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The UK's internet success story

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Since January 2020, the share of British homes with access to full-fibre broadband has risen from 12 per cent to more than 78 per cent — an illustration of how smart regulation can drive competition, analysts say.

In 2009, when Jim Irving moved from Edinburgh to Magherafelt, Northern Ireland, to be with his new wife, he brought his small consultancy business with him. But Irving quickly encountered a problem: on some days, his broadband simply did not work. His area had almost no internet connection.

“When I had important calls or meetings, I would head to a friend’s home in the nearby town . . . or I would go to the library,” Irving says. “We were disconnected from the 20th — never mind the 21st century.”

His experience was not unusual. In January 2020, as the Covid-19 pandemic sparked a work-from-home revolution, only 12 per cent of UK properties had access to full-fibre broadband, according to the communications regulator Ofcom. This meant many customers had to contend with slow internet speeds or an unreliable service.

Five years on, that figure has skyrocketed to more than 78 per cent, according to ThinkBroadband, an independent online resource, closer in line with many countries in Europe.

This growth can be traced back to a key decision made by Ofcom, experts say. In May 2021, Ofcom launched a plan to drive competition between providers that accelerated rollout, vastly improving access and quality to a vital service for customers across the UK.

Northern Ireland, where 96 per cent of premises are in postcodes served with full-fibre connections, is one example of the UK’s surprising turnaround.

“Telecoms stands out as a rare success story among regulated industries,” says Matt Howett, founder of Assembly Research, praising Ofcom for embracing competition and “giving companies the confidence to invest”.

“While prices in sectors like energy and water have climbed and quality has fallen, telecoms operators have delivered faster, more reliable networks at lower prices than a decade ago. Few industries can boast that consumers can get more, use more, while paying less.”

Despite the progress, industry figures say the UK’s rollout still has further to go in order to catch up with competitors in Europe, which have almost complete full-fibre coverage and far higher customer take-up.

Yet the UK's broadband market has been recognised by analysts as an example of how consistent regulatory policy can generate positive outcomes.

“Consistency is incredibly important to investors and Ofcom has largely been consistent,” says Karen Egan, head of telecoms at Enders Analysis.

The foundations of the UK broadband market were laid in the 1990s, when early internet service providers, such as the recently privatised BT (British Telecom), began offering “dial up” internet connections via existing copper phone lines.

By the 2000s, with the “dotcom” boom under way, broadband slowly began to roll out, allowing customers to make phone calls and use the internet at the same time.

Three networks emerged: BT, through its “Openreach” unit, Virgin Media, and KCom, which operated largely in Kingston upon Hull. But it was Openreach — the only network that stretched across the entire UK — that was dominant.

Openreach hosted internet service providers including Sky, TalkTalk and BT's own retail units on its network, which comprised about 80 per cent of the market by 2016, according to Enders Analysis.

By that time, rather than updating its copper network to the most advanced fibre-to-the-premises (FTTP) infrastructure, Openreach had opted for a fibre-to-the-cabinet (FTTC) network model — a form of partial upgrade.

With this approach, copper lines were replaced by fibre to small cabinets in neighbourhoods, where it then connected back to original copper lines to the home. With FTTP, copper lines to the home are also replaced, leading to higher speeds and improved reliability, but at a far greater cost.

The limitations of FTTC were evident. Not only was it a slower service, it was ultimately more expensive to maintain due to the copper element.

By the late 2010s, the UK's lack of FTTP coverage was concerning the government and its regulator, which watched countries including Spain and Portugal rapidly adopt newer, faster, more reliable technology.

The issue led to a series of fiery clashes between then BT chief Gavin Patterson and his counterpart at Ofcom, Sharon White, over Openreach's slow rollout of FTTP. By 2016, things had escalated and the regulator ordered the telecoms company to legally separate Openreach from BT.

“There was widespread agreement that this country needed investment in full fibre,” says Ben Harries, director of competition policy at Ofcom.

But Openreach continued to invest “in incremental upgrades to its existing copper network”, he adds. “The rationale for that was that incumbents often prefer to sweat existing assets over investing in new ones.”

Katie Milligan, deputy chief executive at Openreach, rejects the idea that the company's slowness in rolling out full fibre was out of kilter with what the country needed at the time.

"Everyone can sit in hindsight and make different decisions . . . but if you look back in time, customers weren't saying, 'I need gigabit broadband,'" she tells the Financial Times, referring to the 1Gb in download speed made possible by upgraded infrastructure.

"Whenever you've got an existing infrastructure, the next logical step is to try and provide as much speed as possible with the least impact possible, Milligan adds. "At that point in the UK, customers were not ready for streets getting dug up or digging to the homes."

Focused on stimulating fibre rollout and improving coverage, Ofcom introduced the Business Connectivity Market Review in 2016. This imposed restrictions on Openreach, including a requirement to give others access to its unlit strands of fibre.

The move reiterated Ofcom's view that the network had "significant market power" or, in other words, could act as a monopoly across much of the UK. Its action was bolstered by a strategic directive from the UK government in 2019, which asked Ofcom to set out a framework of "stable and long-term regulation that encourages network investment".

To meet that goal, Ofcom updated its regulatory framework for the fixed broadband market in 2021. This was a "pivotal moment", says Kester Mann, director of consumer and connectivity at CCS Insight.

The framework — known as Wholesale Fixed Telecoms Market Review — gave other providers access to Openreach's ducts and poles. In exchange, Ofcom agreed not to introduce price caps on the company, in an effort to encourage investment through the promise of financial return, something known as the "fair bet".

The result of the change was swift: Ofcom got a firm commitment from Openreach to upgrade its network to full fibre, with a promise to hit 25mn premises by 2026.

"[Ofcom's proposals] gave infrastructure investors — notably BT's Openreach unit — the regulatory certainty to commit to large-scale fibre deployments . . . and 'build like fury'," adds CCS's Mann.

But Ofcom's decision had another consequence: it opened the door to a new wave of so-called alternative networks, or altnets.

These challengers — buoyed by the more favourable regulatory environment and the promise of up to £5bn in government funds to support rollout to "hard to reach" homes — began to court investors. The pitch was simple: lure millions of new customers away from existing players and establish long-term competitiveness in the broadband market.

“Investors felt more comfortable, they understood what the longer term looked like and that took some risk out of their investment,” says Graeme Oxby, chief executive of Community Fibre, a London-based altnet backed by Warburg Pincus that now serves more than 1.3mn homes.

Greg Mesch, who founded CityFibre, now the UK’s largest altnet, in 2011, pinpointed Ofcom’s decision as fundamental for his company, which serves over 4.5mn premises.

“At that stage we had raised £1bn, and then we ended up raising almost £3bn off the back of that,” he says. “The UK was falling behind, reliant on an ageing copper network . . . There was a clear need for investment.”

CityFibre, which is backed by Goldman Sachs and Mubadala among others, adopted a model to build fibre as a secondary network to Openreach across the UK’s smaller cities in an effort to take market share. This generated a “fear” that forced Openreach to change tack, Mesch says.

“The real message given to the BT shareholders was if you don’t [invest in FTTP], you will lose 30 per cent market share, at least, in all the cities where CityFibre builds,” he adds.

Other altnets opted for a targeted geographic approach to avoid “overlap” with other providers. These included Hyperoptic, which, like Community Fibre, focused on London; Gigaclear, which adopted a rural approach; and Netomnia, which prioritised a low-build cost strategy in suburban locations.

As a result, the number of homes passed by challenger providers increased from 8.2mn in 2022 to more 16.4mn by 2025, according to a recent report by the Independent Networks Cooperative Association.

“Altnets need to be credited with being the catalyst for the speed at which [the rollout] has happened,” says Assembly’s Howett. “It would have happened eventually, but . . . on a much slower, more gradual curve.”

Openreach itself had passed more than 18mn homes with full-fibre connectivity by the spring of 2025, with the company scheduled to hit its 25mn target by the middle of 2026 and has a goal of 30mn homes by 2030.

Virgin Media O2, the second largest player, now offers full fibre in more than 7mn homes, with a total goal of 19mn when their build is complete.

James Ratzer, an analyst at New Street Research, describes Ofcom’s strategy to promote altnets to build fibre as triggering “a major competitive response” from Openreach. “This then led to huge acceleration in FTTP build across the UK,” he adds.

Others see it differently. Although the altnet drive had been crucial, the UK’s meteoric rollout is largely owed to Ofcom’s decision to guarantee Openreach its fair bet, argues Egan.

“I just don’t think that you can [say] to your board and to your shareholders, ‘We’re rolling this out because the government’s kind of really leaning on us to do so,’” Egan says. “I think it was more about the fair bet from Ofcom.”

The infrastructure may be in place, but the take-up still lags behind. Just 38 per cent of UK households have taken up the option to use full fibre as of July 2025, according to Ofcom, despite the service’s widespread availability.

“We still have a job to do, that’s exactly why we are keeping our foot on the pedal,” Ofcom networks director, Natalie Black, told the Financial Times in March, after it published its draft proposals for the next five years of regulation of the broadband market, set to be implemented in 2026. Ofcom, which projects full-fibre broadband will be available to more than 95 per cent of UK homes by 2027, has made clear that it plans to maintain the regulatory framework imposed in 2021 until 2031, to generate “sustainable competition” and enable eventual deregulation.

“We want to give investors the certainty needed to put their hands in their pockets and invest long-term in the UK,” Black adds

But concerns have been raised over the viability of many altnets, with the sector posting cumulative losses of £1.3bn in 2023, according to consultancy Enders.

The industry is widely expected to need to consolidate, with investment drying up and rollouts slowing as providers switch from building networks to gaining subscribers. CityFibre is racing to secure £1.5bn of fresh capital amid a funding crunch, while G.Network, another London-based provider, has instructed its advisers to find a buyer amid a rising debt burden.

Last month, Liberty Global chief executive Mike Fries claimed that business secretary Jonathan Reynolds was “anxious” for large telecoms companies to purchase struggling “altnet” providers over fears many could collapse.

Reynolds aides strongly rejected the claims, but the wider concerns about the viability of the competition in the sector remain.

“The altnets fighting for their lives, dragging down the industry, is not helpful . . . for getting full fibre to where it needs to go,” Enders’ Egan says.

Despite consolidation, Mann of CCS says the long-term prospects for UK customers are good. “The endgame will probably be a small number of largescale fibre players offering high-quality services to most parts of the country.”

For Irving, in Northern Ireland, the arrival of his fibre line in 2021 has been “life-changing”.

“Whether it was entertainment . . . all of those Zoom calls . . . everything was now possible,” he adds. “It had an enormous impact.”