openreach
Connecting you to your network

Openreach progress with Implementation of the new arrangements between Openreach and BT

Report to Ofcom's Openreach Monitoring Unit

June 2019

Foreword

Openreach is a wholesale network provider. We support more than 600 Communications Providers (CPs) to connect the 30 million UK homes and business to their networks. We sell our products and services to CPs so they can add their own products and provide their customers with bundled landline, mobile, broadband, TV and data services. Our services are available to everybody and our products have the same prices, terms and conditions, no matter who buys them.

This report is provided by Openreach Limited[1] to Ofcom's Openreach Monitoring Unit as input to its forthcoming Commitments Implementation Report.

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[1] Openreach Limited is a wholly-owned subsidiary of BT Group Plc.

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I. Executive Summary

1. Under the terms of BT's Commitments to Ofcom, Openreach has become a distinct, legally separate company that is wholly owned by BT Group Plc, called 'Openreach Limited'. This means that Openreach is now a more **independent business –** Openreach sets its own strategy, taking the interests of all our customers into account. We have greater independence over our **investment decisions** and we have a clearer **mandate to deliver great service**, with an explicit duty to **treat all our customers equally**. We have made significant changes that are benefitting our customers and the UK as a whole. We have created our own **Board**, with a majority of independent members who are not affiliated with BT. The Openreach Board is responsible for setting Openreach's strategy and overseeing our performance.

2. There has been significant progress on areas identified in our last implementation report submitted to Ofcom's Openreach Monitoring Unit (OMU) in November 2018 and this is demonstrated through the Openreach strategy, our compliance culture and how we are supporting customers throughout the industry.

3. Openreach's strategy has at its heart, three core objectives:

   - **Better service** – we want to provide industry leading customer service;

   - **Broader coverage** – we want as many people as possible to have access to speeds of at least 30Mpbs; and

   - **Faster speeds** – we want to give ultrafast access using full fibre to 15 million premises by the mid-2020s, if the right conditions are in place for investment and there is customer demand.

   These objectives are well aligned with those of Ofcom's and our customers and we believe we are making good progress against them as outlined in this submission.

4. We have made significant progress in our engagement with customers, and have transformed the way we **consult with our Communications Provider (CP) customers** – giving them a greater opportunity to talk to Openreach confidentially about their plans. This is allowing us to have more open and meaningful conversations with CPs early on about our collective strategies and goals. Having conducted several major **consultations** this year, has also enabled us to tailor our plans more closely to what our CPs need and to launch new initiatives.

5. Other key elements of living up to our Commitments by establishing our independence, creating a culture of compliance and delivering good market outcomes include:

Setting up Openreach Limited. An important part of this has been the creation of our own Openreach Board Audit, Risk and Compliance Committee (OBARCC), which is a committee of the Openreach Board and provides oversight of Openreach Compliance activities. **Commitments breaches** are reviewed and decided by the OBARCC, together with remedial actions which will mitigate the impact of the breach and avoid a repeat occurrence. On 1 October 2018, 31,000 people moved from BT Group to become employees of Openreach Limited, which was the largest TUPE in UK corporate history.

Rebranding and training. We have removed the BT logo from our brand entirely – this has involved updating our workwear, websites, apps, stationery and signage, as well as continuing to accelerate our rebrand across 25,000 vehicles. We are well ahead of our original Commitments timescale in this area. It is a hugely symbolic step to underline our greater independence and how we treat all of our customers equally. Our accelerated mandatory training plan has ensured 100% completion of the mandatory Computer Based Training 'Living up to Our Commitments' for managers, and we continue to roll out targeted high risk training and assurance work.

Culture. We have embedded our new Commitments Code of Practice, establishing an independent public voice and have delivered our training plan, recognising this will be reviewed on a regular basis. In October 2018 BT also commissioned external culture experts *Walking the Talk* to deliver an independent and objective Hearts and Minds culture assessment, to better understand what people think and feel about the Commitments as attitudes strongly influence what people do and how they behave. Encouragingly, *Walking the Talk's* assessment found that the culture across the BT Group, including Openreach, had evolved in response to the introduction of the Commitments and that it was ahead of where they expected us to be six months from the Commitments coming into force.

Northern Ireland. We are hosting the rebranded Openreach Northern Ireland organisation. Openreach Northern Ireland continues to be a virtually separate organisation, with the same local management team responsible for setting the overall strategy, network assets, finance and culture.

Confidentiality of Openreach information. We have launched the new processes to secure confidentiality of Openreach Commercial Information (CI) and Customer Confidential Information (CCI). This involves a new information sharing framework incorporating Information Sharing Agreements between relevant parts of Openreach and BT and a Disclosure Record process. We continue to carry out audits to ensure the process is working.

Openreach's strategic independence. We have implemented new financial and strategy planning processes for medium and longer term planning (referred to as the Medium Term Plan and the Annual Operating Plan) and information disclosure. In addition we published our first Openreach Annual Review in April 2018, we have opened new channels of engagement with the public and we publish more information on our website than ever before.

Equal treatment of customers. We actively engage and consult with CPs using a wide range of channels to ensure customers have the opportunity of providing input in the way that best suits them, including via responses to Openreach formal consultations, industry forums, account management/Board to Board meetings or via our improved Statement of Requirements (SoR) process. In addition, we have developed the Customer Confidential Process which enables CPs to submit requests for Significant Investment or Co-Investment in respect of Openreach networks and products.

Widespread availability of fibre broadband. We have committed to invest in faster, better broadband networks, through our 'Fibre First' strategy. In May 2019, we announced a significant increase in our FTTP plans with a new target to build full fibre (FTTP) broadband to four million homes and businesses by the end of March 2021[2]. We also have an ambition to reach fifteen million homes and businesses by the middle of the next decade if we have the right conditions to invest. We have announced 38 FTTP build locations – cities, towns and boroughs – across the UK where we are building FTTP or where we plan to build FTTP in the next 12 months.

We are also supporting fibre deployment by other network investors by providing access to our **duct and pole access** (DPA) infrastructure. Openreach understands the importance Ofcom attaches to DPA as a means of encouraging other operators to invest in and build full fibre networks to create alternatives to Openreach's fibre product portfolio. Openreach is fully committed to delivering a world-class DPA product, which not only fully meets our regulatory obligations but also gives our industry customers what they want and is 'best in class' operationally.

Decent broadband for all. Openreach is keen to support initiatives to get decent broadband to everyone in the UK. This includes the part that Openreach will play in providing new Openreach fibre build, in response to customer requests, to help to address premises that Ofcom has identified as eligible for a USO service. In addition, Openreach proactively bids for BDUK and other Government funded Broadband programmes in support of enabling decent broadband for all.

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[2] https://www.btplc.com/News/#/pressreleases/results-for-the-full-year-to-31-march-2019-2871047

Quality of service. Delivering great customer service is a top priority for Openreach, and we have made strong progress in this area over the last two years. By working more closely and openly with our CP customers, we have developed a better understanding of what levels and forms of service are important to them and their end customers. Openreach delivered a record service performance for voice and broadband products in Q4 2018/19, the levels of missed appointments, where Openreach was at fault, was maintained at an all-time low and Openreach met all 42 copper and fibre Minimum Service Level (MSL) measures set by Ofcom.

6. Now that the Commitments have been implemented, this report focusses on the wider areas of activity and outcomes as identified in Ofcom's Interim Monitoring Update entitled "*Delivering a more independent Openreach*[3]". Openreach has put in place extensive changes in support of these goals and communicated such changes to Ofcom and Industry. As part of the Ofcom monitoring activity, Openreach will continue to work closely with the OMU to demonstrate Openreach's compliance with the Commitments and respond to information requests that at the same time also allow us to get on with running our business and delivering high quality products and services to all our customers.

7. In addition, in February 2019 Philip Jansen replaced Gavin Paterson as the CEO of BT Group. The tone from the top has a great influence on the compliance culture and by extension, the behaviours of an organisation. Philip has maintained BT's commitment to Openreach's independence and there has been no change to the plans to embed the Commitments culture within both Openreach and BT Group.

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[3] https://www.ofcom.org.uk/__data/assets/pdf_file/0034/126799/Delivering-a-more-independent-Openreach-Interim-monitoring-update.pdf

II. Introduction

8. In November 2018 we published our submission which detailed the completion of the implementation of the Digital Communications Review (DCR) Commitments. A key aspect of this was demonstrating implementation of the Commitments, Governance Protocol and Agency & Services Agreement (ASA). An important milestone was on 1 October 2018, when Openreach Limited became an independent, wholly owned subsidiary of BT with 31,000 people moving from BT Group into Openreach Limited.

9. Now that the Commitments have been implemented, this report focusses on the wider areas of activity and outcomes as identified in Ofcom's Interim Monitoring Update entitled "*Delivering a more independent Openreach*[4]". This report highlights how the new arrangements are leading to meaningful changes for the industry, delivering better services for consumers and a step change in industry engagement.

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[4] https://www.ofcom.org.uk/__data/assets/pdf_file/0034/126799/Delivering-a-more-independent-Openreach-Interim-monitoring-update.pdf

III. Implementation: Setting up Openreach Limited

10. Openreach Limited is a wholly owned subsidiary of BT Group plc. It has its own Board, with a majority of independent members and board committees with specific roles to monitor audit, risk and compliance and remuneration. On 1 October 2018, 31,000 people moved from BT Group to become employees of Openreach Limited, which was the largest TUPE in UK corporate history.

11. The Openreach Board Audit, Risk and Compliance Committee (OBARCC) is a committee of the Openreach Board and ensures corporate governance is working effectively across Openreach, with a remit across all audit, risk and compliance activities. It has specific Commitments monitoring activities set out in the Commitments and Governance Protocol. It meets quarterly, with part of each meeting dedicated to Commitments compliance. It reviews progress with implementation of the Commitments, and monitors any complaints or information requests from Ofcom, industry bodies or CPs, as well as Openreach information which has been disclosed to or within BT. **Commitments breaches** are reviewed and decided by the OBARCC, together with remedial actions which will mitigate the impact of the breach and avoid a repeat occurrence. Its wider role informs its Commitments monitoring activities and, since July 2018, it has received presentations from CPs at each of its meetings, taking the opportunity to question them on their views on Openreach's compliance. It also publishes a quarterly bulletin on its Commitments compliance activities.

12. The OBARCC commissioned two reviews to explore whether the right balance was in place between Openreach having greater independence and BT retaining appropriate parent company control. One reviewed the functions where there were interactions between Openreach and BT as a parent company and the second reviewed the services where Openreach chooses to have BT as a supplier. The first review ('Project Seesaw') found that most of the corporate functions had settled into an agreed way of working and, where there were issues, an agreement was facilitated. A number of functions better formalised their way of working as a result of the review, although finalising the BT Group Strategic Framework is an important last step to make the strategy development process complete in practice. Project Seesaw also considered the extent to which the new ways of working provided Openreach with greater independence. It concluded that, although there were good examples of different processes, in many cases Openreach was following the same underlying process as other BT divisions. What contributed most to Openreach's greater independence was the existence of the Openreach Board, Openreach's board members and Openreach having its own corporate teams for functions such as regulatory affairs and public affairs. The supplier review identified some areas where Openreach has chosen to go outside BT and confirmed that there are valid reasons for remaining with BT as a supplier in other areas.

13. Openreach has a number of executive governance bodies, which report to the Openreach Executive. The Openreach Executive has a reporting line to the Openreach Board, and the Openreach CEO and CFO are members of the Openreach Board. See diagram below for reference. The Openreach Board has two committees: the Openreach Remuneration Committee and the OBARCC. The Openreach Remuneration Committee's primary purpose is to own on behalf of Openreach the targets and measures of the Openreach business scorecard and the targets and measures that relate to Openreach long term incentives. It makes recommendations to the BT Remuneration Committee on the remuneration of the Openreach Chairman and the Openreach CEO. The OBARCC reports regularly on non-Commitments matters to the BT Board Audit Risk & Compliance Committee and, on Commitments matters, works closely with the BT Compliance Committee, which is responsible for monitoring compliance with the Commitments within BT.

14. Openreach Limited is a wholly owned subsidiary of BT Group plc. The BT Group plc CFO is the BT nominee member of the Openreach Board. The Openreach Board has a majority of independent members.
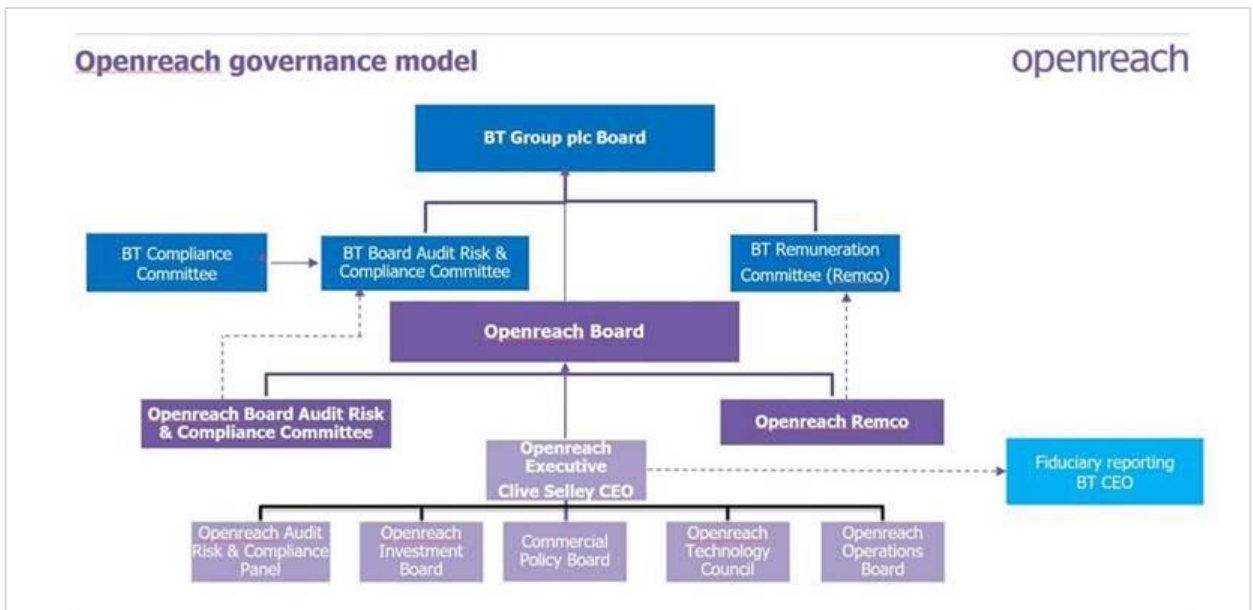
IV. Openreach Rebranding

15. We continue to deliver the rebrand ahead of our targets across the UK. We unveiled our new brand on 11 July 2017. This was just four months after BT agreed with Ofcom that Openreach would become a legally separate company.

16. We wanted our rebrand to be a pragmatic step rather than an extravagant re-design because we are determined to focus our investments on improving the network and the service we provide.

17. Over the course of 2017/18 and 2018/19 we have invested ✂ and our overall rebrand is estimated to cost ✂. Branding plays a very important part in creating a distinct identity and culture not only for our people but also our customers.

18. One of our biggest brand assets are our vehicles, with 25,383 currently 'in-service'. All new vehicles put into service feature our updated livery design. We have also developed a process to remove BT elements from our existing fleet, we call this 'scrub and buff'; this coincides with when vehicles are being serviced, meaning engineers are not required to take any additional time off the park than planned, so we can get on with the job of connecting people to their networks.

'Scrub and Buff'
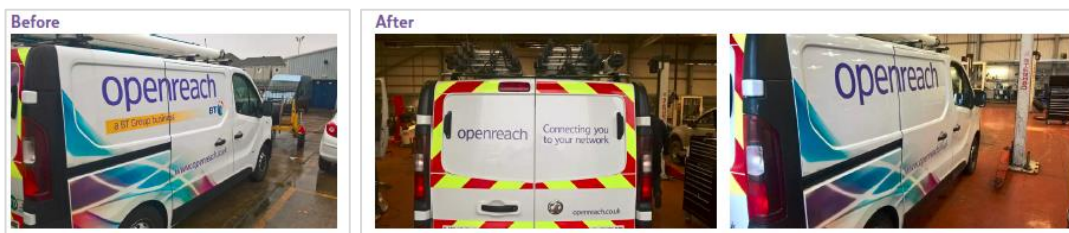
New van livery

19. We started rebranding our vehicles well ahead of April 2018, to accelerate the programme. As of the 3 April 2019, 16,827 vehicles either have the new livery or have had the BT elements of the logo removed (**66.29%** of the total Openreach fleet and **95.35%** in London). This further increases to 18,859 when new and rebranded contractor vans are included, and **97.31%** of contractor vehicles are also now rebranded. The vehicle rebrand will continue to accelerate across the UK in 2019/20.
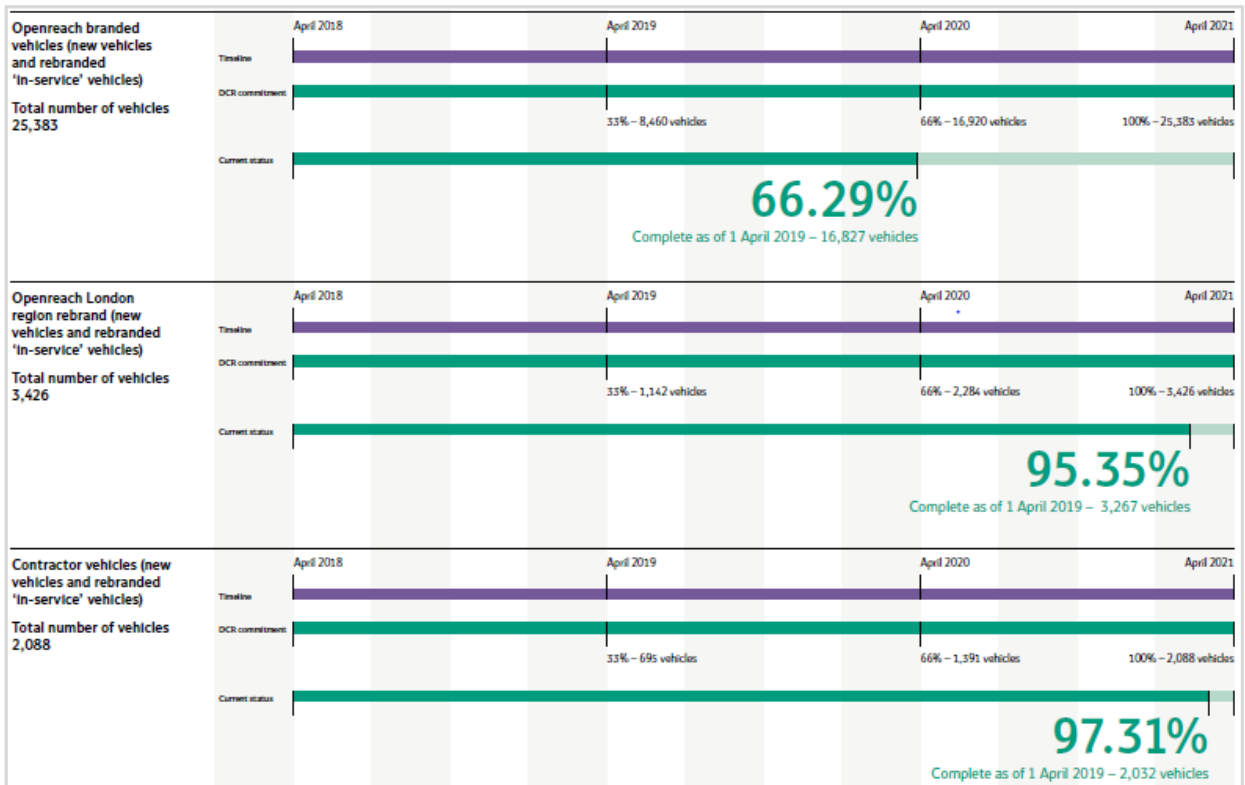
20. Our engineers are showcasing our new brand when they visit people's homes and businesses with re-branded helmets, Gore-Tex and high-viz jackets. The rollout of the corporate clothing wardrobes (a wardrobe is a full package of clothing per employee) has progressed rapidly and is now complete with **all 20,159 eligible Openreach employees having received their full wardrobes.**

21. The new identity passcard with a portrait format was launched in July 2018, and is being rolled out across Openreach and **22,160** passcards (**67.15%** as at 20 May 2019) have been distributed to date (with updated photographs), including all new recruits and contractors.

22. Our 32 buildings around the country are being updated and as of 31 March 2019, 25 of these reflect the new brand.
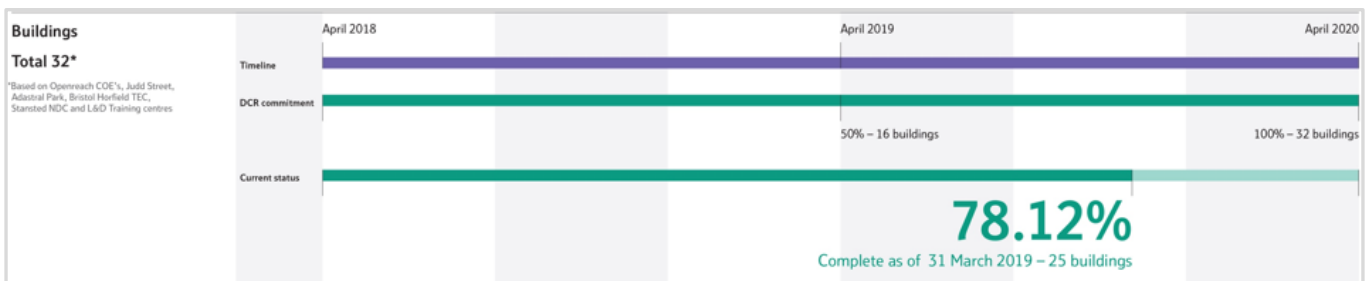
23. We also built an Openreach Limited inventory for the Openreach Limited Executive Board which was ready for TUPE in October 2018, this includes specific letterheads, business cards, web assets and documentation.

24. In addition to all of the above we have also delivered, ahead of schedule:
    - our entire workforce's laptop and mobile wallpapers;
    - new PowerPoint, Word, report templates and stationery;
    - the brand on our billing templates and primary customer systems;
    - over 30,000 employee lanyards;
    - the brand on our street equipment and NTEs which is being rolled out.

25. Of course, a visual re-brand is important but being an independent Openreach is also a mind-set change. We are committed to being honest and open, and whenever we do introduce ourselves we say who we are, where we are from and who we are working on behalf of. Our internal communications team have been working to embed this message, and as our employees receive new uniforms, they also receive guidelines for the correct salutation. This is supported by a series of flyers across multiple brand touchpoints including new uniforms, rebranded vehicles, buildings and passcards.

26. Images of our new brand across a range of our assets can be found in **Appendix A**

Openreach Website

27. Openreach has re-launched its public website promoting a greater presence and independence from the BT Group. The new website aims to:

- make it easier for people to find things by building a website around key user journeys;
- introduce consistent design featuring Openreach people;
- design a fibre checker that is clear, and profiles the best technology, as well as surface Community Fibre Projects and Gigabit vouchers; and
- provide easy access to self-help materials, quick access to customer service and email registration.

28. Examples of the website visuals are provided below, notably featuring Openreach people creating familiarity with the brand; engineers are at the heart of the design.
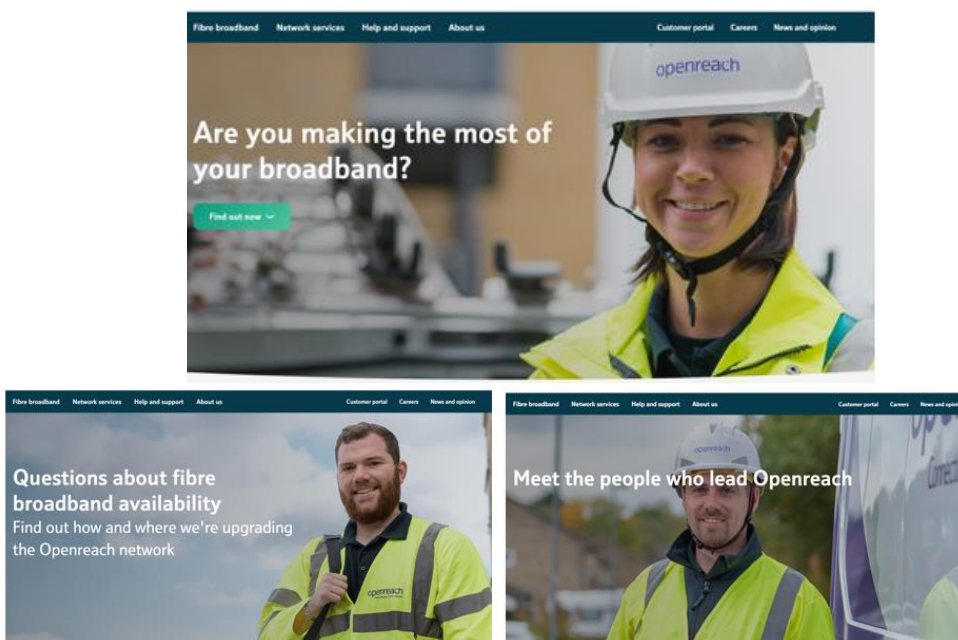
29. The fibre checker has been updated to provide clarity of use to inform users.
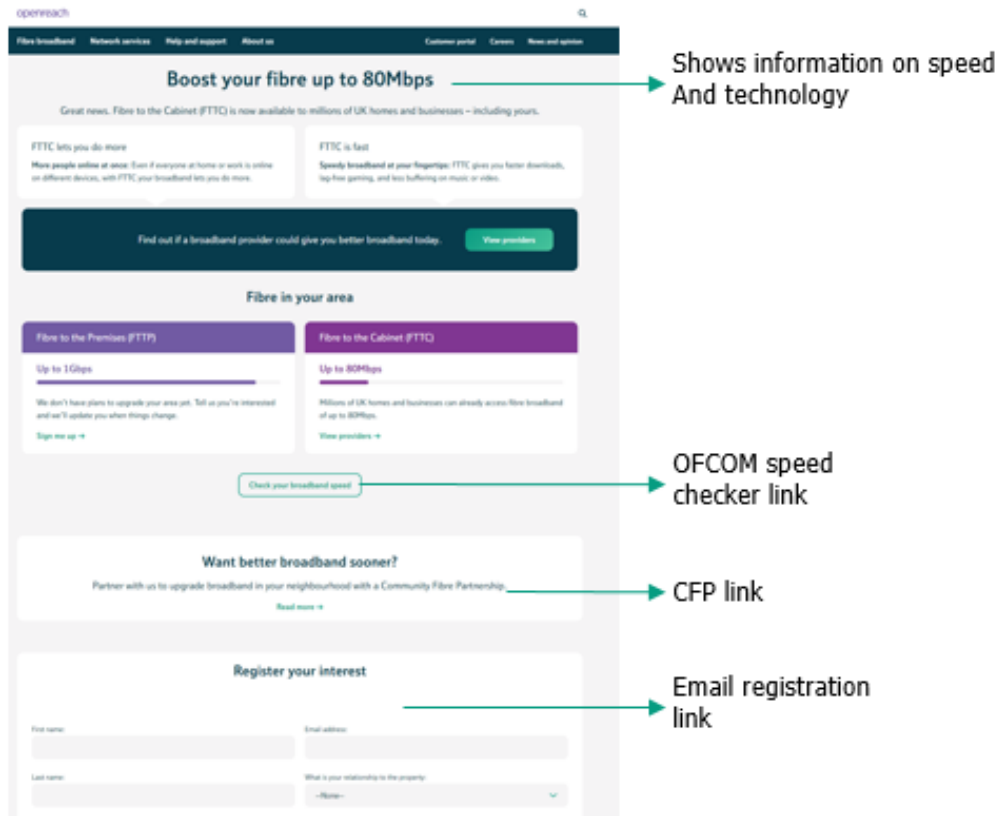
30. We are very transparent about our key performance indicators – the results are provided by region and are easy to access. In addition Openreach is reducing the amount of purple present on the website thus creating more differentiation between the Openreach and BT Group websites.
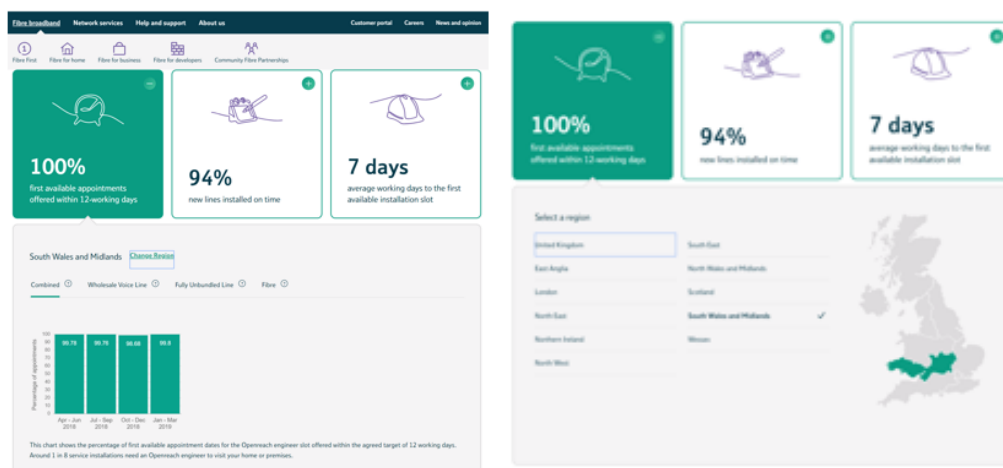
31. The self-help materials provide quick access to customer service and email registration.
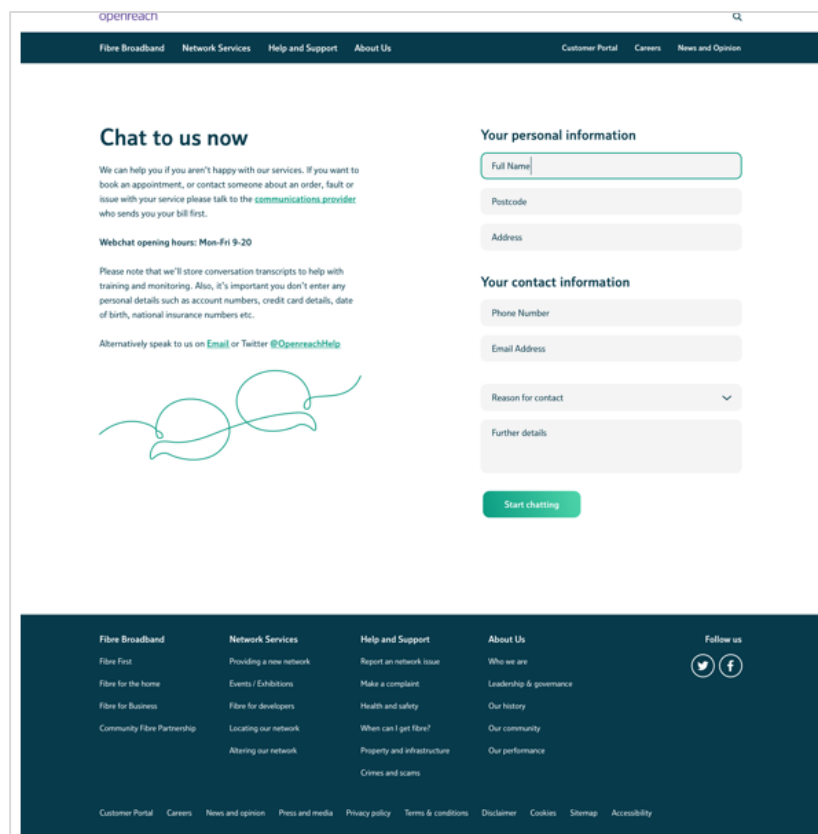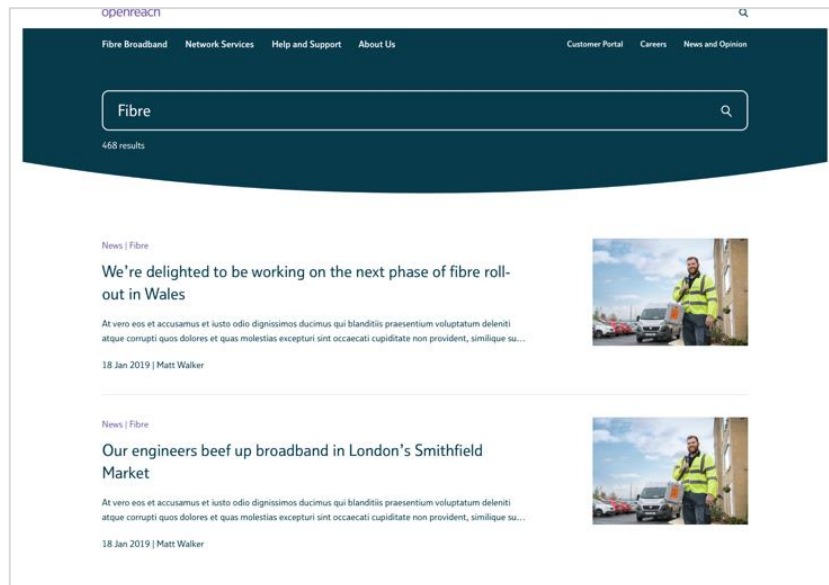
V. Training

32. We have continued to implement our learning and culture workstream which is focused on ensuring our people are fully informed about our Commitments.

Computer based training (CBT)

33. A key element has been the replacement of the '*IT Matters…the BT Undertakings*' mandatory CBT with a new CBT course entitled *Living Up to Our Commitments* (LUTOC). We initially proposed that once the Commitments came into force the mandatory CBT LUTOC would be phased in and assigned to learners to complete within a 35 days window with all assignees having completed the course by April. Subsequently we decided to proactively accelerate our CBT assignment plan to ensure our target audience (Openreach managers) are fully aware, trained and equipped to live up to our Commitments as early as possible; as a result **100%** of Openreach managers (3962) completed the CBT by the end of October 2018 (as opposed to April 2019) and we continue to maintain a **100%** completion rate.

34. Team members have also received Commitments training via their Basic Compliance course. To date 16,465 team members have completed the CBT which is **58.3 %** of our target audience and a **100%** completion rate for all those assigned the course to date. We have recently reviewed our training for engineers and agreed with stakeholders, including the OBARCC, that the current five CBT courses they are required to complete (including basic compliance) will be amalgamated into one annual course, this course is specifically targeted at Openreach engineers, with Openreach engineering scenarios and branding. The new course, "*Is it OK*" was piloted in April 2019 and following positive feedback it will launch on 3 June 2019.

High risk training

35. For those in higher risk roles, Openreach continues to run refresher sessions and issue briefings on key topics within Our Commitments. To ensure the new information sharing regime was embedded and to create greater awareness of disclosure records we delivered information sharing refresher training at all Managing Director team meetings in Q4 2018/19.

Teasers – testing understanding and embedding learning

36. In December 2018 we tested the organisation's understanding and further embedded learning on information sharing and disclosure records via an 'email teaser' (a single multiple-choice question) mail out. The results demonstrated a high level of compliance with less than 3% of people selecting the option that would lead to a non-conformance of policy. However, the majority of those demonstrating compliant behaviours were, in fact, overly cautious in indicating that they would withhold the information rather than the permissible action of sharing and subsequently disclosing it. As such we have embedded learning through the feedback in the Q4 refresher information sharing training with a particular emphasis on disclosure records.

37. There will be regular interactive teasers throughout 2019/20 on a Commitments learning point.

Information sharing audits and assurance work

38. To provide assurance that the information sharing process is known, understood and adhered to, the Openreach Business Integrity team operate a rolling schedule of information sharing audits across their 'high risk' populations.

39. The rolling schedule of ISA audits started in Q2 of 2018/19 and we completed 64 audits in 2018/19 and aim to complete 90 audits for the full year 2019/20. These audits are conducted either sitting next to the auditee or remotely by asking the participant to share their screen. Participants are asked to demonstrate how they would determine if sharing information with an individual was appropriate and would be expected to demonstrate working knowledge of the regulatory compliance marker on the directory and the associated Information Sharing Agreement (ISA). Participants are also asked to share their inbox for an in-depth review of three examples of information that they have shared (if any) with BT Group recently. Examples are reviewed to make sure that they are either included in the relevant ISA or captured correctly on the Disclosure system. Any knowledge gaps or instances of non-compliance are addressed immediately via re-scheduling training and any potential issues would be formally registered on the breaches triage tracker. Generally, feedback form the audits has been positive; early on there was some confusion/lack of knowledge about the use of the disclosure process and this was addressed by refresher training and communications.

40. As an additional layer of assurance we have conducted an email deep dive review for high risk members of the Openreach Strategy team. The activity included a full review of all emails and Skype messages sent to BT.com addresses. There were no instances of non-conformances found. We are committed to running the same review to selective members of our Customer, Commercial and Propositions and Regulatory teams in H1 2019/20 as these communities are most likely to share significant information with BT Group on a regular basis. The purpose of the reviews is to give assurance that any and all information sharing is in line with our regulatory Commitments and where required, the disclosure portal is used.

41. In Q4 2018/19 there were ✂ disclosures registered. The increase in disclosures from ✂ in Q3 to ✂ in Q4 continued the upward trend through 2018/19. There has also been a reduction in the number of entries that are not disclosable, indicating that people's understanding is improving and that the training is working.

✂

42. As well as seeing an improvement in the quantity and quality of disclosure reports we have also worked with BT Group Compliance to refine the format of the quarterly disclosure paper that is submitted to both the OBARCC and BTCC. The paper clearly distinguishes significant sensitive data that is shared on a one-off basis or as part of an ongoing project, from less sensitive business as usual reporting that is shared as part of regular updates to BT Group committees.

New joiners – engineers

43. As well as being assigned the mandatory Basic Compliance CBT all new engineers attend an induction week. A core part of their induction includes an 'Introduction to Your Role' presentation. The presentation includes a section on our customers, who they are, and the importance of treating them equally; and our Openreach brand – from the workwear they wear, the van they drive, to arriving at an end customer's premises as Openreach.

44. However, a new recruits training to understanding Openreach starts a lot earlier from the recruitment stage; with a potential recruit visiting a half day assessment centre. It is our intention from our earliest interaction with potential employees, through material, presentation, slideware and discussion, to educate and position who we are. ✂

45. The presenters (there are only eight nationally for consistency) facilitate conversation to reinforce key messages, including, that:

- we are Openreach Limited, an independent, wholly owned subsidiary of BT;
- we have our own independent board;
- our own brand; and
- our own Openreach salutation including who our approximately 600 customers are and the importance of treating them equally.

46. At the end of the presentation the delegates attend a series of assessments including two interviews. The first interview assesses a candidate's suitability for the role; here we expect delegates to be able to articulate through research and listening to the presentation, who Openreach is, how we are structured and for whom we work.

New joiners – managers

47. All new joining managers are invited to an Openreach Induction Event within the first month of joining, these sessions are held monthly in Openreach's Headquarters. To ensure clarity and consistency of message is achieved, all induction events are delivered by our HR director (or a Senior Leadership manager as a substitute) who presents our 'We are Openreach' story. This is an interactive session that explores our history and transition to a more independent Openreach, an overview of our key Commitments to Ofcom and how we work, including an explanation of who our customers are and our commitment to treat them equally. As well as an opportunity to meet new colleagues, the session is purposely delivered in our Headquarters to showcase our Openreach brand. Clear guidance is given around our distinct branding, its importance and our collective responsibility to ensure we introduce ourselves correctly.

VI. Instilling a Commitments Compliant Culture

48. In October 2018, BT commissioned external culture experts Walking the Talk to deliver an independent and objective Hearts and Minds culture assessment, to better understand what people think and feel about the Commitments as attitudes strongly influence what people do and how they behave. Openreach were part of the review to ensure we gained the perspectives from those at the point of interaction between the two organisations.

49. Data from several channels was used to provide both qualitative and quantitative findings, including 9 focus groups which involved 76 participants (40 BT participants and 36 Openreach participants) and 13 interviews with senior leaders.

50. Encouragingly, *Walking the Talk's* assessment found that the culture across the BT Group, including Openreach, had evolved in response to the introduction of the Commitments and that it was ahead of where *Walking the Talk* expected us to be six months from the Commitments coming into force.

51. There were four key findings:
    - People in BT and Openreach both understand and are acting in line with the Commitments;
    - As expected, Openreach and BT's supplier/customer relationship is still maturing at this stage in the journey;
    - Some ambiguities in the model and some mixed messages are causing confusion; and
    - As new processes bed in there is a 'cooling effect' on speed and agility.

52. Considering these findings BT and Openreach have developed programmes to embed and build on the behaviours necessary to sustain the Commitments. The Openreach programme includes de-bunking common misperceptions; communications and training to provide clarity on key processes; refining processes that are cumbersome and/or present ambiguity and empowering our people to find a way through complex situations. Openreach produces a detailed behavioural report every six months to evaluate progress and shares this with the OBARCC which monitors this area closely.

VII. Communications Plan

Purpose and outcome

53. With any major change, culture and employee engagement is key to successful implementation. We have had two communications plans running; one covering the wider culture piece, focusing on a new more independent Openreach and a more specific communications plan that covers the key behaviours needed to meet our Commitments. From the outset our plan has always been to explain the benefits of independence – creating understanding by giving clear facts, answering people's questions honestly and demonstrating proof points of being independent; thus showing how this will be better for our people, our business and the nation.

Audience

54. As well as publishing key communications across the whole of Openreach, we also carefully target individual teams or business units with messages that are specific to them.

55. The Openreach Senior Management Team (SMT) and people manager audiences are, and will continue to be, an essential part of our strategy. Independence is kept on the agenda of all SMT events, calls and all manager webcasts ensuring that our leaders and people managers are informed so that they are equipped to answer questions from their team. Whilst over time this has become less overt it is implicitly weaved into what we do, say and how we engage.

56. We have continued to keep people informed about the progress that we are making in becoming a more independent Openreach by publishing regular update articles in 'The Loop' our twice weekly email news round-up, and, more in depth articles in our quarterly printed publication, Openreach News. Additionally, our business as usual compliance communications plan runs parallel to this. Examples of these communications can be found in ✂.

Our Communications Plan for Launching Openreach Limited

57. When it was agreed that Openreach would become a legally separate company, it meant 33,000 people would be moving into a new business – making Openreach Limited the biggest corporate TUPE transfer in UK history.

58. Given one-third of those 33,000 had been with BT for more than 25 years (with an overall average length of service of 18 years) this was inevitably a significant change for them. Our aim was to make that transfer as smooth as possible for our people – with two clear objectives:

- communicate clearly and calmly – giving people the facts and dispelling myths to assuage anxiety; and
- create a rallying call for the new independent company to give people a sense of purpose and ownership.

59. We have included some references to pre-October 2018 activity below, some of which was included in our November 2018 implementation update. However, as all the content relates to Openreach separating from BT and was an essential part of our communication and engagement we have included it to show our overall plan.

Strategy and tactics, creativity and innovation

60. We first needed to calm fears about the TUPE transfer and then create the mind-set where people would buy into a new rallying call. Overall this meant:

- **communicating clearly** by treating people as adults and not avoiding difficult topics;
- **building knowledge** about the purpose and benefits of an independent Openreach;
- **building pride** in Openreach and the role it plays in the UK; and
- **reinforcing behaviour** by demonstrating the importance of introducing ourselves as being from `Openreach' and giving people the information they needed to back this up.

61. We devised a two-stage campaign.

Stage 1: Calm people's fear of TUPE by:
- establishing a `voice of the people' by creating a number of channels for our people to submit the 'nitty-gritty' questions and putting them to senior managers on live webcasts to get answers and dispel myths
- working closely with the Unions to create a calm and aligned approach.

Stage 2 (mid-September 2018 onwards): Create a sense of belonging and pride through our #WeAreOpenreach campaign by:
- inspiring Openreach people that an independent Openreach really is making a difference for customers and the business;
- helping people feel part of a new and different business with a different attitude with a 'One Openreach' approach; and
- building a sense of pride and belief in the Openreach business.

#WeAreOpenreach campaign strategy

62. **Welcome to Openreach Limited; reminder of who we are and what we do; check understanding** (First week of October 18)
    - creating a campaign under a new rallying cry – **#WeAreOpenreach** – pairing this with 3-4 complementary, easily repeatable 'We are…..' statements
    - featuring our people as the faces of the campaign with close-up, characterful photography
    - evolving our tone of voice to be less formal and more confident so that our people could sense a positive change, underlining our independence
    - giving everyone a reusable **#WeAreOpenreach** mug and reminding them to introduce themselves as `from Openreach'. This was supported by the 'mugshots' campaign on our internal 'Wired' intranet site and managers were given budget to buy bacon butties for their team and to encourage their people to share their 'mugshot selfies' with the new cup.
    - creating a 'be proud' video celebrating what we had achieved in the past six months
    - mailing everyone a **#WeAreOpenreach** booklet explaining who we are and what we do and following up with a quiz to test understanding of the change and a way of reinforcing key facts about the new independent Openreach. A copy of the booklet is attached as **Appendix C**

63. **Create a sense of belonging; playback what people are saying** (Rest of October 2018 to date)
    - use of taglines in our editorial (e.g. "**We are** making history…. **We are** proud…..**We are** independent" always ending with **#WeAreOpenreach**") when talking about our achievements.
    - asking our people how they feel about the changes via an open ended question on the quiz, via internal social media and at events (Oct/Nov 2018)
    - giving people the opportunity to say who they think we are through feedback postcards given out at manager roadshows and then playing back these contributions back in our quarterly posters for the period Jan – March 2019.

- loop 'views from Clive' to regularly remind people about what we have achieved
- rebranding our recognition scheme so it is aligned to #WeAreOpenreach in look and feel – winners become the 'faces of Openreach' and models for the campaign
- marking anniversaries (100 days, then 6 months of Openreach Limited)

- created two new additional #WeAreOpenreach booklets, #WeAreOpenreach Service Delivery and #WeAreOpenreach Fibre and Network Delivery – which were mailed to everyone in these units on 1 April 2019. **Attached at Appendices D and E respectively.**

Campaign collateral

64. After gathering ideas from our people around who they think we are we created a set of posters that went up in all Openreach buildings from January to March 2019, helping to build that sense of pride.

65. In April 2019 we linked our #WeAreOpenreach campaign to all the brilliant things we had achieved during the year to show how much progress we had made. A summary of the #WeAreOpenreach campaign is attached at **Appendix F**.
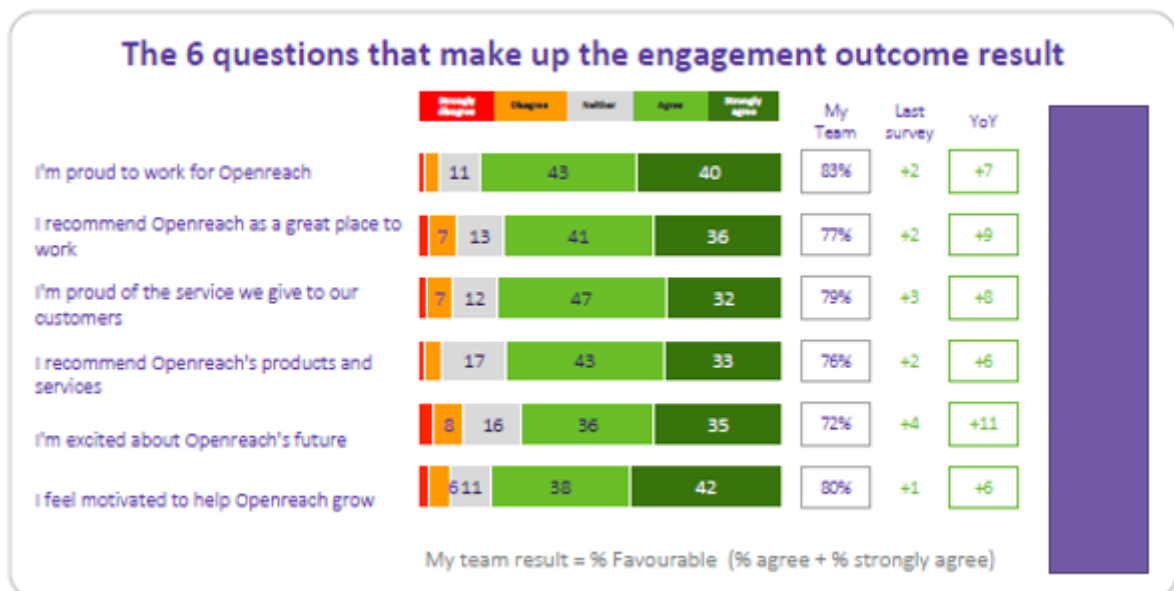
Success measurement

66. We tracked involvement during key elements of our #WeAreOpenreach campaign and found:
    - over **300** people shared their 'mugshots';
    - **2,500** people took part in our quiz; and
    - **93%** said the #WeAreOpenreach booklet was very useful.

67. And our #WeAreOpenreach campaign has been shortlisted as a finalist in both the 'Best internal communication campaign' category for the Chartered Institute of Public Relations Excellence Awards and 'Best Change Management Initiative' in the CIPD awards (Chartered Institute of Personnel and Development).

68. We also continue to measure the success of the communications and engagement activity by positive movement on a number of questions in our employee engagement survey 'Your Say', which happens twice a year. The latest Your Say survey results were published in February 2019. Over 29,500 employees completed the survey, with engagement increasing by another 3 percentage points since the previous survey and 18 percentage points over a 2 year period.

69. Positive results against key indicators such "I'm excited about Openreach's future" and "I feel motivated to help Openreach grow" have increased by a significant **26%** and **16%** respectively over the last two years. The results below are from the Q4 2018/19 survey.

The 6 questions that make up the engagement outcome result

	Strongly disagree	Disagree	Neither	Agree	Strongly agree	My Team	Last survey	YoY	
I'm proud to work for Openreach			11	43	40	83%	+2	+7	
I recommend Openreach as a great place to work		7	13	41	36	77%	+2	+9	
I'm proud of the service we give to our customers		7	12	47	32	79%	+3	+8	
I recommend Openreach's products and services			17	43	33	76%	+2	+6	
I'm excited about Openreach's future		8	16	36	35	72%	+4	+11	
I feel motivated to help Openreach grow		6 11		38	42	80%	+1	+6	

My team result = % Favourable (% agree + % strongly agree)

BT Group Communications to Openreach People – new governance

70. As part of the launch of Openreach Limited it became clear that we needed stronger governance around which BT 'all people' communications Openreach people should and should not receive. The Openreach and BT Group internal communications community have now agreed a set of operating principles, making sure no pan-BT communications go to Openreach people without prior agreement from the Openreach team. BT is the parent company so there will naturally be times where direct communications are appropriate but striking the right balance is key. The agreement defines which BT communications for Openreach people should receive and which communications need to be tailored and Openreach branded. A copy of the agreed principles is attached at **Appendix G**.

Intranet site

71. We have a dedicated independent Openreach intranet site which details the steps we have taken to become independent which includes a dedicated compliance and 'Our Commitments' section. This is accessible via our Openreach intranet homepage and a screenshot of the landing page is shown below.
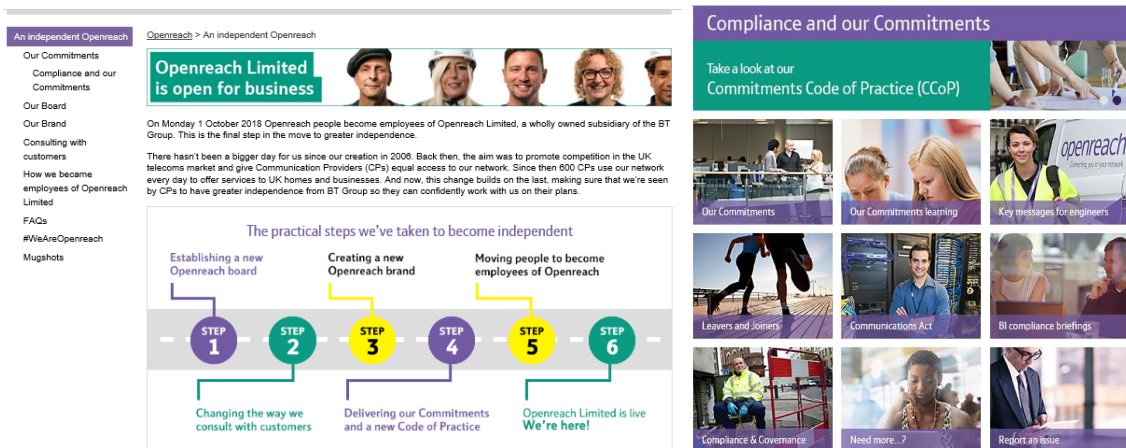
VIII. Northern Ireland

72. Northern Ireland continues the re-branding activity at pace to establish the Openreach brand in Northern Ireland. All workwear was rebranded to Openreach in October 2018; to date we have rebranded 212 vehicles and replenished an additional 106 vehicles with Openreach replacements. There are approximately 300 vehicles remaining which are scheduled to complete by the end of March 2020. We continue to drive PR and external press coverage with articles on the rebrand as well as "Openreach" sponsorship of local radio Business News.

73. There will be a significant sponsorship announcement in the summer which should further cement the Openreach brand in Northern Ireland.

74. With the change of host organisation on 1 October 2018, the Openreach Board Audit and Compliance Committee (OBARCC) took on formal compliance oversight of Openreach Northern Ireland and the terms of reference of the OBARCC were amended accordingly. Compliance monitoring moved from BT Group Compliance to the Openreach Business Integrity (BI) team and the BI team, in conjunction with Openreach Northern Ireland, developed a compliance plan which was shared with the OBARCC in its April meeting.

75. The BI team previously worked very closely with Northern Ireland Networks, and the move of host organisation has helped to simplify Commitments compliance activity, particularly in relation to information sharing. Whilst Openreach Northern Ireland is a virtually separate organisation which sets its own strategy and plan, it continues to receive all compliance communications relevant to the Service Delivery organisation. The Openreach Northern Ireland Compliance Plan also covers issues raised by CPs, such as co-location, at Northern Ireland Regulatory Compliance Committee (NIRCC) which is attended by CPs, Ofcom Northern Ireland, the OTA, the CMO and other stakeholders. Overall, there was positive feedback from CPs about the change of host organisation, and particularly the change of brand, at the NIRCC held in December 2018. We continue to drive local industry engagement in Northern Ireland with the next forum to take place in July 2019.

IX. Commitments breaches

76. The Commitments place obligations on Openreach to identify and report breaches caused by Openreach to the OBARCC for review. For each case the OBARCC determines whether a breach has occurred, and whether it is a trivial or serious breach. Where the OABRCC has determined that a breach has occurred then these cases are subsequently reported to Ofcom. Breaches are closed by the OBARCC only once it has gained assurance that any remedial actions have been completed, following a review by the Compliance Monitoring Office (CMO).

Categorisation of breaches

The OBARCC's categorisation of breaches aligns to those adopted by the BT Compliance Committee (BTCC) ensuring there is consistency.

- **A trivial breach** is where a technical non-compliance has been found but is not considered to be serious in nature. For example, if there is no or minimal impact on CPs.
- **A serious breach** is where non-compliance is considered to be more serious in nature and it may have had a direct impact on CPs, such as where Openreach has unduly used a different process to provide service to BT as compared to non-BT CPs.

77. The OBARCC has agreed and reported that five breaches occurred this year (2018/19), with none having any material impact on CPs. One of the five was designated as serious (even though there was negligible potential for CP harm) as it was not corrected when it was originally identified, and all five breaches concerned inappropriate information sharing. A summary of the breaches is provided below:

Serious breach

Type	Description of breach	Remedy
Sharing of CI	Inadvertent sharing of Openreach CI when a report on complaints received by Openreach was inappropriately shared with a BT Group employee. The information would have given negligible benefit to BT (and negligible potential for CP harm) but this was agreed to be a serious breach as it was not corrected when it was originally identified.	An incorrect email distribution list, which was the source of the breach, was corrected.

Trivial breaches

Type	Description of breach	Remedy
Sharing of CCI	Inadvertent sharing of Openreach CCI when a legacy distribution list was used which included a former Openreach employee who had moved to a BT role.	The distribution list was updated. Openreach is progressing an email programme which will block internal emails to individuals who have moved to BT; the block is already in place for external emails.
Sharing of CCI	Inadvertent sharing of Openreach CCI as part of cross-team work with other BT units to rectify a system error.	The information was recalled/confirmed as deleted.
Sharing of CCI	Inadvertent sharing of Openreach CCI with a BT CFU, as a result of sharing an unredacted version of a file used to improve escalation handling tailored to each CP.	The information was recalled/confirmed as deleted.
Sharing of CCI	Inadvertent sharing of Openreach CCI when it was emailed to a BT employee who had the same surname as the intended recipient.	The information was confirmed as deleted.

78. When we reflect on the overall number of potential interactions over the past year, the fact that the new processes are still bedding-down and the culture of change across Openreach and BT, we consider these are good results. In all instances there was no intent to breach the Commitments and all except one breach (discovered by an audit) was self-reported by the Openreach and/or BT employee involved. These examples show that there are both controls in place to spot errors and a healthy culture of reporting issues. We have reviewed the root causes of these information sharing breaches, and expect to address those relating to people moving from Openreach to other parts of BT in the coming months.

79. Given the scale of our operations there will always be scope for potential compliance issues, including inadvertent sharing of information by email, both within BT and with external CPs. We would expect our compliance monitoring process (as you would with any effective compliance operation) to detect a small number of issues in the future. In addition, the independent Hearts and Minds research (by external culture experts *Walking the Talk*) shows we have the positioning right across Openreach and BT for individuals to accept personal responsibility in *Living up to Our Commitments*, and reporting behaviour at odds with our Commitments.

X. Openreach's Strategic Independence

80. Strengthening Openreach's independent decision making has been a clear focus during the year. In particular Openreach-led discussions with its customers and in line with its strategic goals, Openreach has launched a number of new initiatives. ✂ Other initiatives are driven by customer requirements via industry fora and are tracked and monitored accordingly – CP views are captured and whilst members of the BT Group participate, they are treated in the same way as other CPs in attendance. Further detail is provided below.

Budget, Financial Planning and Strategy Development Processes

81. A key part of our greater independence is the development and operation of Openreach's own Strategy Development Process which combined with the related Financial Planning Process creates the Openreach Plan which brings together the Annual Operating Plan and Medium Term Plan. The OMU raised some concerns about our process in its last report and we have made a number of significant changes to it since then. This revised process has been presented to CPs and Ofcom and is now published externally, as follows: https://www.btplc.com/Thegroup/Policyandregulation/Governance/OurCommitments/Guidancenotes/index.htm

82. A key principle of the Financial Planning Process is to provide '*Greater operational and strategic independence of Openreach*'. In practice this means '*Ensuring that what we do gives effect to the aim of the Commitments in securing greater independence for Openreach from BT Group, treating Openreach differently where appropriate, and enabling Openreach to treat all its customers equally*'. This process supports Openreach's strategic aims and allows us the flexibility of implementing and financing significant and large scale projects such as the rollout of FTTP. The flowchart below details the process.

High level Budget/MTP Process – Openreach (2)
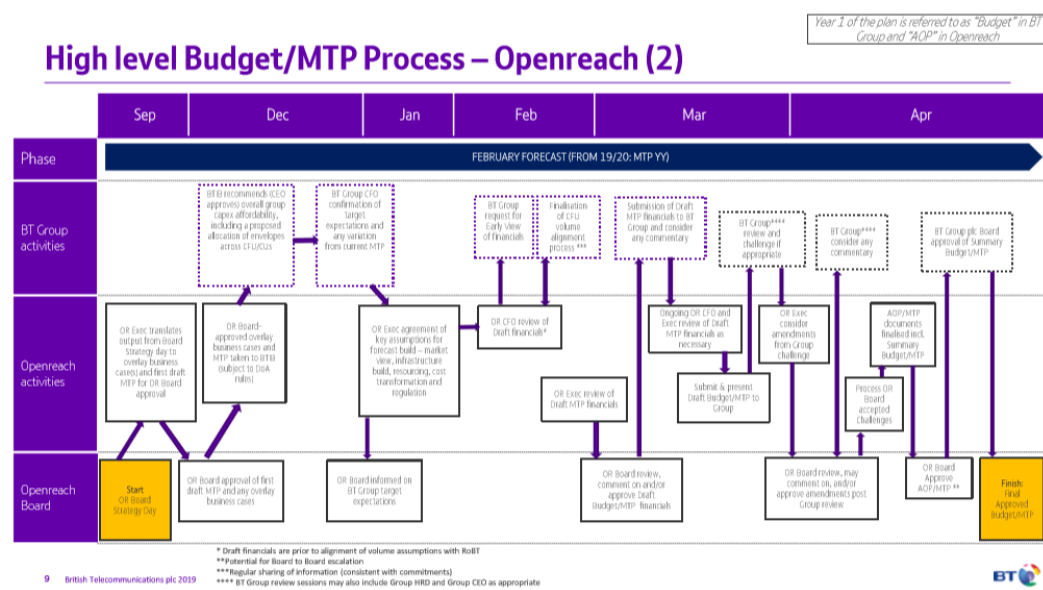
83. This was presented to CPs at a BT Group Commitments Event on 28 March 2019 and feedback was positive. As an output from the session Openreach is considering if it would be beneficial to have a more formalised opportunity for CPs to input into the Openreach strategy formulation. We believe that securing CP engagement around our strategic planning would be of mutual benefit. We are therefore looking to propose that we meet with those individuals responsible for strategy across the CP community including the Federation of Communication Services (FCS). At each session we would share an outline of our strategy development process, our view on market evolution, a summary of our current strategy per our Openreach Plan and then provide an opportunity for the CPs to propose inputs to our next strategic planning cycle.

XI. Customer Engagement

84. We put customer engagement at the heart of our activities and proactively seek to understand our customers' business so that we may work collaboratively to deliver joint objectives. As a result we have launched a wide range of initiatives across our portfolio; from pricing discounts to technical trials; new field and desk-based processes; support of CP voluntary schemes; and school and community projects. Similarly Openreach has in place a number of channels to ensure customers have the opportunity of providing input in the way that best suits them – this includes via responses to Openreach formal consultations, industry forums, account management or via Board to Board meetings. In addition we actively engage and consult with CPs using an improved Statement of Requirements process – feedback has been positive and CPs welcome the transparency that the process affords. We also continue to monitor Equivalence of Input performance across the Openreach portfolio.

Initiatives

Volume Commitment Special Offer on GEA-FTTC, G.fast and GEA-FTTP

85. As an indication of our commitment to developing stronger, deeper relationships with our CP customers, and to rolling out superfast broadband across the UK we also announced in July 2018 a new special offer on our superfast and ultrafast broadband products. The new wholesale prices are available to all our CP customers, giving them greater certainty on prices for a period of three or five years thereby helping them to upgrade their customers onto the superfast and ultrafast broadband platforms we have already built. Before we announced the special offer, we had liaised with CPs to gauge their views on the proposed offer and address any questions in advance.

Fibre First

86. We have committed to invest in faster, better broadband networks, through our new 'Fibre First' strategy and we are on track to build full fibre broadband to four million homes and businesses by the end of March 2021. We also have an ambition to reach fifteen million homes and businesses by the middle of the next decade if we have the right conditions to invest. See section below entitled 'Widespread availability of fibre broadband'.

The Garden of Eden trial

87. In April 2018 we commenced 'The Garden of Eden' trial in North Manchester, which aims to improve broadband repair outcomes through improved information sharing with CPs and fault diagnosis. This is in response to a request from industry and we have worked collaboratively to enable a common understanding of a line specific working broadband service, based on actual observed performance. This initiative comprises three key elements:

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- **Operational Evolution -** Delivering current products with a better end customer outcome. Establishing a broadband culture.
- **Redefining Broadband -** A new end customer experience focused definition of a broadband service for CPs and engineers to raise/resolve faults against.
- **Portfolio Transformation -** Simplifying the products so they help CPs and engineers deliver more consistently for end customers with broadband issues.

88. Openreach and industry have recognised that the initial findings from the trial have been very encouraging, specifically we have seen a 30% reduction in the repeat fault rate and a 15-20% reduction in Early Life Failures. Based on this success we are now rolling out the Garden of Eden initiative to South Midlands, Somerset and Devon/Cornwall.

Re-imagining Ethernet Provision (REP) Project

89. Our EAD provision performance has improved dramatically in recent years, but delivering significant further improvements is becoming more challenging as we move to efficient levels of operation within Openreach. We believe that greater service benefits could be unlocked if we can improve the end to end operational processes and interworking between Openreach and CPs.

90. Between September 2018 and November 2018 we consulted with Industry on a new proposed design for EAD provision that we believe addresses service opportunities. We engaged with CPs via bi-lateral discussions prior to, during and after the consultation period. We received detailed and valuable feedback from CPs in response to the consultation, and since the REP consultation closed in November 2018 we have been carefully considering CP's feedback and realised there is still more work to do.

91. At the Ethernet Product and Commercial Group (EPCG) meeting on 19 February 2019 we announced that we had decided to proceed with REP via a revised implementation approach that is mindful of CP's feedback, but still takes us forward. ✂

Chatbot

92. SmartChat is a web-based application, written with JavaScript that can be "plugged in" to any user-based website and provide instant messaging. We are developing a new vision for SmartChat called Chatbot and have proactively engaged with industry to seek their views. Chatbot added to Smartchat functionality can deliver faster speed of response and make it easier to get answers to queries raised by CPs and their end customers. Whilst Chatbot integrated into Smartchat is our ultimate vision, we have now developed a standalone Chatbot. This has enabled us to work with CPs in order to understand the potential benefits. Customer feedback has been positiive.

Automatic Compensation

93. Automatic Compensation is based on a voluntary code of practice agreed between CPs and Ofcom to proactively pay end customers for delay to provision and repair of voice and broadband services and missed appointments in the consumer market. Openreach has been instrumental in supporting the launch of automatic compensation and enables CPs to identify reasons for delay and, where Openreach is responsible, we pay CPs compensation that CPs will pass on to the end customers. This was launched on 1 April 2019. A collaborative approach was taken between Openreach and CPs who worked together to identify areas to enable CPs to fulfil the ask. We engaged with CPs between December 2017 and April 2019 via Industry Working Groups, Copper & Fibre Products Commercial Groups and bi-lateral conversations. There was also a collaborative feedback period held between September 2018 to March 2019 where manual files were sent to CPs containing messages for them to provide feedback in advance of the go-live date.

Community Fibre Partnership Programme

94. Openreach proactively bids for BDUK and other Government funded Broadband programmes in support of enabling decent broadband for all.

95. Openreach has continued to see growth in its Community Fibre Partnership programme, where we work in partnership with residents and businesses to bring a bespoke Ultrafast fibre solution to their community. In 2018/19 we agreed partnerships with over 310 communities, ensuring that another 28,000 business and residential premises would be able to enjoy the benefits that fibre broadband can bring. We have now agreed partnerships with over 850 communities since the programme was launched, covering over 97,000 premises.

96. Alongside the design of a solution for our communities we work hard to help them secure funding to support their scheme. One of the most popular sources of funding is the current Gigabit Voucher Scheme, operated by the Department of Culture, Media and Sport (DCMS). Through this scheme we have been able to help over 170 Communities this year 2018/19 worth £2.8m. The infographic below summarises the positive impact delivered through the Community Fibre Partnership Programme.

Community Fibre Partnerships — Facts and Figures, April 2019
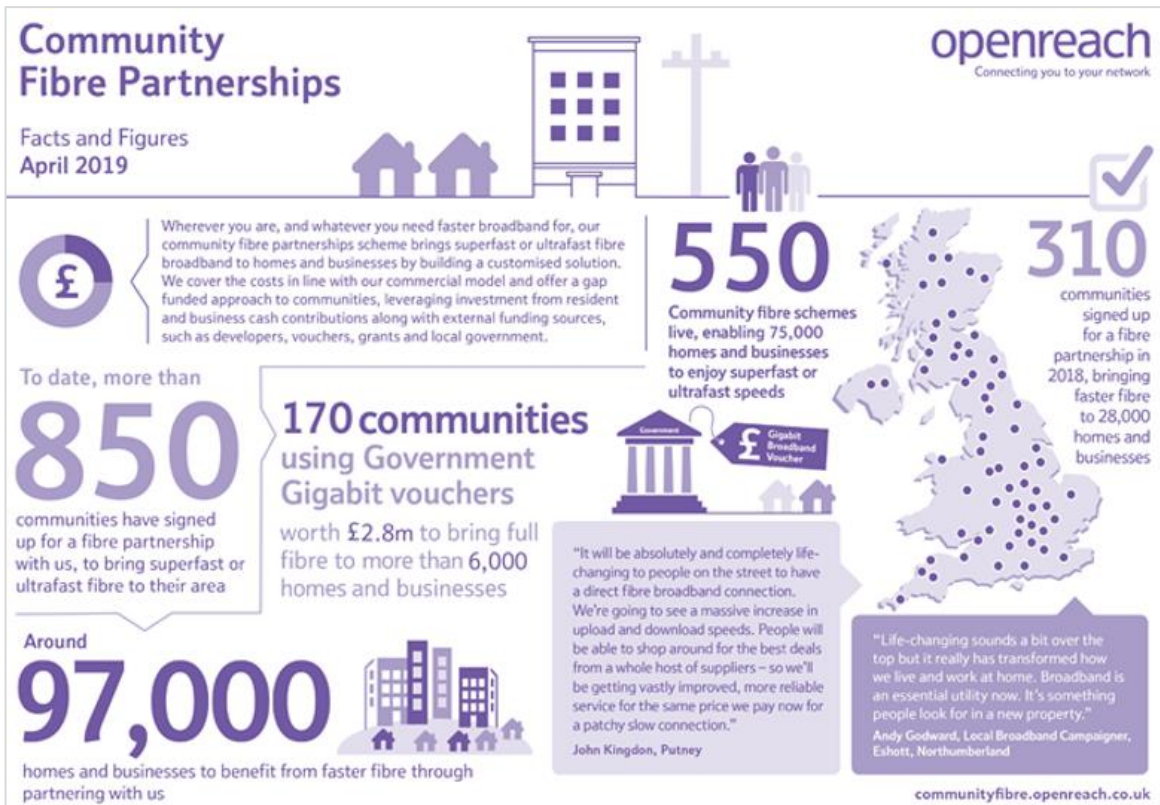
Openreach Initiatives for Schools

97. Another initiative highlighting Openreach's commitment to customer collaboration is the work we have done with the DCMS to help them define and then execute their schools pilot as part of the Local Full Fibre Network Wave 1. We have also helped the DCMS and Department of Education (DfE) develop a multi-layer commercial model involving DfE, Schools, Managed service providers, CPs and ourselves working across all the layers to ensure each party was aligned so that we could contract with the CP to provide the necessary fibre infrastructure. We have developed a new proposition called Full Fibre Infrastructure Build (FFIB) that enables us to pre-provide fibre infrastructure into the school premise in advance of an FTTP order thereby streamlining the overall delivery process. To date we have secured over 94 separate schools contracts with several now live and others at various stages through the provision process.

98. Separately we have being working with the DfE to capture lessons learned from the pilot to help them develop a fibre strategy for schools.

NHS Digital and GPs

99. We have been working with NHS digital and the DCMS over many months to help them analyse and develop plans for the provision of full fibre to GP practices across England. We have provided some analysis of rural GP locations and the surrounding communities including indicative FFIB costs to help understand the challenges of providing FTTP connectivity. We continue to engage at all levels within the DCMS, the Department of Health and NHS Digital to help all parties develop an Outside-in strategy[5].

Other Types of Engagement

Openreach consultations with its customers

Move from analogue telephony to digital voice services, WLR Withdrawal and introduction of SOTAP

100. In May 2018 Openreach launched a consultation with its CPs and industry groups about the move from analogue telephony to digital voice services. The consultation helped prepare the industry for the upgrade to 'Voice Over IP' technology and the withdrawal of wholesale products and services that run over the traditional analogue telephone network – which is due to close in 2025.

101. The consultation generated 29 formal written responses. Openreach supported the consultation with four major CP events around the country (London, Birmingham, Leeds and Edinburgh) which were attended by around 300 customers. This was followed up with customer communications on what is happening through a video, website, info graphic and a quarterly newsletter.

102. Following the consultation (15 May 2018 to 27 July 2018) and to obtain feedback and input on the processes and timescales for withdrawing the WLR products and introducing a new nationally available transitional copper product (referred to as the Single Order Transitional Access Product or SOTAP), Openreach ensured the migration processes are fit for purpose and that migration options and issues are fully considered to support a smooth transition for end customers. To that effect Openreach set up an industry working group which has provided a focal point for discussion and to review and record agreement and position on key topics that impact the withdrawal of WLR and the introduction of SOTAP.

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[5] An 'outside in' approach to deployment that means gigabit-capable connectivity across all areas of the UK is achieved at the same time, and no areas are systematically left behind. Source: *DCMS Future Telecoms Infrastructure Review 23 July 2018*

103. The industry working groups have met every other month (co-chaired with the OTA2) to support progress with industry and deal with issues arising. All of industry are invited to attend, including special services groups (for example alarm companies and water industry representatives). We average around 40 attendees for each session which demonstrates the effectiveness of communication and interest from our CP customers. To date interaction and feedback has been positive and the summary positions of the withdrawal of PSTN and the development roadmap for SOTAP is regularly shared at industries Copper and Fibre Commercial and Process groups (CFPCG and CFPPG).

104. In addition there is ongoing industry dialogue on the move to All IP with Ofcom through the 'All IP (Voice) Working Group' chaired by Ofcom. Industry (including CPs, the OTA2 and trade bodies representing special services that use the PSTN network) are already discussing and planning for the move to All IP networks. This working group, of which Openreach is already a participant, will continue to run in parallel to the Openreach working group and Openreach would expect to discuss key themes and items arising at that forum.

An exchange-based approach to upgrading the UK's digital infrastructure with FTTP

105. On 21 March 2019 Openreach launched a consultation seeking views from CPs on how best to upgrade their customers throughout the UK from copper connections onto faster, more reliable Fibre-to-the-Premises (FTTP) technology. The consultation closed on 17th May 2019 and we received 12 responses. The process of upgrading broadband connections to full fibre will require physical fibre connections to be made to individual premises, and involve significant investment from Openreach and support from Communications Providers. Openreach is determined to put customers at the heart of the process, so we will be speaking to the Government, Ofcom and key consumer, business and public sector groups as part of the consultation process. An industry event was held on the 25 March 2019 with over 70 attendees from across industry.

106. In addition we announced that Salisbury is going to be the first city in the UK to gain universal access to our FTTP network. Our ambition is to build and connect every home and business in Salisbury in just 12 months, making it the fastest city-wide network build in the UK. Covering 20,000 premises in the city, every family and business will be able to order fast, full-fibre connections from a range of competing Communications Providers. Unlike many of our build programmes in new cities, we chose Salisbury to go first because it has a number of historic buildings. This makes it the perfect place for us to test our best practice techniques and innovations at scale, as we race to build a full-fibre network for the whole of the UK.

Non-Confidential Version

Industry Forums

107. We collaborate with our customers and other stakeholders through a number of industry forums and working groups. The forums aim to provide an environment that stimulate open and honest discussion and ensures that our customers have the opportunity to share experiences, agree priorities and to be involved in setting strategies. See **Appendix H** for list of industry fora.

Account management and Board to Board customer meetings

108. Openreach provides account management and desk management for its CP customers dependent on their size and requirements. This enables Openreach to not only build up knowledge of a customer business but also to develop relationships to better facilitate speed of response and understanding.

109. Examples of board to board sessions and frequency, as agreed with each respective CP, are shown below.

✂

Statement of Requirements (SoR) process

110. A Statement of Requirements (or SOR) is how Openreach's CPs ask for the introduction of a new, or change to an existing, Openreach Product.

111. Openreach launched a consultation in May 2017 to understand what improvements could be made to our customer consultation processes, which included proposals on changes to the SOR process. We received six responses to the consultation and held three industry workshops prior to launching the new processes on 3 April 2018.

112. We have made a number of changes to address specific industry requirements, including improved governance and transparency around our SOR decision-making and progress in implementing SORs. The developments include establishment of a Programme Management Office (PMO) and a monthly SOR Board, whose role is to ensure fair assessment and prioritisation of SORs. In response to CPs concern over the lack of transparency for delivery timescales for SORs, the new process introduced 2 new stages, referred to as Milestone 1 and Milestone 2. The purpose of introducing these milestones was to provide CPs with more certainty and commitment of when Openreach would be progressing and delivering the SOR.

113. In order to measure the effectiveness of the new process, a monthly dashboard (agreed with the Office of the Telecommunications Adjudicator (OTA2) and shared with industry) has been in place since April 2018. The dashboard outlines the progress of SORs and a number of key performance indicators. The dashboard is also shared with the Commitments Monitoring Office (CMO) as part of its ongoing compliance monitoring of the SOR process. Any concerns identified by the CMO are reported to the OBARCC.

114. The changes made to the SOR process have addressed many of industry requirements identified through the consultation process and the PMO governance is in place and is driving adherence to the SOR process. Feedback has been positive: 100% of survey respondents agreed that the changes made to the SOR process have improved and the timescales associated with the SOR review process are reasonable. One respondent commented: ✂.

Equivalence of Input (EoI)

115. As well as tracking equal treatment, we also continue to review EoI performance across the Openreach product portfolio. There is monthly reporting reviewed by the Commitments Monitoring Office and root cause analysis (RCA) undertaken where necessary. Ethernet provision performance has remained within the equivalence tolerance level for five out of six months to April 2019. ✂   It is still not possible to provide an equivalence measure for FTTP, as non-BT volumes remain well below the 200 threshold needed to establish a meaningful statistical comparison. However this is forecasted to change in line with industry-wide plans to move from copper to fibre and the withdrawal of the WLR product.

XII. Widespread availability of fibre broadband

Investment in Full Fibre rollout

116. We have been investing in fibre in the access network since 2008 to boost the UK's broadband capabilities. Our Fibre to the Cabinet (FTTC) network now passes over around 27.5 million UK premises and over 55% of broadband lines supported on our network are now supplied via this technology offering customers superfast speeds of 40Mbit/s and above. We have now launched our Fibre First programme which demonstrates our commitment to rolling out full fibre. It does not just mean we are building new networks, it means we look to build with fibre whenever we start a project, in the words of Clive Selley, Openreach CEO:

"Openreach is a fibre business and no-one is more ambitious when it comes to building Fibre to the Premises. Through our Fibre First programme, we're building a network that delivers more than just speed. It will provide a future proof, consistent and dependable broadband service, that supports Britain for decades to come."

117. A clear Openreach strategic aim is that we are determined to ensure that our network continues to meet the UK's digital needs for decades to come. The Government has set a target to deliver a reliable, future-proof, full fibre broadband network nationwide by 2033 and we are very ambitious about this full fibre future. That is why we are investing billions of pounds to be a national FTTP provider including hiring 3,500 new engineers in 2018, together with up-skilling our army of engineers at the same time.

118. Our full fibre coverage more than doubled during 2018/19 and by end of March 2019 passed over 1.2 million premises. Our plan is to accelerate rollout and pass a total of 4 million premises by March 2021 – this was a key and important feature in the 2018/19 financial results announcement[6]. In particular:

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[6] https://www.btplc.com/News/#/pressreleases/results-for-the-full-year-to-31-march-2019-2871047

"Openreach passed an average of c.14,000 homes and businesses with FTTP every week in 2018/19 under its 'Fibre First' programme, and during Q4 accelerated its build rate to c.20,000 premises passed per week. Openreach continues to deliver FTTP at the lower end of its £300 - £400 per premises passed cost range and believes that it can pass around 50% of UK premises within this range of costs. This, coupled with increasing take up of faster speeds, including ultrafast speeds, the launch of new consumer and business products requiring higher bandwidth, and positive steps from Ofcom towards creating a clear, predictable long-term framework to support investment in the UK's digital infrastructure are all encouraging developments. As a result, Openreach is increasing and accelerating its FTTP investment to now deliver 4 million FTTP premises passed by March 2021, up from 3 million FTTP premises passed, and has the ambition to pass 15 million FTTP premises by the mid-2020's, up from 10 million FTTP premises, if the conditions are right – especially the regulatory and Government's policy enablers, including support for wayleaves and extension of business rate relief."

FTTP Customer engagement and feedback:

- **Kay Cutts, Leader of Nottinghamshire County Council, said:**
  "Our partnership work with Openreach through the Better Broadband for Nottinghamshire programme in recent years has helped make us one of the best connected counties in the country, with more than 98 percent of homes and businesses able to access superfast broadband."

- **Rob Stewart, Swansea City Council Leader, said:**
  "This investment by Openreach in Swansea will provide us with the best internet connectivity possible and enable companies to turbo charge their business opportunities."

- **Philip Hammond Chancellor of the Exchequer said in relation to Salisbury:**
  "The growing speed with which we connect online with our families, friends and work colleagues, not only brings us closer together, but it also provides huge benefits for our economy. "I'm delighted that Salisbury will be the first UK city to gain universal access to the gold-standard of the internet – ultrafast full fibre – making it one of the most cutting-edge cities in the country. It's vital that every family and business across the country can benefit from this new technology, which is why we've committed to deliver a nationwide full fibre network by 2033."

119. To date, we have announced 38 FTTP build locations – cities, towns and boroughs – across the UK where we are building FTTP or where we plan to build FTTP in the next 12 months. Note the full list of 38 FTTP build locations – covering cities, towns and boroughs – can be found at: https://www.openreach.com/transparency

120. Furthermore, we provide details of the specific exchange areas within these locations where build is underway or will start within the next 3 months. These transparency maps show Openreach's FTTP Fibre First Towns, Cities and Boroughs Build Programme on a 3 months forward looking basis, which is based on the current announced 4 million premises Fibre First Programme, found here: https://www.openreach.com/fibre-broadband/fibre-first
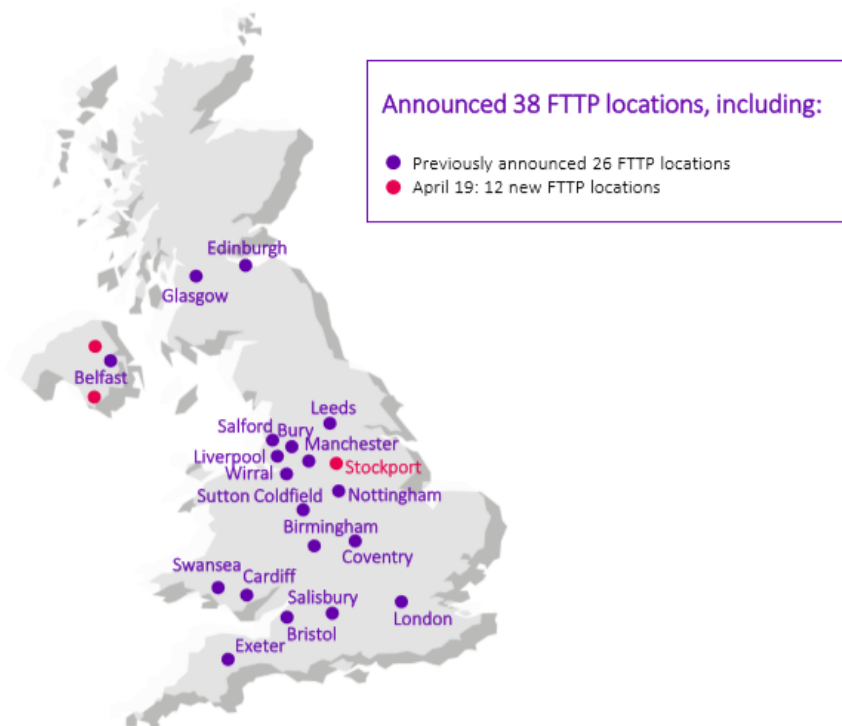
121. We are also supporting fibre deployment by other network investors by providing access to our duct and pole access (DPA) infrastructure. Openreach understands the importance Ofcom attaches to DPA as a means of encouraging other operators to invest in and build full fibre networks to create alternatives to Openreach's fibre product portfolio. Openreach is fully committed to delivering a world-class DPA product, which not only fully meets our regulatory obligations but also gives our industry customers what they want and is 'best in class' operationally. The new DPA reference offer, launched in April 2019, enables greater flexibility in the use of ducts and poles through introducing new 'mixed usage' rules and reflecting cost-based prices introduced in Ofcom's Wholesale Local Access market review. We will supply DPA to ensure a level playing field through the no undue discrimination condition and processes are in place to ensure efficient network deployment, including access to digital maps to support large-scale network planning.

122. Openreach is by no means the only full fibre/Ultrafast builder in the UK, competition is intensifying by the day with more investments. Analyst ThinkBroadband has identified 29 full fibre alnets, and they already cover significant geographies, both rural and urban – with these actors creating niches for themselves. This illustrates the scale, pace and breadth of competitive investment, although we do not have full possession of the facts of actual build to have a complete picture, but we would imagine that Ofcom do.
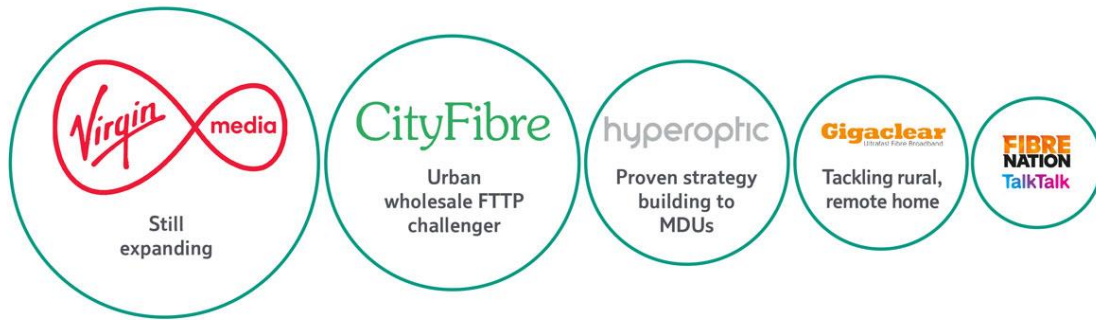
29 Altnets

- ☑ Aylesbury Vale Broadband FTTH
- ☑ B4RN FTTP
- ☑ Balquhidder FTTH
- ☑ Box Broadband FTTP
- ☐ Call Flow Solutions VDSL2/FTTH/Wireless
- ☑ CityFibre York (TalkTalk/Sky) FTTH
- ☑ Community Fibre Ltd FTTH
- ☑ County Broadband Fibre FTTH
- ☑ ECom FTTP
- ☑ F4RN FTTP
- ☑ Gigaclear FTTP
- ☑ Gigler Bournemouth FTTH
- ☑ Glide FTTH/FTTC
- ☑ Hampshire Community Broadband FTTH
- ☑ Hereford-CIC.Net FTTH
- ☑ Hyperoptic FTTB
- ☑ OFNL SeeTheLight FTTH
- ☑ ITS Technology/Skylon Park FTTP
- ☑ KCom Lightstream FTTP
- ☑ Michaelston-y-Fedw CIC FTTH
- ☑ PureFibre Ltd FTTH
- ☑ Raveningham Group Broadband FTTH
- ☑ Relish Home Fibre FTTH
- ☑ Ridgehill Residents FTTH
- ☑ Tove Valley Broadband FTTH
- ☑ Trooli FTTH
- ☑ TrueSpeed FTTH
- ☑ Vision Fibre Media FTTH
- ☑ Vodafone Gigafast FTTH
- ☑ Wessex Internet FTTH

XIII. Decent broadband for all

123. Ofcom's goals are consistent with Openreach's strategic aims. We build and maintain the digital network that enables more than 600 providers to deliver broadband to homes, hospitals, schools and businesses large and small. Our engineers work in every community, every day, because we believe everyone deserves decent and reliable broadband. We are well on the way of achieving these aims via our big bold plan but there is more to do which needs to be supported by the right regulatory framework and a stable environment for investment: Our aims are for:

- Better service – we want to give customers industry leading customer service;
- Broader coverage – we want as many people as possible to have access to speeds of at least 30Mpbs; and
- We want to give ultrafast access using full fibre to 15 million premises by the mid-2020s, if the right conditions are in place for investment and there is customer demand.

124. Openreach is keen to support the Government and Ofcom in getting decent broadband to everyone in the UK. As part of this Openreach is fully committed to increasing broadband coverage across the UK and we have been working constructively with BT Group, Ofcom and Government on the details of the Broadband USO. We stand ready to deliver new fixed broadband lines as part of this scheme when it commences in 2020. We also continue to work in partnership with Government on BDUK and other publicly-funded schemes aimed at delivering broadband to hard to reach parts of the UK.

125. In addition, delivering fibre to rural areas can be highly challenging both operationally and financially.   However, in pursuit of extending broadband coverage, Openreach continues to invest to provide decent broadband to rural communities.

XIV. Quality of Service

126. Delivering great customer service is a top priority at Openreach, and we have made strong progress in this area over the last two years. By working more closely and openly with our CP customers, we have developed a better understanding of how service is important to them and their end customers.

127. Openreach delivered a record service performance for voice and broadband products in Q4 2018/19, offering a service provision first appointment date within 12 days to 99% of customers, an improvement from 92% in Q4 2017/18. The levels of missed appointments, where Openreach was at fault, were at just 1.8% across the year and some weeks at record lows of 1.3%. Openreach met all 42 copper and fibre Minimum Service Level (MSL) measures set by Ofcom. We also met or exceeded Ofcom's expectations for the 6 Ethernet MSLs.

128. Openreach's proactive maintenance programme has continued to reduce the number of faults in the UK copper network, delivering a 2% reduction over the full year compared to 2017/18. Fewer network faults combined with improved operational planning has helped increase on time repair performance for voice and broadband products from 81% in Q4 2017/18 to 86% in the same period 2018/19.

Meeting Customer needs for great service

129. We have halted and reversed a six-year rise in the total number of faults on our network. We are also investing heavily in our people, introducing new training, career opportunities and systems to help us deliver service improvements – as noted, that includes hiring 3,500 extra engineers to help build and maintain our network.

130. We are fixing faults and installing new lines faster than ever before. For example, on our copper and FTTC portfolios we are continuing to exceed all the Minimum Service Levels (MSLs) set for us by Ofcom. Of course we see these as a minimum, rather than a target, and as these measures get tougher each year, we need to keep raising our game.

131. In order to streamline and improve our CP contact strategy, we have launched a live eChat service on our website and built a dedicated Twitter service team.

132. We have also made huge progress on the service we deliver for our Ethernet products – the dedicated lines we provide to businesses – and our customers are noticing the difference.

133. For example, statistics from our three-year Ethernet plan show the following:

- 57% of circuits are delivered in less than 30 days
- 17% increase in completion volumes
- 76% reduction in orders over 118 days old
- 35-day reduction of workstack age

134. Our Customer Experience leads act as the service champions for our customers. They each own a service improvement or development plan specific to their customer to help ensure that we keep improving the service which the CPs get from Openreach.


Key facts & stats

- **We've invested £30 million in the proactive maintenance of our network**

- **We've reduced the number of missed appointments we're responsible for by almost a third this year, having halved them last year.**

- **In Q2, we were able to offer a provision first appointment date within 12 days to over 99% of customers, a significant improvement from 85% in Q2 2017/18**

- **Missed appointments, where Openreach was at fault, were at just 1.8% across the year and some weeks at record lows of 1.3%**

- **We met all 42 copper and fibre Minimum Service Level (MSL) measures set by Ofcom.**

Customer Satisfaction

135. Providing a good customer experience goes beyond hitting certain regulated metrics (MSLs). Such considerations are clearly important but are only a part of the things needed to meet the increasingly demanding requirements of CPs and their customers. To help us assess how Openreach is doing, we also employ a detailed and systematic customer satisfaction (CSAT) survey process. The CSAT survey operates on a monthly basis and was established to provide a regular check on whether we are meeting customer requirements in relation to the services we provide and the support we give our CP customers.

UK CSAT – Customer Satisfaction Survey

136. The overall Openreach Net Promotor Score (NPS) from April 2018 to March 2019 has shown a real improvement in the CP Perception survey feedback and reflects the focus Openreach places on improving the customer experience for its Copper, Fibre Access and Ethernet portfolios.
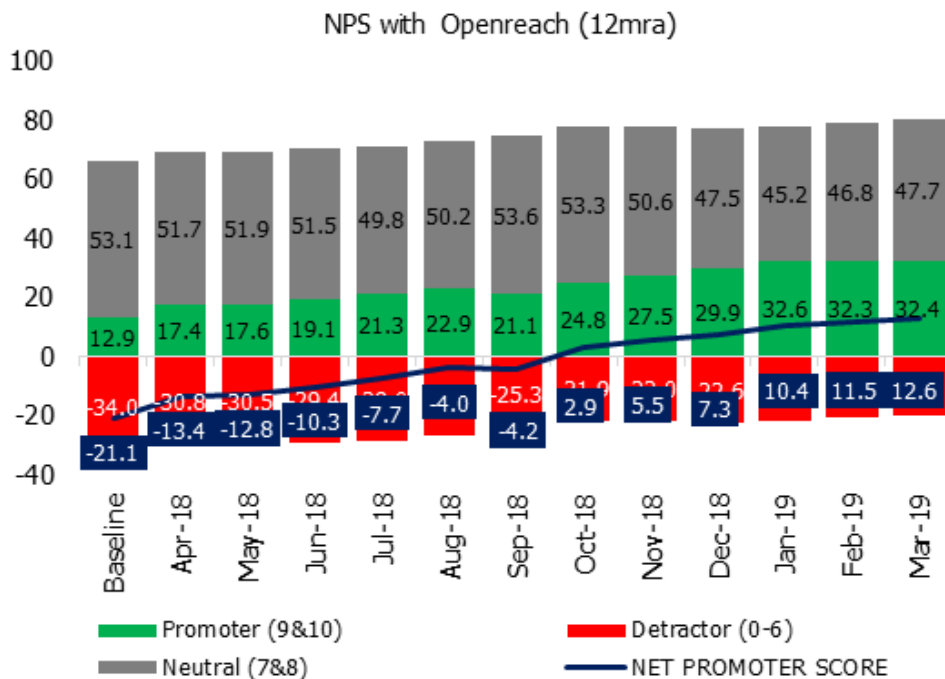
137. This picture of steady improvement is supported by comments from our CP customers. For example, in relation to copper and fibre access products, we received comments including:
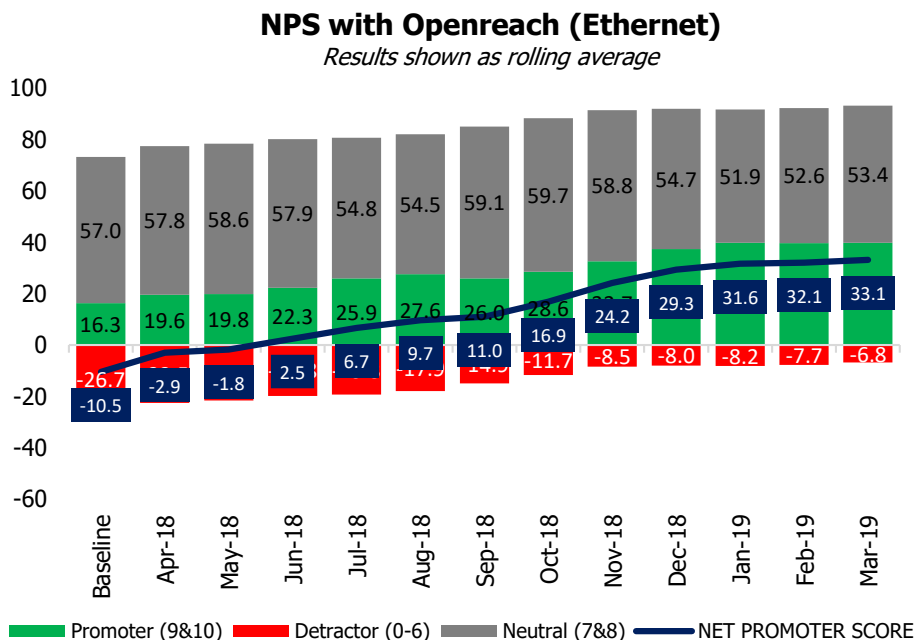
- *"Good solid overall performance in 18/19."* **BT Consumer**
- *"Improvements to FTTP delivery have been sensational over the year. B&PS and GS customers gaining from the Openreach initiatives and new B&PS systems to reduce the average cycle time from 43 days to 10 days."* **BT Enterprise**
- *"Great collaboration, always making us aware of service levels and incidents."* **PlusNet**
- *"Well established products, new products coming on board in line with demand, better engagement."* **Daisy**
- *"Repair has done well, generally. Work that has taken place within OR to improve network has made a difference. Recovery from weather issues much stronger & Repair overall been good and tails are reducing."* **BT Enterprise**

- *"I think that Openreach has surely moved a bit faster and improved their services than in the past and has put more focus on the customer experience compared to when I first interacted with them in 2015. I think that since new leaders have joined and brought some freshness in the overall Openreach Operations, things have improved."* **Sky**
- "Good interaction with the OR team as we move towards launching the SoGEA and SoGFAST products". **Sky**

The improvement in Quality of Service was also recognised in Ofcom's Consultation Document entitled Promoting competition and investment in fibre networks – Initial proposals – Approach to remedies[7], published 29 March 2019, specifically Ofcom noted *"For WLA services, we have seen a steady improvement and stabilisation of in Openreach's delivery of QoS since we imposed increasingly challenging QoS standards in relation to repair and provision in the 2014 review and again in the 2018 review. The QoS standards introduced in 2018 in particular took account of rising customer needs and the widespread take up of new services by requiring the vast majority of repairs to be completed within a reasonable timeframe and expanding their scope to cover FTTC services."*

Improved Ethernet service

138. In relation to Ethernet, customer satisfaction is at its highest ever level; the Net Promoter Score is now at 33.1 (March 2019).

NPS with Openreach (Ethernet)
Results shown as rolling average

Promoter (9&10)   Detractor (0-6)   Neutral (7&8)   NET PROMOTER SCORE

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7 https://www.ofcom.org.uk/consultations-and-statements/category-1/promoting-investment-competition-fibre-networks-approach-remedies

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139. Comments from CPs consuming our Ethernet products show that improved performance and engagement are delivering real benefits:

   - *"The new EMP portal (View My Job) is the easiest supplier portal which I use"* **Gamma**
   - *"Performance of lead times has improved very much."* Exponetial-E
   - *"Great engagement on key issues. Strong peer to peer alignment. Support with innovation/automation. Clear process generally and good visibility of future plans enabling us to make our own. Strong performance on MTTP and key metrics."* **Virtual1**
   - *"We recognise improvements and the effort that Openreach team did for overall Ethernet performance. Although there is still lot of room for improvement and still service is not the greatest one, we do want to emphasize how overall 2018 was the year of improved EAD performance."* **Hyperoptic**
   - *"When we use Openreach we have the feeling that things will happen for sure. There are always doubts for this with the other providers".* **Interoute**
   - *"Looking back at last year I have seen a great improvement in Communication and inter-company relationships. The SIP which we have been working on together has paid dividends."* **Interoute**
   - *"Great improvements experienced over the last year and a much better attitude in relation to requirements requests, so a vast improvement."* **BT Enterprise**

140. Openreach was also a finalist in the 2018 World Communication Awards – in recognition of our transformation of Ethernet delivery.

141. As with WLA services, Ofcom commented on the improvement in Quality of Service in relation to Openreach's Ethernet services in their Consultation Document entitled Promoting competition and investment in fibre networks – Initial proposals – Approach to remedies[8], published 29 March 2019. Ofcom noted *"For leased lines services, we have seen a significant improvement in Openreach's Ethernet provisioning performance since we first imposed QoS standards in the 2016 BCMR. This has been reflected in the changing attitudes of Openreach's leased line customers – they have told us that the level of performance has improved significantly."*

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[8] https://www.ofcom.org.uk/consultations-and-statements/category-1/promoting-investment-competition-fibre-networks-approach-remedies

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