

KCOM Hull Area Review Response

February 2026

KCOM

KCOM is Hull and East Yorkshire's leading provider of broadband and telephone services and the most reliable fibre network in the UK.¹ We empower households and businesses to do more with their digital connectivity and contribute positively to the region through economic development and digital inclusion.

Our investments have made Hull and East Yorkshire a pioneer of UK gigabit connectivity. We completed our first full fibre network rollout in 2019, when Hull became the UK's first full fibre broadband city. From 2020, we invested £100m to expand our network in East Yorkshire and North Lincolnshire, and now provide full fibre connections to 307,000 premises, including many in remote, rural and coastal towns and villages.

We are focused on providing exceptional service and experience for our customers, powering households across the region as well as large businesses, public sector organisations and thousands of small enterprises.

Summary

We welcome and support Ofcom's proposals to improve access to KCOM's physical infrastructure, which will support the growth of sustainable network competition in Hull. However, the current regulation of the Wholesale Local Access (WLA) market in Hull is ineffective and disproportionate. It adds unnecessary burden for no evident benefit, risks misallocating resources away from service delivery and investment, and does nothing to support competition in the region.

Broadband competition in Hull is driven by rival networks building and operating their own infrastructure, rather than by providers competing through wholesale access to the incumbent's network. In this sense, Hull is distinct from the rest of the UK, which has significant areas where network competition is not planned or viable, and regulated wholesale access provides a key competitive constraint on the incumbent network operator, Openreach. The absence of meaningful wholesale entry in Hull over the past five years indicates that national Internet Service Providers (ISPs) have not identified a scalable commercial case to use KCOM's network on a wholesale access basis. There is no evidence to suggest this will change over the next five years.

We were pleased to see Ofcom's commitment in its recent letter to the Chancellor to "streamlining and reducing burdens", "supporting growth and investment" and that "proportionality is always baked into Ofcom's decision making." These commitments should underpin Ofcom's decision with respect to the Hull Area Review.

In line with this, we propose that Ofcom deregulates the WLA market in Hull, while focusing regulatory effort on supporting effective network competition via a proportionate and well-functioning PIA regime.

¹ Ofcom, Comparing Customer Service report, May 2025: Fewest faults per 1,000 customers per month, 2024



This approach would ensure that regulation promotes competition, supports continued investment and service quality, and delivers better outcomes for customers and partners over the review period.

Our consultation response follows Ofcom's consultation structure, and includes the following sections:

1. Market analysis

- The most recent data indicate a material strengthening of retail broadband competition in the Hull Area over the past year.
- Our analysis shows that our retail market share continues to decline at pace, with no evidence to date of that trend slowing.

2. Remedies: Wholesale Local Access (WLA)

- We propose deregulating the WLA market on the grounds that:
 - **There has been [X] uptake** of KCOM's regulated WLA products since their introduction.
 - **The Hull Area market lacks the scale** necessary to support a viable wholesale local access-based competition model.
 - **Network-based competition has emerged** as the actual pathway to consumer benefits.
 - **The regulatory burden of WLA remedies is disproportionate** given the documented lack of demand.
 - **WLA margin squeeze regulation constrains KCOM** from competing against infrastructure-based rivals, while a PIA-retail margin squeeze test would protect the competition that actually exists.
 - **Alternative remedies** (PIA) and network competition now address competition concerns.

3. Remedies: Leased Line Access (LLA)

- We welcome Ofcom's proposals to remove the requirement to offer dark fibre and to produce pricing transparency reports.
- We have a concern on the regulation of cross-boundary LLA lines that and seek clarity from Ofcom on our interpretation of the regulation.
- We propose an adjustment to how Ofcom applies benchmarking to Openreach prices.

4. Remedies: Physical Infrastructure Access (PIA)

- We recognise the importance of an effective PIA remedy in supporting sustainable network competition in Hull and are committed to working constructively with Ofcom and network providers to ensure the PIA product is practical, transparent and proportionate.
- However, there are specific elements of Ofcom's PIA proposal that KCOM does not support. In particular:



- **Financial limit for network adjustments:** Evidence from our PIA trial supports setting the financial limit at £700 per kilometre, rather than £2,275. As further evidence of network adjustments becomes available, we are happy to update the financial limit as appropriate.
- **Cost sharing for network adjustments:** It may be appropriate for Openreach to cover 100% of network adjustment costs (up to the financial limit) on its network, but that approach is not proportionate for KCOM. We completed our fibre rollout 7 years ago, and we do not benefit from further network adjustments (unlike Openreach, which continues to roll out new fibre network). We therefore propose that network costs are shared on a 50:50 basis.
- **Forecasting and planning:** KCOM requires detailed forecast information from access seekers to plan its limited operational resources and capital effectively, and to provide timely, reliable delivery for all parties. Absence of forecast information creates high costs for KCOM in providing access to our physical infrastructure. Ofcom should make it clear that providing robust forecast information is a key responsibility for PIA access seekers.
- We are keen to work with Ofcom and other network providers to gather further evidence and, if necessary, update these parameters on an evidence-based basis.

5. Regulatory financial reporting

- We make the case and set out a proposal for a more proportionate approach to regulatory financial reporting. The current requirements are burdensome and have no clear benefit.

6. Draft legal instruments

- We make the case that the proposed Dark Fibre Access transitional proposals are burdensome and disproportionate given minimal take-up in Hull.



1. Market analysis

Retail market: fibre connections and take up

Telco network operator coverage: network overbuild in Hull is almost 80%

Ofcom's consultation paper estimated that there was "70-79%" of network overbuild in Hull as of January 2025.² Our up-to-date analysis shows that Hull is [X] overbuilt.

[X]

Competition provided by other networks has intensified. CityFibre has connected over 80,000 premises across Hull and East Riding as of November 2025. Ofcom notes that CityFibre intends to extend coverage to a further 20,000 premises in Hull,³ with options to extend further throughout Hull over time. Both MS3 and Grain also have significant coverage in the Hull area.

We would highlight that customers in no-overbuild areas benefit strongly from competition elsewhere in Hull. KCOM adopts a uniform approach to retail pricing and product offers – so customers in no-overbuild areas face the same prices (albeit less choice) as customers in competitive areas.

Retail providers in the Hull area: consumers in Hull have greater choice







There are 27 unique ISPs offering fibre broadband services in the Hull area today. This increases to 34 when including the ISPs that sit across multiple networks in the Original Licence Area (OLA). Our analysis shows that [X] of premises in the OLA have a choice of 12 or more ISPs. We estimate that around 18 of the unique ISPs in the OLA are on the CityFibre network. CityFibre benefits from the integration of 30 national ISPs with its systems, enabling it to provide compelling offers and choice to customers in Hull. Table 1 below shows how KCOM's network competitors offer a range of ISPs to customers in Hull.

² Ofcom, Promoting competition and investment in fibre networks: Hull Area Review 2026-31, Volume 2: Market analysis, [link](#)

³ Ofcom, Promoting competition and investment in fibre networks: Hull Area Review 2026-31, Volume 2: Market analysis, [link](#)



Table 1: ISPs offered by the competing network providers in Hull

		
<p>18 ISPs including:</p>	<p>12 ISPs including:</p>	<p>1 ISP:</p>
		

Source: Other network provider websites: [CityFibre](#), [MS3](#), [Grain](#)

Take up of retail fibre broadband: retail competition continues to increase rapidly

Ofcom’s December consultation document estimated that “around 71-80%” of premises were connected over KCOM’s network.⁴ Our analysis shows that competition has significantly increased in the last year, and KCOM’s penetration rate – measured by the proportion of homes in the OLA connected to KCOM’s network that take our service – is now at [X], down from [X] in January 2025.⁵

[X] Ofcom has consistently underestimated the level and effectiveness of competition in the Hull area. Crucially, competition at the retail level is driven by growing network competition via overbuild, and not by wholesale access to KCOM’s network. [X] network overbuild has increased while KCOM’s broadband penetration has fallen.

[X]

The need for network investment continues despite falling market share

[X] data demand on the network continues to increase. [X] This underlines the need for KCOM to continue significant investment in order to maintain high quality of service. It is important that Ofcom considers our ability to maintain network investment over the next review period.

[X]

⁴ Ofcom, Promoting competition and investment in fibre networks: Hull Area Review 2026-31, Volume 2: Market analysis, [link](#)

⁵ KCOM analysis of customer and network data



Retail products and speeds: KCOM's prices are falling rapidly in response to aggressive pricing from competitors

Ofcom notes that "KCOM's retail prices have consistently been more expensive than comparable products offered by ISPs in the rest of the UK or by alternative providers in the Hull Area. However recent reductions in KCOM list prices introduced in September 2025 somewhat narrow these differences." Our latest market evidence confirms that the gap between our prices and our competitors' prices has significantly narrowed over the past two years.

[X]

Our prices across all retail broadband products – not just the 900Mbps product – have fallen significantly. We have reduced our 100Mbps offer by [X], our 300Mbps offer by [X], and the 500Mbps offer by [X] since January 2025. Across all products, the average price reduction has been [X] over the period.

This reduction in prices has been driven by intensifying network competition, which we monitor and respond to in real time. The expected increase in competition as rivals seek to increase penetration rates will continue to put downwards pressure on prices.

Lower prices from competitors in Hull reflect short-run competitive strategies to gain market share in the region

It is not reasonable to expect KCOM's prices to be as low as its rivals in Hull in the short-term. Our brand positioning focuses on network quality and investment, while network competitors are pushing to capture market share [X] at least partially by pricing aggressively. This behaviour reflects the dynamic choices of market competitors and can be expected as part of a competitive market.

Ofcom's analysis ignores key determinants of broadband prices

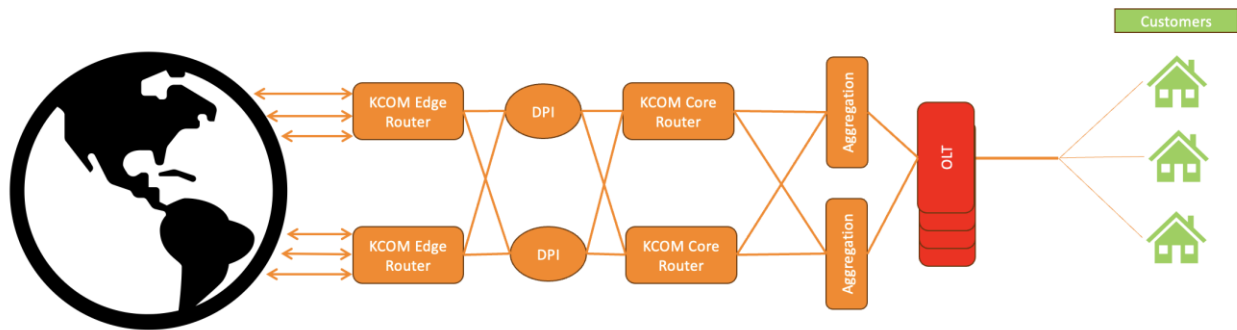
Ofcom's market analysis does not consider network quality, resilience and reliability, which can also explain differences in broadband prices.

KCOM's network is resilient by design:

- We have far fewer single points of failure compared to a typical altnet fibre network. This means that KCOM's customers are more likely to be unaffected by network faults should they occur (see figure 6 below).
- 99% of our poles are served by underground spine cabling, whereas alternative networks typically deploy overhead spans between poles. KCOM's active network equipment is housed in our own exchange buildings, whereas altnets house equipment in street cabinets. These differences mean higher costs to KCOM, but they provide greater network resilience.
- KCOM stores content for popular streaming services in local caches, meaning reduced latency and better customer experience.



Figure 6: KCOM's network is resilient by design



KCOM is the UK's most reliable network according to Ofcom's latest customer service report.⁶ The average number of monthly faults across the UK's major broadband and landline providers was 44 per 1,000 customers. In 2025, KCOM averaged just [redacted] faults per 1,000 customers.⁷ This is also a reduction from 2022, when we averaged [redacted] faults per 1,000 customers.⁸

We have also improved our fault repair performance when issues do occur:

[redacted]

- KCOM had the lowest proportion of missed engineer appointments of any major broadband provider in Ofcom's latest customer service report.⁹

This performance and improvement on reliability reflects high levels of continuous investment in our network and engineer team, regular monitoring of the entire network, and proactive maintenance. It is natural that higher network resilience and reliability may lead to higher broadband prices than our competitors in Hull.

One Touch Switch (OTS) is working effectively

Ofcom notes that "evidence reviewed suggests that OTS is having an impact in the Hull Area." Our evidence shows that same result. [redacted] there has been strong uptake of OTS in the Hull area, [redacted] This suggests customers have an increasing ability to choose provider and seek the best deal – a sign of effective competition. OTS has increased competitive pressure, and strengthened incentives to improve price, quality, and service offerings to attract and retain customers.

[redacted]

Our marketing and product initiatives show how we respond to competition in the area

Within the constraints of competition law, we compete on price and product with our competitors to try to attract and retain customers. For example, we have:

⁶ Ofcom, Comparing Customer Service report, May 2025: Fewest faults per 1,000 customers per month, 2024

⁷ KCOM management information

⁸ KCOM management information

⁹ Ofcom, Comparing Customer Service report, May 2025: Fewest faults per 1,000 customers per month, 2024



[3<]

- Launched a new in-home wifi system for new and existing customers as part of the 'eero' package (November 2024).

These initiatives reflect our need to respond dynamically to our rivals in the OLA.

Wholesale access market

KCOM's market share of the WLA market has fallen, consistent with a lower retail market share

We agree with Ofcom's market definition for WLA. Ofcom estimates that KCOM has a 71-80% share of the WLA market as of January 2025. KCOM has a high market share because our retail business uses KCOM's wholesale connections, and not because demand for our WLA product is high. As of February 2026, we have [3<]¹⁰ customers for our regulated wholesale product. [3<]

Leased line access market

We agree with Ofcom's market analysis of the LLA market

We agree with Ofcom's market definition for LLA. We have close to ubiquitous network coverage in all urban areas of the OLA, and we continue to be the main provider of leased line connections.

Relevant consultation questions

Question 2.1: Do you agree with our proposed market definition for WLA? Please set out your reasons and supporting evidence for your response.

Question 2.2: Do you agree with our provisional conclusion that KCOM holds SMP in the supply of WLA products in the Hull Area? Please set out your reasons and supporting evidence for your response.

Question 2.3: Do you agree with our proposed market definition for LLA? Please set out your reasons and supporting evidence for your response.

Question 2.4: Do you agree with our provisional conclusion that KCOM holds SMP in the supply of LLA products in the Hull Area? Please set out your reasons and supporting evidence for your response.

Question 2.5: Do you agree with our assessment of the competition concerns arising from our provisional findings of SMP in the markets we have identified? Please set out your reasons and supporting evidence for your response.

2. Remedies: Wholesale Local Access

Summary

We propose deregulating the WLA market given the [3<] Network-based competition has instead driven consumer benefits, rendering WLA remedies disproportionate and unduly restrictive. Competition concerns are better addressed through PIA and a PIA-retail margin squeeze test aligned with the market

¹⁰ KCOM management information



structure that actually exists. Deregulation in the WLA market will enable us to focus on providing the most effective PIA product.

KCOM's WLA product is not working

Uptake of KCOM's regulated WLA product is very low

Ofcom's consultation documents provide compelling evidence that the obligation on KCOM to provide a WLA service has failed to generate meaningful uptake:

- As of January 2025, KCOM supplied very few local access connections to third parties, with the consultation noting that "take up of these services to date is very low."¹¹
- Almost all (91-100%) of KCOM's WLA connections serve its own retail business, not external access seekers.¹²

Ofcom's assertion that "KCOM will remain a key provider of wholesale access services"¹³ seems unreasonable given Ofcom's conclusions above. Our latest data shows that we have [8<] active customers for our WLA product.¹⁴

Ofcom's proposal to remove the requirement for KCOM to provide dark fibre was on the basis of extremely limited take-up. We ask for the same reasoning to be applied to Ofcom's WLA regime.

Contrast with the rest of the UK

The low uptake of KCOM's WLA product stands in stark contrast to the rest of the UK, where Openreach's regulated wholesale products underpin substantial retail competition, particularly in markets where there is no prospect of network competition. The difference is not due to regulatory design, or KCOM's implementation of WLA, but to fundamental market characteristics that make wholesale access-based competition unviable in Hull.

We understand Ofcom's preference towards mirroring its regime with respect to Openreach as much as possible. However, fundamental differences in the way the broadband market works in Hull require a different approach to remedies and the WLA remedy in particular.

Why Hull cannot support wholesale local access competition

Market size limitations

The Hull Area comprises only approximately 202,000 premises – less than 1% of the UK's total premises. This limited scale presents insurmountable challenges for wholesale access-based entry by national ISPs, primarily due to the high fixed costs of interconnecting to KCOM's network.

Despite five years of regulated WLA availability since Hull WFTMR21, none of the major national ISPs (BT, Sky, VMO2, TalkTalk, VodafoneThree) have used KCOM's wholesale products to enter the Hull retail

¹¹ Ofcom, Promoting competition and investment in fibre networks: Hull Area Review 2026-31, Volume 2: Market analysis, paragraph 1.7, [link](#)

¹² Ofcom, Promoting competition and investment in fibre networks: Hull Area Review 2026-31, Volume 2: Market analysis, paragraph 1.16, [link](#)

¹³ Ofcom, Promoting competition and investment in fibre networks: Hull Area Review 2026-31, Volume 2: Market analysis, paragraph 4.10, [link](#)

¹⁴ KCOM management information



market. [X] KCOM's share of the retail market in Hull compared to BT's in the national market is driven by the absence of these national ISPs in the market (which do use BT's WLA service).

CityFibre's entry into the Hull market is changing this. National ISPs (Sky, Vodafone, TalkTalk) already have access to CityFibre's wholesale network and have started to offer services in Hull based on CityFibre's network, not KCOM's regulated product. As Simon Holden, CEO of CityFibre stated in November 2025: "Hull has been held back by a lack of choice for far too long but CityFibre's arrival brings competition and state-of-the-art infrastructure."¹⁵

Network competition has emerged as the effective competitive constraint

There has been substantial competitive network build since 2021

The Hull market has transformed since the last market review:

- [X] of premises in the OLA now have access to at least one alternative network to KCOM
- CityFibre (via its Connexin acquisition) now passes approximately 80,000+ premises
- MS3 continues to expand its network coverage
- Grain operates as an integrated retail-only network provider

Network competition is delivering consumer benefits

The evidence shows network competition is beginning to deliver the outcomes that wholesale regulation was intended to achieve. In particular:

- **Price Reductions:** KCOM has reduced its offer prices across its product range since January 2025. Our 100Mbps product has fallen by [X]; the 300Mbps product has fallen by [X], the 500Mbps product by [X], and; the 900Mbps product by [X]. These price reductions have been in response to competitive pressure from altnets.¹⁶
- **Consumer Choice:** There are 27 unique ISPs offering fibre broadband services in the Hull area today. This increases to 34 when including the ISPs that sit across multiple networks in the OLA. We estimate that around 18 of the unique ISPs in the OLA are on the CityFibre network. CityFibre benefits from the integration of 30 national ISPs with its systems, enabling it to provide compelling offers and choice to customers in Hull.¹⁷

The artificial margin squeeze problem

WLA regulation unfairly constrains KCOM's ability to compete

The current requirement for KCOM to ensure it does not create a margin squeeze between its retail and WLA prices constrains KCOM's retail pricing based on the economics of a hypothetical access-based competitor that does not reflect the business model of any existing operator and, as the evidence demonstrates, will not materialise. This creates a perverse competitive asymmetry:

¹⁵ CityFibre, Choice at last – CityFibre brings 30+ ISPs to Hull, 19 November 2025, [link](#)

¹⁶ Internal analysis of KCOM acquisition prices

¹⁷ CityFibre, Choice at last – CityFibre brings 30+ ISPs to Hull, 19 November 2025, [link](#)



- **KCOM is constrained by a fictional competitor:** The margin squeeze test forces KCOM to price as if competitors were buying its wholesale access, [X]
- **Actual competitors face no such constraint:** CityFibre's ISP partners price based on CityFibre's wholesale charges and their own costs. MS3 prices based on its own network economics. Neither is bound by any regulatory pricing floor.
- **The "equally efficient operator" (EEO) does not exist:** In Hull, there is no access-based competitor of scale using KCOM's WLA. The EEO protected by the margin squeeze test is entirely hypothetical – and five years of evidence demonstrates this hypothetical operator will not emerge given Hull's structural characteristics.

Rather than protecting competition, the WLA margin squeeze obligation protects competitors who don't need protection (they have their own networks and their own cost base) while handicapping the one player trying to respond to competitive pressure (KCOM).

If Ofcom remains concerned about anti-competitive pricing by KCOM, the appropriate remedy is a margin squeeze test based on PIA, not WLA. A PIA-retail margin squeeze test will protect the competition that actually exists and is delivering consumer benefits.

The proportionality test: regulatory burden exceeds benefits

Ofcom's legal obligations

Under Section 47 of the Communications Act 2003, SMP conditions must be proportionate to what the condition is intended to achieve. A remedy that imposes costs without generating corresponding benefits fails this test.

The costs of maintaining WLA regulation

The WLA obligation imposes ongoing costs on KCOM:

- Publishing and updating reference offers
- Operating Statement of Requirements processes
- Regulatory reporting and compliance activities
- Opportunity cost of regulatory and technical resources

The benefits: effectively zero

Against these costs, the benefits of the WLA obligation are negligible:

- No material take-up by external access seekers
- No demonstrated prospect of future take-up given the scale constraints identified above
- Competition concerns are being addressed through network-based competition

Alternative remedies are sufficient

Ofcom's proposed Physical Infrastructure Access (PIA) remedy and the maintenance of general network access obligations provide adequate safeguards:



- **PIA:** Enables altnets to expand using KCOM's ducts and poles, lowering barriers to network competition
- **General Access Obligation:** Preserves the ability for access seekers to request wholesale products under the Statement of Requirements process if genuine demand materialises
- **No Undue Discrimination:** Prevents KCOM from discriminating against any access seekers who do emerge

KCOM will continue to offer a WLA service in the absence of WLA regulation

Even in the absence of a regulatory duty to offer a WLA service, we have no plans to withdraw it (and the effect of competition law may prevent us from doing so, in any event). We continue to offer a service in the wholesale broadband access market and copper-based wholesale services, despite not being required to do so by sectoral regulation.

CityFibre supports the move to deregulate the WLA market in Hull

CityFibre, KCOM's most substantial competitor, supports KCOM's proposal to remove WLA regulation:

- *"With the possibility of network level competition, Ofcom should consider whether existing remedies should be removed altogether in the forthcoming market review. Intervening at only one level of the wholesale market would be consistent with regulatory best practice not to impose multiple layers of wholesale remedies. It would also contribute to ensuring that the overall regulatory burden on KCOM was proportionate, with a PIA remedy sufficient to deliver Ofcom's objectives of delivering network competition."*¹⁸
- *"Regulation is required but should pivot towards the specific competition problems that arise in the context of infrastructure-based competition."*¹⁹
- *"Given the lack of take up of wholesale products on the KCOM network, and the risks to network competition which arise from requiring regulated products, CityFibre considers that wholesale access remedies downstream of PIA are no longer required."*²⁰

CityFibre's submission is especially important as it reflects actual market conditions and competitive dynamics which Ofcom should accept, rather than relying on theoretical assumptions about market behaviour.

Other remedies relevant for WLA

KCOM views the following regulatory requirements as burdensome and disproportionate, and that they should be removed as the WLA market is deregulated.

Requests for new forms of network access

We propose that this requirement is dropped if Ofcom deregulates its WLA regime. In any case, the requirements are onerous and serve no purpose. There is close to zero demand for wholesale access, and

¹⁸ CityFibre, Hull Market Review 2026-31, submission to Ofcom, November 2025, Paragraph 39

¹⁹ CityFibre, Hull Market Review 2026-31, submission to Ofcom, November 2025, Paragraph 8

²⁰ CityFibre, Hull Market Review 2026-31, submission to Ofcom, November 2025, Paragraph 11



this is unlikely to change. We support Ofcom in taking an approach in line with its duties to conduct regulatory activities in a proportionate way, targeted only at cases where action is needed.

Requirement to amend and publish our WLA reference offer

We propose that this requirement is dropped if Ofcom deregulates its WLA regime. If Ofcom decides to continue with its WLA regime, we see no specific issues with an update to the WLA reference offer from 40/10 to 80/20 (and a requirement to publish). We note that the closest KCOM product is 100Mbit/s, so appropriate adjustments to the relevant reference point would be made.

Requirement to notify changes to charges, terms and conditions

We propose that this requirement is dropped if Ofcom deregulates its WLA regime.

Requirement to notify changes to technical information

We propose that this requirement is dropped if Ofcom deregulates its WLA regime.

Quality of service reporting requirement

We propose that this requirement is dropped if Ofcom deregulates its WLA regime.

Relevant consultation questions

Question 3.2: do you agree with our proposed general remedies? Please set out your reasons and supporting evidence for your response [Note that we might need a separate general remedies section].

Question 3.3: Do you agree with the proposed price benchmarking approach and WLA reference offer direction? Please set out your reasons and supporting evidence for your response.



3. Remedies: LLA market

Summary

Overall, we agree with Ofcom's proposed approach to remedies in the LLA market. We have a concern on cross-boundary LLA lines that we seek clarity on. We also suggest an alternative to benchmarking KCOM's LLA charges to Openreach. We strongly welcome Ofcom's proposals to remove the requirement to offer dark fibre and to produce pricing transparency reports. These changes will support a more proportionate and effective regulatory regime, and enable KCOM to focus its resources on delivering an effective PIA product, which will support competition in the LLA market. We make further comments on the transitional arrangements for the provision of dark fibre in section 6 on legal instruments.

Concern on LLA regulation

Issue: cross-boundary leased lines (OLA origin; destination outside OLA)

We are concerned that leased lines originating within OLA but terminating outside OLA need to be provided in line with the OLA reference offer. This interpretation creates an artificial boundary at the OLA edge, necessitating additional transmission links and customer equipment. In many cases, only equipment at the destination site would be needed to provide the circuit end-to-end. The result is avoidable cost and complexity that competitors do not face – potentially doubling KCOM's equipment cost for equivalent services – placing KCOM and its wholesale customers at a competitive disadvantage.

Proposed solution

We ask Ofcom to clarify that the remedy does not require inefficient boundary arrangements for cross-boundary circuits where an end-to-end solution is feasible, to ensure proportionate, technology-neutral outcomes.

Requirement to publish an LLA reference offer

We agree with Ofcom's proposal, but suggest an update for how benchmarking is applied

Ofcom's proposal to benchmark KCOM's charges to Openreach's prevailing prices may appear to promote alignment with national norms. However, a 'live' Openreach benchmark could automatically transmit Openreach's pricing changes into Hull, irrespective of whether those changes reflect conditions in Hull. This would introduce avoidable volatility and constrain KCOM by reference to pricing decisions taken for reasons unrelated to Hull (e.g. Openreach's responses to competition elsewhere).

A more transparent and stable approach would be to fix KCOM's charges by reference to Openreach's current LLA prices at a defined baseline date and apply a CPI% annual adjustment thereafter. This maintains transparency and stability without the distortions of a dynamic benchmark.

Other remedies relevant for LLA

Requirement to notify changes to charges, terms and conditions

We agree with Ofcom's proposals.

Requirement to notify changes to technical information

We agree with Ofcom's proposals.



Quality of service reporting requirement

We agree with Ofcom's proposals.

Relevant consultation questions

Question 3.4: Do you agree with our proposed Ethernet leased line access remedy and proposed price benchmarking approach for the LLA market? Please set out your reasons and supporting evidence for your response.

Question 3.5: Do you agree with our proposal to remove the dark fibre access remedy from the LLA market and our proposed transitional period arrangements? Please set out your reasons and supporting evidence for your response.

Question 3.6: Do you agree with our proposal to remove the requirement to provide annual pricing transparency reports from the LLA market? Please set out your reasons and supporting evidence for your response.



4. Remedies: PIA regulation

Summary

We recognise the importance of an effective PIA remedy in supporting sustainable network competition in Hull. We are committed to working constructively with Ofcom and network providers to ensure the PIA product is practical, transparent and proportionate. We support an evidence-based approach to the key parameters of the network adjustment financial limit and cost sharing agreements. The objective should be to enable efficient deployment and greater network competition, while maintaining appropriate incentives for KCOM to continue investing in network quality.

Obligation to provide PIA, including network adjustment

The PIA trial generated rich information to design an effective PIA product

We ran a trial over the last year to develop a PIA product that works for KCOM and other telecoms providers in Hull. The trial phase was designed to test processes ahead of rollout and gather feedback to ensure the product works and can support further network expansion by competitors. We engaged consistently with Ofcom, DSIT and MPs about the participation of MS3, Connexin (pre CityFibre deal) and Grain. [X] Overall, the trial has been successful at helping KCOM bring the PIA product to market, which was released in August 2025.

The PIA trial generated rich information on the process for delivering the product, the extent of network blockages and the requirements for network adjustments. This information supports our evidence-based positions on the proposed remedies to be implemented by Ofcom. These positions account for the concerns raised by CityFibre and MS3 regarding the PIA offer,²¹ and are set out further below.

KCOM is prepared to invest in automating its PIA product as much as possible

We agree with Ofcom that it is proportionate for KCOM's PIA offer "to be operated using more manual and simpler processes than those applied to Openreach's PIA product in the rest of the UK." KCOM is committed to investing in a more automated product where proportionate, and that this will support adoption of the PIA product.

We note that there are high fixed costs to increase automation of our PIA product. Stronger support from network providers in the region would give us the confidence to invest in better automation.

Current evidence shows that a £700 financial limit more than covers the expected cost per kilometer – further evidence will allow us to update this figure

We welcome that Ofcom has set the financial limit below the amount for Openreach. This recognises that the expected costs for network adjustments are much lower for KCOM compared to Openreach. However, the financial limit of £2,725 per kilometre proposed by Ofcom is arbitrary and does not reflect the low incidence and cost of network adjustments shown during the trial period. Openreach is a different network, and has no relevance as a benchmark when setting the financial limit for KCOM.

²¹ Ofcom, Promoting competition and investment in fibre networks: Hull Area Review 2026-31, Volume 3: Remedies, paragraph 5.44, [link](#)



[X]The evidence from the trial indicates that a £700 financial limit per kilometre is significantly more than the expected cost of network adjustments. The additional headroom provided by a £700 financial limit (instead of a lower limit) accounts for scenarios where costs to clear a blockage are higher than average.

We remain open to further evidence that could inform a different threshold. In the absence of such evidence, we consider it appropriate to retain the £700 limit, as there is no robust basis for setting an alternative value.

Fundamental differences between KCOM and Openreach mean that Ofcom should take a different approach to the sharing of network adjustment costs

Ofcom has proposed that KCOM updates its PIA reference offer such that, up to the financial limit, network adjustment costs are recovered across all of KCOM's customers. This largely emulates Ofcom's approach with Openreach.

However, Ofcom does not consider important differences between KCOM and Openreach. In particular, unlike KCOM, which has finished its rollout, Openreach is still upgrading large parts of its network. Openreach is therefore likely to benefit from network adjustments, so it is fair for Openreach to bear the entire cost of network adjustments (up to the financial limit). This is not the case for us – we do not benefit from network adjustments.

Furthermore, network adjustments are triggered by access decisions of PIA users. A model where access seekers share the costs of network adjustments incentivises access seekers to plan efficiently, prioritise the highest value routes, and minimise adjustment requirements. A cost sharing approach acts as a screen that supports PIA access where it is most efficient. Ultimately this minimises network costs passed on to consumers in the Hull area.

We therefore propose to continue sharing network cost adjustments 50:50 until the financial limit, in line with our current PIA product. We are open to working with Ofcom and network providers in the Hull area to develop an evidence based approach to the sharing of network costs.

Forecast information from access seekers is essential to ensure KCOM can provide an effective PIA product

We challenge Ofcom's central assumption that forecasting information does not need to be given to KCOM. We argue that the need for KCOM to have forecast information is greater than the need for Openreach to have forecast information.

Ofcom says that "in the event that PIA users mostly make network adjustments themselves (called self-provision), as KCOM envisaged under its 1 August 2025 PIA reference offer, it is likely that the use of PIA by telecoms providers will have a minimal impact on KCOM's resource plan."

However, this is misleading. The actual works can be undertaken by telecoms providers, but there are a number of supporting activities that require significant KCOM resource. This includes resource to:

- Decide budget and resource for facilitating PIA;
- Organise and conduct site visits;
- Hire third-party contractors to facilitate preparatory works, and;
- Pay third-party contractors for relevant works.



There is a high cost to these activities – particularly where contractors are required. Without forecast information, we are also unable to conduct financial planning efficiently and budget for network adjustments.

KCOM has limited operational resource to facilitate network adjustments. Being able to plan for these network adjustments is important to avoid the high costs associated with facilitating network adjustments without advance notice. We argue that for this reason, the availability of forecasts is even more important to KCOM than to Openreach. Ofcom’s approach with Openreach is to mandate the provision of detailed network forecast by network providers that plan to use Openreach’s physical infrastructure.

Improved forecasting information would enable us to plan resource and network capacity accordingly, deliver the PIA product more effectively, and save costs by optimising the delivery of PIA services. This would lead to lower network costs and customer benefits.

In the remedies paper,²² Ofcom requires KCOM to make “adjustments to its network where this is necessary for its physical infrastructure to be available to telecoms providers for the purpose of deploying their own networks.” This appears inconsistent with Ofcom’s principal justification for not requiring forecasts – namely, that PIA users, rather than KCOM, will undertake network adjustments in most cases.

We recognise concerns about the confidentiality of PIA users’ commercially sensitive information. We note that the requirements of General Condition A1.3. preclude the passing of information gathered for the process of negotiating network access to any other part of KCOM. We already implement an effective separation between wholesale and retail parts of the business in line with these requirements.

KCOM seeks a level playing field on access to physical infrastructure for new developments

We note Ofcom’s proposal for KCOM to provide immediate and full access to the physical infrastructure connecting new housing developments.

This intervention would remove any first-mover advantage and materially weaken our incentive to invest in connecting new developments, as the returns from those investments would be shared with providers that have not incurred the significant upfront costs of deploying the physical infrastructure. The requirement also risks encouraging free-riding and dampening efficient investment incentives among other network providers in the Hull Area.

We understand that the Access to Infrastructure Regulations 2016 could provide for KCOM to have access to altnets’ physical infrastructure on FRAND terms where requests are reasonable. However, that regulation is not widely used.

We therefore seek clarification from Ofcom as to whether KCOM is entitled to access other operators’ infrastructure serving new housing developments on equivalent terms to those under which KCOM is required to provide access to its own physical infrastructure that connects new developments. Specifically, we request confirmation as to whether any rights or obligations are intended to be reciprocal in scope and application, and if so, how Ofcom expects symmetry of treatment to be ensured in practice.

Providing symmetrical access to physical infrastructure serving new developments would partially mitigate the identified incentive distortions. However, even with symmetrical access, the first-mover advantage

²² Ofcom, Promoting competition and investment in fibre networks: Hull Area Review 2026-31, Volume 3: Remedies, paragraph 5.27, [link](#)



would be materially reduced, thereby weakening the commercial incentive for operators to invest in connecting new developments at the outset.

Surveys before submitting plans

We agree with Ofcom that it is reasonable for PIA users to carry out site surveys ahead of submitting plans to KCOM.

Requirement to provide PIA ancillary services

We agree with Ofcom's proposed remedy that requires KCOM to provide as a minimum: power, accommodation services (co-location and co-mingling), site access, Cable Connect information about its network to allow telecoms providers to produce network plans, and other services to support/enable the PIA services.

Requirement for the publication of a reference offer, and publish information as Ofcom directs to provide transparency in relation to compliance with no undue discrimination obligations

We agree with Ofcom's proposed requirement for KCOM to publish an internal reference offer that sets out any differences between KCOM's own use of its physical infrastructure compared to the equivalent processes and systems for its PIA product. We note this will increase the regulatory burden and require additional time and resource to implement, and welcome a reduction in regulatory burden for other areas of the regime.

Advance notice of changes to charges, terms and conditions for PIA

We agree with Ofcom's proposal to set the notice period at 90 days for 'other changes' relating to PIA.

Relevant consultation questions

Question 3.7: Do you agree with our proposed specific remedies to support PIA in the WLA and LLA markets in the Hull Area? Please set out your reasons and supporting evidence for your response.

Question 3.8: Do you agree with our proposed approach to PIA network adjustments and the rationale for our proposed network adjustment financial limit? Please set out your reasons and supporting evidence for your response



5. Regulatory financial reporting

Summary

Ofcom proposes to continue its reporting obligations with additional requirements for information on PIA services. KCOM understands the need for timely and accurate regulatory financial reporting, which can provide Ofcom and other stakeholders with useful market information. That said, Ofcom must recognise that regulatory financial reporting needs to be proportionate, noting the high cost of producing a detailed set of regulatory financial statements (“RFS”), much of which appears to have limited use for stakeholders.

Currently, we spend in excess of [£] on internal resource, audit fees and consulting fees to meet the current RFS obligations. These costs will only increase with the increased reporting requirements on the PIA product.

Consistent with our case for deregulation of the WLA market, we propose that the current reporting requirements should be removed from the WLA market. This will enable us to focus resources on providing reporting information on our PIA product, which is more likely to support competition in Hull. In any case, we make proposals below for a more proportionate approach to KCOM reporting requirements.

Proposal to reduce the detailed cost schedules in the RFS

We recognise that the maintenance of a regulatory costing system and regulatory financial reporting are important components of the regulatory regime. However, the requirements for cost accounting and reporting should be proportionate to, and demonstrably useful for, the practical implementation of regulation.

We consider that certain aspects of the current regulatory financial reporting requirements go beyond what is necessary to support Ofcom's regulatory objectives and propose that Ofcom reduce the number of detailed cost schedules required in the RFS. In particular, the requirements to prepare service-level cost schedules²³ and network cost component schedules²⁴ are disproportionate to the regulatory purpose they serve and could be removed from the RFS without diminishing their overall effectiveness or utility. Our proposal rests on the following grounds:

- Ofcom’s overall approach to assessing the reasonableness of KCOM’s prices is by reference to benchmark BT (Openreach) prices, not KCOM’s own costs;
- the RFS are not used by Ofcom for price-setting purposes;
- as far as we are aware, Ofcom has not used the detailed cost schedules in its regulatory decision-making;
- there are material costs associated with preparing, reviewing, and auditing these schedules; and
- KCOM will continue to maintain its costing systems and can provide this level of detail if needed, either for its own internal monitoring purposes or if requested by Ofcom.

²³ Annexes 19 and 20 of the RFS: ‘Service Level Information AFI for each specified market’ and ‘Breakdown of Service Level Costs AFI for each specified market’

²⁴ Annexes 6 and 10 of the RFS: ‘Consolidated Network Activity’ and ‘Market Network Activity Statement’



Each of these points is developed below.

Ofcom's price assessment is based on BT benchmarking, not KCOM's costs

Ofcom's own consultation confirms that its approach to assessing whether KCOM's charges are fair and reasonable is conducted primarily by reference to Openreach's prices for equivalent products.²⁵ The stated purpose of the service cost information is that it *"can be compared to Openreach price information to assess the effectiveness of the pricing benchmark"*.²⁶ If the fundamental regulatory question is whether KCOM's prices are broadly consistent with the Openreach benchmark, the answer is found by comparing prices. It does not require a detailed bottom-up disaggregation of KCOM's costs by network component at individual service level. Where KCOM's prices are consistent with the benchmark, the cost breakdown adds nothing to the assessment. Where they are not, the appropriate and proportionate response would be for Ofcom to request specific cost information on an ad hoc basis to investigate the particular concern – not to mandate routine preparation and audit of comprehensive cost schedules across all services on the contingency that such differences *might* arise.

The RFS are not used by Ofcom for price-setting

Unlike the position with BT, where detailed cost models form the basis of charge controls, KCOM's prices are not set by Ofcom based on the cost information reported in the RFS. Where price assessment is conducted on a benchmarking basis, the RFS cost schedules play a materially more limited role than in a cost-based regime, and the scope of mandatory reporting should reflect this difference.

Ofcom has not, to KCOM's knowledge, relied on the detailed cost schedules

KCOM is not aware of any instance in which Ofcom has relied upon the granular service-level cost attribution data or network component-based costing in the RFS schedules as a material input into any regulatory assessment, enforcement action, or market analysis relating to KCOM. Ofcom has been able to monitor and assess the effectiveness of its pricing remedies throughout the current review period without apparent recourse to these schedules. This strongly suggests that the current level of detail exceeds what is routinely required. The absence of past use does not mean the schedules could never be useful, but it does provide a strong evidential basis for concluding that their routine mandatory preparation and audit is not justified.

Costs, burdens and proportionality

The preparation, internal review, and external audit of the detailed service-level and component level cost schedules impose material costs on KCOM. Ofcom's own framework requires that reporting obligations be "proportionate to the benefits"²⁷ and "no more than is necessary to ensure the effectiveness of the regulation".²⁸ Ofcom's relevance criterion also requires information to "answer the right questions, in the right way and at the right time".²⁹ KCOM submits that detailed cost-by-component schedules do not answer

²⁵ Consultation, Volume 4, Figure 3.5: "...an assessment of fair and reasonable pricing may include reference to Openreach's prices for equivalent bandwidth products and active leased lines."

²⁶ Consultation, Volume 4, Figure 3.5: "Service cost information can be compared to Openreach price information to assess the effectiveness of the pricing benchmark and consider whether differences from the Openreach benchmark are fair and reasonable."

²⁷ Consultation, Volume 4, paragraph 1.15(d)

²⁸ Consultation, Volume 4, paragraphs 4.16 and 4.22(c)

²⁹ Consultation, Volume 4, paragraph 1.15(a)



the ‘right question’ in Ofcom’s regulatory framework for KCOM, which is whether prices are consistent with the BT benchmark. That question is answered by comparing prices, not by disaggregating KCOM’s cost base. The service level and component cost schedules are therefore more than is necessary and do not satisfy Ofcom’s own proportionality standard.

KCOM will maintain its costing capability and provide detail on request

KCOM’s proposal does not entail any reduction in its internal costing capability. KCOM will continue to operate its detailed costing systems for its own management, commercial, and regulatory monitoring purposes. Ofcom acknowledges that KCOM’s cost accounting system already “holds information on a service level”.³⁰ KCOM confirms that it would provide detailed cost information to Ofcom promptly upon request, whether in the context of a market review, a specific investigation, or for any other legitimate regulatory purpose. The information remains available; the change is simply that it would not need to be routinely prepared, audited, and formally submitted in the absence of a specific regulatory need. This addresses any concern that reducing mandatory schedules might leave Ofcom without access to the information it needs and is consistent with proportionate regulation: routine reporting should be calibrated to what is routinely needed, with more detailed information available on an ad hoc basis.

For these reasons, KCOM proposes that Ofcom remove the requirement for service level cost schedules and network cost component reporting in the RFS. This would represent a proportionate reset of the reporting framework, consistent with Ofcom’s stated commitment to ensuring that obligations are no more burdensome than necessary to achieve their intended purpose.

Relevant consultation questions

Question 4.1: Do you agree with our proposed regulatory financial reporting SMP condition and directions? Please set out your reasons and supporting evidence for your response.

³⁰Consultation, Volume 4, paragraph 3.6



6. Draft legal instruments

Transitional Provisions for Dark Fibre Access (DFA)

We note Ofcom's proposal to continue the existing DFA transitional provisions for a further five years. KCOM supports regulatory continuity where needed to protect customers and ensure orderly migration. However, in this case the proposed package appears disproportionate to the level of activity and risk in Hull.

In particular, KCOM's experience is that take-up of DFA in Hull has been minimal. In these circumstances, continuing obligations to (i) publish and maintain a document setting out differences between DFA and KCOM's leased line services, and (ii) maintain an internal DFA reference offer, creates an ongoing administrative burden without clear consumer or competition benefits. It is also unclear why Condition 1.1, which is about requests for network access, should continue to apply as part of KCOM's SMP Conditions in the DFA market.

We therefore encourage Ofcom to apply the same proportionate approach it has adopted in other contexts when withdrawing legacy obligations where demand is limited and risks are manageable.

We ask Ofcom either to (a) shorten the DFA transitional period, or (b) retain only the minimum measures necessary to protect existing DFA customers (if any) while removing publication/maintenance obligations that are not demonstrably required by demand or market conditions.

General SMP Conditions

We note that the proposed General SMP Conditions appear broadly consistent with prior remedies and are largely unchanged. KCOM understands Ofcom's preference for stability and agrees that, where SMP obligations remain, remedies should be clear, predictable and enforceable.

That said, we encourage Ofcom to ensure that implementation remains proportionate, particularly in relation to any notice periods (e.g., for product/process changes, publications, or withdrawal/variation).

Relevant minor comments and suggestions are set out below:

- The links to KCOM's products (under point 4 (a) – (b), Part 2: Interpretation) refer to the WLA and LLA prices rather than the full product pages. The relevant link for WLA is <https://www.kcom.com/wholesale/products/broadband-and-internet/wholesale-fibreline-local-access-services-wfla/>, and for LLA is <https://www.kcom.com/wholesale/products/data-connectivity/data-connectivity-document-page/>.
- Condition 5.4 requires that publication of an internal Reference Offer and applies to both the WLA and LL markets. Please confirm that any new internal Reference Offer for PIA will need to be published no later than 1 May 2027 in line with the publication date for the revised Reference Offer for PIA (Condition 5.7).

PIA

KCOM notes the proposed requirement to publish details of the geographic area in which PIA will be provided. In principle, KCOM can specify the "Hull Area" as the relevant footprint. However, KCOM also notes that in practice, access requests in sensitive areas are currently assessed on a case-by-case basis, with access granted only where risks can be appropriately managed.



We recognise that Openreach operates a more defined process for access to sensitive areas. If Ofcom expects KCOM to adopt a similar approach, it would be helpful for Ofcom to clarify the intended treatment of sensitive areas under the Hull PIA regime – so that the published geographic scope is accurate, transparent to entrants, and consistent with safety/security/resilience requirements.

We ask Ofcom to clarify whether the “geographic area” publication requirement is intended to (i) include the whole Hull Area subject to clearly defined, objective sensitive-area processes, or (ii) allow limited, clearly described exclusions/conditions for sensitive locations. KCOM is open to working with Ofcom and industry to develop a transparent, non-discriminatory approach to sensitive areas that balances access with legitimate safety and resilience considerations.

Proposed Direction in relation to the WLA Reference Offer

We note Ofcom’s proposed Direction relating to the WLA Reference Offer. KCOM has already amended its Reference Offer such that connection does not need to take place at an exchange, and KCOM is required to provide WLA access at “fixed locations” in the Hull Area.

In that context, our view is that the proposed Direction is unlikely to cause harm, but may be duplicative and add limited practical value given existing obligations and updates already made.

RFS

Minor comments and suggestions are set out below:

- We note an error in Annex 19. “Other WFLA End User Connection Charges” should be “WFLA FTTC.”
- We suggest adding “(average in year)” after “Volumes” in Annex 21.

Actions when the Conditions come into force

We note that PIA implementation will also require access seekers to procure certain ancillary services. KCOM’s current Ancillary Services Reference Offer appears to limit applicability to specific services that may not include PIA. This is a practical implementation point: if the condition comes into force, KCOM will need to ensure that the ancillary services framework is consistent with PIA obligations.

We ask Ofcom to confirm that KCOM may update its ancillary services reference documentation to ensure PIA can be supported effectively, and that Ofcom will take a proportionate approach to implementation timelines to avoid inadvertent non-compliance arising from mismatched legacy documents.

