Metrics for the UK independent network sector

Including results from Spring 2024 survey

A Point Topic report for INCA

POINT::**topic**

Point Topic exists to provide the best broadband market intelligence enabling its clients to make the best decisions possible.

Since 1998 we have gathered, analysed and published information sets used across the industry and beyond as the foundation of reporting, planning and strategy.

For more information about our work visit
https://point-topic.com

✳**INCA**
the independent networks cooperative association

INCA is the industry association that brings the Altnets and their supply chain partners together for mutual benefit.

For more information about our work and how to join us visit our website at **https://www.inca.coop**

Contents

Foreword

I'm delighted to introduce the latest of INCA's annual reports with Point Topic tracking the development of the independent network sector (the Altnets). My thanks go to the INCA and Point Topic teams for the work they have put into carrying out the research and putting this report together.

The economic headwinds experienced in the UK during 2023 have significantly tightened capital markets and this includes a reduction in the private investment available to Altnets. Despite this economic environment it is encouraging to have seen continued growth of Altnet networks (on par with the growth of BT's full fibre network). An additional half a million UK households in 2023 have discovered the great value and improved customer experience that Altnets typically offer.

The reduction in private investment has somewhat been offset by over £1bn of BDUK Project Gigabit procurement awards to Altnets. This is enabling both rural and urban households to enjoy better broadband sooner.

In fact 32% of rural properties (designated as Area 3 by Ofcom) now have access to an Altnet full fibre service compared to 36% of more urban (Area 2) properties. This again indicates that Ofcom's assumption in its 2021 market review that only Openreach would be able to build sustainable full fibre networks in Area 3 was incorrect.

Government has remained fully committed to the establishment of sustained infrastructure competition in the UK market and it was encouraging to hear the Shadow Minister, Sir Chris Bryant MP, confirm at INCA's annual conference that any future Labour Government would also be 100% behind infrastructure competition.

The BDUK Project Gigabit procurements continue to be awarded to a range of Altnets across the country and INCA members were pleased to see the Gigabit voucher scheme extended to 2028.

INCA members and their investors have raised concerns about whether the UK telecommunications regulatory framework is sufficiently robust to deliver a 'fair bet' for those investors backing new entrants into the UK infrastructure market. INCA's report, 'Securing long-term benefits for broadband customers'[1] explored these issues in more detail. It found that infrastructure competition was already benefiting consumers in the form of lower broadband prices and better service quality. The report recommended seven steps the Government could take to enhance the regulatory environment and incentivise the further private investment that the UK needs.

Even though INCA anticipates that Altnet network build will slow in 2024 it should still be possible to achieve the Government's target of 85% Gigabit enabled properties by the end of 2025. The target of 99% properties Gigabit enabled by 2030 will be dependent on how successful Ofcom's forthcoming Telecommunications Access Review is at reassuring and incentivising private investors to continue building the UK's remaining full fibre network.

By the time of next year's report we will have a new Government and Ofcom's first market review consultation. Support from both parties will be needed if the UK's vision of established and sustainable telecommunications competition which elevates the UK to the forefront of technological innovation is to be realised.

Tim Stranack, INCA Chair and Co-founder, Community Fibre

---

1   INCA, Securing long term benefits for broadband customers, September 2023.

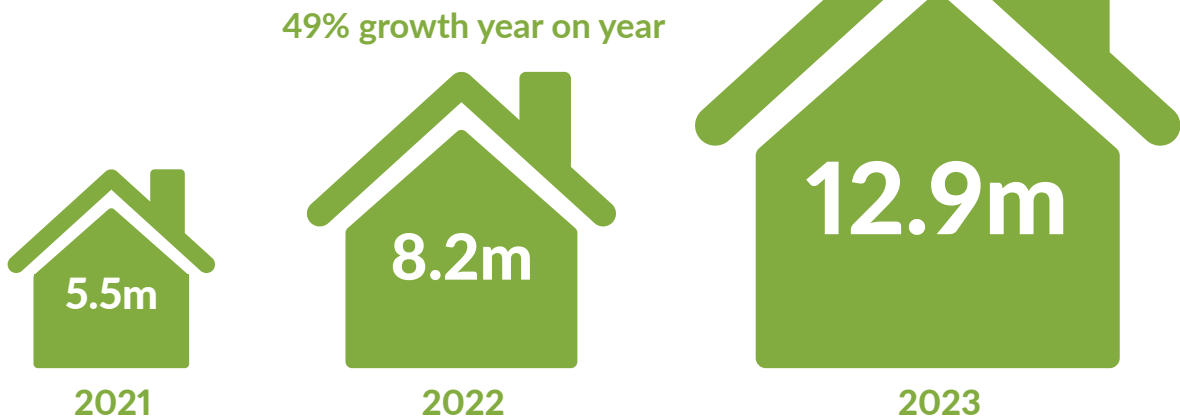# 1. Key metrics

2 million
Customers now using Altnet fibre

35%
of all UK premises passed by Altnet fibre

32%
of Area 3* premises passed by Altnet fibre

12.9m
Homes passed by Altnet fibre

12.8m
Homes passed by Openreach fibre

Growth of Altnet footprint (premises passed)

57% growth year on year

49% growth year on year

5.5m
2021

8.2m
2022

12.9m
2023

2. Summary

Premises passed

The UK's Altnet operators[2] remained resilient during the year increasing their full network coverage by 57% year-on-year to reach 12.9 million premises at the end-2023.[3]

3 million of these premises were in Ofcom's Area 3, meaning that Altnets have delivered full fibre connectivity to nearly a third[4] of UK premises in harder to reach rural areas.

BDUK has now awarded 32 Project Gigabit procurement contracts[5] to 10 local or regional Altnet operators worth £1.3bn, aiming to cover around 760,000 premises over the next several years.

Many INCA members have also actively engaged in BDUK's voucher programme enabling them to extend their commercial build to harder to reach properties. INCA are encouraged by BDUK's recent announcement that the voucher programme deadline has been extended to 2028.

CityFibre has been awarded nine Project Gigabit procurements (~60% of contract value) to date worth £783 million in subsidies covering 460,000 premises.

Despite challenging market conditions, high global inflation, soaring energy and construction material costs, combined Altnet full fibre footprint of 12.9 million premises exceeded that of Openreach at the close of 2023.

Adjusting for Altnet overbuild we estimate that between 11.3 – 11.6 million properties now have access to an Altnet service.

Over 6.9 million premises are only passed by Altnet fibre.

The following map provides a snapshot of the UK independent network operator sector at the end of 2023.

In London more than half the premises (household and business) can now get an FTTP service from one or more alternative networks, with the South East and Yorkshire and the Humber close behind.
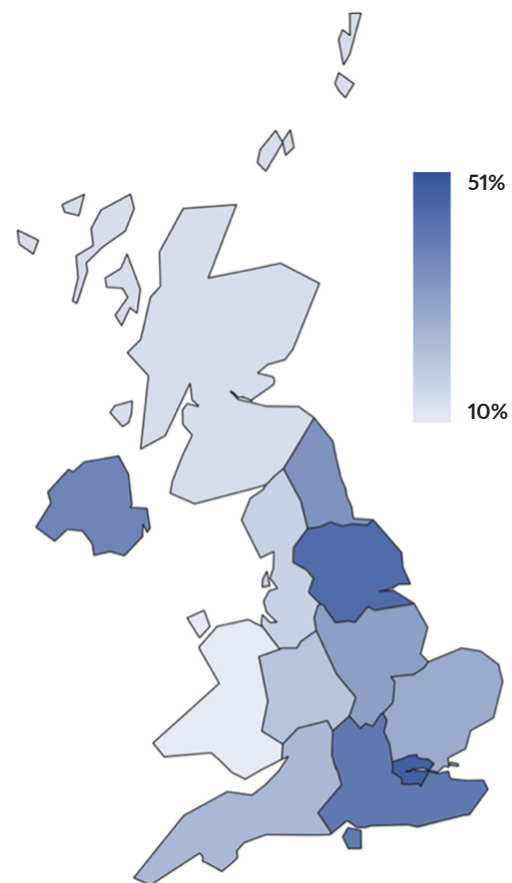
Percentage of premises passed by UK region by fixed (native) FTTP alternative networks – End 2023

---

2   Defined as an organisation deploying broadband infrastructure for wholesale and/or retail use, which is not part of either the UK's incumbent operators BT Group, and which is not Virgin Media O2 as the national cable operator.

3   This report focuses on premises passed, not addressed, for fixed infrastructure; past years have been backdated accordingly. There remains some variation in operators' reporting. Fixed wireless access (FWA) networks are estimated to cover more than two million premises although not all will have full speed service available. The fixed wireless access (FWA) market is more difficult to assess due to line-of-sight issues and fragmented supply in the sector. See general caveat on page 7.

4   Figure is based on c.9.5 million premises located in areas designated as Area 3 in Ofcom's Wholesale Fixed Telecoms Market Review 2021-26, Volume 2, 18 March 2021, p. 118.

5   See Annex 1 for Project Gigabit Delivery and Procurements Pipeline for further information.

Live connections

Almost half a million customers decided to switch to an Altnet during 2023 leading to 2 million live connections (33% growth year-on-year) to independent fixed networks provided by full fibre gigabit capable connections.

This represents a take-up rate of Altnet fibre services – in an expanding footprint – of approximately 15%, demonstrating a receptive consumer base.

Altnets are trusted by consumers. They have outperformed the major national incumbent providers on independent review sites such as Trustpilot and Google Reviews, with consumers showing their preference for Altnet services, where available.

Expectations and aspirations

Despite the scaling back of network roll-outs Altnets are still deploying the breadth and width of the country and aim to supply full fibre infrastructure to millions more premises (16.7 million) by the end of 2024, with 3 million live connections anticipated. Potentially giving Altnets collectively more than 10% share of the residential broadband market

Although ambitious given the current market conditions, significant progress will be made in network expansion as many suppliers have streamlined operations and some continue to ramp up build-rates.

Investment into the sector will seemingly reduce in scale compared to the past few years given tightening credit markets and concerns about the strength of regulatory support for infrastructure competition. Nevertheless, there have continued to be a stream of new investment announcements throughout 2023 and early 2024. (See Annex 3).

These aspirations are dependent on the Government's continued support for investment and infrastructure competition and the regulator delivering a fair competitive marketplace, which is due to be reviewed in Ofcom's upcoming Telecoms Access Review 2026–2031.

Investment[6]

Investment and expenditure in the Altnet sector continued throughout 2023 with an estimated additional £7 billion having been committed to network expansions and operations during the year.[7]

From the survey inputs and research, we estimate intended CAPEX spend by Altnets from 2024 until end-2028 at over £13.4 billion with operational expenditure of at least £1 billion.

For broad comparative purposes this figure is nearly on par with BT Group's (Openreach) £15 billion investment plan to the end of 2026.

Taking this private sector investment together with the government's £5 billion Project Gigabit commitment, planned Altnet full fibre investment until 2028 totals £25 billion.

Concerns

Unsurprisingly being able to secure adequate finance for their capital-intensive network build plans rose to the top of Altnet concerns. In last year's survey finance came in joint ninth and third from the bottom of the list of concerns, illustrating the quickly changing nature of the telecoms sector and the economic climate overall.

Moving up the table to second place was the integration and implementation of the One Touch Switching process, which has experienced numerous setbacks and delays most notably from BT, Sky, TalkTalk and VMO2.

In joint third place were the perennial challenges in securing wayleaves along with planning and street works delays. The latter topped the list in 2023 with wayleaves moving up from fifth place.

A new entrant on this year's list and in joint fifth place with wholesale network integration, was the concern surrounding strategic mergers and acquisitions. We have already seen some consolidation as expected, none of which has had a negative impact on consumer services.

Perhaps unsurprisingly given its 2026 deadline, the upcoming five year Telecoms Access Review (an update to the Wholesale Fixed Telecoms Market Review (WFTMR) 2021) by Ofcom came in fifth place in the ranking with 58% of respondents not viewing the review and its outcomes as a concern. We anticipate this topic to rise up the ranking in future years.

---

6   See general caveat on page 9.

7   Figure is based on operator survey responses, public announcements, and full accounts statements submitted to Companies House where available.

3. Introduction

This report has been produced in partnership between INCA – the Independent Networks Cooperative Association – and Point Topic, drawing on input from both INCA members and non-members. It provides an overview of the UK's Altnet sector as of end-2023 and early 2024 in terms of scale, coverage, ambitions, and concerns. As in the previous four years, it includes both fixed and fixed wireless network operators. The focus of the report is on fixed full fibre networks and underscores the contribution Altnets have made both in terms of economic impact and meeting the Government's target of 85% nationwide gigabit-capable coverage by 2025 and 99% by 2030.

In recent years Altnets have attracted unprecedented amounts of private investment, have accelerated their network deployments and increased their rollout plans whilst providing end-users with more choice and cutting-edge technology. Altnets continue to play an integral part in the growth of the UK's burgeoning full fibre networks' coverage. Despite challenges within the sector such as strong economic headwinds, increased cost of capital and deployments from major players such as Openreach and Virgin Media O2 (VMO2), independent operators continue to innovate and expand and have increased their network coverage from just over 1.2 million premises at the close of 2019 to 12.9 million, or around 34% of all premises[8], at the end of December 2023 and up from 25% of all premises year-on-year.

UK Altnets have carved out a place for themselves within the telecoms sector. Regional and national Altnets commonly offer consumers cheaper full fibre and faster speed tiers[9] of 1 Gbps+ packages, consistently receive excellent ratings on consumer review sites, ultimately creating a competitive sector benefitting the consumer, consistent with the ambitions of government policy. Still, the sector is undoubtedly going through a transitional phase that will likely result in some consolidation of the market. We are already seeing some suppliers pivot from scaling network builds to securing customers connected to support business models. Keeping the UK broadband market robust,

dynamic, and sustainable will require time for younger Altnets to mature along with sustained policy and regulatory support for effective infrastructure competition.

General caveat

The premises passed, investment and capex projections included in this report are from a number of sources, including INCA surveys, and should be treated as indicative. Different data sources may be used for the different parameters reported, so it is not possible to directly compare them nor, for example, to divide capex projections with projected premises passed figures to reliably estimate cost per premises passed.

Definitions

- **Premises passed** – Point Topic defines premises passed as those from which it is possible to readily order a broadband service. In our previous reports we included premises addressed as provided to us by operators – addressable premises tend to be classed as homes or businesses located within x metres of a network. The Ofcom definition for full fibre coverage is, "where the network has been rolled out to a 'lead-in' that will serve the consumer end premises and where the consumer would expect to pay a standard installation charge for that connection".[10] We welcome the industry's move towards more consistent definitions of coverage but recognise there remain varying definitions and different terms.

- **Connections** – live connections we define as premises which have an active subscription/s to a broadband service. We include both residential and business, wholesale and retail but without double-counting of these figures.

- **Independent operator (also known as Altnet)** – we define this as an organisation deploying broadband infrastructure for wholesale and/or retail use, which is not part of either the UK's incumbent operator BT Group, and which is not Virgin Media O2 as the

---

8   This figure does not account for a small amount of AltNet overbuild, mainly in urban areas.

9   Thinkbroadband, UK Broadband Report – January 2024, 2 February 2024.

10 Ofcom's Connected Nations 2022 Annex A: Methodology https://www.ofcom.org.uk/__data/assets/pdf_file/0031/249286/connected-nations-methodology.pdf

national cable operator.[11] This includes privately funded companies, community groups and not-for-profit organisations.

- **Technologies** – in terms of fixed networks, we cover full fibre-based network deployments, fibre-to-the-premises or home (FTTP/H) and fibre-to-the-building (FTTB) as well as small amounts of legacy VDSL. Fixed wireless access (FWA) deployments are included where we have been able to gain information although this is currently sparse. This report does not cover satellite, 4G, white space or leased line infrastructure.

- **Bandwidth** – we focus on symmetric gigabit capable networks. While there is some legacy VDSL in the portfolio of several operators it is a small and decreasing percentage as new deployments are now exclusively FTTP/B. Coverage of FWA technology does include sub-superfast bandwidths.

Next steps

Now in its sixth year, we plan to continue this report on a regular basis in order to follow changes in the market, track advances in coverage and scale, and explore new issues and concerns within the independent community as they arise.

The 2024 survey at the end of this paper has been completed by 17 independent network operators forming a representative sample of the UK independent sector. Our thanks go to all those who have taken part in the survey.

As mentioned above, we rely to a large extent on self-reported statistics to assess the scale of the sector in terms of premises covered and live connections. To increase the rigour of data we will continue to work with INCA and the industry to agree on metrics and outputs, including definitions.

---
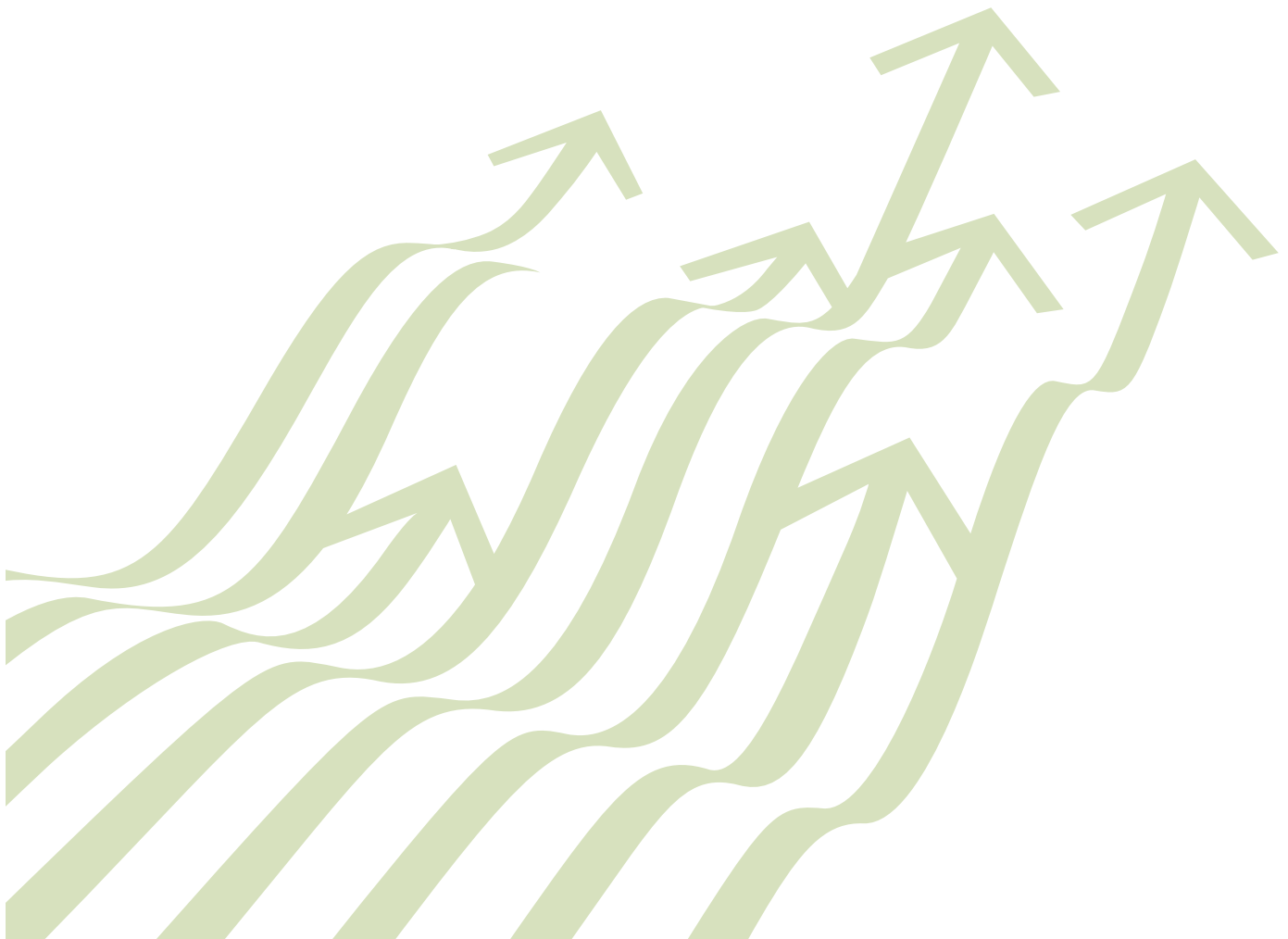
11   Please note that Virgin Media O2 is considered the national cable DOCSIS 3.1 incumbent and in this definition does not include Nexfibre which is a joint venture FTTP network infrastructure supplier between Virgin Media O2's parent companies Liberty Global and Telefónica along with InfraVia Capital Partners with Virgin Media O2 as the anchor wholesale client.

4. Assessing scale and ambitions of the independent network sector

Point Topic provides estimates of premises passed for the UK's fixed independent operators and live connections as at the end of December 2023. In addition, we have estimated, from available data, premises addressed or covered by fixed wireless access infrastructure of independent operators, as well as total connections for these players (see footnote 2).

We collect expectations and aspirations for some (not all) of these numbers at the end of 2023.

Estimates are based on public announcements, plus survey data supplemented by Point Topic and Thinkbroadband research as outlined above, either reported to us by network operators or using our own estimates when actual numbers are unavailable.

Table 1 below contains estimated key metrics for the UK's independent fixed networks from end-2021 with operators expanding their full fibre footprints by at least 50% year-on-year and increasing further market share from the top four major players.

Premises passed and connected by fixed independent networks for end-2023

At end-December 2023, the UK's independent network operators are estimated to have passed 12.9 million premises with their fixed broadband infrastructure. This

is an increase of 4.7 million year-on-year compared to 2.7 million growth in 2022. Altnets have deployed at scale in areas ranging from urban multi-dwelling units (MDUs), new build homes to those premises in remote and geographically challenging locations.

Live connections for independent operators stood at an estimated 2 million at the end of December 2023, up from 1.5 million or 31% year-on-year. In terms of penetration Altnets are seeing just over a 15% take-up rate compared to 18% in the previous year. The slight percentage decrease can be attributed to suppliers accelerating their network build rate. This results in greater availability of gigabit-capable broadband and despite this being a significant contributing factor to the government's nationwide coverage goal it does mean that operators will have to wait two to three years to see increased penetration rates on these new networks.

For example, the UK's third largest full fibre network supplier CityFibre, whose network covers over 3.5 million premises (adding 1 million ready for service in 2023) reported that in its most mature market Milton Keynes where it completed its build in 2022, penetration rates are just over 30% increasing to 40% in the first served areas of the town.[12] Long-established Altnet Hyperoptic, which focuses on urban MDUs and newbuild home deployments, has harnessed the power of partnerships to increase its penetration rate to 33% of fully serviced premises.[13] The supplier has more than

Table 1: Key metrics for UK independent network sector, end-2021 until end-2024		
Total for fixed full fibre operators	**Premises passed**	**Connections**
Fixed infrastructure (FTTB/H/P and other)		
End-December 2021	5,464,000	1,026,000
End-December 2022	8,224,000	1,520,000
End-December 2023	12,884,000	1,992,000
Expectations and aspirations fixed gigabit-capable FTTB/H/P) infrastructure		
End-December 2024	16,782,000	3,078,000

See general caveat on page 9.

Source: INCA survey, Point Topic research and estimates.

---

12   CityFibre, UK's Largest Independent Fibre Network Reaches £100m Revenue Milestone – Trading Update for the Year Ended 31 December 2023, 26 January 2024.

13   Hyperoptic, Mid-Year Update Report for the Six Months to 30 June 2023, January 2024.

Table 2: Likelihood of full fibre take-up with respect to length of time it has been available

Years full fibre has been available at the property	Probability that the property has taken full fibre
One year or less	9%
Greater than one year, up to two years	22%
Greater than two year, up to three years	36%
Greater than three years, up to four years	43%
Greater than four years	55%

Source: Ofcom analysis of provider data (May 2023)

50 partnership agreements with councils across the UK and more than 150 developer agreements with some of the largest homebuilders (Barratt Homes, Vistry Group, and Taylor Wimpey) in the country.

Ofcom's latest Connected Nations report published on 19 December 2023 provided an overview of the likelihood of full fibre take-up in relation to the age of the supplier's network in the area. Table 2 below demonstrates that networks need to be in place for two years of more to see significant penetration levels.

Although Altnets' penetration rates are not fully comparable to the incumbents where Openreach and VMO2 reached ~34% at the close of the year independent operators are holding their weight against the major players. This is despite Altnets having the more complex task of winning new customers onto

Figure 1: Comparison of independent network providers' and Openreach's gigabit-capable full fibre evolution, 2020[14]–2023
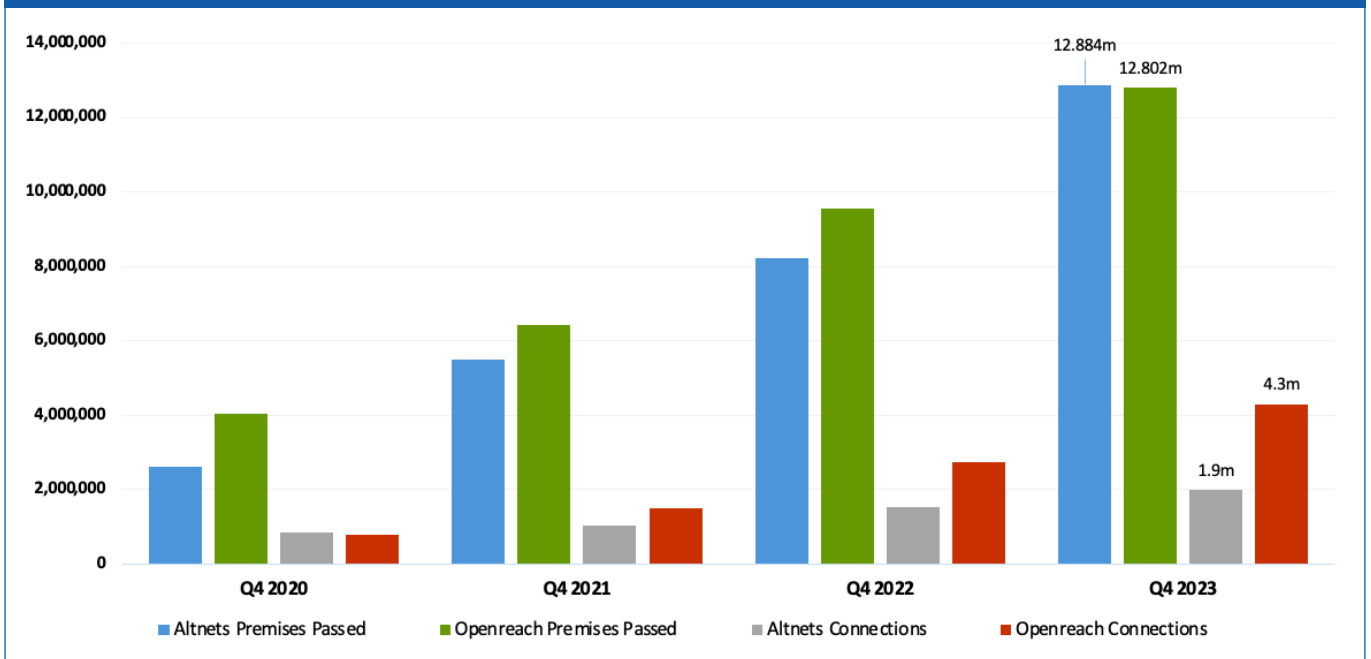
See general caveat on page 7

Source: INCA survey, Point Topic research/estimates, BT Group company reports

14 2020 estimates include some FTTC technology connections previously stated in survey results and public announcements. From end-2021 estimates are based on fixed full fibre independent network operators' FTTP/B network footprints and connections.

their network as opposed to the incumbents who can convert existing customers onto their full fibre services. Between December 2022 and December 2023, Openreach reported nearly 450,000 line losses which correlates to Altnets' 472,000 net additions year-on-year. Additionally, Openreach's overall annual growth has slowed to 0.8% compared to the overall market's 1.9%.[15] Altnets are picking up Openreach's losses along with gaining additional subscribers and are certainly posing a challenge to the incumbent's market share.

Figure 1 above shows the progression of full fibre premises passed and live connections since the end of 2020 to end 2023 highlighting the sector's solid performance when compared to the incumbent supplier, Openreach.

Figure 1 does not include infrastructure or connections by the UK's incumbent cable broadband supplier, Virgin Media O2. Worth noting is that the Altnets figures include nexfibre, which is a joint venture between InfraVia and VMO2's parent companies Liberty Global and Telefónica. VMO2 is the anchor retail client of nexfibre's full network which is being built and that are outside of VMO2's existing cable network coverage. At the close of 2023, nexfibre's footprint covered around 800,000 premises with the aim of reaching 5 million by 2026. The deployments are separate from VMO2's Project Mustang which will see its entire DOCSIS 3.1 network (covering around 17 million premises) upgraded to full fibre.

The figures also demonstrate that since the end of 2020, when gigabit-capable network rollouts began to hit their stride Altnets have continued to keep pace with Openreach in terms of coverage and connectivity. Yet, Openreach has successfully leveraged its wholesale full fibre incentivisation/discount Equinox 1 and 2 schemes to retain large numbers of communication providers and shift their customers onto their full fibre products. Altnets are not just standing by though as over the past two years many have indicated in survey results that they are planning on offering wholesale services in the future to diversify their portfolios.

Moreover, the wholesale sector is experiencing a shift from two or three dominant players to a landscape successfully accommodating new entrants. For

example, founded in 2019, Netomnia (and sibling ISP YouFibre) whose network covered 800,000 premises with 80,000 connections at the start of 2024, has been deploying cutting-edge FTTP services at pace and have hit major milestones in a relatively short period of time. It was the first Altnet to have FTTP builds in all four devolved nations (October 2022), it launched one of the UK's fastest residential services (8 Gbps in September 2023), and in February 2024 Adtran confirmed that Netomnia would be its first customer of its SDX 6400 50 GB PON OLT platform demonstrating Netomnia's forward-thinking and future-proofing approach to FTTP network scalability.[16]

Expectations for end-2024

We asked survey respondents to provide an indication of how many premises passed and live connections they expected to have at end-December 2024. Several operators have given public indications of their future coverage aims.

Taking these into account, we estimate total plans are for 16.7 million premises passed (a 30% increase year-on-year), and nearly 3 million connections (55% increase) by fixed network operators.

Figure 2 below provides an overview of suppliers' stated ambitions from past surveys versus actual achievements for premises passed and broadband connections between end-2021 to end-2023. 2023 might indicate that as Altnets mature their homes passed forecasting is becoming more accurate. Homes connected forecasts remain variable but perhaps not unsurprising when taking into account the difficult market conditions and sector challenges (discussed in Section 7).

The 2022 premises passed figures do stand out as a considerable shortfall. Contributing factors to the deficit were the start of the cycle of challenging economic headwinds still being felt today, along with fibre optic cable supply shortages, and record price increases in supplies and equipment. These issues were being experienced sector-wide and were not just particular to Altnet suppliers. Despite these challenges, Altnets still managed to cover 25% of UK premises with full fibre whilst surpassing stated target ambitions for connections by 6%.

---

15   Ofcom, Telecommunications Market Data Update Q3 2023, 25 January 2024.

16   Adtran, Talking YouFibre, 50G PON and the UK's Fastest Residential Broadband Service, 15 February 2024. Worth noting is that many major ISPs have been trialling 25G PON technology whereas Netomnia has skipped this phase with the integration of 50G PON technology allowing the provider to offer true advertised speeds of 8 Gbps+ to consumers.

Figure 2: Comparison of independent network providers' gigabit-capable full fibre deployment and connections ambitions versus actual, 2021–2023
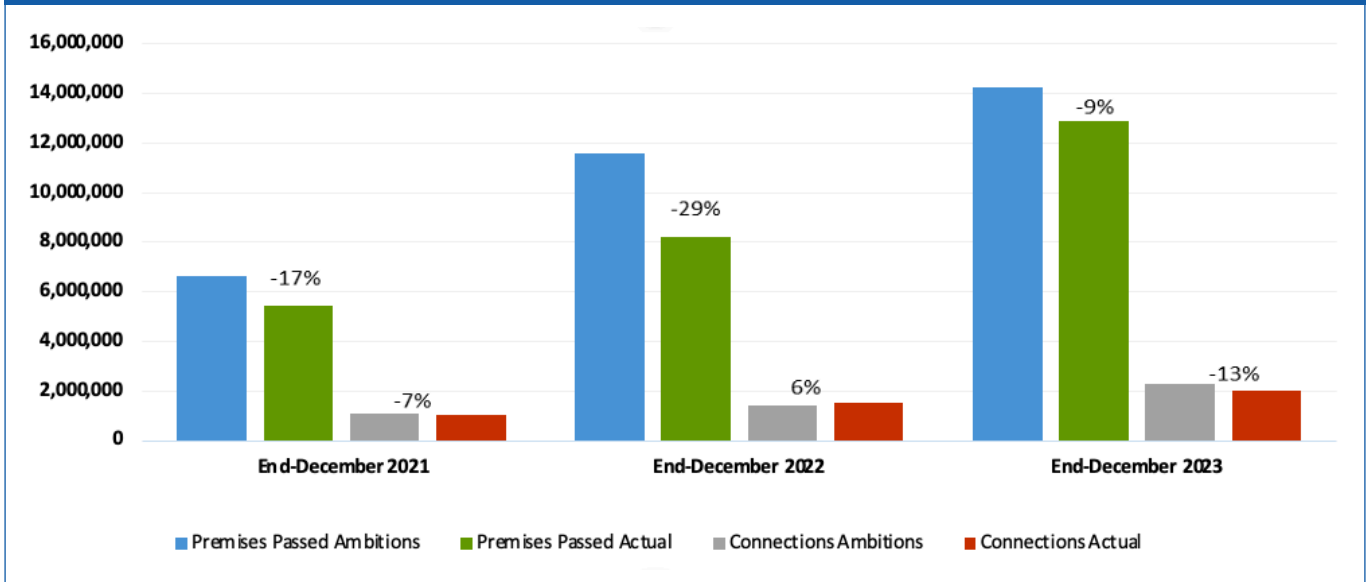
See general caveat on page 9

Source: INCA survey, Point Topic research/estimates, and company reports

2023 marked a shift in the independent sector with the start of consolidation in the market along with some FTTP suppliers announcing deployment slowdowns, job cuts, and restructures. A change in tactic from network expansion on a large-scale to focusing on revenue-generating consumer take-up has repeatedly been in the news. These business tactics should not be viewed as an overall negative trend with Altnets and their investors exhibiting dynamism in achieving their long-term profitability and sustainability goals. Major investors are starting to integrate their infrastructure assets into a consolidated wholesale network[17] with the ability to on-board several ISPs marking a shift from the exclusively vertically integrated model. A move that will expand network and services availability whilst acting as a catalyst for wider competition and potentially further competition for Openreach if the policy and regulatory environment remains supportive of infrastructure competition.

In short, the challenges that several Altnet suppliers have faced and have been heavily publicised throughout the year should not overshadow the successes of the sector as a whole. Growth has been steady, investments – albeit more cautious – are still forthcoming (see Annex 3) and Altnets are performing across a range of geographical regions and markets.

---

17 See the following public announcements: Fern Trading names Cuckoo and AllPoints Fibre as retail and wholesale brands for its FTTP operations 14 September 2023; Macquarie Capital, Israel Infrastructure Fund (IIF) and Tiger Infrastructure Partners merge fibre businesses SWS Broadband and Cadence Networks into Voneus 25 September 2023; Basalt Infrastructure Partners announces it is bringing FullFibre and Digital Infrastructure together in a move that will create a single wholesale platform 3 October 2023; Freedom Fibre Limited and InfraBridge-backed VX UK to combine their businesses with InfraBridge controlling the combined entity following the close of the transaction 23 December 2023.

5. Independent network sector coverage

Point Topic maps broadband provision throughout the UK, including footprints of the country's independent network operators at postcode level with monthly updates.

As part of the INCA survey, we asked independent operators to provide their coverage details. However, given that not all independent network suppliers complete the survey we have used our own research and that of our partner Thinkbroadband to provide a view of independent network infrastructure provision today as the sector expands rapidly. Deployments continue to stretch across the UK. Most regions are seeing more choice and better broadband as a result.

Figures 3 to 9 provide further information about national, regional, and Ofcom Area 3 Altnet coverage.

Some areas have seen significant growth over the last twelve months as the Altnet deployments are spreading around the UK. Offering more consumers

the option of a full fibre connection and adding to the competitiveness of the country overall.

In many places Altnets are the best and sometimes only option. There are millions of premises today that can only get an FTTP/B service thanks to the alternative networks.

Figure 3: Annual growth in percentage of Altnet full fibre postcode coverage, end 2022 – end 2023
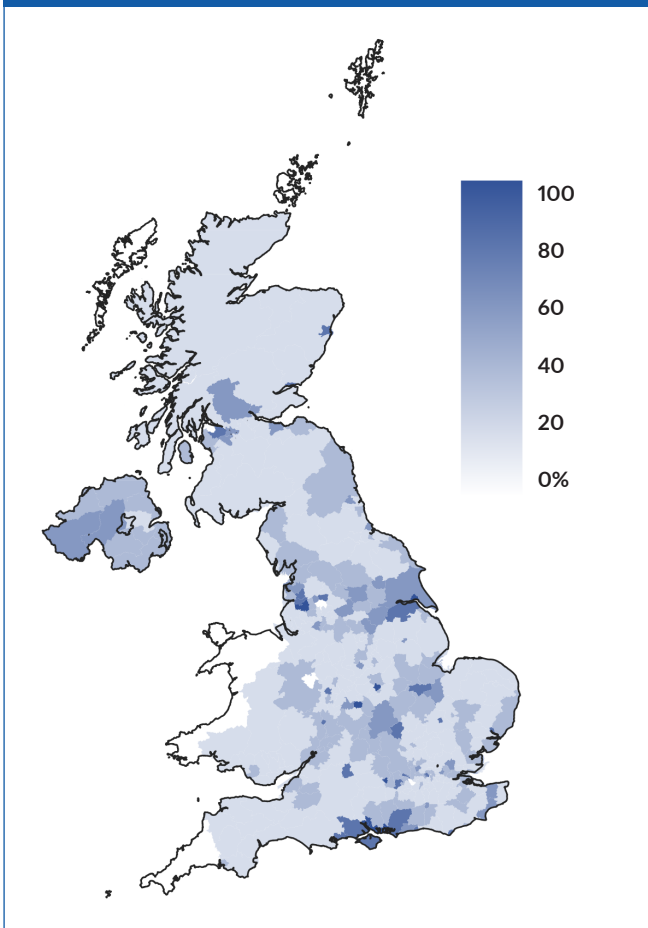
Figure 4: Number of Altnet only full fibre coverage, end 2023

69,100	Wales
82,900	Northern Ireland
317,900	North East
405,300	West Midlands
429,000	Scotland
494,700	East Midlands
542,400	East of England
575,500	South West
589,700	North West
741,400	Yorkshire and the Humber
1,309,700	London
1,353,800	South East
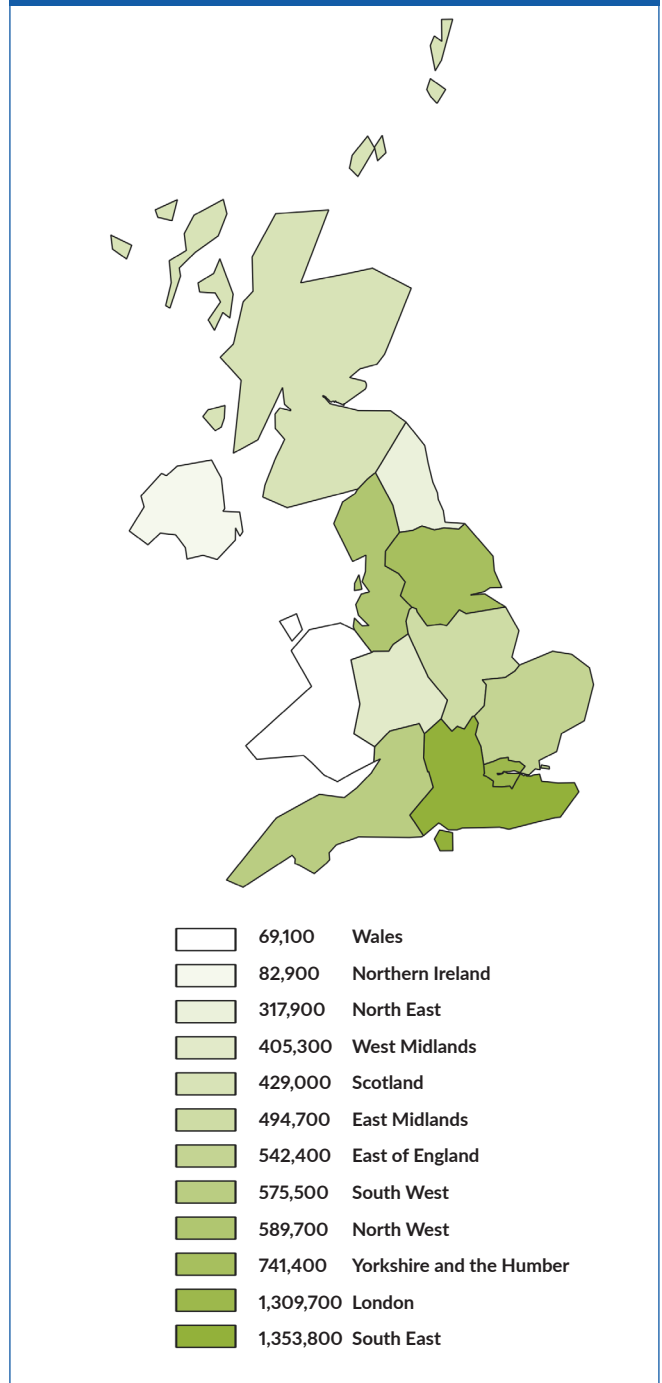
Area 3 and the Altnets

In its last market review Ofcom designated rural and small town properties in the UK as a separate market called Area 3. Ofcom assumed that there would be no material and sustainable competition to Openreach in those areas and that Openreach would require incentives to connect these properties.

Nevertheless, in Area 3 Altnets have already provided full fibre to 3 million premises up from 2.3 million at the end-2022 which is just under a third (32%) of the Area 3 footprint. As a point of comparison Openreach passed 3.7 million premises in Area 3 or 39% of premises. We estimate that Altnets will reach around 4.5 million premises 46% in Area 3 before the end of 2025.

Fixed wireless operators have also contributed to wider coverage and faster broadband speeds for consumers. As technology has advanced, they have been able to offer gigabit-range bandwidths and now contribute to gigabit coverage country wide.

Figure 5: Percentage of Area 3 full fibre premises passed by regions, end 2023
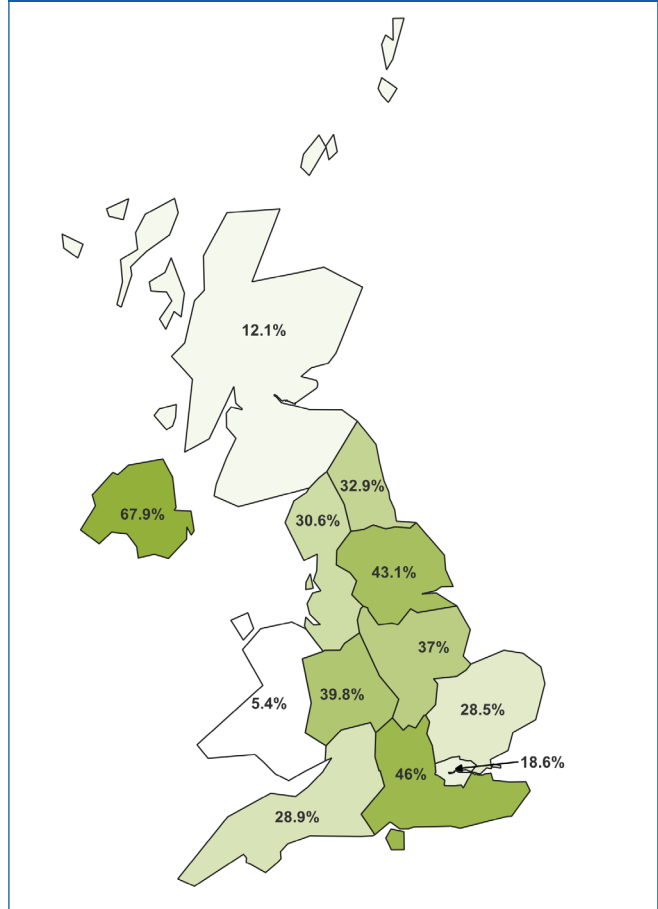
Figure 6: Percentage of Area 3 premises passed by Altnets compared to percentage of Altnet premises passed within those regions (as of Q4 2023)
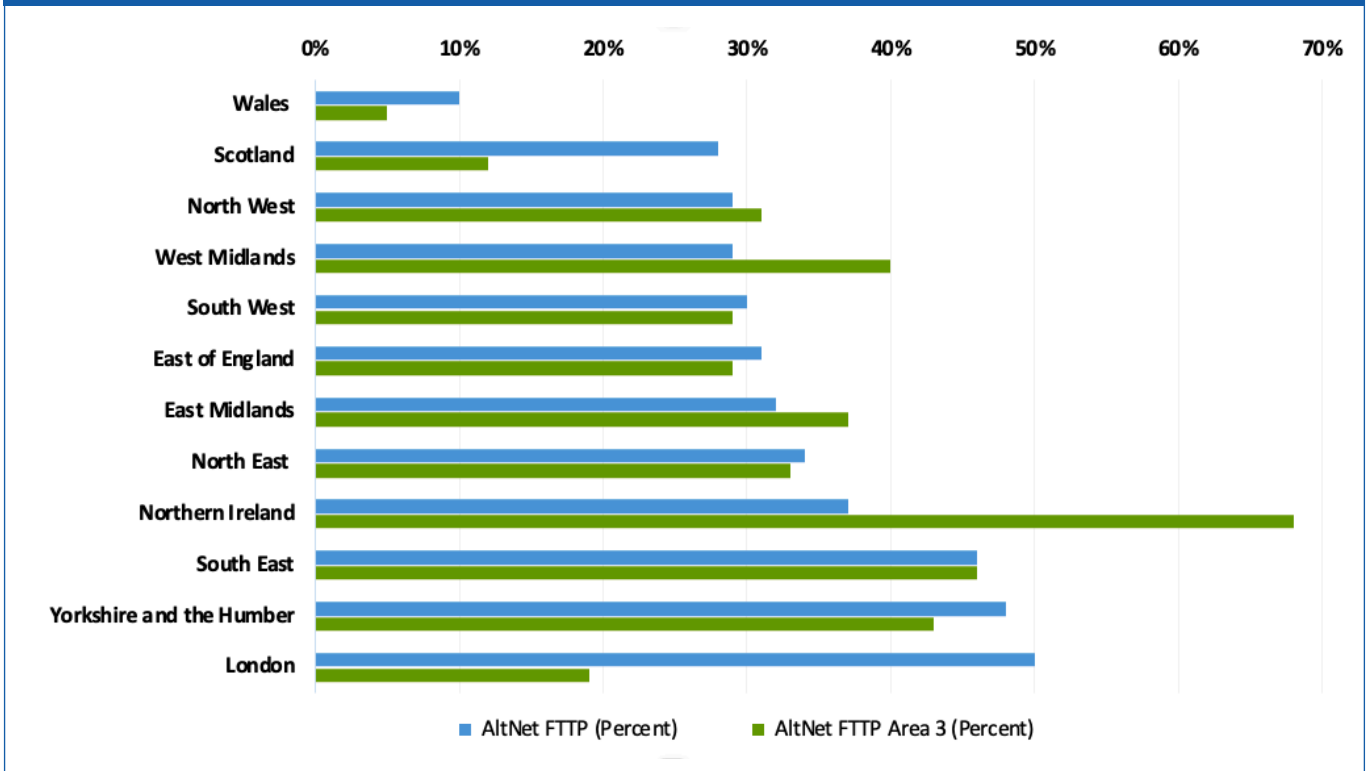
Source: Point Topic and supplier UPRN/postcode data where supplied

When looking at Area 3 connectivity and in sparsely populated or areas where the terrain presents challenges to full fibre deployment, FWA offers a cost-effective option along with a service that meets government targets in many cases. Other options are also being considered by the government such as Starlink and OneWeb's Low Earth Orbit (LEO) satellites to deliver improved, 'high-speed' digital connectivity to sites in very hard to reach locations.

Figure 7: Altnet FTTP/B only Area 3 – end 2023

|		
	500	London
	26,900	Wales
	51,500	Scotland
	68,800	North East
	71,100	Northern Ireland
	113,900	North West
	145,900	Yorkshire and the Humber
	174,100	West Midlands
	186,900	East of England
	210,100	East Midlands
	316,500	South West
	446,800	South East

For the purpose of this report however we are reporting fixed line full fibre coverage. The chart below lists in descending order Altnet coverage by Region with Area 3 premises covered within those regions.

The South East and Yorkshire and the Humber are hugely benefitting from Altnet deployments with the former reaching parity (46%) for both regional and Area 3 premises passed. Yorkshire and the Humber, which also came in at the top of the list at the end of 2022 for Altnet coverage, increased regional and Area 3 coverage to 48% and 43% respectively. The largest year-on-year increase in both areas of coverage came in Northern Ireland where Altnets increased their coverage by 22% to reach a total of 37% of premises with Area 3 premises in the Region increasing by 33% meaning 68% of premises had Altnet coverage.

Wales and Scotland continued to remain at the bottom of the list in terms of coverage as both regions are proving the most difficult and cost-intensive to deploy in due to challenging geographic conditions. Both Regions are also only served by a small handful of Altnets actively deploying full fibre or hybrid FWA and full fibre networks.

Rollouts in these areas were always going to be trickier, yet, growth in Altnet coverage is progressing. Wales Altnet regional coverage increased by 5% year-on-year to reach 10% of premises while Area 3 coverage saw a 1 ppt increase to 5%. Scotland's regional Altnet coverage reached 28% (up 12%) and Area 3 coverage increased by 9% to reach 12% of premises.

Indeed we can see Altnets delivering deeper into Area 3 regions and for millions in those hard to reach areas the Atlnets are the only full fibre choice.

For a market identified by Ofcom as one where only the incumbent could deliver sustainably, and possibly only with further incentives, it is remarkable to see the pace of Altnet delivery and how it compares with the incumbent. Not only are Altnets keeping pace with Openreach in overall numbers of premises passed in Area 3 (3m vs 3.7m), as the graph below shows, Altnets are ahead of Openreach in Area 3 deployments in some areas and are gaining ground in others.

While Area 3 is still officially classified as non-competitive and hard to reach, both Openreach and the Altnets are deploying in these areas. In Northern Ireland in particular Altnets are facing a battle for the "non-competitive" areas with overbuild becoming more common place.

Figure 8: Altnet and Openreach overbuild in Area 3, end 2023

0	London
26,800	Wales
35,100	North East
74,200	Scotland
75,100	East Midlands
107,700	North West
109,800	Yorkshire and the Humber
120,900	South West
133,100	West Midlands
136,000	East of England
185,600	South East
231,500	Northern Ireland
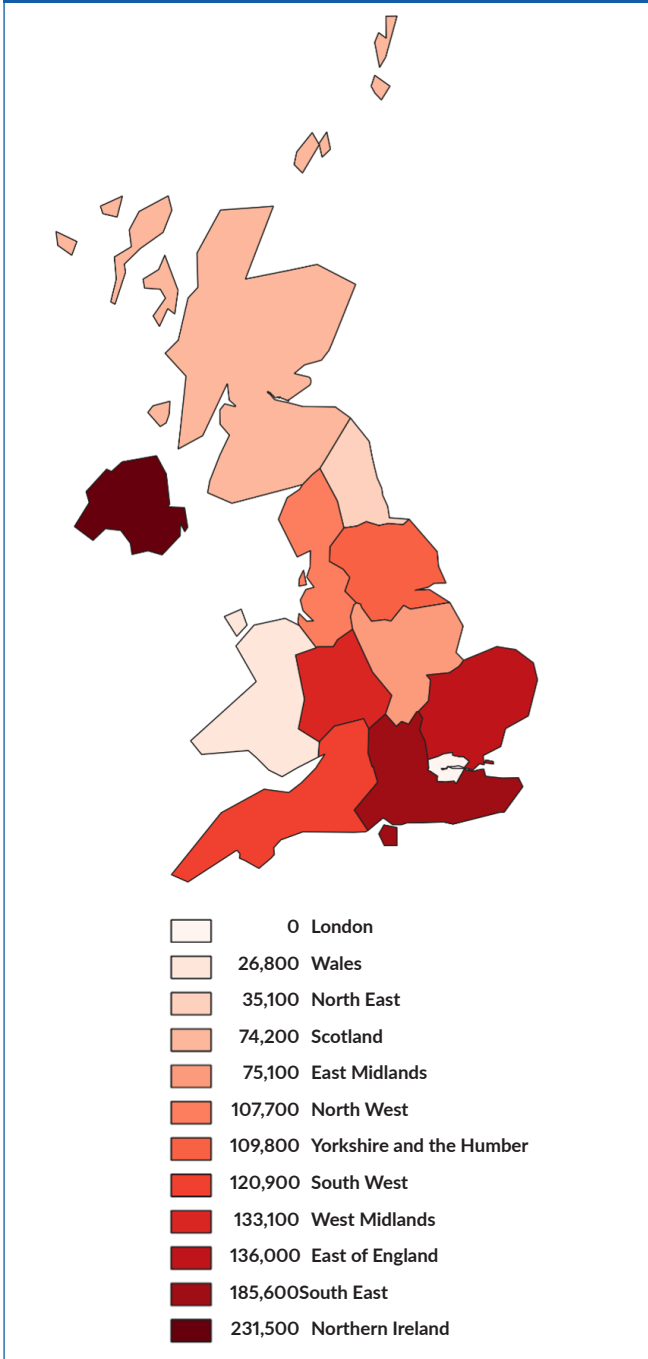
This data offers strong support for the Altnet model of promoting and extending coverage through effective competition. The willingness and ability of Altnets to drive FTTP and gigabit connectivity through innovation and flexibility has resulted in nearly a third of additional businesses and premises in rural areas getting access to full fibre broadband that they may not have otherwise had access to.

Altnets have shown significant commitment in providing gigabit-capable connectivity to rural and hard to reach premises without any regulatory financial incentivisation schemes spurring their builds. During the last WFTMR, Openreach announced its commitment to pass 3.2m premises in Area 3 by 2025/26 resulting in Ofcom applying the same wholesale charge control in Area 3 as in Area 2.

The fact that Openreach has already delivered 3.7m Area 3 properties by the end of 2024, going further and faster than its commitment to Ofcom, is seemingly a consequence of the competition it has faced from Altnets in Area 3.

For more on the details of network coverage and interactive mapping visit Point Topic's partner at Thinkbroadband.

BDUK's Project Gigabit and the Altnets

Building Digital UK's (BDUK) Project Gigabit programme, which focuses on subsidising the final 20% of premises (9.5 million properties) not covered by commercial build plans, predominately in rural or hard to reach areas, has finally started to pick up pace after a slow start. BDUK has now awarded 32 procurement contracts[18] to 10 local or regional Altnet operators worth £1.3bn and aiming to cover around 760k premises over the next several years. BDUK announced at the close of 2023 that Northern Ireland, Scotland, and Wales had been added to the subsidy programme, however, timeframes for delivery are yet to be confirmed.

To date, CityFibre has secured ~70% of contract value worth £783 million in subsidies covering 460,000 premises as a consequence of being awardedsome larger region wide procurements. Other successful suppliers of smaller procurements include, Borderlink (GoFibre), Connect Fibre, Connexin, Fibrus, Freedom Fibre, Gigaclear, Quickline, Wessex Internet, and Wildanet.

---

18   See Annex 1 for Project Gigabit Delivery and Procurements Pipeline for further information.

Figure 9: Premises passed by region and split by total coverage and Ofcom Area 3
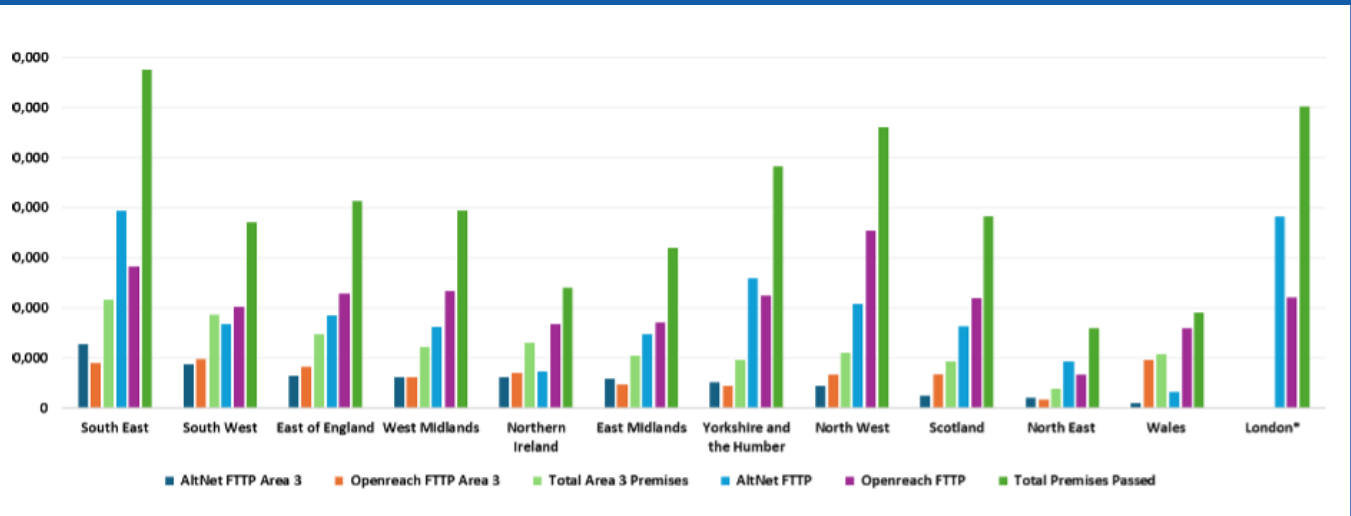
Area 3 premises <1,000 (Altnets coverage reached 520 compared to Openreach's 800)

Source: Point Topic and supplier UPRN/postcode data where supplied

Figure 10: BDUK interventions premises passed trajectory 2022–2025
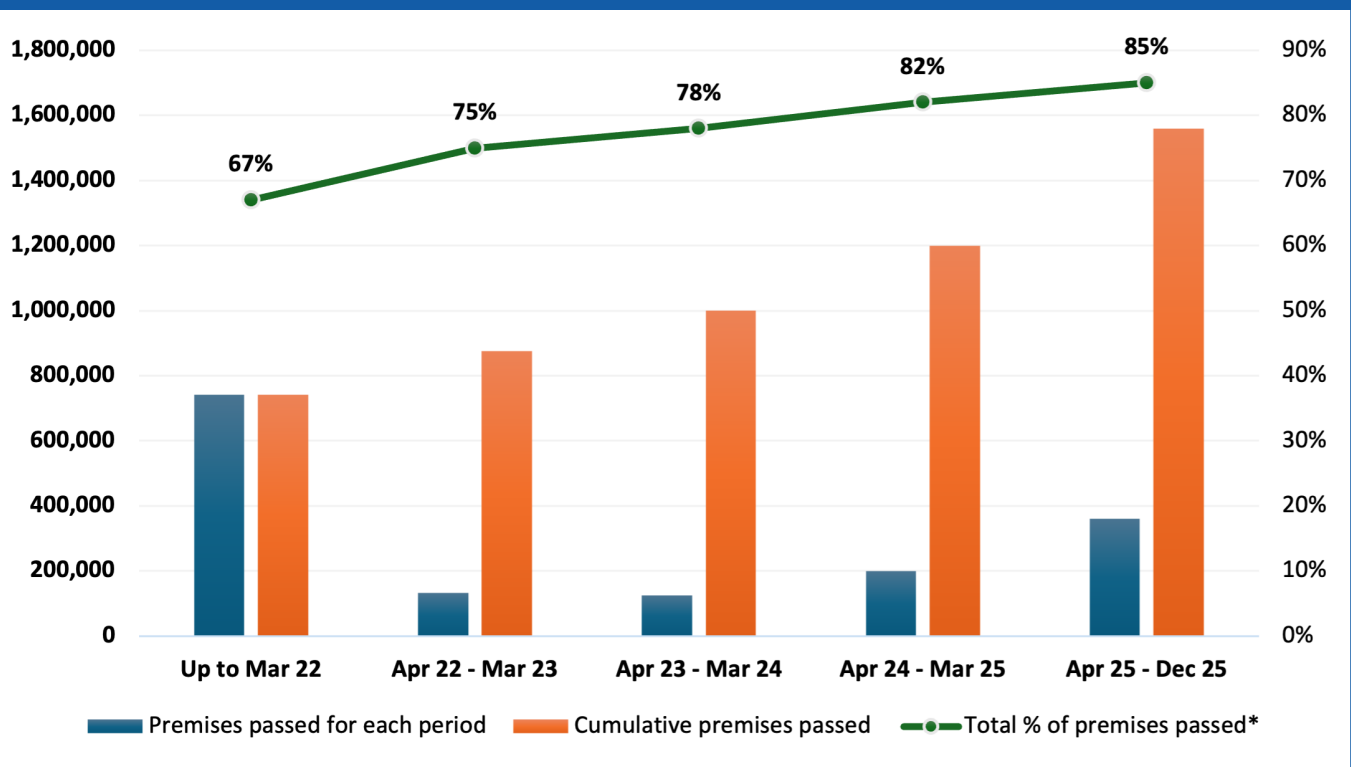
Source: DSIT, BDUK Corporate Plan 2023–2026

This is the total number of premises BDUK expect to be passed by its own interventions and the wider market's commercial plans.

BDUK also announced in its December 2023 update that over 100k properties had been awarded gigabit vouchers. Following discussions with INCA it was a relief to many members that BDUK have now extended the deadline for gigabit vouchers through to March 2028. Many INCA members continue to use the voucher programme to extend their commercial network footprints to harder to reach properties.

Figure 10 below provides an overview of Project Gigabit's publicly-funded interventions since 2022 with projected coverage outcomes to end-2025.

Telecoms Access Review

Over the past few years, Altnets have proved their commitments to connecting rural and hard to reach areas whilst delivering value for money services to consumers. On 26 March 2024, Ofcom published its Telecoms Access Review 2026 (Starting work on the 2026–2031 review) which will replace the regulation that applies to fixed telecoms markets, set by the Wholesale Fixed Telecoms Market Review 2021.

The review will set out the conditions under which the market operates including whether there should be separate geographic markets, product markets, where Significant Market Power exists and therefore what, if any, remedies will be imposed.

INCA feels that it is vitally important that Altnets play an active part of this process to ensure Altnets significance in the market along with vocalising concerns about the way the market operates and addressed accordingly by the regulator.

6. Independent network sector investment

According to the Department for Science, Innovation and Technology's recently published annual (provisional) figures up to the end-2022, the UK's Digital Sector's contribution to the economy as measured by gross value added (GVA), "The telecoms sector contributed £32.7 billion to the UK economy in 2022 and made up 1.5% of total UK GVA."[19]

However, overall UK investment in 2023 slowed in comparison to previous years. The telecoms sector was not immune to the challenging macroeconomic and political factors shaping 2023 and the year ahead. It has been widely publicised that Altnets have experienced unprecedented levels of engagement from the investment community in recent years, and despite recent economic turmoil investment firms are still backing Altnets. Throughout the year there were continuous announcements of further debt facilities and equity investments being secured by numerous suppliers (see Annex 3).

Adding up the announcements made in 2023 we get over £1 billion worth of private funding. It is not immediately clear how much of this is 'new' money so exercise caution if combining with previous statements.

To help provide better insight we asked the survey respondents to provide us with their totals for expected CAPEX and OPEX this year and next year as well as up to 2028.

We have added additional estimates to those figures collected through the survey for intended spend by Altnets based on public announcements over time, where we are sure these are additional funds. Table 2 provides a summary of estimated CAPEX until 2028.

Underscoring the challenging economic conditions the estimated spend for the next financial year is considerably less than in previous years. It is evident that some Altnets are still implementing the efficiency programmes required for them to operate profitably. Furthermore, many of the investors in mid-tier Altnets are seeking returns on the investments they have made during a period of historically low interest rates and a policy environment encouraging infrastructure competition.

With investments starting to slow, operators are having to balance network build CAPEX with managing a different type of expenditure on securing consumers through marketing and public engagement. For many of the relatively young ISPs that are building their brands and increasing their reputations through public review sitesthis is going to take some time.

Operational expenditure has also expanded to meet the requirements of larger networks and more customers. From survey inputs and public statements, we are projecting an OPEX spend of around £1.2 billion up to 2028 for the fixed full fibre independent operators.

Once full fibre networks are deployed and efficiently integrated into network systems they are cheaper to maintain, more resilient, and less effected by severe weather conditions than copper networks. Lower power consumption of full fibre networks, compared to copper based networks also reduces operating costs and delivers environmental benefits.

A summary of selected financial and network expansion related announcements is detailed in Annex 3 at the end of the report. Earlier announcements can be found in our previous report for INCA, Metrics for the UK independent network sector, published in May 2023.

Table 3: Intended capital expenditure (CAPEX), estimates for fixed full fibre operators		
Current financial year (2023–2024)	**Next financial year (2024–2025)**	**Between end-2025–2028**
£7.156 billion	£4.745 billion	£13.366 billion

Note: Figures form only part of the sector; capex relates to intended capital investment, not actual

See general caveat on page 7

Source: Operators taking part in INCA surveys 2023, 2022, 2021; public announcements

---

19   The Department for Culture, Media, and Sport and the Department for Science, Innovation and Technology, DCMS Sectors Economic Estimates Gross Value Added 2022 (provisional), 15 February 2024.

7. Independent network sector concerns

The INCA survey asked operators to rate how concerned they are about a range of factors in terms of challenges to their network deployment and ability to offer services to and acquire customers.

The top three concerns in 2023 are:

1. Access to finance.

2. Switching between Openreach and independent networks (e.g. through the One Touch Switching process).

3. Getting wayleaves along with planning and streetworks delays and/or costs.

Access to finance

Unsurprisingly gaining access to and being able to secure adequate finance to for their capital-intensive network build plans rose to the top of Altnet concerns. In last year's survey finance came in joint ninth and third from the bottom of the list of concerns, demonstrating the quickly changing nature of the telecoms sector and the economic climate overall.

The industry has already seen some consolidation of the market through strategic mergers and acquisitions along with aforementioned infrastructure asset consolidations made by investors. Both City Fibre and Nexfibre have recently signalled an appetite for acquiring some Altnets over the coming years.

An example of this has already been seen with CityFibre's acquisition of vertically integrated LitFibre, which adds 200,000 premises across 20 towns along with 9,000 subscribers.

Switching

Ofcom's 'One Touch Switching' (OTS) regulations were introduced in May 2023, which will allow consumers to change their broadband suppliers by contacting their new ISP without contacting their current provider, with the onus of switching services being on the new operator. The system implementation had an original deadline of April 2023. The task, which is overseen by TOTSCo, is a considerable undertaking with the implementation date being pushed back from April 2023 initially to 14 March 2024, then to 12 September 2024.

Through various technical delays and issues with systems testing providers have found the implementation of the system challenging. This has been further hampered by BT, Sky, TalkTalk, and VMO2 officially notifying Ofcom that they would not be able to meet the 14 March 2024 date. Written assurances have been received by the regulator from all four providers that the September date will be met, nonetheless, this has had knock-on effects for other providers along with consumers.

On 12 March 2024, Ofcom stated that, *"Once OTS has launched – and based on the evidence gathered under our industry enforcement programme – we will review the conduct of BT, Sky, TalkTalk and VMO2, as well as any other providers we feel should be further scrutinised, to determine whether it is appropriate to open investigations into individual providers."* [20]

Many INCA members have been working closely with TOTSCo to help them ensure their system is fully tested and ready to go live on 12 September 2024.

Getting wayleaves and planning

Securing wayleaves still remains a significant issue for suppliers despite legislative progress being made in recent years. Providers noted that in particular, gaining access to multi-dwelling units (MDUs) was the most problematic and time consuming often resulting in delays in deployments or properties being left out of build plans altogether.

The Telecommunications Infrastructure (Leasehold Property) Act 2021 aimed to address the issue of unresponsive landlords of residential multi-dwelling units (MDUs). The Act currently only applies to residential properties although the Secretary of State may, by regulations, extend its scope to cover other types of properties if necessary.

Many INCA members have invested significant time and money in developing positive relationships with landlords so that their network builds can proceed within MDUs with the landlord's approval. Maintaining the integrity and safety of MDUs is paramount, particularly in response to the lessons learned from the Grenfell Tower disaster. Any incoming Government needs to remain wary that building safety is not compromised by granting incumbent operators with rights to upgrade their old copper cabling to fibre

---

20 Ofcom, Update: Ofcom enforcement programme into failed implementation of One Touch Switch, 12 March 2024.

Figure 11: Challenge to independent suppliers network deployment, service offerings, customer acquisition
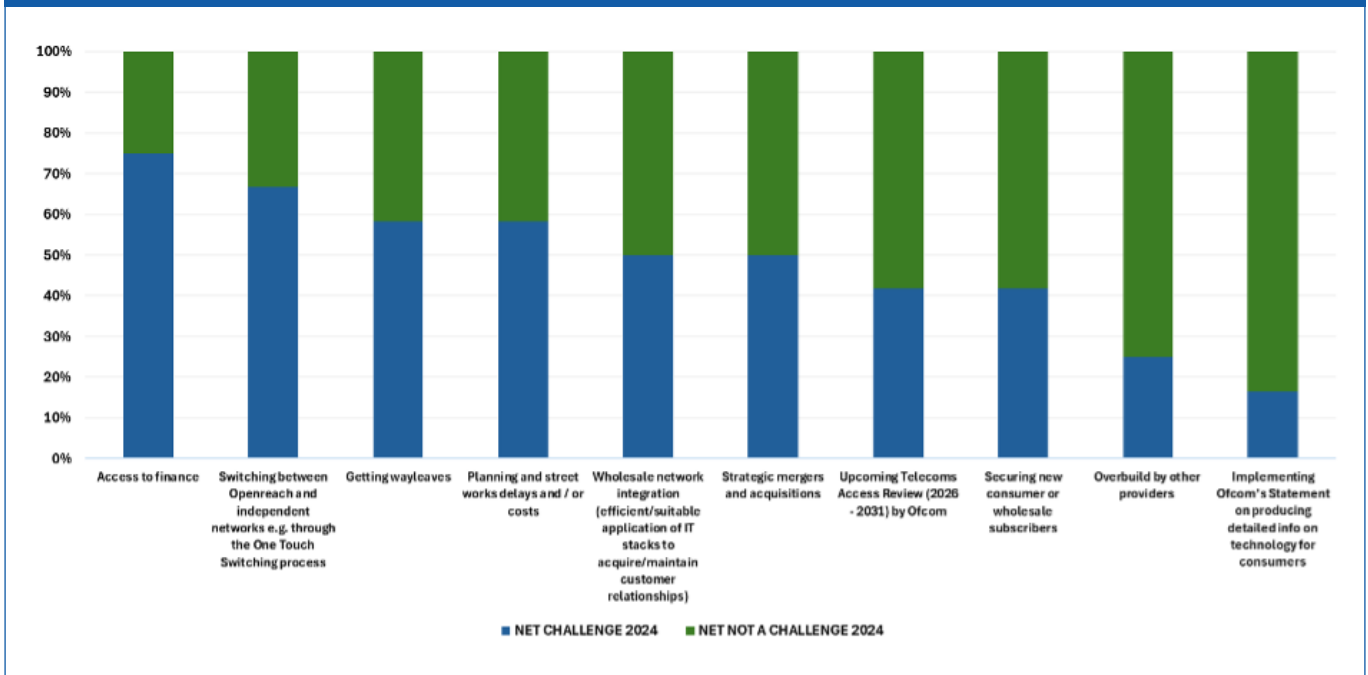
without the proper engagement of the landlord; who ultimately carries the responsibility for building safety.

INCA members will continue to work with Government on ways to make the granting of wayleaves more efficient without providing an unfair, and potentially unsafe, advantage to incumbent operators.

Planning and street works delays and/or the costs associated with these undertakings fell two places in the list of concerns from last year but it still remains an ongoing serious problem. Telecoms companies have continually raised concerns about conflicting approaches between local authorities and the varied interpretation of street works legislation.

The conflicting nature of the problems have been highlighted in a recent House of Commons broadband and mobile infrastructure research briefing,

"The government has sought to reform the street works regime to address what it has called the 'culture of mistrust' between operators and local authorities. The main proposal for reform – introducing 'flexi permits' that allow operators to gain permission to work on multiple streets in a single application – has stalled amid local authority opposition, although trials are ongoing."[21]

Again INCA members will continue to work with Government and local authorities to find the most efficient methods for carrying out the street works that are necessary for the UK's broadband upgrade.

Telecoms sector changing priorities

Wholesale network integration has moved up six places from last year's survey to come in joint fifth. This reflects some Altnets attempts to diversify their revenue streams now their networks have reached sufficient scale whilst maintaining a sustainable future business model. Overbuild by other providers has moved down three places to ninth as suppliers get to grips with the shift from deployments to securing subscribers onto the networks they have built. The upcoming Telecoms Access Review 2026–2031 was a new question for this year's survey given its significance and potential impact for Altnets. It came in seventh place which we expect to change in future years.

Figure 11 provides an overview of net responses by survey respondents of issues within the sector and Table 3 gives further information about the shift in sector concerns from 2023–2024.

---

21 House of Commons Research Briefing, Building broadband and mobile infrastructure, 22 March 2024, p. 7.

Table 4: Changing concerns 2023 to 2024		
Challenges	**Rank 2024**	**Rank delta from 2023**
Access to finance	1	+8
Switching between Openreach and independent networks e.g. through the One Touch Switching process	2	+2
Getting wayleaves	3	+2
Planning and street works delays and/or costs	3	-2
Wholesale network integration (efficient/suitable application of IT stacks to acquire/maintain customer relationships)	5	+6
Strategic mergers and acquisitions	5	
Upcoming Telecoms Access Review (2026–2031) by Ofcom	7	
Securing new consumer or wholesale subscribers*	7	
Overbuild by other providers	9	-6
Implementing Ofcom's Statement on producing detailed info on technology for consumers	10	

The 2024 survey was reworded to include both consumer and wholesale subscribers whereas in the 2023 survey the question focused on 'Attracting service providers to deliver services over your network' referring to wholesale providers and by extension subscribers.

New survey question for 2024
*We have introduced several new 'challenges' **(in bold)** compared to earlier years to reflect feedback and better represent the concerns that operators and providers face today in the market.*

11. Appendix A

Basis for research and research aims

Basis for research

In compiling these statistics, Point Topic has relied heavily on self-reporting by network operators. Where numbers are unknown, we have used our own estimates including postcode data if available. We do this in conjunction with our partner Thinkbroadband.

INCA members were surveyed during February and early March 2024. Survey questions can be found at https://www.surveymonkey.co.uk/r/IndependentNetworkSurvey2024 and in Appendix B.

The report also draws on Point Topic's continuing full fibre, gigabit, superfast and ultrafast Broadband Update and Broadband Geography research programmes, which have been gathering information and datasets since June 2009. This research is used particularly in assessing expansion in recent years of the independent network operator footprint.

Research aims

By gathering information on coverage in terms of premises passed, live connection numbers, expansion plans and key concerns on an aggregated basis, the independent sector will be better able to demonstrate to policy makers, Ofcom, investors and the media, the role it is playing and the advances it is making in bringing ultrafast broadband to UK homes and businesses.

This is especially important given Ofcom's approach to the regulation outlined in the Statement: Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26, which works in conjunction with the Government's £5 billion Project Gigabit programme, aiming to reach 85 per cent gigabit-capable coverage by 2025 and increasing to 99 per cent coverage by 2030. The independent sector has played a key role in those objectives and will continue to contribute significantly to a fully fibred UK.

12. Appendix B

Spring 2023 Independent Networks Survey Questionnaire

Independent Networks Survey – Spring 2024

Help us make the case for the independent operator

Each year INCA commissions Point Topic to survey the independent operators to assess investment, actual and planned network coverage and important challenges the sector faces. As private investment by independent providers has steadily increased, with an estimated £18 billion being pumped into the gigabit broadband sector up to 2025, the focus of this year's survey will be on how this investment will result in the scaling up of deployments and operations along with the current state of play within the independent networks sector.

The data collected from this survey is anonymised and aggregated into a **report** that forms an integral and crucial part of INCA's work to keep government and Ofcom appraised of the fast-growing significance of the sector and the investment generated, whilst underscoring the impact independent providers are having on the realisation of the UK's gigabit targets. We are seeking responses from **all** AltNets regardless of INCA membership, including those belonging to other associations including UKWISPA.

Completing the survey should not take more than 15 minutes of your time.

It would be really helpful if you could answer as many of the questions below as possible. If you prefer, we can contact you by phone instead to cover some or all of the questions – please contact Veronica Speiser at Point Topic, direct tel: +44 (0)7508 802243, veronica.speiser@point-topic.com

If you are not the person in your organisation who can answer the survey, please forward the survey link (https://www.surveymonkey.co.uk/r/IndependentNetworkSurvey2024) to someone who can.

Many thanks for your help.

Contact Information

Your Details

Name:

Company:

E-mail address:

Fixed Network Information

Please provide details of your current/planned broadband networks.

What type of fixed wired networks do you build? (tick all that apply)

Full fibre optic (FTTB / H / P) ☐

Deploying using PON / G-PON technology ☐

Deploying using XGS-PON technology ☐

Deploying FWA and full fibre together in hybrid networks (please also complete the FWA section) ☐

Other (please specify)

Do you currently offer wholesale access to your fixed network?

Yes ☐

No / no plans on doing so in the future ☐

Not currently, but are considering or planning on doing so in the future ☐

How many <u>total</u> consumer (residential *and* business) premises does your fixed networks pass?

Note: Please use Ofcom's definition of "full fibre coverage": "where the network has been rolled out to a 'lead-in' that will serve the consumer end premises and where the consumer would expect to pay a standard installation charge for that connection".

End December 2023

Do you anticipate by the end of 2024

Your longer-term aspiration by the end of 2028

How many <u>total</u> end-users (residential *and* business) are connected to your fixed networks?

End December 2023

Do you anticipate by the end of 2024

Your longer-term aspiration by the end of 2028

CapEx and OpEx

What is your overall capital expenditure?

Total capex to date

Next financial year

Total capex spend until 2028

How much do you spend on operating and maintaining the network/s?

Current financial year

Next financial year

Estimated total spend from 2024 until 2028

Challenges to Network Deployment and Service Delivery

How would you rate the following issues in terms of their challenge to your network deployment and ability to offer services to and acquire customers?

Please rate issues on a scale from 1 – 'Not an issue' to 5 – 'Very significant challenge'

Overbuild by other providers   Select

Securing new consumer or wholesale subscribers   Select

Strategic mergers and acquisitions   Select

Access to finance   Select

Wholesale network integration – the efficient and suitable application of IT stacks to acquire and maintain customer relationships   Select

Upcoming 5 Year Wholesale Fixed Telecoms Market Review (WFTMR) by Ofcom   Select

Implementing Ofcom's Statement on producing a more detailed explanation of the underlying technology for consumers   Select

Switching between Openreach and independent networks e.g. through the One Touch Switching process   Select

Getting wayleaves   Select

Planning and street works delays and / or costs   Select

Other (please specify)

Fixed Wireless Access Networks

ONLY COMPLETE THIS SECTION IF YOU ARE DEPLOYING FWA NETWORKS

Please provide further information about your current and planned fixed wireless access network coverage and end-users. Please skip to the next section if you do not deploy or use FWA technology in your infrastructure rollout.

What type of fixed wireless network do you build? (tick all that apply)

Fixed Wireless Access using unlicensed or lightly licensed spectrum ☐

Fixed Wireless Access using licensed spectrum ☐

FWA – Point to Point and/or Point to Multipoint ☐

Currently offering wholesale access to your network ☐

Planning on future wholesale access to your network ☐

Other (please specify)

How many <u>total</u> consumer (residential _and_ business) premises does your fixed wireless networks pass?

End December 2023

Do you anticipate by the end of 2024

Your longer-term aspiration by the end of 2028

Please provide your definition of "within coverage range"

How many <u>total</u> end-users (residential _and_ business) are connected to your fixed wireless networks?

End December 2023

Do you anticipate by the end of 2024

Your longer-term aspiration by the end of 2028

INCA Services

Are there any services that INCA are not providing to operators that you think we should put resources into?

How likely are you to recommend INCA to an industry colleague on a scale from 0 'Very unlikely' – 10 'Very likely?

 Select

Postcodes/UPRN Data

In line with our approach to providing clear, up to date and accurate data, it is very important to gather robust information that can be aggregated to influence Ofcom's and the government's understanding of the sector.

Do you hold your network plan at postcode and/or UPRN level? Please tick the relevant box below.

Postcode ☐

UPRN ☐

Please provide existing coverage and intended build postcodes/UPRN premises data, ideally up to April 2028. These will be used by INCA on an aggregated basis in its response to Ofcom.

The preferred format is an Excel sheet listing coverage data split by present and future (by year if available), if possible noting maximum speeds available to end-users in each location if this varies – email to surveys@inca.coop or tick the option below to be contacted by us.

In addition, Point Topic would like to use the aforementioned data in order to map the coverage of broadband networks. It works with thinkbroadband to do this and therefore shares this data with its partner accordingly, tick here if you are happy for your data to be shared.

Please contact me to discuss further ☐

I agree for my network coverage to be shared with Point Topic and thinkbroadband for network forecasting and mapping purposes ☐

Notes:

Changes in the survey questions from 2023 to 2024:

Fixed network access

- Reduced the number of network options to focus on FTTP and hybrid FTTP/FWA deployments inline with infrastructure rollouts.

- Clarified wording on **current/future wholesale access** to fixed network.

- Removed 2023 question: Do you use Openreach PIA in your network deployments?

- **Total premises passed and end-users** – have combined both residential and business and changed longer-term aspiration date to 2028 (as opposed to 2030 as in previous years' surveys).

Fixed Wireless Access Network - section has been moved to the end of the survey and will also be routed to on SurveyMonkey if the ISP is deploying hybrid networks. The same changes outlined above for the fixed network access have also been applied to the FWA section.

CapEx and OpEx – clarified wording on last question for ease of reporting and now reads as, *'Estimated total spend from 2024 until 2028?'*

Challenges to Network Deployment and Service Delivery

- Halved the number of questions (from 20 to 10) and organised in a thematic way.

- Consolidated questions with a focus on the current and future state-of-play within the telecoms sector e.g. strategic mergers and acquisitions, upcoming 5 Year WFTMR review by Ofcom, implementation of Ofcom's Statement on clarification on 'fibre' technology being offered to consumers, and the ease of switching consumers once the One Touch Switching process is in place.

Removed the following from the 2024 questionnaire:

- In your negotiations for obtaining wayleaves what is the average timeframe for the process from beginning to gaining consent?

- Project Gigabit Programme section

- One Touch Switching Implementation section

- Skills and Labour section

- Net Carbon Zero Transition section

13. Annex 1

Project Gigabit Rural Intervention and Procurements Pipeline

Phase 1a											
Lot	Area	Local or Regional Procurement	Estimated F20 premises – early drawdowns (,000)	Estimated further F20 premises – later drawdowns (,000)	Procurement Start Date	Estimated contract award date	Supplier	Estimated number of uncommercial premises in the procurement area subject to change	Indicative Contract Value subject to change	Expected Build Start Date	Expected Build Finish
4	Durham, South Tyneside and Tees Valley areas extending into Northumberland	Regional	40 to 60	70	07-Nov-22	May-23		53,200	£82.7m		
4.01	Teesdale	Local			11-Jan-22	22-Sep-22	Borderlink (GoFibre)	4,000	£6.7m	Spring 2023	TBA
5	Cambridgeshire and adjacent areas	Regional	60 to 80	60	07-Jan-22	23-Mar-23	CityFibre	44,400	£69m	Early 2024†	2029
14	Dorset and South Somerset	Regional	30 to 50	40	30-May-23	10-Apr-24	Wessex Internet	21,400	£33.5m	End 2024	TBA
14.01	North Dorset	Local			01-May-22	25-Aug-22	Wessex Internet	7,000	£6.3m	Autumn 2022	Sep-25
21	Essex	Regional	50 to 70	50	Jul-Sep-23	Apr-Jun-24		78,400	£79-£135m		
28	Cumbria, including the Lake District National Park	Regional	40 to 60	20	20-Oct-21	29-Nov-22	Fibrus	59,000	£108.5m	Spring 2023†	2026
32	West of Cornwall and Isles of Scilly		40 to 60	0	23-Jun-23	10-Apr-24	Wildanet	16,800	£41.2m	Autumn 2024	2025
32.02	Central Cornwall	Local			28-Apr-22	19-Jan-23	Wildanet	9,200	£18m	2023	Dec-25
32.03	South West Cornwall	Local			23-Mar-22	19-Jan-23	Wildanet	9,500	£18m	2023	Dec-25

34	**North and West Northumberland and East Cumbria**		20 to 40	10							
34.01	**North Northumberland**	Local			11-Jan-22	14-Oct-22	Borderlink (GoFibre)	3,700	£7.4m	Autumn 2023†	2025

Phase 1b											
7	**Norfolk**	Regional	120 to 140	40	28-Apr-22	28-Jun-23	CityFibre	62,200	£114.2m	Summer 2024†	2029
24	**Worcestershire**	Regional	30 to 50	30	06/10/2022	Jul-Sep-23		40,300	£58.8m		
25	**Shropshire****	Regional	40 to 60	20	TBC	TBC		20,700	£30-£40m		
25.01	**Mid West Shropshire**	Local			18-May-23	10-Apr-24	Voneus	6,000	£12m	TBA	TBA
25.02	**North Shropshire**	Local			15-Jul-22	19-Apr-23	Freedom Fibre	12,000	£24m	Feb-24	TBA
27	**Hampshire and Isle of Wight**	Regional	80 to 100	80	25-Jul-22	28-Jun-23	CityFibre	75,500	£104.2m	Summer 2024†	2029
27.01	**New Forest**	Local			07-Jul-22	27-Mar-23	Wessex Interet	10,400	£13.8m	2023	2026

Phase 2											
Lot	Area	Local or Regional Procurement	Estimated F20 premises – early drawdowns (,000)	Estimated further F20 premises – later drawdowns (,000)	Procurement Start Date	Estimated contract award date	Supplier	Estimated number of uncommercial premises in the procurement area subject to change	Indicative Contract Value subject to change	Expected Build Start Date	Expected Build Finish
1	West Sussex	Regional	50 to 70	40	13-Jan-23	15-Jan-24	CityFibre	26,000	£50.3m	Summer 2024	2029
3	Derbyshire	Regional	30 to 50	50	28-Feb-23	25-Nov-23	Connect Fibre	18,200	£33.4m	Mid-2024	TBA
3.01	Peak District	Local			09-Aug-23	10-Apr-24	FullFibre	4,400	£10.7m	TBA	TBA
8	West Yorkshire and parts of North Yorkshire	Regional	50 to 70	100	27-Apr-23	22-Feb-24	Quickline	28,000	£60m	Spring 2024	TBA
Call-off 1	Lancashire, North Wiltshire and South Gloucestershire, West and Mid-Surrey, Staffordshire, West Berkshire, Hertfordshire	Cross Regional	10 to 30	80	27-Jul-23	Apr-24-Jun-24		57,500	£149.7m		
Call-off 2	West and North Devon, North West, Mid and South East Wales	Cross Regional			27-Jul-23	Apr-24-Jun-24		47,100	£139.1m		
Call-off 3	North Wales, South West Wales, North Somerset, South West Devon	Cross Regional			Jul 24-Sep 24	Mar-May-25		103,000	£216m		

10	Nottinghamshire and West of Lincolnshire	Regional	40 to 60	70	24-Mar-23	15-Jan-24	Connexin	34,300	£58.6m	Summer 2024	TBA
11	Leicestershire and Warwickshire	Regional	50 to 70	80	23-Mar-23	15-Jan-24	CityFibre	38,000	£71.5m	Summer 2024	2029
12	Bedfordshire, Northamptonshire and Milton Keynes	Regional	30 to 50	60	28-Feb-23	15-Jan-24	CityFibre	25,000	£51.4m	Summer 2024	2029
13	Oxfordshire and West Berkshire	Regional	40 to 60	30	Sep-Nov-22	Jul-Sep-23		67,000	£67-£114m		
13.01	South Oxfordshire	Local			30-Mar-23	25-Nov-23	Gigaclear	5,500	£17m	Spring 2024	Sep-26
13.02	North Oxfordshire	Local			31-Mar-23	25-Nov-23	Gigaclear	4,300	£9.4m	Summer 2024	Sep-26
16	East Sussex	Regional	30 to 50	30	13-Jan-23	15-Jan-24	CityFibre	26,000	£50.3m	Summer 2024	2029
19	Staffordshire**	Regional	30 to 50	50	TBC	TBC		70,800	£72-£123m		
19.01	North East Staffordshire	Local			04-Apr-23	31-Oct-23	Connect Fibre	5,900	£16.5m	Apr-24	TBA
20	South Yorkshire	Regional	10 to 30	50	27-Apr-23	10-Apr-24	Quickline	32,100	£44m	TBA	TBA
22	Surrey	Regional	10 to 30	100	Dec-22-Feb-23	Oct-Dec-23		99,400	£101-£171m		
26	Buckinghamshire, (part of) Hertfordshire and East Berkshire	Regional	40 to 60	110	28-Nov-22	15-Jan-24	CityFibre	34,000	£58.8m	Summer 2024	2029
29	Kent	Regional	60 to 80	70	13-Dec-22	15-Jan-24	CityFibre	50,000	£112.3m	Summer 2024	2029
30	South Wiltshire	Regional	50 to 70	50	17-Feb-23	Oct-Dec-23		19,000	£24.8m		

Phase 3											
Lot	Area	Local or Regional Procurement	Estimated F20 premises – early drawdowns (,000)	Estimated further F20 premises – later drawdowns (,000)	Procurement Start Date	Estimated contract award date	Supplier	Estimated number of uncommercial premises in the procurement area subject to change	Indicative Contract Value subject to change	Expected Build Start Date	Expected Build Finish
6	Mid/East Devon and West Somerset	Local	170 to 190	100	Sep-23	Mar-May-24		6,300	£18.4m		
15	West Herefordshire and Forest of Dean	Local	20 to 40	0	01-Aug-23	10-Apr-24	FullFibre	7,900	£23.4m	TBA	TBA
17	Cheshire	Regional	30 to 50	70	06-Jul-23	Jan-Mar-24		17,700	£44.7m		
18	East Gloucestershire	Local	20 to 40	20	01-Aug-23	22-Feb-24	Gigaclear	4,900	£16m	Spring 2024	TBA
23	Lincolnshire (including NE Lincolnshire and N Lincolnshire) and East Riding	Regional	110 to 130	40	25-Jul-23	Jan-Mar-24		74,200	£119.3m		
31	Northern North Yorkshire	Regional	30 to 50	0	03-Jul-23	Apr-Jun-24		39,900	£73.4m		
33	East of Cornwall		20 to 40	10							
35	Birmingham and the Black Country		0	40							
36	Merseyside and Greater Manchester		0	100							
37	Greater London		0	100							

38	Newcastle and North Tyneside		0	10							
	South Scotland – Borders, Midlothian, East Lothian	Local			TBC	TBC		8,800	£21.4m		
	Dumfries & Galloway – East	Local			TBC	TBC		7,700	£15.5m		
	Dumfries & Galloway – West	Local			TBC	TBC		8,000	£13.1m		
	Fife, Perth & Kinross	Local			TBC	TBC		11,400	21.9m		
	Orkney & Shetland	Local			TBC	TBC		11,300	£23.7m		

Source: DCMS and BDUK Project Gigabit Delivery Plans, February 2024

*These procurements have now been completed. At the time of publication, BDUK is finalising the contract with the preferred supplier.

**Following significant soft market testing/pre-procurement market engagement with suppliers in Shropshire and Staffordshire BDUK established there's not enough interest from the market in responding to their proposed regional procurements in these areas. Similar feedback has also been received in areas in the eastern part of Hertfordshire. In July, BDUK launched two local procurements in Shropshire which will deliver coverage to up to 19,500 premises, with regional procurements being deferred to a later date. †Expected first premises to go live date.

14. Annex 2

Selected independent network operator investment announcements 2023 – March 2024

Date	Operator(s)	Announcement
8 February 2023, 14 September 2023	AllPoints Fibre, Giganet (Cuckoo), Jurassic Fibre, Swish Fibre	Fern Trading Limited announced that it is consolidating its four ISPs into a single FTTP operating entity to accelerate full fibre delivery in the UK. Sept 2023 launched the new branding of its FTTP group, comprising of national wholesale network – AllPoints Fibre and national ISP – Cuckoo broadband, in a move that will accelerate full fibre delivery over the next five years.
6 March 2023	Bridge Fibre, Modern Networks	Modern Networks completes merger and integration with Bridge Fibre, with Bridge Fibre customer base being transferred to Modern Networks and Bridge Fibre brand being retired.
14 March 2023	CityFibre and Lit Fibre	CityFibre acquired Lit Fibre from Newlight Partners, integration of Lit Fibre will add up to 300,000 premises to CityFibre's Ready For Service footprint, comprising over 200,000 passed homes (in over 20 towns) and up to 100,000 further premises in planned network rollouts along with acquired its 9,000 FTTP subscriber base.
26 March 2023	Voneus, Beacons Telecom	Voneus acquired Wales-based Beacons Telecom since 2020 it had been deploying their own FTTP network across parts of Powys and Monmouthshire in Wales.
29 March 2023	Octoplus Networks, Legend Fibre	Octoplus which sells services to consumers over full fibre networks from MS3, CityFibre and FullFibre Ltd, acquired Legend Fibre's residential broadband base (not the ISP itself), as the latter shifted focus to its core B2B customer base.
3 April 2023	Trooli	Agnar Infrastructure UK quietly acquired Trooli, with the notification of Agnar UK Infrastructure Ltd as a person with significant control on 3 April 2023 and new directors appointed. In July, Trooli published its annual results with a reduced target of premises passed of 300k by end 2023 down from the 400k before the take-over.
6 September 2023	nexfibre and Upp	nexfibre, in partnership with Virgin Media O2, reached an agreement with fibre operator, Upp, to acquire the provider. The acquisition will boost the fibre footprint of nexfibre by 175k premises in the East of England. Over the next 12 months Virgin Media O2 will proceed with completing Upp's build currently in progress; integrating and aligning Upp's fibre network and systems; and offering Upp customers a wide range of Virgin Media O2 services.
25 September 2023	Voneus, Broadway Partners, SWS Broadband, Cadence Network	Macquarie Capital, Israel Infrastructure Fund (IIF) and Tiger Infrastructure Partners to merge fibre businesses SWS Broadband and Cadence Networks into Voneus; Voneus acquired Broadway Partners; Voneus received further £250m in funding from the investment groups aims to pass 350k premises. Macquarie Capital also announced the majority acquisition of Zenzero Solutions, a managed IT services provider focused on serving small- and medium-size enterprises.
3 October 2023	Digital Infrastructure (BeFibre) and FullFibre (FibreHeroes)	Basalt announced plans to merge its two UK fibre to the premises network operators, Digital Infrastructure and FullFibre, integrating Digital Infrastructure's and FullFibre's existing footprint, creating a complementary network and take advantage of FullFibre's wholesale-first strategy. Digital Infrastructure and FullFibre will focus solely on wholesale operations with BeFibre and FibreHeros remaining part of the group as a reseller customer of the enhanced wholesale platform.

Date	Supplier(s)	Announcement
24 October 2023	Telcom Group and Luminet	Telcom Group, backed by Gresham House, who initially committed to invest £63 million into the group in 2021 through its British Strategic Investment Fund (BSIF), completed the acquisition of Luminet, London's largest Fixed Wireless network operator and B2B connectivity provider. The acquisition is a key component in Telcom's growing footprint, as it adds London to the list of existing metro networks, delivering high-speed internet combined with a full stack of applications, products and services to business customers & channel partners throughout the UK.
3 November 2023	Home Telecom and Homeshift	ISP Home Telecom – a subsidiary of the Telecom Acquisitions (TAL) group (TalkTalk holds a controlling stake) – announced another acquisition in the form of Homeshift. Home Telecom's growth plan, which targets circa £38m servicing 100k properties "in the near future".
30 November 2023	Giggle Broadband	Glasgow-based relative newcomer (launched in August 2022) and backed by Triple Point's Digital 9 Infrastructure (DI9) fund completed DI9 management buyout to review options.
11 December 2023	Global4 and Gemini	Business telecoms provider, Global4 announced acquisition of ISP Gemini. Geographically located to deliver services across Cumbria, Dumfries and Galloway this development is set to enhance Global4's market presence whilst significantly broadening its offerings.
23 December 2023	Freedom Fibre and VX Fiber (VX UK)	Freedom Fibre Limited and InfraBridge-backed VX UK signed an agreement to combine their businesses, with InfraBridge controlling the combined entity following the close of the transaction. The new business will have a combined footprint of 285k and operate as Freedom Fibre Ltd.

15. Annex 3

Selected independent network operator investment announcements January 2022 – March 2023

Date	Operator	Investment	FTTP Deployment ambitions/progress
1 March 2023	Grain Connect	Secured additional funding through a £110m bank facility, with an initial tranche of £40m from Nord L/B. German Landesbank Nord/LB. To complement Nord/LB's debt financing, £21m of additional equity is being invested by existing shareholders, Equitix, Albion Capital and Pinnacle Group.	Original aim to pass 400k premises, has since scaled back deployment aims and by Oct. 2023 had passed 150k premises.
17 March 2023	Netomnia	Netomnia along with ISP sister company YouFibre, has raised £230m in committed debt financing from six bank lenders, comprised of HSBC UK, ING, NIBC, RBC, Standard Chartered, and UKIB, bringing the total funding secured to date around £418m.	As of March 2023, Netomnia passed 410k premises and aims to pass 1m by the close of the year; as of March 2024 had passed 800k premises.
5 April 2023	Lothian Broadband	Completed a £20m senior debt raise arranged by Scottish National Investment Bank (SNIB) which takes the total investment capacity up to £50m for 2023.	Announced that it is "*on target to pass 100,000 rural Scottish premises by the end of 2024.*"
4 May 2023	Gigaloch	Secured undisclosed amount from Axxeltrova to expand rural, very hard to reach areas in Scotland.	Aims to increase rollout to 200k premises.
23 May 2023	4th Utility	Received another round of funding in the form of £25m backing from Dutch bank NIBC Bank N.V.	Aims to support increased FTTP rollout and expansion.
8 June 2023	Gigaclear	Secured equity investment up to £420m from Equitix to support its long-term plan to provide full fibre broadband service to more than a million premises by 2027.	
3 July 2023	Wildanet	Secured an additional £50m of private equity funding from sustainable infrastructure investment specialists Gresham House.	Wildanet expects to add more than 50k rural ready for service premises by the end of 2023 to add to the 60k wireless connections already available across Cornwall and Devon.
21 August 2023	Brsk	Successfully obtained an additional £156m debt investment from funds managed by Ares Management Corporation's ("Ares") Infrastructure Debt strategy. This funding has been upsized from an initial £103 million commitment and now totals £259 million.	With 250k premises passed and 14k subscribers Brsk will aim to further its rollout to 1m premises.
24 October 2023	ITS Group	ITS secured £100m of debt financing from global investment firm Avenue Capital Group.	At the time of the announcement, it had expanded its 10Gpbs-capable XGS-PON fibre network to over 450k business premises. ITS aims to pass 1m premises within the next few years. According to the firm, they now operate over 80 networks across the UK.
13 November 2023	Wessex Internet	Rural ISP secured an additional £35 million of funding, including a Senior Debt Facility from Triodos Bank UK.	Aim to pass an additional 150k rural premises Dorset, Wiltshire, Hampshire and Somerset by 2027.

Date	Operator	Investment	FTTP Deployment ambitions/progress
15 December 2023	**Gigaclear**	Secured new debt facility investment of up to £1.5bn. The new debt facility is split between an upfront facility of c.£1bn and an uncommitted accordion of c.£500m. The facility is provided by a consortium of banks comprising ABN AMRO, Credit Industriel et Commercial, HSBC, Kommunalkredit, LBBW, Lloyds, NatWest, NAB, NIBC, and SEB. The UK Infrastructure Bank provided its guarantee product covering £240m of commitments.	The facility will be used to accelerate the telecom company's long-term plans to provide service to more than a million rural premises by 2027.
4 January 2024	**Voneus**	Global Connectivity a shareholder in Voneus through its investment in Rural Broadband Holdings Solutions Limited ("RBSHL"), announced a further combined capital investment of £25m was made into Voneus by its shareholders and lenders.	
6 March 2024	**Netomnia (YouFibre)**	Netomnia completed an additional fundraise of £147.5m in its accordion facility from three new lenders: Barclays, Alpha Bank and Nord/LB, with support from all incumbent lenders, increasing its committed debt financing to £377.5m. Also supported by Advencap, DigitalBridge and Soho Square, Netomnia and YouFibre have raised £795.5m in just three years.	At the time of the announcement Netomnia had passed 850k premises and had ~80k subscribers via its sister company YouFibre.
18 Mar 2024	**Airband**	Airband secured "significant further capital" from majority stakeholder abrdn to "support its commercialisation effort…and to accelerate rural broadband expansion."	At time of announcement Airband's FTTP network covered ~315k premises with ~230k ready for service.

Source: Independent operators' public announcements

POINT◼◼◼*topic*

Point Topic exists to provide the best broadband market intelligence enabling its clients to make the best decisions possible.

Since 1998 we have gathered, analysed and published information sets used across the industry and beyond as the foundation of reporting, planning and strategy.

For more information about our work visit **https://point-topic.com**

✳INCA
the independent networks cooperative association

INCA is the industry association that brings the Altnets and their supply chain partners together for mutual benefit.

For more information about our work and how to join us visit our website at **https://www.inca.coop**