Representing the Communication Services Industry

FCS)))
**Federation of
Communication
Services**

Ofcom: FAMR: Openreach Quality of Services and approach to Charge Controls
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Introduction

The <u>Federation of Communication Services</u> is the UK trade association for the professional communication services sector. Our 400 members and associates deliver voice and data functionality and services to business and public sector users by means of copper, fibre and radio transmission infrastructures. We are pleased to have the opportunity of responding to the Ofcom Consultation on Openreach's quality of service and the approach to setting LLU and WLR charge controls in the fixed access market.

Overview

The primary focus of this FCS response is on the areas of Quality of Service and KPIs.

We have consistently pushed for recognition from Openreach of the different needs of the business market as opposed to the residential market. Our members pay above a basic rate to receive WLR premium yet there is scant evidence that they are getting a markedly better service as a result. The few changes that Openreach puts forward as a result of industry SoRs are bolt-ons to existing products, with no guarantee that the addition money spent will result in better quality of service.

Ofcom needs to require standards of Openreach that will recognise the particular needs of business customers and ensure that actions are taken promptly to rectify the situation when things go wrong; failure to meet an appointment is far more damaging for a business than for a residential customer. Additionally targets need to include effective action, so not just arriving for an appointment, but getting the task right first time.

Section 3 questions

Question 3.1: Do you agree that it is appropriate to use the existing SLAs as the basic standard around which to set the new minimum standards? Please provide reasoning for your answer. If you do not agree, please also give your proposed alternative.

On the basis that improved SLAs may give rise to further costs for CPs, we accept the use of the existing SLAs as a basic starting point. We would not wish to see them cast in stone as, with effective and adequate resourcing by Openreach, there should always be room for improvement in the future. We note, and agree with Ofcom's concern about introducing new SLAs and requiring better performance against them concurrently.

Question 3.2: Do you agree that it is appropriate to use General Manager areas rather than forecasting regions in the minimum standards and the KPIs? Please provide reasoning for your answer. If you do not agree, please also give your proposed alternative.

The FCS agrees with the decision to use GM areas, as this will give a wide enough range of experience to avoid off-setting poor performing areas against good, without the cost and complexity of a bigger regional breakdown.

Question 3.3: Do you agree that it is appropriate to apply the same minimum standards to all regions? Please provide reasoning for your answer. If you do not agree, please also give your proposed alternative.

Yes, we agree that standards should be the same nationally in order to avoid poor service in some areas being ignored by the achievement of a "reasonable" national average.

Question 3.4: We have set out the details of our analysis in Annex 5. In light of this analysis, do you agree that the 2011/12 resource deltas from the Resource Simulation Model provide a reasonable basis to assess the resource and associated cost increments associated with minimum standards? Please provide reasoning for your answer.

It is difficult to make an accurate assessment, given the number of redactions in Annex 5, however, we accept Ofcom's reasoning that the 2011/12 figures make a good starting point to assess resource requirements. Openreach clearly needs to respond more quickly in future situations where resource is stretched by bad weather conditions, in order to avoid long tails as a result of spikes in unplanned repair work. This additional resource can be used for preventative repair work in quieter periods.

Question 3.5: Do you consider whether it is appropriate to take account of the difference in the resource levels between 2011/12 and 2012/13 in setting the final resource multiple to account for the more challenging conditions in 2012/13? Please provide reasoning for your answer.

Ofcom needs to assess a resource level at which Openreach is able to operate efficiently and meet agreed targets (SLAs and KPI) without introducing new costs to the industry. Comparing the years in question on a like by like basis seems appropriate however, again, we cannot tell what resource levels were as the information has been redacted in the relevant tables; it seems logical to set the multiplier to account for the more challenging conditions.

Whatever models or multipliers are used, it is important that resource levels are sustained at an appropriate level to keep order and fault lead times low under normal circumstances and to make performance more resilient to peaks of demand.

Question 3.6: Do you agree that the existing MBORC statistics form a reasonable basis for inclusion in the minimum standards? Please provide reasoning for your answer. If you do not agree, please also give your proposed alternative.

We are content that Ofcom uses existing data to set minimum standards – however, as recent weeks have shown, it is not possible to predict future weather events. Openreach have, post the close date of the first FAMR consultation, taken the opportunity to put forward the "St Jude" storm in mitigation for the provisioning MBORC being imposed – who knows what the future may bring?

Question 3.7: Do you agree that it is appropriate to base the repair MBORC allowance on the statistics for 2012/13? Please provide reasoning for your answer. If you do not agree, please also give your proposed alternative.

As above – we accept that we have to take recent patterns as a start point.

Question 3.8: Do you agree that it is appropriate to use 3% as the faults MBORC allowance and 1% as the provisioning MBORC allowance? Please provide reasoning for your answer. If you do not agree, please also give your proposed alternative.

We agree with the decision to start with figures Ofcom suggests, although we are surprised to note that Ofcom considers a performance of 33% delivery within SLA for MBORC repairs as "significant" with the implication that this was "good" – one would hope to see a much higher percentage achievement, even in adverse conditions.

Question 3.9: Do you agree with the minimum standards we have proposed for the third year? Please provide reasoning for your answer.

The FCS is content with the standards proposed in year 3 as a minimum to achieve, but would reiterate its concerns about Openreach viewing these as the target. Performance should be as close to 100% as possible.

Question 3.10: Do you agree with the range we have identified for the minimum standard in the first year and our proposed recommendation within that range? Please provide reasoning for your answer.

We do not accept that taking a level that is perceived by all parties as poor performance is an acceptable target to aim for during the first 12 month period. To have a 55% chance of getting a first appointment within 12 days is simply not good enough for our CP members who are trying to provider viable competitive services to business customers; we are aware of the "default to BT" option, where consumers and businesses, whether rightly or wrongly, believe they will get better service with BT. Ofcom refers in the consultation to 55% or repairs being the achievement level during a period of "very poor performance" so it is hard to see how this figure could be viewed as being acceptable for provision.

Question 3.11: Do you agree with the proposed glide path? Please provide reasoning for your answer.

Ofcom refers to the need to allow Openreach to restructure and resource to meet the required performance standards, yet in Annex 5 notes that Openreach were slow to deal with the bad weather conditions in 2012/13. A three year period to reach a low minimum standard of performance seems a long time, given that Ofcom notes that Openreach has "had time to take mitigating action such as recruiting additional staff" since 2012/13.

Question 3.12: Do you agree with our analysis of the risks of unintended consequences in the setting of the minimum standards and our proposed approach to addressing the risk, including the use of new KPIs? Please provide reasoning for your answer. If you do not agree, please also give your proposed alternative.

We agree with the risks inherent in the process and welcome Ofcom's proposal to monitor tails closely and step in to take preventative action at an early stage should problems arise.

Question 3.13: Do you agree with the set of KPIs proposed? Is it sufficient that they are national rather than regional? Do you agree they should be publically available? Please provide reasoning for your answer. If you do not agree, please also give your proposed alternative.

The FCS is content with the set of KPIs proposed as a starting point. Ofcom will be aware that the Business Markets Service Improvement group is looking at a wide range of KPIs which we would hope to see reported on in future. As well as simply giving numbers of appointments provisioned on time or late, for example, we would like to see figures showing early life failures, that is qualitative as well as quantitative reporting.

Conclusion

The FCS is pleased to see some progress towards imposing tighter requirements on Openreach to perform to better standards, but believes these are early steps in what might be a much larger process. In acting as a proxy for competition, the guiding principle should be not what Openreach are currently accomplishing, but what, in a competitive market of two or three players, customers would regard as sufficiently poor service to make them switch to an alternative provider. Ofcom's initial proposal allows Openreach three years to meet a minimum quality standard which Ofcom already acknowledges is below that which is expected by the market generally]