is required to consume Openreach products. This places other providers at a significant disadvantage to KCOM's own retail divisions. Ofcom should look to strengthen for example the non-discrimination obligations and or the financial reporting obligations.

PIA Offer

KCOM has made a voluntary PIA offer which fails to meet the industry's requirements in a number of key areas which have been covered in detail by CityFibre[1]. In the rest of the UK there has been extensive regulation and oversight of the industry-Openreach PIA offer negotiations by the OTA2 over several years to ensure that it is fit for purpose. This should be used as a learning guide for the remedies in the Hull area in an effort to avoid years of walking-backwards slowly by KCOM. In support of the PIA remedy, we ask that Ofcom ensures that there is greater regulatory oversight of the development of a KCOM PIA offer which is acceptable to the industry.

The Hull area represents a small fraction of the UK market for telecoms (0.2%). Consequently, providers will have developed processes and systems to work in the rest of the UK in which Openreach is generally the dominant provider. Any process and systems changes required to provide services in the Hull area alone are likely to be disproportionally expensive. To facilitate an open market entry in Hull we would therefore expect KCOM products, processes and services to be broadly similar to those in the rest of the UK, if they are to be adopted. Again, we suggest that the Openreach PIA offer would be a benchmark for the KCOM PIA offer.

Conclusions

FCS supports the proposed remedies in the Consultation. However, further regulatory oversight of KCOM is required to ensure the remedies are not rendered ineffective.

[1] https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-1-10-weeks/consultation-promoting-competition-and-investment-in-fibre-networks-hull-area-review-2026-31/main-documenets/cityfibre-hull-market-review-2026-31.pdf?v=409602