



# Openreach Annual Review 2020

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Our Annual Review 2020 will give you an update on our plans, our people, our performance, and our ambitions for the future. We're proud to be able to share it with you.



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# Foreword

By any measure, the first half of 2020 has been extraordinary.

And that's certainly been true for Openreach.

The Covid-19 pandemic has re-confirmed the crucial role that connectivity plays in keeping the UK functioning.

Under lockdown millions of us have adjusted to having little physical interaction with the outside world. And with that, there's been a growing appreciation of how virtual connectivity keeps us informed, in business, entertained, and close to our friends and loved ones.

We're incredibly proud of the Openreach engineers who, as key workers, have been

fundamental to keeping the nation connected and keeping society safe.

Our people have gone above and beyond what they'd normally do – making sure vulnerable customers remain connected, and working closely with Government agencies and the NHS to prioritise those who most needed our support.

We've worked closely with our Communications Provider (CP) customers, and our numerous partners and suppliers, to minimise the impact of the restrictions across all of the services we provide.

Inevitably, there has been some disruption though, including the delayed publication of this, our 2019/20 Annual Review.



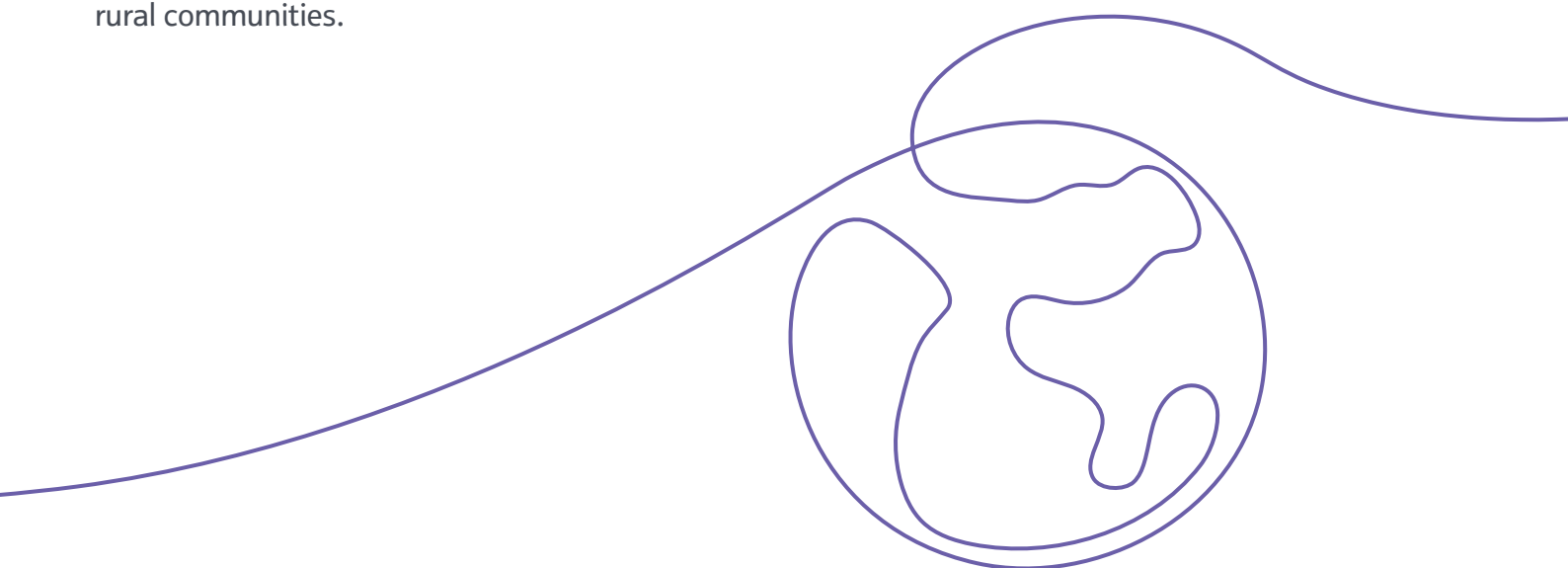
But despite the obstacles, we've been determined to push hard and achieve our significant ambitions for ourselves and the country.

Throughout lockdown, we continued to build and extend the reach of our new, ultrafast and ultra-reliable Full Fibre network.

We're convinced this technology can underpin the UK's economic recovery and social success over the years to come and there's already a wealth of evidence about the benefits that better connectivity can bring. From helping to unlock billions of pounds in productivity gains, to creating new jobs and allowing more people to live and work in rural communities.

And as we seek to emerge stronger from the pandemic, we know Openreach will continue having a vital role to play.

We will provide a critical platform that will help individuals, communities and businesses to get back on their feet. And we hope that platform will unlock the next generation of technological innovation, allowing our economy and society to flourish once again.



# Who is Openreach?

## We're the people behind the UK's digital network

We build and maintain the largest fixed communications network in the country, enabling more than 650 Communications Providers (CPs) to deliver phone, broadband, TV and data services to millions of homes and businesses throughout the UK.

We also manage hundreds of thousands of dedicated, point-to-point circuits (called Ethernet lines) which connect schools, GP surgeries, hospitals, financial institutions, mobile masts and businesses – even CCTV and data centres.

So it's no exaggeration to say that our network touches virtually every aspect of daily life in some way.

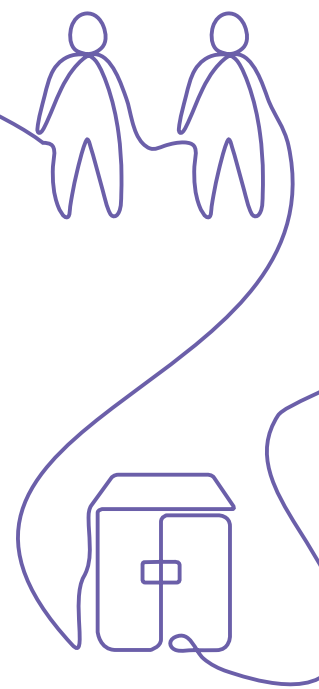
### We're open

We're an open, wholesale network provider. The vast majority of our products and services are regulated, which means all of our customers get the same prices, terms and conditions.

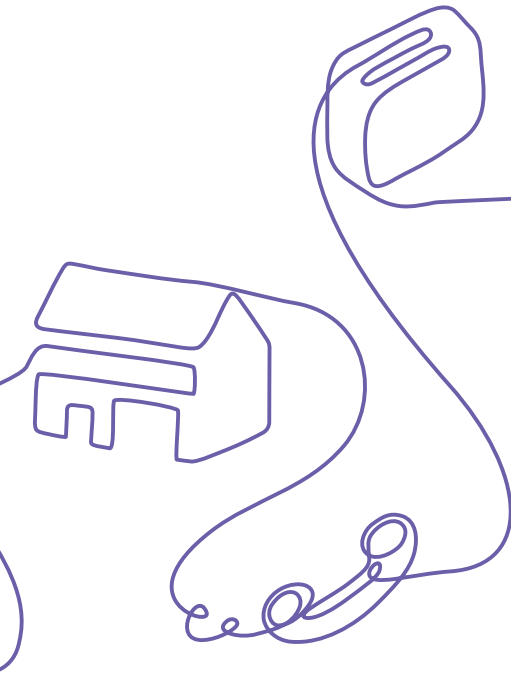
We support more than 650 wholesale customers – from big companies like BT, Sky, TalkTalk and Vodafone, to smaller ones like Aquiss and Zen – helping them to connect their customers throughout the country.

Our people build, maintain and manage more than 189 million kilometres of cable stretching from Scotland to Cornwall, Wales to East Anglia. And if you laid it out end-to-end, the Openreach network could stretch around the world 4,711 times.

Over 27,000 field engineers carried out 9.9 million engineering jobs last year, through all seasons and in all weathers. They tackle complicated engineering problems, coordinating works with councils, highways agencies, energy suppliers and landowners. And they install and maintain the complex kit that provides ultrafast and gigabit-capable broadband services.



Over **27,000**  
field engineers  
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## We have independence

Openreach was created in 2006 to promote competition in Britain's telecoms market. Fast forward 14 years, and the UK has one of the most competitive telecoms markets in the world, with some of the lowest prices in Europe.

In 2015, our regulator Ofcom published its Digital Communications Review. This said we needed to become even more independent from BT to make sure we could keep this competitiveness going and treat all of our customers equally. As a result, we made several commitments to Ofcom, which we take very seriously.

For a start, we've taken more control over our decision making, within a strategic framework and overall budget envelope agreed by the BT

Group board. That means we decide on our own priorities and spending, and we make key decisions about how we build and maintain our network.

We're also very open about our dealings with BT. Our CEO reports to Openreach's own independent board and chairman and we have a strict set of rules in place about how we share information with our parent company.

Our increased independence allows us to develop strategies and products alongside our CP customers, consulting them regularly as we look to tackle the challenges each of us face as a business. And this year for example, we asked for their views on the best way to upgrade consumers and businesses from existing analogue and copper-based services to digital Full Fibre and 'All-IP' one services.

## Finally, we have our own distinct branding and logo

We've been transforming our vans, buildings, uniforms and equipment to remove the BT logo in recent years and we're ahead of the original schedule agreed for this programme with Ofcom, having updated all our major building logos and signs.

We've already rebranded more than 19,000 of our vans.

## We're delivering for the UK

We believe that everyone in the country deserves access to decent and reliable broadband – and our engineers work in every community, every day, to deliver better service, broader coverage and faster speeds across our network.

We've invested more than £14bn into the UK's digital infrastructure over the last ten years, helping to make superfast broadband available to more than 96 per cent of the UK – according to independent analysis by Thinkbroadband.

Our network supports a thriving digital sector, making the UK one of the leading digital nations in the world.

And more recently, the Coronavirus pandemic has seen our network providing a crucial lifeline for friends, families, businesses and public services when they're most in need.

As we look to bounce back from the pandemic, we believe our network will be crucial to the country's social, environmental and economic success.

Research by the Centre for Economics and Business Research (Cebr) suggests that the UK could benefit from a nationwide roll-out of 'Full Fibre' to the Premises broadband. And that's why we're on a mission to build this new ultrafast and ultra-reliable broadband technology to 20 million homes and businesses throughout the country by the mid-to-late 2020s, assuming the conditions are right to invest.

It's an enormous and complex engineering project to future-proof the UK's digital infrastructure for decades to come. And you can read more about our Full Fibre ambitions and the research on page 13.

## We Build

the infrastructure which powers the UK's digital economy

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## We Connect

homes and businesses throughout the UK to our network

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## We Maintain

189 million kilometres of cable connecting millions of premises

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## We're Open

our network's available for all Communications Providers to use and build upon.



We have more than

**27,000**

vans including a concept fleet of

**70 electric vans**



We've invested more than

**£14bn**

into our network over the last

**10 years**



Our network has

**109,000**

Street Cabinets and

**4.8m**

distribution points (poles and underground)

We employ more than

**35,000**

people



We work on behalf of more than

**650**

Communications Providers

We operate

**5,600**

exchange buildings

Our network is available throughout the United Kingdom.



We've hired

**6,500**

new trainee engineers over the last **two years**

# A message from our Chair



The intense debate on connectivity in the UK showed no signs of abating this year. But while everyone knew the general election would be dominated by a ‘B’ word as people went to the polling booths, it was probably a surprise that it was ‘broadband’ rather than Brexit.

With all the major parties outlining huge ambitions for Britain’s digital network, we were reminded again just how important Openreach and our engineers are to this country’s future prosperity.

And it’s a challenge we’re relishing across our network.

## Progress on service

Delivering better customer service will always be our number one priority.

Despite some periods of extremely challenging weather, we’ve cut fault volumes on our copper network by 3.4 per cent and missed appointments are at 2 per cent. That’s helped us meet or beat all 42 of Ofcom’s quality service levels on voice and broadband, including FTTC.

Meanwhile our ambitions and commitments on service improvements and extending network coverage haven’t wavered. Our fibre broadband network is the largest in the UK

– available to over 28m homes and businesses, and 69 per cent of all broadband lines are now fibre based.

## Full Fibre faster

We’ve continued building a strong, dependable and sustainable business for our shareholder, BT, our colleagues and our customers.

As part of that, we’re leading the charge in helping the Government get gigabit capable broadband to every home and business by 2025.

We believe we can build Full Fibre faster than anyone else, and to a very high quality. We’ve already passed 2.6m homes and businesses and given current progress, we now plan to accelerate FTTP build to 4.5m premises passed by the end of March 2021.

As of today, we’ve included 110 UK locations in our ‘Fibre First’ towns, cities and boroughs programme, and we’re now making Full Fibre available to more than 32,000 homes and businesses every week. That’s one every 19 seconds.

We have made good progress in making Salisbury our first fully fibred city, making FTTP available to all premises we were able to access.

We know from the expert research we commissioned this year that Full Fibre broadband can be a massive platform for economic growth, social cohesion and positive environmental change.



**We believe we can build Full Fibre faster than anyone else, and to a very high quality.**

The Centre for Economics & Business Research's (Cebr) report 'The Blueprint for a Full Fibre Future' showed how a nationwide Full Fibre network could boost UK productivity by up to £59bn in five years. It could also unlock job opportunities for people otherwise left behind.

Full Fibre will also transform our public services; unleashing innovations behind better education, healthier, longer lives and more connected communities.

Over the next decade, having this world class connectivity at home could help 400,000 more

people avoid commuting. That means people launching new businesses or working from home – wherever they choose to live – reversing a hundred-year trend towards moving to big urban centres. It also means 300m commuting trips could be saved each year, with 3bn fewer kilometres travelled by car.

## **One of the best big companies to work for**

To drive forward our Full Fibre rollout, we've recruited and trained more than 3,000 engineers – reinforcing our position as one of the UK's leading private sector employers of apprentices.

We've also continued to be one of the biggest supporters of the country's Armed Forces veterans. And I'm delighted that our commitment to an amazing team of people has helped us become one of The Sunday Times 25 Best Big Companies to Work For, ranked at number 15.

## **Getting the right conditions**

Subject to the resolution of a number of critical enablers we believe we can reach 20m premises with full fibre by the mid- to late-2020s.



**‘In 2019, the UK Government set an ambition for nationwide access to a “gigabit-capable broadband” service by 2025.’**

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In January, Ofcom’s Wholesale Fixed Telecoms Market Review was a step in the right direction on the regulatory framework required.

That commitment to rural communities is something we believe in strongly. Making sure funding for the final 10 per cent is structured in the right way will be key to achieving the Government’s ambition.

Today around a quarter of our Full Fibre footprint sits outside of cities and major urban conurbations. In January we set out plans to reach 250,000 homes and businesses in more than 200 villages, market towns and hard-to-reach areas.

## **The way forward – working together**

We’re working with communications providers to drive rapid Full Fibre take-up. This is a journey the whole industry needs to go on. We all have a part to play in getting the balance right between urban and rural areas.

Delivering Full Fibre as far and wide as possible should be a priority for the private and public sectors. It’s very clear that businesses and government need to work well together over the coming years to achieve the bold ambitions we’ve set ourselves.

Our next goal is to reach 4.5m premises by the end of March 2021. It’s too early to know for certain what the impact of Coronavirus might be on this, but we are working hard to make sure we have plans in place to minimise the impact. In the meantime we will continue to diligently carry out work where it is possible to safely and responsibly do so.

We continue to lead the charge on the Government’s 2025 ambition, and we are raring to deliver for our shareholder, our customers and the UK.

**Mike McTighe**  
Chair, Openreach



## Why Full Fibre?

In 2019, the UK Government set an ambition to have nationwide access to a “gigabit-capable broadband service by 2025.”

This is a hugely ambitious target and, at Openreach, we’re ambitious too.

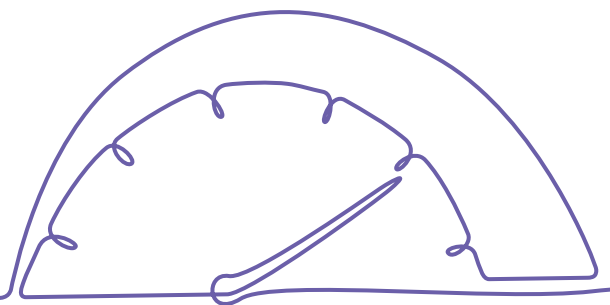
We’re excited to be leading the way in making that target a reality. Our Full Fibre build is the second largest infrastructure project in the UK after HS2 and we’ve already built our new network to more than 2.6m homes and businesses. We’re on track to reach 4.5m by the end of March 2021.

From Leeds and Liverpool

to Cardiff and Glasgow we’re building and investing more into our network and people than any other company. We’ve also created 11 new training schools across the country, and we’ve hired and trained more than 6,500 new apprentice engineers over the last two years from communities all over the UK.

We expect to hire and train many more in the years ahead as we continue to accelerate the build to a peak of around 3m homes a year.

But why Full Fibre?



### It's ultrafast and ultra-reliable

Full Fibre-to-the-premises (FTTP) broadband is a fibre optic connection which runs all the way from our local exchange directly to your home or business.

It's the most reliable, fast and future-proof broadband technology available in the UK today. And, once it's installed, it'll last for decades.

In fact, our data suggests it's at least 50 per cent more reliable than existing, copper-based, broadband services – partly because it's less affected by the weather. And it can provide download speeds of up to one gigabit per second (1000Mbps) which is about 24 times faster than the current UK average broadband speed of 46Mbps.

As more people make video calls and use data-hungry streaming services, apps and smart devices, we know that Full Fibre has the capacity to cope with whatever the future might throw

at it. It could potentially offer speeds up to 100 times faster than the current fastest speeds available today, with the right bits of kit on either end.

### It's great for business

Building a Full Fibre network can be a catalyst for the UK's productivity and prosperity.

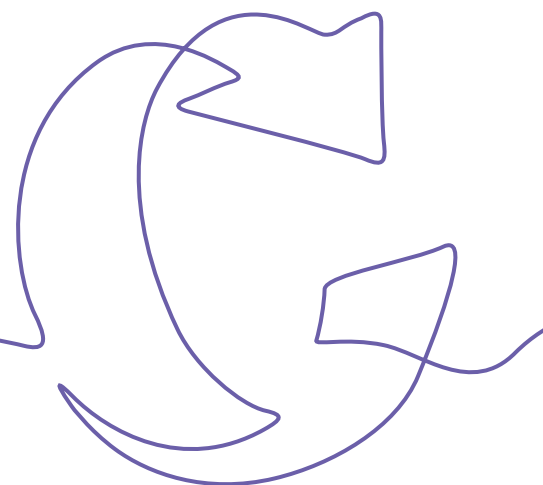
Alongside other network builders, Openreach can create a more connected and competitive economy, easing the demands on our public services and transforming the way people live and work for decades to come.

The Centre for Economics and Business Research (Cebr) has said that delivering nationwide Full Fibre would generate £59bn in productivity gains, bringing up to 500,000 people back into the workforce and giving more people the ability to live and work from home, even in more rural communities.

For small businesses, Full Fibre can help to improve online sales and marketing, and enables companies to upload, store and access vast amounts of data securely, off-site – in minutes rather than hours. Combined with broadband-powered phone services, it means businesses no longer have to rely on costly, ageing equipment that takes up expensive office space.

A Full Fibre connection can also give employees the kind of consistent reliable connection at home that they might expect from working in an office – supporting smooth, high definition video conferencing and minimising expensive, time-sapping face-to-face meetings.

In fact, according to the Cebr, 400,000 more people could work remotely from home – with carers and working parents able to flex their hours, with less time taken up by a commute.



## It's great for communities and the environment

By enabling more people to work from home, a Fully Fibred UK could save 300m commuting trips every 12 months – with three billion fewer kilometres travelled by car. That's more than 360,000 tonnes of carbon dioxide which could be prevented from entering the earth's atmosphere each year.

Full Fibre can also help to ease transport and housing pressures in our big cities and boost local and rural economies across the country.

It's long been a struggle for rural communities to compete with

the jobs and opportunities in our towns and cities. And a recent study by the Confederation of British Industry (CBI) found that 67 per cent of firms rated the quality and reliability of digital infrastructure as significant factors when deciding where to invest.

Full Fibre broadband can bridge that digital divide, making rural areas more attractive for businesses to invest in and making essential services like education and healthcare more accessible for rural populations.

Full Fibre can transform lives, improve public services and future-proof the UK economy.



## Full Fibre broadband: a platform for UK growth:



**110** locations have now been included in Openreach's multi-billion-pound Fibre First build programme, including the UK's biggest cities (Birmingham, Belfast, London and Manchester)

**£59bn**

boost to UK productivity by 2025 powered by nationwide rollout of Full Fibre

**300m**

commuting trips saved by people working from home because of Full Fibre – meaning **3bn km fewer journeys by car**

By **2038**

the Nationwide rollout of Full Fibre will boost the UK economy by

**£70bn**

**270k**

people could move to rural areas – people free to live and work where they choose because of Full Fibre, helping to fuel growth

Rural build expansion:

**227** market towns and villages

are now included in our commercial build programme in harder to reach areas, following successful trials across

**13** pilot communities.



# Building responsibly

## Driving the Zero-Carbon Economy and protecting our environment

It is our intent to become carbon neutral by 2045. Part of the strategy is to become 90 per cent carbon neutral by 2030 – 20 years ahead of the Government’s intended date for full carbon neutrality. By vigorously pursuing these targets, BT and Openreach are setting a respected best practice example to companies worldwide.

We understand the imperative to act on climate change and we’re committed to reducing our operational impact. That’s why we’re helping our parent company BT Group achieve their ambition of net zero carbon emissions by 2045. It’s a process we started in 1992 when we set our first carbon reduction target and, as the data on climate change continues to be refined, we have made our targets bigger and bolder.

We’re constantly developing new techniques and technologies that drive carbon efficiencies across the business. And we know the two biggest environmental challenges for Openreach as a business are our electricity usage and our vans.

And we know the two biggest environmental challenges for Openreach as a business are our electricity usage and our vans, so our approach to Electric Vehicles (EV) is gathering pace.



## Reducing the impact of our fleet

With more than 27,000 commercial vehicles, Openreach operates the second largest van fleet in the UK and last year our engineers travelled over 220m miles – using more than 37m litres of fuel and producing over 95,000 tonnes of CO<sub>2</sub>.

To tackle this, we've created a dedicated project team focussed on cutting our fleet emissions and helping to identify alternative, cleaner technologies.

In 2018, we joined The Climate Group's EV100 initiative to accelerate our transition to electric vehicles and make electric the new normal by 2030. And in June 2020 BT and Openreach partnered with The Climate Group to establish the UK Electric Fleets Alliance. Clearly, we're dependent on the right vehicles and charging infrastructure becoming available at scale, but being part of the UK Electric Fleets Alliance will help us to drive that change within business and government.

By 20/21 we'll have more than 70 Openreach electric vehicles on the road across the UK and we have plans for many more.

We're also reducing the weight of the racks inside our vans, and already these changes have been shown to deliver a 1 per cent decrease in fuel and CO<sub>2</sub> emissions.



“We're driving forward our ambition to have a fully carbon neutral fleet by 2030. As the second largest commercial fleet we have a leading role to play in the UK's transition to low carbon vehicles. Our electric vans pilot is an important milestone on our journey, as well as the wider drive to greener, environmentally friendly, transport.”

**Clive Selly**

CEO, Openreach

## Preparing for the future of EVs

As we look to the future, we're focusing on how we roll out EVs in large numbers and the next phase involves proving a medium-sized concept EV and introducing technologies at scale.

We're undertaking a vital leadership role, communicating the benefits of our experience to help design policy measures that support corporate EV uptake, such as stimulating supply chains and investing in charging infrastructure. This is the focus of the new partnership between The Climate Group, BT and Openreach.



“We are delighted to be launching this project with BT and Openreach, who are businesses that demonstrate true climate action. By coming together as a collective voice, businesses such as our EV100 members can achieve more than alone. As a coalition, the UK Electric Fleets Alliance will show policymakers the appetite for ambitious EV policies and inspire outcomes that will make the transition to electric vehicles faster.”

**Helen Clarkson**  
CEO, The Climate Group

## Cleaning up our operations

Our dedicated project team is also focussed on identifying alternative, cleaner technologies, and a team of Openreach 'Waste Warriors' have already identified 600 ways to reduce single-use plastics across our supply chain.

Each year we replace our older vehicles with leaner, greener engines. Our drivers are also encouraged to monitor and review their driving behaviours to help cut their CO2 emissions – by using a free, dedicated app which gives them feedback on

acceleration, idling time and fuel consumption.

We're actively looking to phase-out diesel vehicles by replacing them with EVs when they reach their 'end-of-life' and by only purchasing EVs wherever possible from 20/21. The aim is for EVs to make up more than a third of our fleet by the mid-2020s.

We're also installing lithium battery packs for roadside equipment such as lights and blowers, and we're trialling new

hoist vehicles with electric booms to reduce air and noise pollution.

We're in a strong position to reach that target – and we believe we can do it whilst also achieving the high service standards and rapid pace of network expansion that we're committed to over the coming years.



# Improving customer experience

## We aim to deliver on time, first time, every time

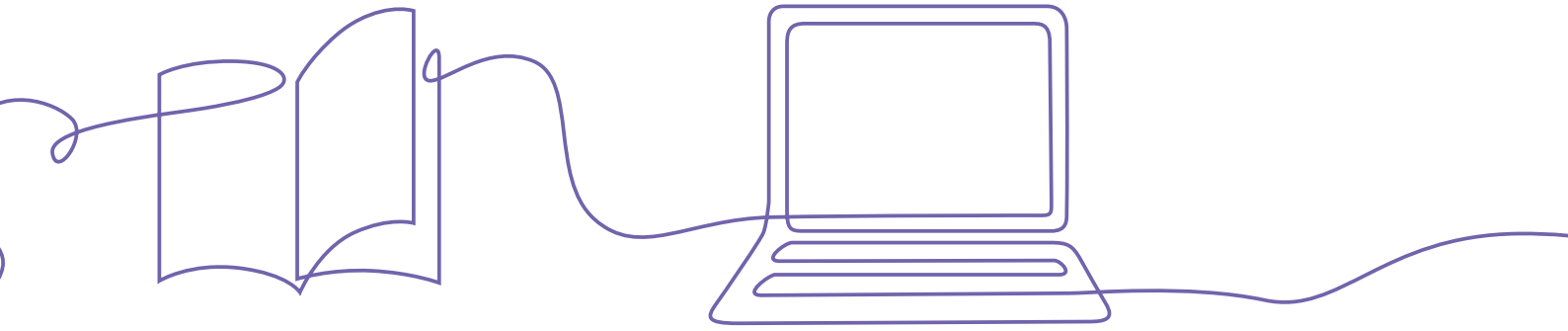
We know how important a reliable internet connection is, so improving the service we provide to customers is always our number one priority.

In 2019/20 we hit or exceeded all of Ofcom's Minimum Service Level (MSL) requirements for broadband again. But we never see these as targets – we always want to better them.

This year, we've been installing new lines and fixing faults faster than ever before. At the same time, we cut the total number of faults on our network, with a 3.4 per cent reduction in faults over our copper network compared to last year.

Despite very challenging conditions for our engineers in the second half of the year – not least the extreme weather from storms Ciara and Dennis – we built our capacity to bring customers back online swiftly. As a result, our 'on-time repair' performance for fixing faults on both our copper and fibre network were still in line with last year.

We've also been improving our Ethernet services – the dedicated lines we build and maintain for businesses. Last year we delivered more of these circuits than ever before, in an average of around 40 days, with high levels of customer satisfaction from our customers. That's quite a feat when you consider that some of these circuits are in the most remote parts of the UK.



## Working in partnership with Communications Providers (CPs)

As a wholesaler, we're improving the customer experience by working more closely and openly with our CP customers than ever before.

These stronger, deeper partnerships mean we can understand their service headaches better, and then we can work quickly, collaboratively and with a strategic focus to remedy them, which benefits everyone.

We have regular, transparent bilateral and industry communications, and we're constantly striving for better outcomes – for Openreach, CPs and their customers.

An example of this collaboration is our 'Garden of Eden' trial in North Manchester, which was designed to extend and improve information sharing and fault diagnosis. The results have been really promising, with a 30 per cent reduction in our 'repeat fault' rates. And based on this success, we've been adopting the new process in other parts of the country.

Results from our annual customer satisfaction surveys amongst our Communication Provider (CP) customers show CPs continuing to grow in confidence over the year in the resilience of our networks and speed of recovery when service is under pressure.

The data also points to CPs having growing confidence in the delivery of our strategic service transformation plans which have resulted in fewer disappointed customers and slicker end to end customer journeys.

Customer satisfaction with our Ethernet products and services scored significantly above the industry average – increasing in the second half of the year with improved planning and service desk management helping to deliver a record number of on time order completions.

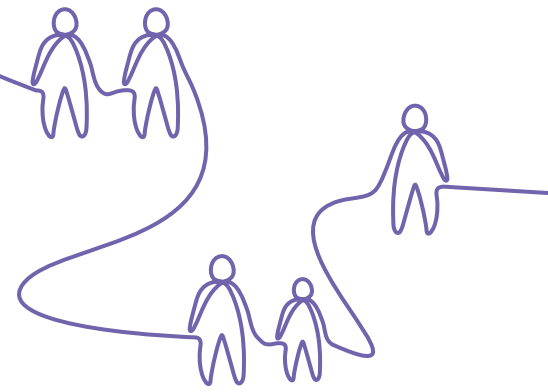
## Looking ahead

In 20/21, the Ofcom Minimum Service Levels (MSLs) and Quality of Service standards (QoS) are rising even higher, and our own ambitions for better service will continue to drive us forward.

We do expect the Coronavirus pandemic to have an impact on our ability to deliver, but we're also determined to try and meet or better the targets set for us every year.

In a nutshell, we aim to give customers a great customer experience with us every time.

# Investing in our people



The people keeping you connected

## First and foremost, Openreach is a people business

We're a team of more than 35,000 skilled, resourceful and innovative people. And we tackle complicated engineering problems – from coordinating works with councils, highways agencies, energy suppliers and landowners, to installing and maintaining the complex kit that provides secure, high-speed broadband services.

We'll take on any challenge to build a better, faster and more affordable network that keeps our customers connected.

We employ

**35,268**

engineers  
and experts

Who carried out

**9.9m**

jobs last year



Fixing

**97.3%**

of faults within  
5 working days

And meeting

**97.6%** of

appointments  
on time

Connecting the  
UK faster than

**ever  
before**



## We want to be one of the UK's best companies to work for

This year we came 15th in The Sunday Times list of 25 Best Big Companies to Work For.

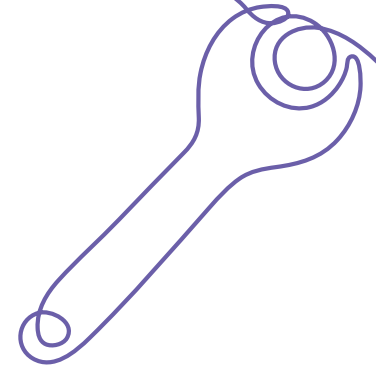
It's the first time we've featured in the list, and the results of a comprehensive survey recognised Openreach as a company that promotes wellbeing, provides good benefits and fair pay, and has a high level of employee engagement.

As the UK's largest team of telecoms experts, we want to support and engage our people whenever we can. They already help us to shape our decisions and they have an extra stake in our success, with £500 of BT Group shares given to all our people as a reward for meeting our service

and performance targets at Openreach.

On top of this, we recognise their successes with our Superstar scheme and provide a variety of wellbeing initiatives – with our 'pick and choose' benefit packages available to everyone, and our confidential, free support helpline always open.

Every year, we actively encourage our people to participate in community activities through our volunteering programme. Everyone at Openreach can use up to three days a year to volunteer and they do that in huge numbers for a whole range of different charities, organisations and community groups.



## Training and developing our people

### **This year we've upped our investment in skills, training facilities and hiring.**

We invested £3.5m into professional development and the running of our 12 dedicated training schools, which provided over 150k days (975k hours) of training over the last 12 months.

We've also built new, award-winning 'Open Street' centres, which are designed to emulate a typical suburban street and give our new and existing engineers the chance to improve their skills in a safe, authentic environment – without working on the live network.

Since opening our first Open Street in Bradford back in 2018, we have been upgrading 11 of our 12 regional training schools across the country – with five now fully completed and four more due to finish this year. We've also opened a further two smaller satellite training schools focussed on training engineers to work on our Full Fibre build.

We're one of the country's biggest employers of apprentices, and over the last two years we've hired a total of 6,500 new trainee engineers – the biggest recruitment drive in our history. Many of these new engineers are helping us to accelerate our Full Fibre broadband build across the country.



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## Building a diverse team

Historically our business – and engineering in general – has been a very white, male-dominated sector.

It's no secret that diversity at Openreach isn't where it should be. And we're determined to tackle that by building a diverse and inclusive team which reflects the communities we serve all over the UK.

This year we refreshed our diversity and inclusion strategy to develop a set of goals and focus areas to achieve that. Central to the strategy is the launch of our new Pride, Gender Equality and Ethnic Diversity networks, which are made-up of people from all levels across Openreach.

These networks are going to be pivotal as we create a more inclusive culture and they're actively listening to our people to understand the issues and barriers they face. Having proactively identified the opportunities to promote and drive equality across our business, we'll be working together to improve our working practices and make Openreach a truly inclusive place to be.

We're also working on new ways to ensure diverse career development opportunities and we're building a major new education programme, supporting all our leaders and colleagues to play their part in bringing our inclusive culture to life.



## Inspiring the next generation

We're always on the lookout for the aspiring engineers of tomorrow. And we're keen to attract more women and people from diverse communities into our workforce.

Last year, the number of female apprentices who joined Openreach was higher than ever, and in 2018 the proportion of Black, Asian and minority ethnic (BAME) employees rose to 17 per cent, with targeted plans to increase this number year on year.

Outside Openreach, we're also exploring how we can encourage more girls and more BAME students to think about STEM careers – by using our EngineeringUK membership to collaborate with other businesses who want to address diversity in the engineering, utilities and infrastructure sectors.

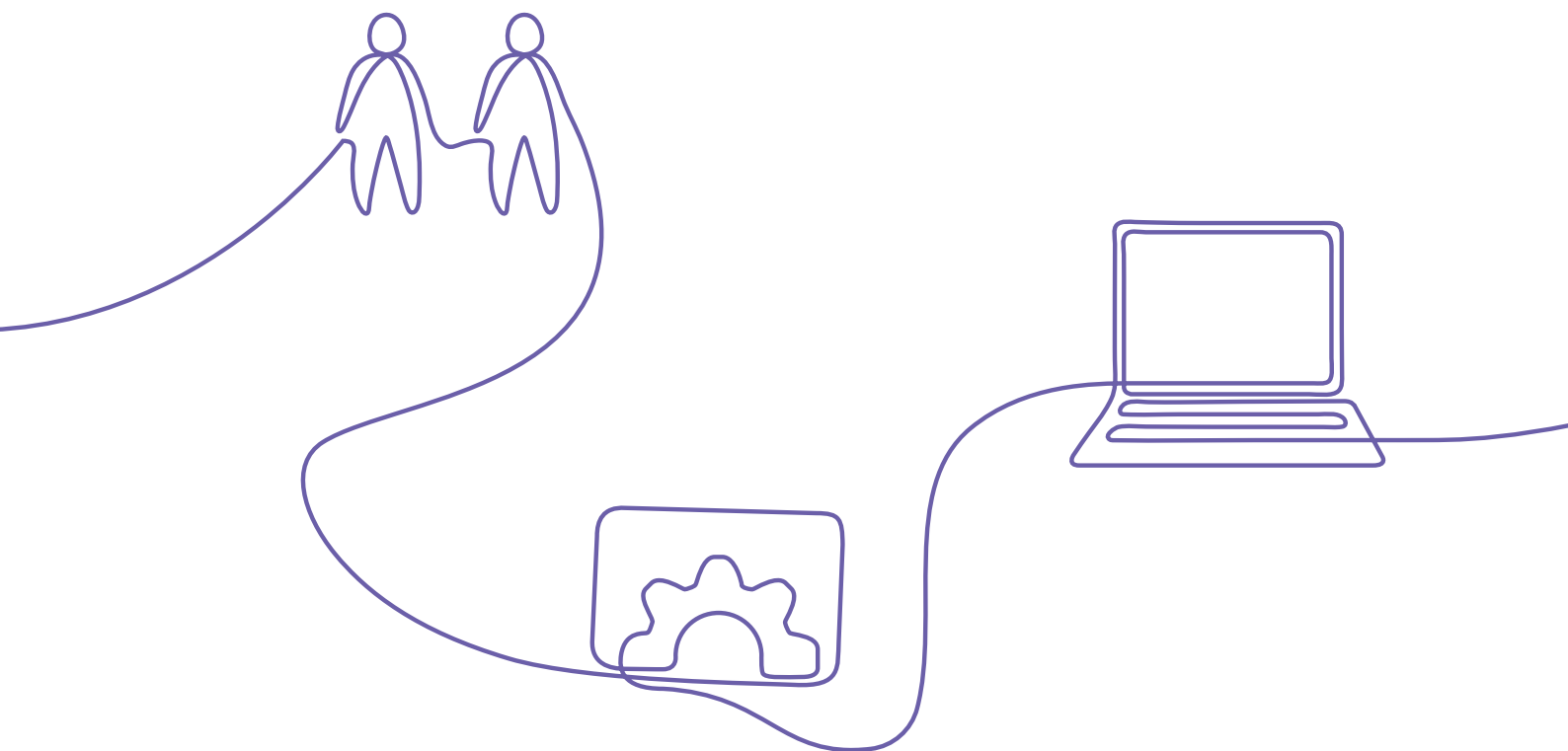
## Taking tech to the people

Our country needs people who understand technology, so we're reaching out to schools and communities with our Digital Skills programme, letting students know about jobs in STEM and working with Openreach. It's part of the bigger picture to engage and employ the best engineers and technicians in the country, to develop a world-leading national digital network for the 21st century.

As well as sponsoring the influential Tech Nation Report 2020, we have a broad programme of taking tech to the nation. We're branching further out into communities to establish Digital Skills workshops in partnership with Housing Associations, creating a vibrant 'digital fringe' to support digital communities with training and advice. With the Good Things Foundation, we're leaving a legacy of sponsored online communities everywhere we go.



We're leaving a legacy of sponsored Online Communities everywhere we go.



## Supporting our Armed Forces

Throughout Openreach's history (and before that, as BT), we've been a big supporter of the Armed Services.

Today we employ more veterans and reservists than any other private sector company in the UK – around 4,000 in total – and we've recruited more than 3,000 ex-services people since 2011.

We're very proud of our relationship with the military, which stretches back more than 160 years.

We are long-standing supporters of the armed forces reserves, and employ more reservists than any other company in the UK. Our reservists represent all of the branches of the armed forces. We have a particularly close relationship with 81 Signal Squadron, a specialist Army Reserve Royal Signals sub unit. Around 75% of the Squadron's soldiers are Openreach employees – working across Service Delivery, Fibre Network Delivery and for the Chief Engineer. Our reservists bring their existing skills and use them in the Army, but also bring skills they learn in the Army back to the workplace – management, leadership, a generally higher level of fitness and additional technical skills.

We also work with SSAFA – the Armed Forces charity – The Royal British Legion, MIND, Relate, ABF The Soldier's Charity and BLESMA, the Limbless Veterans charity, raising money and awareness for the vital services they provide.

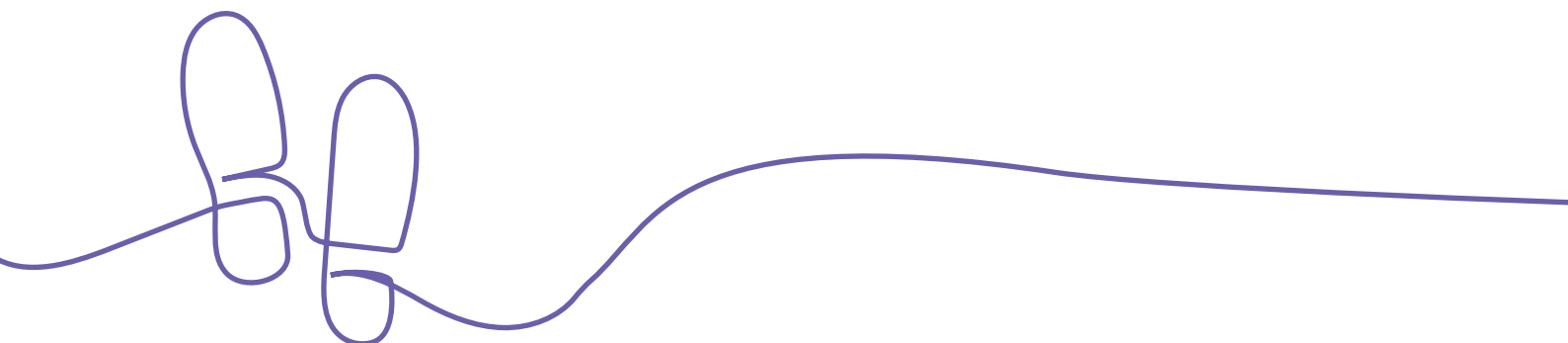
Over the last three years, Openreach people have raised more than £240,000 to support the SSAFA confidential helpline, which offers serving, reserve and ex-services personnel – and their families – access to welfare, health and support services.



“We are extremely grateful to the Openreach team for their outstanding efforts in support of SSAFA, the Armed Forces charity. They did a superb job in completing such a physical challenge but also in raising such a significant amount towards the operation of our crucial Forcesline helpline. Congratulations and our sincere thanks go to all concerned.”

**James Grant**

Head of Corporate  
Fundraising & Events,  
SSAFA, the Armed  
Forces charity



## Transition Force

We know we have a responsibility to the UK, not just to train our own people well, but to use our knowledge and expertise to help the wider communities we serve.

Our Transition Force programme is a prime example of that. Over the last four years, the programme has supported more than 1500 armed forces personnel and veterans from all ranks – including those wounded, injured and sick – in their transition from military life to civilian employment.

We provide career workshops, CV and pre-interview support, as well as an opportunity to network and gain hands-on work experience.



# Getting better broadband to everyone

We believe that everyone in the UK should have access to decent broadband, no matter where they live. That's why we've invested more than £14bn into our network over the last decade and made Superfast broadband available to over 28m homes and businesses across the UK.

This mainly used our Fibre to the Cabinet (FTTC) technology, and the investment has put the UK in a strong position, with more than 96 per cent of homes and businesses able to access Superfast speeds (enough for a household to stream five HD movies simultaneously).

But we don't think this is enough. Around 4 per cent of the country still can't order a Superfast service and, as we've made clear, the future is Full Fibre.

Clearly the economics make it difficult for the private sector to upgrade everywhere. But to help address the issue, the UK Government has pledged £5bn to help network builders like Openreach upgrade the hardest-to-reach parts of the country with gigabit-capable broadband, and we welcome that approach.

We believe around 90 per cent of the UK can be upgraded by the private sector alone, so Government funding can be focussed on the final ten per cent of the UK which needs it the most.

Some 2 per cent of the country still can't even buy a decent broadband service of at least 10Mbps – so we're very keen to help close the gap further.

We're doing that by continuing our own 'balanced build' and targeting isolated, less commercially attractive communities alongside densely populated towns and cities.



## Here are just some of the ways we're doing that:

### 1. Innovating as we go

One of the great things about Openreach is having a crack team of experts – our Chief Engineers – who are constantly testing and developing new tools and techniques to allow us to build faster. With advanced equipment and in-depth experience, our engineers continue to innovate to drive the rural network expansion.

Last year, they conducted intensive trials in 13 of the UK's rural communities – testing a range of innovations that will see more than 50,000 homes and businesses upgraded to Full Fibre broadband. These included a 'diamond cutter' – a giant rotating blade that can slice through roads and pavements and slash the time it takes to deploy fibre cables by months; and drones that can fly fibre cables across rivers and valleys. As a result of the trials, we were able to extend our build programme, and we're now building Full Fibre technology in 227 harder to reach locations across the UK.

### Case study: Innovation super-charging our Full Fibre build

Openreach's Chief Engineers team continues to find and develop new techniques and kit from all over the globe so we can build our Full Fibre network as fast as we can.

Ground Penetrating Radar – the biggest challenge of working in busy, densely populated areas like city centres is reducing the disruption caused by temporary road closures and working in the street. So, we're using new ground penetrating radar technology to precisely map where we can dig new cables – speeding up the whole process and minimising any disruption. GPR creates a digital picture of what's under the ground, allowing Openreach engineers to speed up the deployment of Full Fibre and minimising damage to the existing infrastructure.

GPR supports the use of micro-ducting, where specially reinforced ducts for fibre-optic cables can be laid in small trenches without using specialised equipment. This saves time and money and allows cables to be installed right up to

the outside wall of properties.

Above the ground, new equipment is freeing up much-needed space at the top of our poles, helping us extend our FTTP network without building lots more infrastructure. Meanwhile our new Spider Web Ribbon Cable bonds individual ultrafast fibre together in a spider's web type format that allows the ribbon to remain very flexible and easy to manage. This new type of flexible design means that multiple fibres serving many individual premises can be packed into a single underground cable – connecting more homes and businesses in a fraction of the time.

The new compact design allows these larger capacity cables to be 'blown' into underground ducting pipes – where the cables are pushed through on a current of compressed air, instead of being pulled through manually, which takes longer, causes more disruption and means we can build further, faster.

Many of these innovations are already standard components in our engineering 'toolkit' and we're continually searching for new ways to work smarter.

## 2. Building Community Fibre Partnerships

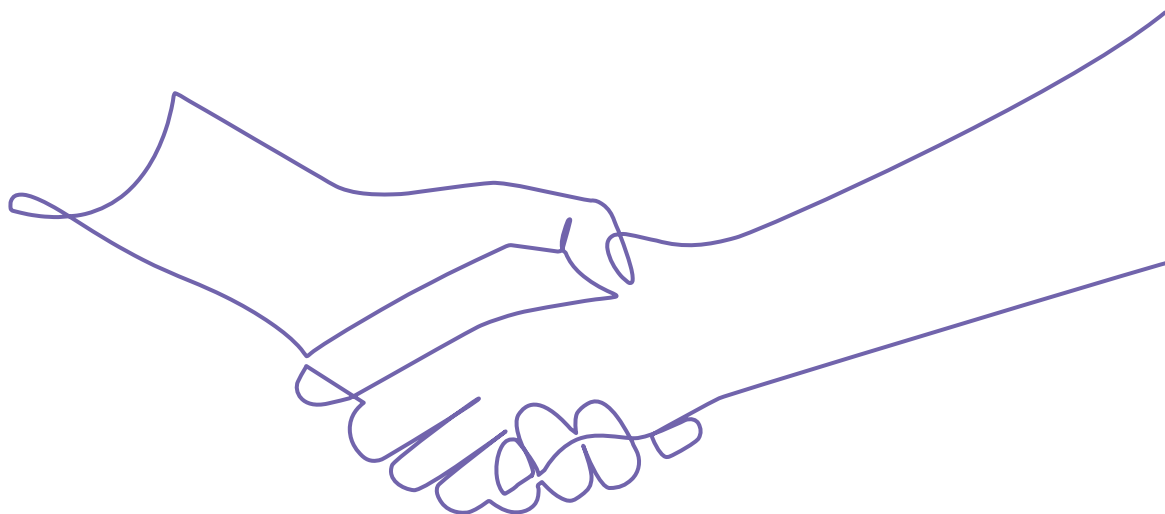
If your home or business has been left out of plans by the private sector, or you can't wait for subsidised projects to reach you, our Community Fibre Partnership (CFP) scheme could be the answer. Our CFP teams are there to advise communities on the best options for outside funding to bankroll Full Fibre projects across the country.

So far, we've committed to more than 850 of these projects and we're in the process of upgrading more than 100,000 homes by working directly with communities to find a funding model and create a bespoke solution that suits them.

Tiny rural outcrops like Classloch in Scotland and small businesses like the No 10 Tea Gardens in Avoncliff, Bristol have taken the leap. And they wouldn't be enjoying faster, more reliable broadband today if it weren't for this approach. We'd love to speak to your community if you're interested in finding out more – there are substantial pots of money out there for rural families and businesses looking to get faster, more reliable connectivity. By far the biggest is the Government's £200m Rural UK-wide Gigabit Connectivity (RGC) Programme. Communities can apply for vouchers worth up to £3,500 to support the cost of installing new gigabit-capable connections.

We'll put a joint funding arrangement in place, which means we contribute some of the costs and your community funds the rest. We'll then build the most affordable solution we can to meet your needs.

If your area already has fibre broadband, you can also use a Community Fibre Partnership to upgrade to even faster speeds.





## Case study: Lillingstone Lovell, Buckinghamshire

Residents in the remote Buckinghamshire village of Lillingstone Lovell, named in the Domesday Book, can now enjoy some of the fastest and most reliable broadband speeds in the country.

The cost of building Full Fibre broadband to the village was covered by a combination of investment from Openreach and the residents themselves, who were the first community to fund their contribution with vouchers as part of the RGC Programme.

Openreach engineers have built the new network to the village's 55 premises, which includes five farms and more than 20 small businesses.

A recent independent report estimated that the CFP scheme generates, on average, around £800,000 of benefits to each community and increases the value of an average property by around £1,700.\*

Lillingstone was one of the first communities to benefit from the new RGC vouchers, which were launched in May last year.

Broadcast media consultant Alison Walsh, who led the bidding process on behalf of the village, said that ultrafast broadband would be 'transformational' for the whole village.

Alison said: "I think it will make the village feel a really different place. People were ecstatic when they heard we could get fibre. I think some people still can't quite believe it's happened. People are just delighted.

"The whole village had been struggling with really slow speeds for years. Using the internet for anything was a daily battle. We have many young families here and the kids found it difficult to do their homework because so much of it is done online. You could forget things like Netflix and Amazon Prime, they were just beyond us. Even just paying for things online could take several attempts.

"There are a number of farms in the community and more than 20 businesses including

an equestrian event business, a picture framer, a design consultancy and a B&B. The working farms now do a lot of their business online – from registering their animals to doing their accounts and selling farm produce, so having ultrafast broadband is a huge boost for them.

"A lot of other people also work from home, but before being able to get faster broadband I think many were on the verge of giving up. There's lots of families that have been here for a long time, children who've grown up here and started their own families. Hopefully having the ultrafast speed will help sustain the life of the village for many more generations."

\*Carried out by Regeneris Consulting in Spring 2018 - <https://communityfibre.openreach.co.uk/resources/>



### 3. Building Digital UK / R100

The Government's Building Digital UK scheme (BDUK) was launched in 2010 and so far it's helped to extend superfast broadband services to over five million premises. Those homes and businesses simply wouldn't have been reached by private investment alone.

We're proud that Openreach has played the leading role in delivering the programme, having been involved in more than 45 BDUK partnerships with local and central Government, all over the country.

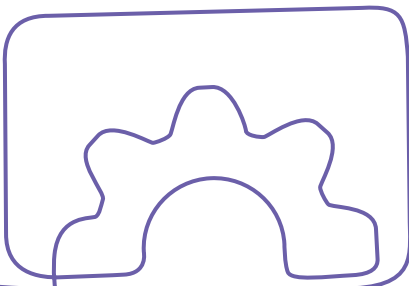
And the programme hasn't stopped, so neither have we.

We're still supporting numerous projects, as well as the Scottish Government's R100 scheme – which aims to connect every home and business in Scotland with superfast speeds. Meanwhile in Northern Ireland there's Project Stratum – the region's £165m plan to connect up to 98k premises with superfast broadband.

### 4. Supporting the Universal Service Obligation

We're working with BT – who have been designated as a provider of the broadband Universal Service Obligation (USO), to provide a UK-wide 'safety net' to help eligible premises that don't have access to an affordable service that can deliver at least 10 megabits per second (Mbps).

BT is planning to address the majority of USO requests using wireless technologies, but we'll be involved in upgrading thousands of connections too using our fixed fibre technology wherever it makes sense to do so.



## 5. Helping others build

We believe that with the right regulatory framework, up to 90 per cent of the UK could be attractive for Full Fibre investment by the private sector, and that every network builder in the industry can step forward and do their bit to upgrade not-spots.

Since 2011, our national network of underground ducts and overhead poles have been open to any company looking to extend their network. And in recent years, we've made a number of improvements to make our network easier to access and use.

This is really important to us.

We've recruited more than 100 people into our 'Passive Infrastructure Access' team and trained them to support businesses who want to scale up their network deployment.

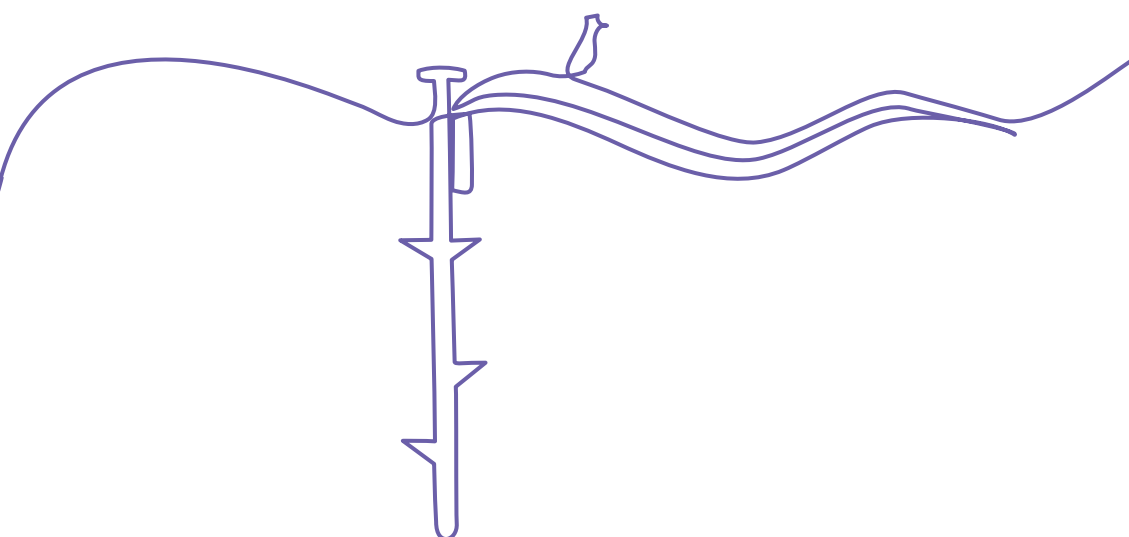
We've backed that up with investments in our online mapping tools and ordering system – giving them greater control when assessing, recording and reserving parts of our network.

We've also significantly reduced our rental fees; we've removed order processing charges and we regularly carry out improvements – known as Network Adjustments – such as clearing duct blockages or decluttering congested poles – all at our own cost.

This means our customers can build wherever they need to, and quicker than ever.

So far, more than 55 CPs have earmarked around 8,805 kilometres of duct and more than 56,065 telephone poles between them – all to deploy their own fibre. It's a great example of industry collaboration delivering for customers all over the UK.

More than  
**55 CPs**  
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and more than  
**56,065**  
telephone poles  
between them



## Making light work of Full Fibre

For Robin Spratt, it used to mean taking two ferries and driving miles across causeways to reach adequate internet. Living in Grimsay in the Outer Hebrides, Robin's fledgling business struggled with simple things like processing payments – things most businesses take for granted. But now, his artisan candle company can benefit from the fastest broadband in the country at speeds of 1Gbps – more than 18 times faster than the UK average.

### Case study: The Outer Hebrides Hebridean Candles

Building a business can be a challenge in itself. When that business is 70km off the UK mainland in the Outer Hebrides, getting in touch with suppliers and customers can be a struggle.

Now, Robin Spratt's business and family life have been re-ignited by Full Fibre in one of the most remote parts of Britain.

In 2019 Openreach completed a 100 per cent Full Fibre build across the remote communities of the Outer Hebrides, achieving an 80 per cent take-up from householders. Working with the Digital Scotland Superfast Broadband partnership, led locally by Highlands and Islands Enterprise (HIE), we completed a sensitive installation of the network, protecting the unique ecology and stunning scenery of the islands.

## Remote control for the Hebrides

As well as giving business the chance to succeed, the Full Fibre network means that islanders have the same access to digital services as everybody else in the UK, making employment viable and connecting families with loved ones.

On a broad scale, this connectivity means that the populations of the islands can stay in contact with friends and family across the world, and that their remote lifestyle, that comes with so many benefits, now has the advantage of being fully connected to the world.



## Case study: Avoncliff, Wiltshire

Openreach's CFP scheme involves the company splitting the cost of installing faster broadband with the local community. In many cases, the local contribution can be entirely covered by broadband vouchers, such as the Government's Rural Gigabit Connectivity Programme.

David Pippett helped to create a partnership between Openreach and the small West Wiltshire village of Avoncliff – providing all 43 residents, including nine small businesses, with Full Fibre broadband and some of the fastest available speeds in the country.

David, who runs his own PR agency ProServ PR, said: “This has transformed the whole village. There's a number of small businesses based here and most of them, including myself, work from home for all or part of the week, so having this future-proof broadband technology in the village has been a game changer.

“Slow broadband speeds can turn running a business into a bit of a juggling act. On one occasion I had to email sixty reports to the media for a client which ended up taking so long from home, I drove to my local Sainsbury's and connected to 4G from my laptop in the car park instead!

“Doing business online is now the norm and no business can really survive that well without it. As the online world continues to grow – we'll now be able to grow with it.”



“Doing business online is now the norm and no business can really survive that well without it. As the online world continues to grow – we'll now be able to grow with it.”



# Upgrading the UK from analogue to digital

The UK's telephone network is changing. We're removing all the old copper connections and replacing them with a complete fibre infrastructure. It's an innovative programme that will fundamentally change how the country communicates and will position the UK as a world-leading digitally enabled economy.

The traditional landline is an analogue technology – delivered over copper wires – that's served us, our parents and our grandparents well for decades.

But it can't do that indefinitely.

In fact, by December 2025 the old analogue network, also known as the PSTN (Public Switch Telephone Network), will have reached the end of its life.

And that's why at Openreach, we're upgrading our customers onto new digital services which carry voice calls in the same way our broadband connections carry data.

Over the next five years, we plan to upgrade 15m analogue lines to digital or 'IP' (Internet Protocol) lines and we're already playing a leading role in helping the industry move to this new digital world.

Last year, we announced trials in Salisbury, Wiltshire, and Mildenhall, in Suffolk – to plot a path towards an 'All-IP' future.

The trials helped us to test and develop new products and processes which will make the migration smooth for Communications Providers (CPs), special services like lifts and security alarms, and the millions of people and businesses who rely on analogue services today.

To support the upgrade, we launched our new 'naked broadband' products (SOGEA and SOGFAST) in March 2020, allowing any CP to offer their customers a standalone broadband line, without the need to bundle in the old analogue service.

We've also been building our new Full Fibre network – which provides ultrafast, ultra-reliable broadband that can deliver all manner of digital services over the top, including voice applications like Skype and FaceTime.

More recently we announced more than a hundred locations across the UK where we're planning to stop selling analogue services and we're now

working with CPs to support them and their customers on the path to digital voice services.

The move from analogue to digital opens up some exciting opportunities for CPs, who already provide a range of digital voice services to their business customers and plan to offer a bunch of innovative products and services that will delight their consumer customers for decades to come.



# Our finances

## Revenue

Our adjusted revenue<sup>1</sup> grew 1% for the year. This growth was driven by performance in the second half of the year; with growth in higher rental bases in fibre-enabled products<sup>5</sup> (driven by commercial offers), up 20%, and Ethernet, up 11%.

This was partially offset by price reductions (both the impact of our commercial offer of fibre volume discounts, and regulated price reductions), and higher service level guarantee payments due to implementation of auto-compensation.

## Operating costs

Adjusted operating costs<sup>1</sup> were 5% higher<sup>3</sup> primarily driven by higher business rates and higher salary costs as we invested in more colleagues to support FTTP rollout and better service, and pay inflation.

These drivers were partly offset by efficiency savings and certain one off items.

## EBITDA

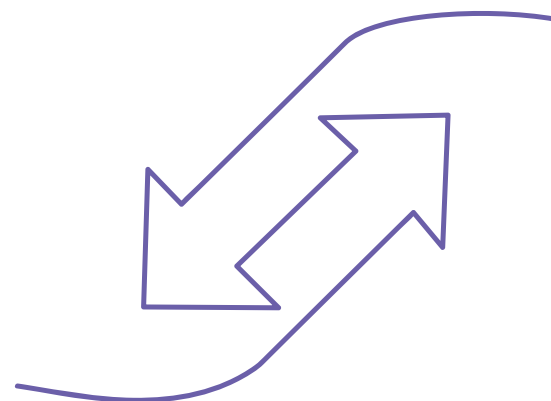
Our adjusted EBITDA<sup>2</sup> was down<sup>3</sup> 3% for the year.

## Capital expenditure

This was £2.1bn. Excluding BDUK gainshare, capital expenditure was up £223m, or 12%, driven by investments in the network (predominately fibre enabled infrastructure) partially offset by efficiency savings.

## Free cash flow

Normalised free cash flow<sup>4</sup> was down 33% due to higher cash capital expenditure and costs, and timing of working capital.



1. Adjusted (being before specific items). Adjusted measures don't include specific items which are Items that in management's judgement need to be disclosed separately by virtue of their size, nature or incidence, as explained in the Additional Information on page 204 of the BT Annual Report
2. Adjusted (being before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense)
3. Following BT's adoption of IFRS 16 on 1 April 2019, operating costs/EBITDA changes on prior year are presented on an IFRS 16 pro forma basis. Further information on these unaudited pro forma results for the year ended 31 March 2019 are available online: <https://www.btplc.com/Sharesandperformance/Financialreportingandnews/Quarterlyresults/index.htm>. BT does not warrant the accuracy, completeness or validity of the information, figures or calculations in the unaudited pro forma documents and shall not be liable in any way for loss or damage arising out of the use of the information, or any errors or omissions in its content.
4. Free cash flow after net interest paid and payment of lease liabilities, before pension deficit payments (including the cash tax benefit of pension deficit payments) and specific items
5. FTTP, FTTC and Gfast (including Single Order migrations)

# Our priorities for the year ahead

Every year, we set out our key priorities in Openreach, in what we call our ‘Big Bold Plan’.

We use this plan as the framework for our annual performance targets internally and it’s the main vehicle we use to communicate our strategy to our people.

The main pillars of our Big Bold Plan are all about delivering ‘Better Service, Broader Coverage and Faster Speeds’. And we complement these with a set of principles – being Safe, Skilled, Simpler, Cost Competitive and Socially Responsible – which will help us achieve our goals over the year.





## Here's a summary of our Big Bold Plan for 2020/21:

### 1. Better service



As the internet becomes ever more integral to everyday life, customer expectations are rising, and what constitutes great service keeps ratcheting up thanks to innovations both within and outside the telecoms sector.

We're aiming to make service quality a point of advantage and we'll be building on the momentum we've built up during 2019/20.

### 2. Broader coverage

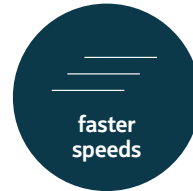


We're already building FTTP throughout the UK and upgrading the country's digital infrastructure. We're planning to build a future-proof network that will serve the country for

generations – both in cities, and in rural areas – and we're going to build it commercially (under our own steam) as well as in partnership with Government and other funding sources, where that's appropriate.

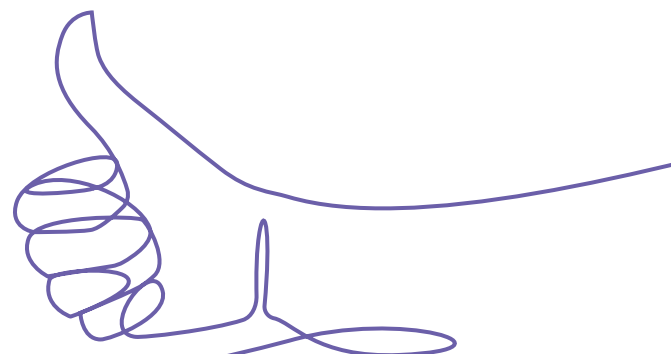
We plan to be even more open with the industry about our planned FTTP build footprint. And, as we decide where and when we're going to be building, we're keen to avoid any situation where complaints are upheld against us in relation to those decisions.

### 3. Faster speeds



It's critical to our future that we make the most of our new FTTP infrastructure, by smoothly upgrading customers across to the new platform and onto the right propositions.

Where FTTP isn't available, we're aiming to upgrade customers onto the best available option – be it our Gfast or FTTC networks. We've already made a good start on this, and we're continuing to work closely with our CP customers to secure their business over the longer term.





We want to go beyond our mission to connect people through communication technologies.

## The principles that support our Big Bold Plan

### Safe

Safety is absolutely essential to our future success. We're working on improving our culture, tools, and processes to ensure that the safety of our teams (both Openreach and contractor employees) and the safety of the public is always at the heart of what we do.

### Skilled

Openreach is a people business. Our people are our most valuable asset. And you can read more about how we invest in our people on page 21. We're focussed on future proofing our resourcing plans and driving greater diversity across our workforce. We also want Openreach to remain one of the best businesses in the UK to work for.

### Simpler

To deliver effectively, we're making moves to simplify our interactions with customers and suppliers and to make sure that we're ready to meet customers' expectations whenever we're installing Full Fibre. At the same time, we'll deliver a number of internal programmes that drive simplification across Openreach and deliver a more efficient operating model.

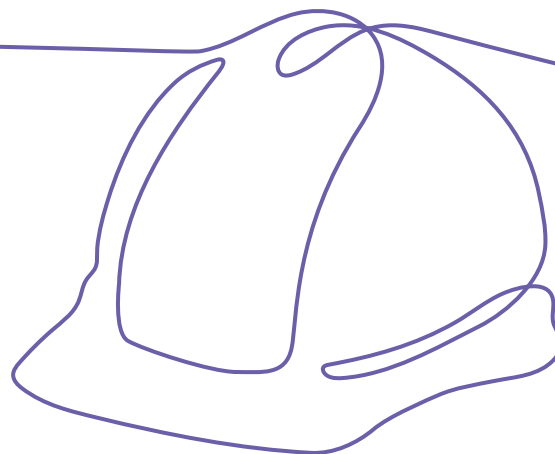
### Cost competitive

In order to fund our massive investment in Full Fibre, we need to be more efficient as a business. We've committed to an efficiency savings target, and we'll deliver that by organising our business effectively and working closely with our customers, contractors and suppliers. We're also constantly researching and innovating so that we can build faster and to an even higher quality.

### Socially responsible

We want to go beyond our mission to connect people through communication technologies. We'll also use our expertise to help people understand how to make the most of high-speed broadband for communities and businesses around the UK and support programmes to develop their digital skills. In parallel, we will work to protect our environment, reducing our impact and supporting innovative technologies. Read more about this on page 15.

We want to be the UK's favourite Full Fibre provider, giving everyone an experience so good that they won't even think about moving.



# Our senior management team

## Openreach Board Members:

1.	Mike McTighe	Chairman
2.	Clive Selley	CEO
3.	Matt Davies	Chief Finance Officer
4.	Edward Astle	Non-executive Board member
5.	Liz Benison	Non-executive Board member
6.	Jon Furmston	Secretary to the board
7.	Simon Lowth	BT Group nominee
8.	Andrew Barron	Non-executive Board member

## The Openreach Executive Team:

1.	Clive Selley	CEO
2.	Richard Allwood	Chief Strategy Officer
3.	Kevin Brady	HR Director
4.	Sophie Bouckaert	General Counsel
5.	Catherine Colloms	Managing Director, Corporate Affairs and Brand
6.	Matt Davies	Chief Finance Officer
7.	Olly Kunc	Managing Director, Service Delivery
8.	Colin Lees	CIO
9.	Kim Mears	Managing Director, Strategic Infrastructure Development
10.	Katie Milligan	Managing Director, Customer, Commercial and Propositions
11.	Kevin Murphy	Managing Director, Fibre and Network Delivery
12.	Mark Shurmer	Managing Director, Regulatory Affairs
13.	Andy Whale	Chief Engineer

# Get in touch with Openreach

Talking to Openreach:

[linkedin.com/company/Openreach](https://www.linkedin.com/company/Openreach)

[facebook.com/weareOpenreach](https://www.facebook.com/weareOpenreach)

[youtube.com/OpenreachOfficial](https://www.youtube.com/OpenreachOfficial)

[twitter.com/weareOpenreach](https://twitter.com/weareOpenreach)

[Openreach.co.uk](https://www.openreach.co.uk)



**openreach**  
Connecting you to your network