

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

Openreach submission

November 2018



Executive Summary

Openreach is pleased to have the opportunity to update the Openreach Monitoring Unit (OMU) on the completion of the implementation of the DCR Commitments.

Since the last report to Ofcom in April 2018, we've sustained our momentum in implementing the Digital Communications Review (DCR) settlement and we've completed the final major milestone in creating a more independent, legally separate business, which involved the TUPE transfer of all Openreach people and commencement of trading for Openreach Limited.

Wherever possible, we've completed our implementation work earlier than necessary, and we've focused on activities which will have the greatest positive impact on our customers and the United Kingdom.

Delivering on the Commitments

On 1 October 2018, we completed what is believed to be the largest one-off TUPE transfer in UK corporate history, with 31,000 people moving from BT Group into Openreach Limited. The move means that Openreach Limited - the new, legally separate, wholly owned subsidiary of BT plc - now has an independent workforce, including the largest team of fibre broadband engineers in the country.

We have also underlined Openreach's greater strategic and operational independence by delivering the revised governance framework and operating model set out in our Commitments and Governance Protocol of March 2017. This means Openreach Limited now has the delegated authority of the Board of BT plc to set the strategy for Openreach (within the BT strategic framework) and to manage, operate and undertake the trading of Openreach products and services on behalf of BT plc, in accordance with the new framework.

Both Openreach and BT Group have made significant investments in systems and processes to make sure that trading, invoicing and banking arrangements are in place to enable us to operate under an Agency & Services Agreement (ASA). The ASA was agreed by the Openreach Board on 18 September 2018 and formally adopted on 1 October 2018.

As well as implementing the DCR framework in full, we agreed with BT that Openreach would become the host organization for BT Northern Ireland Networks. This took effect on 1 October 2018, when the team was renamed Openreach Northern Ireland. It continues to be a virtually separate organisation, with the same local management team and with its staff remaining employed by BT plc. It remains responsible for setting the overall strategy, network assets, finance and culture relating to BT's electronic communications network in Northern Ireland, as well as external engagement with stakeholders in Northern Ireland.

As a result, the Commitments, Governance Protocol and ASA are now fully implemented.

Living up to the spirit of Commitments

An area of focus has been, and continues to be, our culture; ensuring our people are living by both the letter and spirit of our Commitments.

As a result of our Commitments training and communications plan, we have made good progress creating initial awareness and understanding of our Commitments. We have created a behavioural programme to help maintain a healthy position long-term and embed the appropriate culture and behaviours throughout the organisation.

Training effectiveness is not measured by the number of people trained, but by the impact it has on their behaviours. Our behavioural programme reviews what people are *doing* and *feeling*, both of which are vital to achieving long-term change.

Maintaining Momentum

To achieve long term change, we know there is still some more to do. That includes the financial planning process, which produces the Openreach Annual Operating Plan and Medium-Term Plan (AOP and MTP).

We've been working closely with Ofcom to answer questions on any concerns about the transparency of that process between Openreach and BT, including governance touchpoints, and we will continue to work openly and collaboratively on these issues to deliver the right outcomes.

Some parts of the implementation of our Commitments – such as the rebrand – will take time to deliver in full, and we have pledged that the rebranding of thousands of Openreach vans, uniforms, identity cards and buildings will have no negative impact on the level of service we provide. We're fulfilling that pledge. In fact, we're ahead of schedule on this Programme: 44% of our Openreach vehicle fleet either have the new livery or have had the BT elements of the logo removed; 1500 of our rebranded identity passes (launched in July 2018) have been distributed to date; 100% of our engineers have received helmets, Gortex and Hi-Viz jackets; and most of our teams have rebranded clothing, which includes Openreach Northern Ireland. We aim to complete rebranding (including in Northern Ireland) ahead of the committed dates with Ofcom.

Finally, it's important to reflect that Ofcom's DCR was about more than just the governance, behaviour and branding of Openreach. It was about the market outcomes for the UK when it comes to service, investment and customer engagement. We believe the evidence of progress in each of these areas is clear and positive.

We have been consistently improving the service performance of Openreach over the last two years – meeting or exceeding all Ofcom's Minimum Service Levels (which we see as a baseline, not a target), driving down the number of faults and missed appointments we're responsible for, and speeding up repair and provision work.

We have also increased investment in our network – increasing our Fibre to the Premises target by 50% – with a plan to reach three million homes and businesses by the end of 2020 – underpinned by the largest recruitment drive in our history.

We're continuing to build closer, more open and more productive relationships with our Communications Providers - using our new Customer Consultation process, set out in the Commitments, to achieve that.

The introduction of a new, supplementary wholesale discount structure across our fibre broadband portfolio in return for volume commitments from our CP Customers and the resulting long-term agreements, have been a welcome sign of how the new arrangements are working and has enabled closer collaboration with our customers.

Openreach is a very different business from when we started on our Commitments journey and everyone who works here is committed to delivering the objectives of the DCR, in full, for the benefit of our customers, their customers and the entire UK.

Introduction

Over the course of 2018, we have taken a number of steps to implement the remainder of our Commitments.

This has involved the transfer of more than 31,000 employees from BT Group to Openreach Limited under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). This is believed to be the largest such transfer ever to have taken place in the UK.

The move means that Openreach Limited - the new and legally separate business - now has its own independent workforce which includes the largest team of fibre broadband engineers in the country.

We have also moved BT Northern Ireland Networks from Business and Public Services (BPS) to Openreach and aptly renamed it Openreach Northern Ireland.

As an indication of our commitment to developing stronger, deeper relationships with our CP customers, we also announced in July 2018 proposals to offer long-term discounts on our superfast broadband products which go beyond Ofcom's pricing controls. 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 and further incentives to upgrade their customers onto the superfast and ultrafast broadband platforms we've already built. We have also committed to invest in faster, better broadband networks, through our new 'Fibre First' strategy and we're on track to build full-fibre broadband to three million homes and businesses by the end of 2020. We also have an ambition to reach 10 million of these by the middle of the next decade.

In short, our Commitments have been implemented and the focus is now to bring the benefits of Commitments and DCR settlement.

As our report shows, our people are seeing and embracing the new culture that we're cultivating, and this is contributing towards our good progress in delivering on the spirit and specific goals of the DCR.

We have made significant progress in many areas, in summary these include:

Functional separation. We have incorporated Openreach Limited, established an independent Openreach Board, implemented new accountability arrangements and made substantial changes to our branding.

People. We have transferred 31,000 employees to Openreach Limited from BT Group, the largest such transfer ever to have taken place in the UK.

Culture. We are embedding our new code of practice, establishing an independent public voice and have delivered our training plan.

Strategy. We are implementing new processes for medium term and long-term planning (AOP and MTP) and information disclosure.

Compliance and oversight. We have our own Openreach Board Audit, Risk and Compliance Committee (OBARCC), a committee of the Openreach Board.

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.

Equal treatment of customers. We actively engage and consult with CPs using the Customer Consultation Process set out in the Commitments and an improved Statement of Requirements (SoR) process.

Confidentiality of Openreach information. We have “gone live” with 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.

Transparency. We published our first Openreach Annual Review in April 2018, we’ve opened new channels of engagement with the public and we publish more information on our website than ever before.

These new arrangements are already delivering good outcomes to the UK

We’ve had a busy twelve months. We’ve been simultaneously laying the foundations for the UK’s ultrafast future, setting more ambitious targets for rolling out Fibre to the Premise (FTTP); and investing in a better and broader network. This is aligned to Ofcom’s interim conclusions and focus areas in the July 2017 DCR.

Delivering an Ultrafast Future

Today we deliver speeds of at least 24 Mbps to more than 27.5 million premises (95% of UK homes). We are now focusing on next generation Ultrafast (100+ Mbps) infrastructure. We have an accelerated plan to make full fibre/FTTP connections available to 3 million homes and businesses by 2020. Our ambition is to go further to 10 million premises by the mid 2020s.

Investing in our people

Delivering great customer service will always be our priority. We’re persistently cutting the number of faults, keeping missed appointments to a minimum and fixing the faults we find much faster.

We’ve already hired 2,400 extra engineers to maintain our network and connect our customers throughout the UK, and we’re now hiring a further 3,000 engineers in support of our Fibre First plans.

Delivering brilliant customer service

Delivering consistently great service for our customers is at the heart of our strategy. Great service is made up of a number of different aspects, including exceeding regulatory obligations, being proactive in managing customer ‘pain points’ and ensuring that we communicate expertly with our customers on all matters relating to order progression and fault resolution.

We are determined to offer world class service across all our major product areas, and a number of indicators show that the transformation programmes we have been delivering are working, and that the service we are now offering is, in many respects, at the best levels since Openreach was created.

For example, our CPs are seeing the following improvements:

- We’re exceeding 42/42 Minimum Service Levels (MSLs) for the copper and FTTC products (and 90% of the MSLs are at better levels than a year ago);
- We are now consistently below 2% in Openreach missed appointments;
- We have reduced repeat faults by 30%;
- Overall on-time repair performance is currently above 85%; and
- We have driven a 50% reduction in long term complaints.

In addition, we have transformed the service we are offering to our Ethernet business customers:

- Ethernet circuits are being delivered quicker than ever before (overall average <35 working days);
- Over 60% of Ethernet circuits are being delivered in less than 30 working days;
- The workstack of tail circuits is consistently <1,000;

-
- Customer satisfaction for Ethernet is at its highest ever level (Net Promoter Score now at +11 on 12 month rolling average basis);
 - We were nominated for an award 'Best Network Transformation Initiative' at the World Communication Awards on 30 October 2018, for the transformation made to Ethernet Service; and
 - Repair performance is consistently >94%.

We are very pleased with the progress made in this area, but we are not complacent, and we remain determined to continue the good work to create an Openreach identity that is synonymous with service excellence.

A bright, more independent future

We're now a separate independent company, Openreach Limited, wholly owned by BT, with its own board responsible for setting the strategy and overseeing performance within the strategic and financial framework defined by BT.

Treating customers equally

We're developing stronger relationships with our customers, through our consultations on major strategic investments and we're forging closer ties with industry, regulators and government for the benefit of the UK.

1. Functional separation

An Independent Openreach

In March 2017, BT reached a long-term regulatory agreement with Ofcom as an outcome of Ofcom's Strategic Review of Digital Communications (DCR). BT gave a series of Commitments and agreed to create a new company, Openreach Limited, a wholly owned subsidiary within the BT Group. Following over a year of intense activity, Openreach has completed the implementation of the DCR. The most recent milestone, and one of the most significant, has been the transfer of the Openreach workforce to the new company on 1 October 2018. This followed the early transfer of the Openreach Executive in January 2018.

Why does this matter?

We want to keep the UK at the forefront of the digital economy. We want to have a network that can deliver what business and residential consumers will need over the coming decades. We want to be truly receptive to the needs and aspirations of all our CPs, taking them into account in our strategy.

The governance arrangements agreed with Ofcom will enable us to do this. We have much greater control over decisions about our business, the products that we offer and the networks we operate. Greater independence and the spirit of the Commitments have been at the heart of the development of Openreach over the past year and this can be seen from the way that Openreach interacts with our CPs and wider industry. Governance structures have changed, and our internal and external communications have helped shape our culture.

We believe that we have made, and are continuing to make, real and significant progress. As the implementation roadmap below shows, we have come a long way on our journey to independence



Since our last report, we have continued with the implementation of the remaining DCR Commitments and, on 1 October 2018, implementation was completed.

In summary, there are four key areas to highlight;

TUPE- Openreach people who were previously employed by BT plc are now employed by Openreach Limited.

Agency and Service Agreement -the agreement was approved by the Openreach Board on the 18 September 2018, and came into effect on 1 October 2018.

Delegation of Authority - Openreach has been given a new Delegation of Authority by BT plc, which took effect from the 1 October 2018. The delegation of authority allows for Openreach Limited (through the Openreach Board of Directors) to undertake the following in accordance with the contractual framework between BT plc and Openreach Limited (the ASA)

- Set the Strategy of Openreach Limited (within the BT 's overall strategic framework)
- Oversee the performance of Openreach.
- Manage and operate Openreach.

Trading, Openreach Limited from 1 October 2018, will undertake trading of Openreach's products and services on behalf of BT plc, in accordance with the new framework.

What's been implemented to support TUPE and Trading?

We have spent considerable time and effort over the last six months, changing BT and Openreach systems and processes to support the transfer of people to Openreach Limited and set the new company up to trade on behalf of BT. We have rebranded pay slips for our employees and, in support of Openreach Limited trading, we have updated invoices that our customers receive.

Detail of the changes

Changes to systems and process have been extensive across the BT Group and Openreach estate. The business teams across both operations have worked collaboratively to deliver one of the most complex system and process changes we've ever attempted to support TUPE, with the close working and support of our technical teams, in Adastral Park (Ipswich) and our off-shore team in Budapest and locations in India.

We've had to implement new systems for Openreach Limited, including reworking all the interfaces to support annual leave booking, sick absence, payroll, procurement, engineering job allocation and planning. This represents only a small subset of processes that needed to be replicated or changed. In total there were 30 plus interfaces.

These changes required extensive communications and training to the business users and support organisation.

Openreach Limited started to trade on the 1 October 2018 on behalf of BT. The change was highly important and symbolic and will positively impact our customers. Openreach will send out commercial documentation, i.e. bills and invoices, in our own name, rather than BT. This is a significant change because, as the supplier of the service, we will invoice our customers directly. This will also clarify to our customers that we are a distinct, separate company, with our own brand and identity.

As part of our ongoing commitment, we continue to rebrand our intranet and external websites with the new brand and registered address.

We have also updated our compliance collateral and training packages to support the hosting of Openreach Northern Ireland.

Our broader branding programme for buildings, vehicles and clothing is progressing ahead of schedule and now includes Openreach Northern Ireland. For further detail on branding, please refer to the section entitled Openreach rebrand below.

Finally, we had an unexpected request from HMRC to implement a new PAYE reference for Openreach Limited. This will be completed by the end of this financial year and will be live as of 1 April 2019. Additionally, in the same timeframe, we will be implementing the pension changes as part of the outcome of the pensions review earlier in the year.

Openreach rebrand

We're delivering a rebrand ahead of our targets across the UK

We unveiled our new brand on Tuesday 11 July 2017. This was just four months after BT agreed with Ofcom that Openreach would become a legally separate company. The rebrand is a visual demonstration to our CPs and consumers that we're committed to delivering the highest standards to everyone.

The rebrand does not involve any extravagant redesign: our aim is to carry out our rebranding pragmatically, so we can continue to focus on improving our network and the service we provide.

One of our biggest brand assets is our fleet of over 25,000 vehicles. All new vehicles feature our updated livery. We've also developed a 'scrub and buff' process to remove BT design elements from our existing fleet. This is done when vehicles are serviced, so engineers don't have to take any extra time off from the front line.

To accelerate rebranding, we began to rebrand our vehicles well ahead of our original planned start date of April 2018. As at 28 September 2018, 50% of our Openreach fleet either had the new livery or had the BT elements of the logo removed. Similarly, 51% of the contractor vans have new livery or are rebranded. In London, 78% of Openreach vehicles are now rebranded. The vehicle rebrand continues to accelerate across the whole of the UK.

Our engineers are showcasing our new brand when they visit people's homes and businesses. Helmets, Gortex jackets and high-visibility jackets have all been re-branded, and high-visibility jackets were delivered to 23,000 engineers in the first part of this financial year. The rollout of the corporate clothing wardrobes (a wardrobe is a full package of clothing issued to each relevant employee) has progressed rapidly this year. So far, 20,159 (75%) of the 20,159 eligible employees have received their full wardrobes. All new branded designs for corporate clothing – covering 28 separate wardrobes in total – have been signed off.

The new rebranded identity passcard was launched in July 2018 and is now being rolled out across Openreach. Nearly 2,000 rebranded passcards have been distributed to date, including to all new recruits and contractors.

We've got 31 buildings around the country that we're currently in the process of updating. As at 10 September 2018, 21 of these reflect the new brand, including Sovereign House in Leeds, Lancaster House in Liverpool, Stansted National Data Centre, Bristol Horfield Technical Engineering Centre, the learning and development centre at Yarnfield, Coventry Telecom Centre and Cardinal Telephone Exchange in Leicester.

In September 2017 we updated our internet and intranets sites, which included the launch of our new corporate website. The site has lots more information about who we are and what we do. For the first time we also have our own Media Centre, which is where all our public announcements about Openreach are now published. We have also recently launched our new Openreach Careers site, as part of our major recruitment drive. In addition to our online assets, we have rebranded letterheads, business cards and other documentation.

In addition to all the above we've also rebranded, ahead of schedule:

- Our entire workforce's laptop and mobile wallpapers;
- PowerPoint and Word report templates and stationary;
- Billing templates and primary customer systems;
- Lanyards for employee passcards;
- Street equipment and Network Terminating Equipment, which is still in the process of being rolled out.

Of course, a visual re-brand is important but an independent Openreach also requires a mind-set change. That means changing behaviours, when Openreach people introduce themselves to customers and other people outside Openreach. This is supported by new guidelines and information that we're issuing to our people.

2. Strategic independence - Financial Planning process

A key part of our greater independence is the development of Openreach's AOP and MTP. Openreach sets out its plans and objectives for the coming year in the AOP and its aims for future years in its MTP. To develop these, we have engaged proactively with our customers, listening to what they have to say about what they want from Openreach, and seeking to develop our plans to meet their needs. Whilst recognising the financial challenges facing BT, we are being ambitious, striving to invest further in the network where it makes business and financial sense to do so. Our plans reflect both the extensive FTTP consultation that we conducted in 2017 and the ongoing interactions with our customers by senior management and operational teams.

The Openreach Board will review our full AOP and MTP in April 2019, and a summary of this will be submitted to the BT plc Board after it has been approved by the Openreach Board.

Openreach and BT are already addressing the concerns raised by Ofcom in the first implementation report, particularly Openreach's independence and the financial planning process (AOP/MTP). During the planning phase for this year's cycle, we have been clarifying with BT how the process will operate, and the interaction required from Openreach. The design of the operating model respects Openreach's greater independence, but also allows BT, in its capacity as Parent Company, to have the oversight it needs and transparency of the operation of the process, including through the BT investment Board (BTIB).

Openreach and BT have jointly presented the re-vised process to Ofcom and outlined below are some of the key principles and controls that Openreach has identified. Those involved in the planning process are already working to these agreed principles and the final sign off of the whole process is expected shortly.

1. In advance of any BT review that may be necessary to secure funding or to ensure that the Openreach strategy is consistent with the BT Group Strategic Framework:
 - a. the Openreach Executive will independently develop proposals for evolution of Openreach's strategy (including the fulfilment of the needs of Openreach customers and the needs and demands of the BT Northern Ireland Networks stakeholders)
 - b. the Openreach Board will independently review the recommendations of the Openreach Executive for evolution of Openreach's strategy and agree on the proposed changes to set the Openreach strategy; and
 - c. the Openreach Board will agree any proposed investment cases that will require BT Group approval
2. When the Openreach Executive has developed Openreach's financial Annual Operating Plan and Medium-Term Plan (at both 'Draft' and 'Final' stage), the Openreach Board will review and agree it, in advance of submission to BT.
3. In advance of formal submission to BT, the Openreach Executive may share drafts of financial plans or proposed investment cases with BT Group personnel at a working level:
 - a. to allow alignment of assumptions across the BT Group and to enable other consistency checks to be undertaken;
 - b. on the basis that the BT Group function will only provide advice to Openreach (consistent with the Commitments); and
 - c. subject to using the Disclosure Record process to identify individuals to whom information is disclosed and the nature of the information provided to ensure appropriate transparency of these interactions.
4. BT Group will not share unpublished Openreach assumptions with the other downstream Customer Facing Units (CFUs), though it can take account of them centrally to ensure that BT Group plans, forecasts and the overall BT AOP and MTP uses consistent data and assumptions.
5. In relation to investment cases to be submitted to BT, the role of the BT Investment Board (BTIB) will be to review the proposal and make a recommendation to the BT Chief Executive. If the Openreach Board is dissatisfied with a decision of the BT Chief Executive, Chief Financial Officer (CFO) or Chief Strategy and

Transformation Officer (CSTO), it may raise that the matter with the BT Chief Executive (or escalate to the BT Group Board) if necessary.

Evidence will be sought by the Commitments Assurance Office (BT CAO) and Commitments Monitoring Office (Openreach CMO) to confirm the above principles are maintained.

3. Culture of independence

3.1 Engaging our people with a new independent Openreach – Our communication plan

Purpose and outcome

To build a different culture takes time and a clarity of vision; it requires that all aspects of an organisation align. To help build a culture focused on good service to all, we have continued to implement a comprehensive communications plan which underpins our independence. The detailed purpose and outcome of our communication plan was noted in our earlier DCR implementation report and remains the same.

Audience

As well as publishing pan Openreach communications, we've also carefully targeted key audiences in our communications.

The Openreach Senior Management Team (SMT) and people manager audiences are, and will continue to be, an essential part of our strategy. We have always kept independence on the agenda of all SMT events and calls, and our all manager webcasts ensuring that our leaders and people managers are informed so they are equipped to answer questions from their team.

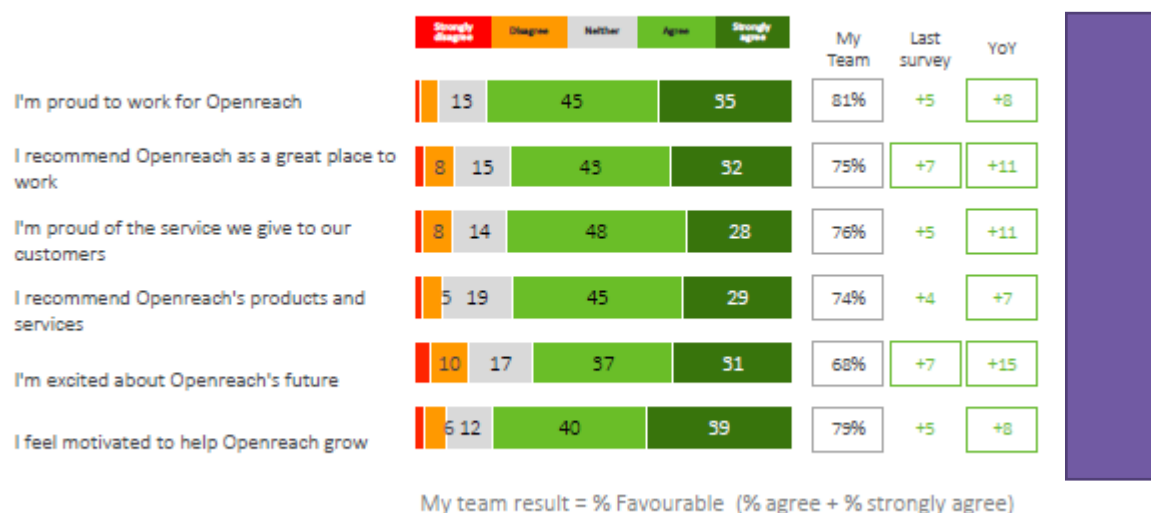
We've continued to keep people informed that we're making progress to becoming a more independent Openreach by publishing regular update articles in 'The Loop', our twice weekly email news round-up, and more in-depth articles in our quarterly printed publication, Openreach News. Just some of the topics that we've run stories on, reaching a pan Openreach audience, have been our rebrand, our new customer consultation process, our new board and governance, what the commitments mean, equal treatment and what customers are saying about our new ways of working

Success measurement

We 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 July 2018. Over 27,000 employees completed the survey, with engagement increasing by another 5 percentage points since the previous survey and 15 percentage points over an 18-month period.

Positive results against key indicators such as "I'm excited about Openreach's future" and "I feel motivated to help Openreach grow" have increased by a significant 22% and 15% respectively over the last 18 months. The results below are from the Q2 18/19 survey.

The 6 questions that make up the engagement outcome result



We also ran an anonymous survey amongst our field force to ask people to give their honest views about how they introduce themselves. Three quarters said that they introduce themselves as being from Openreach (others said they would introduce themselves as BT or BT Openreach). We're focused on changing the habits of the last 25% of people by reinforcing that we made a Commitment to Ofcom to have a brand that doesn't refer to BT and that includes how we introduce ourselves. We've been putting flyers in vans when they go through their 'scrub and buff', in the packages of new workwear issued to engineers and in the new passcard mailing.

3.2 Tone from the top in readiness for the launch of Our Commitments

When our Commitments went live on 9th April 2018, each Managing Director (MD) also wrote to their respective teams, recognising that employee engagement is key to the successful implementation of any major change. From the outset, we wanted to make sure we set the right tone from the top, with our senior leaders creating understanding and role modelling the right behaviours. The notes our MD's issued reinforced some of the key messages, behaviours and training requirements with their teams, to ensure they're equipped with the right tools and information to live up to our Commitments. MD's further reinforced these messages on their all-manager calls. An example of a message issued has been included below.

From: looplevelive G

Sent: 09 April 2018 15:35

Subject: Playing our part in the Commitments



For internal use only

To: Everyone in Finance

From: Matt Davies, chief financial officer

Status: For action

Playing our part in the Commitments

To xx

Our commitments are now live. Each and every one of us has a responsibility to make this a success and as leaders it's your job to reinforce this with our teams.

There's four things I ask you to do now:

1. Read our [Commitments Code of Practice](#).
2. Complete the [new CBT 'Living up to Our Commitments'](#) when invited or even better do it now.
3. If you share information with BT, learn the [new information sharing rules](#), know where to find our [Information Sharing Agreements](#) and when to use the new Disclosure Record. We're running calls to help you with this, so if you've not attended one yet please sign up for one of the calls listed below.
4. If you have a part to play in the [confidential phase of the Customer Consultation Process](#), make sure you know how sensitive information should be handled. I want to make sure our contribution is as good as it can be, after all they're [Our Commitments](#). If there's something you're unsure about or need support, contact me or the [Business integrity team](#), we're here to help.

Information sharing disclosure record training calls

- [16 April – sign up here](#)
- [24 April – sign up here](#)
- [30 April – sign up here](#)

Matt

Sent by Openreach communications

2.3 Preparation for Openreach Limited

In the last few months we've focused on getting ready for Openreach Limited being fully open for business. BT Group formally announced its intention to start the TUPE process and since then we've been answering people's questions about what it means for them. A copy of Gavin Patterson's TUPE email and Clive Selley's TUPE email have been included as **appendix D and E**.

We also ran a campaign called #WeAreOpenreach in readiness for 1 October 2018, when our people transferred over to Openreach via the TUPE process. The purpose of the campaign was to:

- build pride about Openreach and the role we play in the UK;

- be clear on what being independent is enabling us to do – giving customers increased confidence in us;
- make sure people have taken any required actions to get ready for independence; and
- reinforce that we should introduce ourselves as ‘Openreach’, not ‘BT’ or ‘BT Openreach’.

Elements of the #WeAreOpenreach campaign

- Editorial - explaining the changes and why this is good for our customers and therefore us (Loop Clive View, articles, Openreach news) and why it’s important to introduce ourselves as from Openreach.
- Photography – close up shots of our people, characterful and interesting; spread of people across the units.
- New 20 page booklet #WeAreOpenreach explaining who we are and what we do - appended to Openreach news which landed 1 October 2018.
- New visual approach for posters, pull-ups, slides, banners, Openreach news.
- Branded re-usable hot drink mug for every Openreach person, reminding them to introduce themselves as ‘from Openreach’.

Audiences of the #WeAreOpenreach campaign

- Openreach audiences (SMT, managers, all people, with relevant messages targeted in Openreach units to reinforce the campaign).
- Openreach Northern Ireland team.
- BT audiences: all BT Group people to help them understand the changes and be able to explain them to others.

A detailed overview of the campaign is attached as **appendix F**.

The campaign should help shape and further reinforce our culture of independence and influence what people ‘do’ and how they ‘feel’. To date, there have been 333 #WeAreOpenreach posts on Wired with our people showing their new #WeAreOpenreach mugs which demonstrates a real sense of pride.

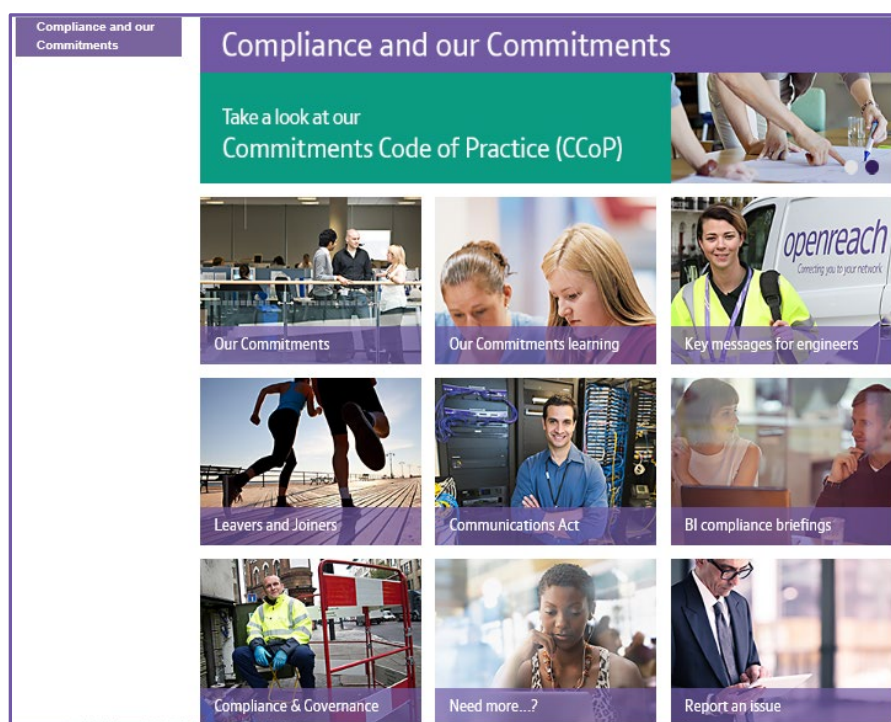
#WeAreOpenreach mugshots on Wired



Intranet

site

We also have an independent Openreach intranet site which promotes our Commitments. This is accessible via our Openreach intranet homepage and a screenshot of the landing page has been included below.



3.4 Our Commitments Code of Practice (CCoP)

When our Commitments went live, our Openreach CCoP was actively promoted by the MDs and it was referenced in their respective 'launch of our Commitments' email messages issued to their teams and on their all manager calls (detail and example communication included in section 3.2). Our CCoP is also referenced in the Living Up To Our Commitments (LUTOC) Computer Based Training (CBT) and included in the CBT resource links.

The CCoP can also be accessed by Openreach people via the independent Openreach intranet site which promotes our Commitments. External people can access the CCoP via the [Openreach home and business website](#) and CPs can also access the CCoP via the [customer portal](#).

On 27/09/18 we issued an updated version of the Openreach CCoP which has been amended to reflect the new arrangements in Openreach Northern Ireland. The updated CCoP has replaced the older version across the various published locations i.e. on the Living up to Our Commitments CBT, internet and intranet sites referenced above and we will continue to promote the CCoP as part of our communications plan.

3.4 Internal training

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

Computer based training (CBT)

A key element of this was the replacement of the *IT Matters...* the BT Undertakings mandatory CBT with a new CBT course entitled *Living Up to Our Commitments*.

We initially proposed that once the Commitments came into force the mandatory Computer Based Training (CBT) Living up to our Commitments (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 2019 (as detailed in earlier submissions). Subsequently we decided to further proactively accelerate our CBT assignment plan to ensure our target audience (pan Openreach managers) are fully aware, trained and equipped to live up to our Commitments as early as possible; as a result all Openreach managers (3962) will have completed the CBT by end of October 2018 (as opposed to April 2019) and 100% of assignees (3574), that's 90% of our target audience, have completed the CBT to date.

The CBT was also assigned earlier (from February 2018) to all people in high risk roles, which included circa 560 early assignments. Additionally, all high-risk people also received tailored face to face or WebEx training.

Target Audience

All managers in the UK and people supporting Openreach overseas are assigned the *Living up to our Commitments* training. Team members complete a separate module on the Commitments as part of their Basic Compliance mandatory training. People working on behalf of BT are assigned the equivalent training as part of the Working in Partnership course. Both courses were updated (effective April 2018) to reflect the Commitments.

All new joiners, including those who move from BT to Openreach, are assigned the Living up to our Commitments (Openreach) CBT, for completion within a 35-day window.

High risk training

For those people in 'higher risk' roles, the e-learning CBT course was supplemented with bespoke face to face training during Q3 and Q4 2017/18 (as noted and detailed in earlier submissions). With the launch of our Commitments we continued to offer wash-up and refresher sessions during Q1 2018/19. 138 people attended one of these sessions and overall there were 1061 attendees across our high-risk training. High risk groups include finance, Customer, Products and Propositions, strategy, legal and regulatory teams.

Training effectiveness

Working with BT Group, we're also developing a new approach to understand how learners respond to the CBT training course to help us better target both the people and any topics that may need reinforcing. Similarly, earlier in the year the BT mandatory training team ran a training effectiveness report (from April 2018 – June 2018). This involved reviewing response success rates to the post assessment LUTOC CBT. As a result, we were asked to review a number of post assessment questions and sought to identify whether there was a potential issue with learning ambiguity. We have now made a number of small changes to the language and positioning of the post assessment questions in the LUTOC CBT to remove any ambiguity. A similar exercise will be carried out in Q3 18/19.

We are also checking training effectiveness of key processes such as Information Sharing in our ongoing assurance work. We deliberately let the processes bed in and in Q3 we will be reviewing what refresher training is needed. We expect there to be targeted training rolled-out in Q3/Q4 in some high-risk areas.

3.5 Culture Programme

Background and context

There are currently three separate sets of culture and behaviours activities underway.

Firstly, Project Seesaw is the OBARCC and BTCC's own independent monitoring review of behaviours between the BT Corporate functions and Openreach. This will assess whether the DCR arrangements are working as intended giving Openreach appropriate greater independence and allowing BT Group to have the appropriate level of influence in each area.

Secondly, BT HR are running their own Organisational Design project to improve the interworking between BT and Openreach. The focus of this project is driven in part by the findings of Project Seesaw. Using a prioritised list of areas needing attention, it facilitates clarification and improvements to the working arrangements.

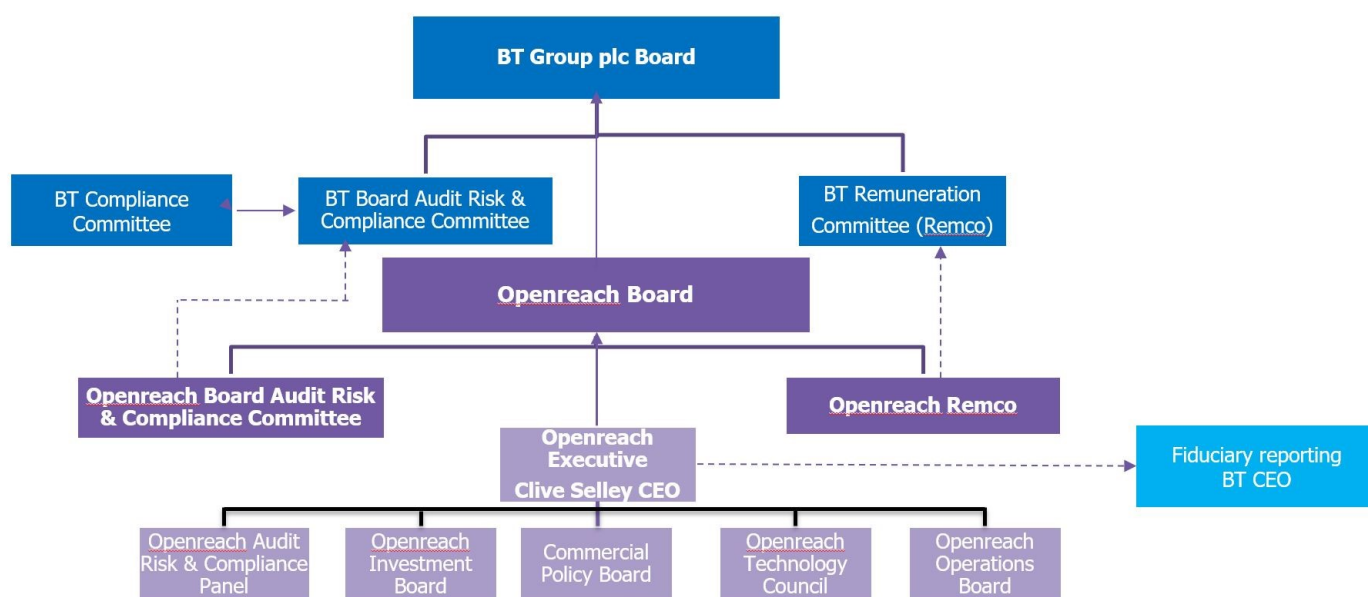
Thirdly, the Openreach Business Integrity team, working in collaboration with the Ethics and Compliance Learning and Culture team in BT, is keen to understand where we are, and what else we might need to do to move to a culture where Openreach operates more independently. To provide an independent and objective view, BT has engaged culture experts, [Walking The Talk](#). BT and Openreach are working with Walking the Talk to help us better understand the hearts and minds of our people. This is particularly important as attitudes influence behaviour. Walking the Talk are running a series of focus groups and senior leader 121 interviews with BT and Openreach people to provide a cultural baseline, so we can identify what's working well and where we may need to do more. Quantitative data from surveys of those in higher risk teams in both Openreach and BT, along with responses from a survey at the end of the Commitments mandatory training course for a wider pool of managers across Openreach, was also collated to inform the findings. BT has asked that Walking The Talk's report (due in Q3) provides differentiated views for both Openreach and BT where appropriate.

4. Compliance and oversight

In March 2017, BT notified Ofcom of its plans to implement the new Commitments and a Governance Protocol in response to Ofcom's Digital Communications Strategic Review (DCR). These Commitments require Openreach to be run with greater independence, with a new Board and a new compliance monitoring body, the Openreach Board Audit Risk & Compliance Committee - or OBARCC. Openreach's governance structure is set out below:

Openreach governance model

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The OBARCC has specific Commitments monitoring activities set out in the Commitments and Governance Protocol. The OBARCC focuses on all risks and has a dedicated section on Commitments Compliance where it monitors breaches, complaints, any investigations and the Commitments compliance dashboard.

On a quarterly basis the OBARCC reviews the Openreach behavioral dashboard, which is produced by the Business Integrity team. The dashboard provides insight to the OBARCC on how well we are embedding the behavioral changes within Openreach.

We are keen to have an open relationship with CPs and so, in response to CP feedback, the OBARCC, via the CMO, will be publishing a regular bulletin on its activities. The first bulletin gives the background to its role as well as details of its most recent meeting, in July 2018.

5. Equal treatment of customers

We recognise the importance of ensuring that our equal treatment commitments are properly embedded, so that all CPs have full confidence that Openreach is striving to respond promptly and effectively to meet their needs, is engaging with them fully and fairly on potential major strategic network investment decisions and will engage with them constructively on potential co-investment and other new commercial models.

Our equal treatment Commitment applies to both Openreach's SMP and non-SMP products and we are actively engaging with our customers to explore new and innovative solutions, through board to boards, industry fora and bi-lateral discussions. Nearly all of our engagements are undertaken in a confidential manner.

One such example of this is the announcement in July 2018 of a new special offer on sales of wholesale superfast and ultrafast access services. This allows customers to commit to purchasing increased volumes of these services – over a 3-year or 5-year term - in exchange for discounted pricing.

Discussion of the commercial proposition initially arose using the spirit and principles of the Customer Confidential Phase and progressed to more public discussions with our CPs through bilateral discussions coupled with broader industry wide engagement at industry fora. We initially flagged our intentions in this area at the Copper and Fibre Products Commercial Group (CFPCG) industry forum in February 2018 and worked closely with customers to develop a structure of volume and service mix 'tiers' that we believed could benefit all our wholesale customers and their end customers. We now have eight CPs signed up to the offer.

We've received quite a few positive statements from some of our CPs, and from a number of the smaller CPs in how we've engaged and made this offer accessible for them.

Enders Analysis described the offer as follows: *The conditions required are quite complex, but they essentially reward the uptake of super/ultrafast in relative and/or absolute terms, with options that appear to be targeted at all different operator types (i.e. large, small, high or low current superfast penetration).*

We have also listened to our customers, and we are rolling out improvements to the Statement of Requirements Process, which is traditionally used by our CPs to raise changes to products and services.

The changes have been introduced to align with the new process introduced on the 3 April 2018. The majority of changes impact Openreach users of the system, however, for CPs, the changes will introduce a higher level of transparency, particularly on key dates committed to industry. For example, CPs can see future dates of when Openreach will be presenting the SOR case for approval at an internal governance board and if Openreach has delivered against that date. Similarly, when Openreach has given industry a committed delivery date the changes in the system allow us to track if we are delivering against that committed date.

We have also introduced the ability to report on the size of change, the definition of which was agreed with industry in Q4 2017/18. The definition of change is an indicator of the complexity of the request and provides indicative delivery timescales.

In addition to these changes, Openreach has invested in ensuring both industry and Openreach users have the right tools and support in navigating the changes to the SOR Process and ensuring the process is fully understood. This investment is via a Web Based Training Programme and is tailored to both industry and Openreach users.

6. DCR Commitments Implemented: Measuring Outcomes.




As implementation of our Commitments is complete, Ofcom's focus will shift to monitoring of Openreach's performance against a number of consumer and industry measures over time, which will be reported in a series of reports in the coming years.

Ofcom's indicative outcomes were set out in July 2017 with Ofcom's interim conclusions and focus areas for implementation stated as follows:

- the guarantee of universal broadband availability at a sufficient speed to meet modern consumer needs;
- support for investment and innovation in ultrafast broadband networks (such as fibre to homes or businesses) by giving BT's competitors improved access to its infrastructure;
- improvements in the quality of service delivered by the whole of the telecoms industry, including Openreach, BT's access network division;
- increased independence of Openreach from BT so that it is more responsive to all of its customers; and
- consumer empowerment so that people can understand the array of choices available to them and are able to switch to the best value deal easily; and
- how we will step back from regulation where consumers and businesses no longer need it.

Ofcom has set out the following measures in its July 2017 statement (Delivering a more Independent Openreach). In essence these measures are the current scorecard used by the Openreach Executive team to track aspect of its performance.

Figure 1: Indicative metrics to measure consumer outcomes

Widespread availability of fibre broadband		Status
	Metrics	
	Number of premises passed by Openreach Fibre To The Cabinet (FTTC)	26.5m
	Number of premises passed by Openreach G.Fast	Pilot deployment
	Number of premises passed by Openreach Fibre To The Premises (FTTP)	345,000
	Number of premises passed by BT's competitors using Openreach's ducts and poles	0
Decent broadband for all		Status
	Metrics	
	Proportion of premises unable to receive a download speed of at least 10Mbit/s	5%
	Proportion of SMEs unable to receive a download speed of at least 10Mbit/s	8%
	Average UK measured download speed	37 Mbit/s
	Average Openreach measured download speed	[><] Mbit/s
	ADSL*	[><] Mbit/s
	FTTC	[><] Mbit/s
	FTTP	[><] Mbit/s
A step change in quality of service		Status
	Metrics	
	Proportion of Openreach installations on time	93%
	Openreach annual fault rates	11%
	Proportion of Openreach repairs within agreed time	83%
	Average first available Openreach appointment	8 working days
	Proportion of Openreach appointments missed	2%

We support Ofcom's desire to measure the success and outcomes of Commitments and the overall DCR programme and are happy to work with Ofcom over the coming months to get agreement to a set of measures.

We are committed to support Ofcom's work in defining the metrics for the successful outcomes sought for Commitments and the broader DCR.

For the metrics developed we will need to be clear as to whether they are:

- Metrics designed to evaluate BT's and Openreach's delivery of the Commitments; or
- Metrics designed to understand the broader outcomes for consumer and business in the UK.

The full story of how we are performing against the outcomes will form part of the Openreach "Annual Review" but there will be a separate sub-set of KPIs (Outcomes KPI extract) that will be reported more regularly.

The annual review of the metrics that Openreach will report are already identified by Ofcom:

- service performance;
- network investment (universally good Broadband & full fibre);
- collaboration/co-investment;
- all underpinned by the right culture/behaviours.

Our proposal is to track all measures quarterly at the Openreach Executive and half yearly at the Openreach Board.

We are keen to engage and agree the framework with BT and Ofcom.