openreach

# Wholesale Fixed Telecommunications Market Review 2021: Further Openreach comments on Ofcom's Quality of Service proposals

**4 September 2020**
**NON-CONFIDENTIAL VERSION**

## Executive summary

1. Openreach is providing this submission ahead of Ofcom's further consultation on Quality of Service (QoS) proposals in the Wholesale Fixed Telecommunications Market Review (WFTMR), which Ofcom currently expects to publish in the autumn of 2020. We have set out below a list of specific items Openreach would like Ofcom to consult upon together with a set of proposals against each area. These comments, in the main (but not exclusively), relate to Wholesale Local Access (WLA) services but there are some general comments that relate to Ofcom's approach to QoS regulation more generally and including leased lines. Openreach will make further and more detailed comments on these topics in response to Ofcom's consultation.

2. The items we have included here are based on specific points raised previously in our response to Ofcom's January 2020 WFTMR consultation and need urgent attention from Ofcom. Most of the proposals set out in this document are adjustments to the existing regime and therefore should be simple to implement, and others will require further engagement with Ofcom. There are significant underlying changes to the operating environment [✂]. These changes have been caused by the global COVID-19 pandemic and changes in Communication Provider (CP) practices, and we provide comments in relation to both changes below. [✂] Openreach therefore requests that Ofcom consults with industry on the specific updates suggested in this document in order to ensure that any policy implemented is proportionate and sustainable.

3. In addition to consulting on the specific items of Openreach's new operational regions for WLA QoS Standards, the Ethernet Upper Percentile QoS Standard and potential approaches to managing the impact of COVID-19 on service regulation, in this paper Openreach also requests that Ofcom consults on:

    - Important and necessary updates to the QoS Standard framework to reflect the new proactive testing activity from CPs;
    - Reverting the First Available Date (FAD) QoS Standard back to 2019/20 levels, i.e. 12 working days instead of the current 10 working days; [✂]
    - [✂]

4. A summary is provided below.

| Item | Proposal |
|---|---|
| **Proactive repair** | 1.a) Update the legal instrument so that the repair QoS Standards are implemented by reference to the "applicable SLA"<br><br>1.b) Update the definition of a "fault" in the context of QoS Standards to exclude proactively submitted faults that have been marked up by the CP<br><br>2) Include a review of proactive testing at end of year compliance assessment to verify proactive testing volumes, to ensure a fair compliance review. |
| **First Available Date (FAD) QoS Standard** | Revert the standard level back to 12 working days (from 10 working days) |
| [✂] | [✂] |

5. Openreach also requests that Ofcom:

    - Fully assesses the far-ranging impacts that the COVID-19 pandemic is having on QoS and ensure that Ofcom's own proposals continue to be proportionate in setting future QoS Standard levels in WLA and BCMR markets. This could include adding appropriate exclusion mechanisms and providing objective information on how compliance will be assessed given the changing market environment; and

    - Given the impact of recent conditions, Ofcom continues to provide Openreach with *two* High Level MBORC ("Matters Beyond Our Reasonable Control") exclusions in the legal instruments for WLA services, even if the QoS Standard regions are updated to reflect Openreach's new operational model (i.e. from 10 "GM" regions to 7 "RD" regions). Recent conditions have demonstrated the necessity for these to continue.

6. We are separately considering whether the MBCORC allowances for QoS Standards continue to be sufficient, given the fundamental changes to the operating environment and market conditions. We are investigating whether changing the granularity of the High Level MBORC allowance, for example by reference to a Senior Area Manager (SAM) area rather than Regional Director (RD) area might be a better alternative option to managing the effects of MBORC events. We will engage with Ofcom separately on this item and provide input into Ofcom's autumn consultation.

## Changes to market conditions and the operating environment

7. In the WFTMR, Ofcom are proposing to roll forward the existing QoS Standard arrangements[1] so that the levels remain flat across the 5-year period. Openreach agrees with the proposal not to raise the levels any higher, but as we set out in our last response[2] maintaining the existing arrangement only works if the underlying assumptions stay the same.

8. This is not the case; the global COVID-19 pandemic and the introduction of proactive repair has caused fundamental differences to the operating environment. These two changes have led to a significant rise in the fault rate because of different CP and end-customer behaviours. We address each of these factors below and how the QoS Standard regime should be updated to reflect the new conditions.

## COVID-19

9. As Ofcom is aware, COVID-19 is significantly impacting Openreach's service operations. The effects of the pandemic are being experienced across the Openreach business, including the Fibre and Network Delivery (FND) plus Service Delivery (SD) teams and so is affecting all of Openreach's major product groups.

10. To date, COVID-19 has impacted Openreach's operations in a number of direct and indirect ways including (but not limited to):

    - Impacts arising from national and local lockdowns which has affected Openreach's ability to deliver end-to-end service;
    - Impacts arising from the need to change working practices in order to ensure safety for employees and the public resulting in reductions to the amount of work that can be carried out in the end customer environment;
    - Impacts to our own operational teams (in particular field, desk and contractors), plus those of CPs arising from changes in working environment and sickness levels leading to reduced productivity; Impacts arising from often unpredictable changes in demand as the country came out of lockdown; and
    - Impacts from the change to working practices driven by COVID-19 – with millions of people working at home instead of the office thereby increasing demand for both provision and repair for broadband services.

11. Openreach has taken, and continues to take, steps to best manage the impacts of COVID-19. This has included ensuring a focus on health and safety for employees and the public, prioritising certain types of work when needed (e.g. the Critical National Infrastructure work that was particularly prevalent early in the pandemic) and seeking to maximise performance against the QoS standards. Openreach considers that it has done a very good job to date in very difficult circumstances and has always endeavoured to keep stakeholders – including CPs, Ofcom and government - fully up to date with the latest operational and service position.

[1] As imposed via the 2018 WLA.
[2] In our May 2020 response to Ofcom's WFTMR consultation.

12. Openreach is concerned that the impacts of COVID-19 (direct and indirect) will hamper its ability to meet the QoS standards in 2020/21. In relation to this, Openreach will continue to engage regularly with Ofcom to put forward relevant information that it would expect Ofcom to take due account of in the event of any QoS standard being missed due to COVID-19.

13. Looking forward, it is also very likely that the impacts of COVID-19 (whether direct or indirect) will continue into the period covered by the WFTMR. At this point in time it is difficult to forecast the precise degree or duration of such impacts, although it is possible to suggest that some impacts – such as those arising from changes in working practices, or changes to demand patterns because of COVID-19 (both of which affect service) – are not likely to be transitory in nature, and could feasibly continue for a number of years.

14. In this context it is right in the WFTMR consultation that Ofcom takes additional steps on an ex ante basis to recognise COVID-19 and its likely impacts on Openreach's ability to meet the QoS standards imposed – and not wait until compliance assessment to factor in any impact. In circumstances where COVID-19 continues to impact Openreach's ability to service during the WFTMR period, Ofcom needs to account for this and make changes to the QoS remedies, in particular the QoS standards, if needed. This will help ensure that the QoS standards are proportionate, given prevailing market conditions.

15. Openreach therefore urges Ofcom to:

    a. Consult further on an ex ante basis as to whether the QoS remedies proposed need to be changed in order to reflect impacts from COVID-19;
    b. Conduct further evaluations (which may need to be sustained over a period of time) to assess the impacts on service from COVID-19; and
    c. Avoid limiting any ex-ante changes to year 1 of the WFTMR. The Ofcom framework needs to be flexible enough to accommodate longer term effects from COVID-19, should this be required.

## Proactive repair

16. Proactive repair was not foreseen when the QoS Standard levels were set. Simply put, the impact proactive testing means more work is expected to be delivered at the same level of performance. Our resource is clearly stretched at this time[3], but given the global uncertainty of the COVID-19 pandemic [✂].

17. Whilst acknowledging that developments such as increased use of robotics and artificial intelligence will form part of future processes on fault repair and reporting, they must be implemented in a sustainable and coherent way that works for all parties in the value chain, i.e. end-customers, CPs and Openreach.

[3] In order to meet the QoS Standards Openreach has: declared compulsory contractual overtime across the whole of the UK to try and maintain service levels at the most challenging times where we have had record fault intakes, reduced all non-essential training, coaches have taken off usual duties and redeployed in the field, recruited as many new engineers as we have been able to; [✂]

18. Combined with robotics, we are starting to observe a shift to end-customer self-service tools with digital reporting channels and CP apps for checking speed and performance parameters. Given this reduces the quality and richness of interaction between the CP and consumer, this is also gradually reducing the burden of fault reporting from CPs. This means Openreach has less information to enable it to accurately resolve the fault the end-customer is concerned about correctly the first time.

19. [✂]

*Figure 1*

*[✂]*

20. The Code of Practice is focussed on ensuring that end-customers are treated fairly and receive the broadband service they expect, in addition to having adequate protection and rights if the actual service they receive is not what they were promised at the point of sale. These incentives have had the right outcomes in stimulating CPs to introduce mechanisms to ensure that they are meeting these requirements. However, as we indicated in our May 2020 response, we are concerned that the linkages between different policies aimed at up and downstream markets have not been fully assessed, including the impact the voluntary code of practice has had on incentivising CPs to conduct proactive testing, which has then caused the fault rate to jump up by creating "faults" which, in many cases, are not customer impacting. While we agree with the intent of the code of practice we do consider that it has shifted the risk from CPs on to Openreach by incentivising the creation of inefficient proactive testing methodologies that have started to proliferate, and that have created further challenges for Openreach in delivering service, often without any benefit to end customers. It is therefore right that Ofcom acknowledge this impact and assess the impact on the QoS Standards that Openreach is subject to.

21. We have explained to Ofcom previously[4] that the service tests that are in place for fault reporting[5] today have been built around a 'reactive' repair model, i.e. the repair test attempts to match a symptom that the

[4] In previous WFTMR submissions and engagements with Ofcom.
[5] On Generic Ethernet Access services

end-customer is experiencing with a condition on the line and that it has reported to its CP provider. This means that where the CP runs a line test without the symptom being reported, the line test is designed to always assume there is an issue. CPs are fully aware of this process as we have shared information about our diagnostics processes at the relevant industry fora and have made the test more sensitive over time to be able to capture these end-customer issues. [✂]. [✂].

22. We are asking for adequate protection in the QoS Standards from Ofcom given that the levels did not envisage the additional proactive testing activity when they were set by Ofcom; if proactive testing had been incorporated the standards may look different. [✂].

23. On this basis, a fair mechanism needs to be implemented so that all of the risk and cost is not passed on to Openreach – such an approach would be disproportionate. We provide specific comments on proactive repair later in this paper, and we would also like to explore an in-year mechanism to deal with significant spikes in the fault rate so that we can manage our regulatory risk throughout the compliance period – and not have to wait until the end of the year.

*Figure 2 – UK weekly fault intake*

[✂]

## Upper Percentile QoS standard for leased lines

24. In its May 2020 response to the Ofcom WFTMR consultation, Openreach set out why the current Upper Percentile QoS standard that is imposed on Ethernet services does not work as a QoS standard and needs to be removed. Openreach set out an alternative proposal based on a more comprehensive set of transparency arrangements which it believes would be proportionate replacement for the Upper Percentile standard, and importantly would not usher in any degradation to performance. Openreach further emphasised its continued commitment to delivering good levels of service for the most difficult to deliver circuits (which we believe is testified to from underlying performance delivered).

25. In evaluating Openreach's proposals, Openreach urges Ofcom not to maintain the current arrangement – which is not proportionate in that it is regularly failed even when underlying Openreach performance is at good / excellent levels. Similarly, Openreach is anxious that Ofcom does not replace one disproportionate QoS standard with a different, but equally disproportionate QoS standard – this would not address the problem that presently exists. As noted, Openreach remains committed to delivering good service levels for the most complex circuits – but if it is to be subject to SMP targets for this, these needs to be realistic and achievable, given the nature of the leased lines market.

## Ofcom should consider the impacts of these changes when setting QoS Standards on an ex ante basis

26. We request that Ofcom:

a) **Consult on the specific changes proposed in this paper**: updates to the regime on proactive repair are appropriate given the shift in CP behaviour (see paragraphs 35 and 37), the FAD QoS Standard should revert to 12 working days for the 5 year duration of this market review to help stabilise service for everyone (paragraph 44) and for Ofcom to at least retain the two High Level MBORC exemptions in our new regional operating model, as this year has demonstrated that force majeure events can be quite significant in nature. These changes will go some way to help stabilise the operating environment and not tighten regulation when market conditions are getting more challenging. Separately, we request that Ofcom update the existing arrangements on Ethernet for the Upper Percentile QoS Standard as noted above.

b) **Consider implementing an in-year mechanism to deal with spikes:** the impact of COVID-19 and proactive repair collectively is resulting in more prominent peaks in the fault rate and these spikes are much higher and more challenging to deal with than in previous years. An in-year mechanism (as opposed to waiting until the end of the compliance year) will help us to manage our regulatory obligations given prevailing operational conditions. Openreach would like to explore this further with Ofcom, including the adequacy of the existing MBORC arrangements.

c) **Take a pragmatic and flexible approach to compliance assessment *throughout* the WFMTR period (and not just at the start)**: Openreach is concerned at this stage that Ofcom may be limiting its approach on COVID-19 to just the year 1 of the WFTMR period when in fact it is quite possible that we will be observing the impacts of COVID-19 for years to come. Ofcom should not limit itself, but should retain sufficient flexibility within the regulatory framework to allow changes to the QoS regime through the WFTMR period, should COVID-19 impacts mean this is warranted. It should also be the case that Ofcom be ready to adapt its approach to compliance given that there is a global pandemic and it would not be proportionate to expect current service levels to be maintained in exactly the same way at no extra cost.

d) **Acknowledge the changes in market conditions caused by COVID-19 and proactive testing:** We would like Ofcom to acknowledge that changes in market conditions such as these can trigger a review of the QoS Standards in the legal instrument.

# Proactive repair

## Summary of request in relation to proactively tested faults

27. [✂] Openreach requests that Ofcom specifically excludes proactively submitted faults[6] from the QoS Standard specification in the WFTMR Legal Instrument. [✂].

28. In parallel, we are asking Ofcom to agree to assess the real impact of proactive testing at the year-end compliance assessment stage, using data on fault rates and its formal information gathering powers.

29. It is important that Ofcom take this approach for two reasons. Firstly, proactive testing was not foreseen by Ofcom when the QoS Standard levels were set via the 2018 WLA review and the costs were not fully built into the regulated prices that Openreach is subject to[7]. Secondly, a forecast fault rate was used to make assessments on what was reasonably achievable by Openreach in terms of service performance, and because of changes in market behaviour, the long-term fault rate trends have reversed despite continued investment in the network[8]. Simply put, some of the key assumptions that underpin existing regulatory arrangements have changed and this needs to be examined ahead of the QoS remedies being specified for the WFTMR.

30. At this stage, we are not asking Ofcom to change the QoS Standard levels[9] to account for the impact of proactive testing. However, it would not be proportionate for Ofcom to expect the same levels of service to be able to be delivered while absorbing all of the cost of proactive testing into our processes. Therefore, we request that Ofcom at least make the appropriate amendments to the regime as set out below, given the change in CP activity, so that Openreach can continue to deliver excellent service for the industry as a whole.

## Background

31. In our response[10] to Ofcom's January 2020 consultation on the WFTMR, a number of options were evaluated with regards to how the regulation could be updated to reflect the changes in conditions resulting from proactive repair, emphasising that it was Openreach that was taking on all the risk and cost and that a lack of cooperation from CPs would have overall implications for delivering great service to the whole of industry (CPs and end customers).

32. Our evaluation at the time was based on an underlying problem of not being able to identify proactively submitted faults. [✂]. We think it's right that proactive faults require a greater degree of flexibility and are

[6] We suggest a definition later in this paper.
[7] The WLA charge control incorporated the rising cost of achieving QoS Standards over the period of the control.
[8] Openreach also notes that part of the changes in the fault rate and market environment have been driven through changes in CP practices, through the emphasised importance of consumer's getting a good deal on their broadband and through the Voluntary Code of Practices created. This has caused fault rates to increase and therefore the assumptions underpinning the QoS Standard levels have therefore also changed.
[9] This is not requested at this stage, but this may change in the future depending on the severity of market conditions.
[10] Openreach response to WFTMR consultation, dated 15 May 2020.

not subject to the same strict QoS Standard obligations[11] – for reasons we set out below. Therefore, we now believe that some of the regulatory options in relation to QoS that we set out in our May 2020 response[12] can be revisited with better prospects, more certainty and a more objective approach.

33. We have also continued to attempt to keep service levels for copper and FTTC services high in the meantime; against an extremely challenging backdrop of COVID-19, continued bad weather and in a period of technological and network change. In this context, where almost all migrations to FTTP will be appointed and therefore highly resource intensive, the ongoing increase in proactive repair activity is not sustainable [✂]. We are therefore asking Ofcom to make necessary changes to the regulation to reflect market conditions and ensure that Openreach has proportionate obligations to comply with.

## Our proposal

34. It is necessary that Ofcom update the QoS Standard mechanism for repair. We think this is best done in two parts that will protect service for industry: firstly, at the "front" of the QoS Standard measurement process covering the key terms and definitions, and the "end" of the process at compliance assessment. A summary is provided below:

**Part 1) Front end: definitions**

35. Openreach requests that Ofcom update the wording in the legal instrument such that:

    a) The QoS Standard refers to the applicable Service Level Agreement, as opposed to an absolute number;[13][14] and
    b) The definition of a "Fault" in the context of QoS Standards excludes proactively tested submissions that have been marked up by the CP[15].

36. We think both updates are reasonable. Our preference would be for the QoS Standard regime to explicitly exclude all faults that had been raised proactively [✂]. However there still exists an asymmetry of information in determining what is or is not proactive[16].

**Part 2) Back end: compliance assessment**

37. Openreach requests that at the end of the compliance period, Ofcom use information gathering powers to test that the proactively marked faults by CPs accurately reflects the information provided to Openreach

[11] In addition to the same SLAs and SLGs.
[12] For example, those set out in Table 8.2 of Openreach's response to Ofcom's January 2020 consultation, dated 15 May 2020.
[13] We note that we provided comments in relation to this suggestion on 20 July 2020 in a slide deck titled "Openreach responses to Ofcom clarifications on WFTMR consultation response (provided on 15 May 2020)" and are providing the same comments here for completeness.
[14] This request is not just made in the context of proactive repair but in the event of broader industry agreed changes to repair processes.
[15] Openreach suggests that Ofcom include the unlined text to the definition of "Fault": "Fault" means a degradation or problem with MPF, SOTAP or GEA-FTTC services (as applicable) that is identified by the Dominant Provider or a Third Party and which is registered on the Dominant Provider's operational support system, *excluding those faults which were flagged and agreed by the Third Party to be resolved under a separate process*;" [emphasis added were suggestion made].
[16] The existing SLAs and SLGs will also continue to apply until any new arrangement with industry is agreed.

during the compliance period. This would help ensure that any failure against a QoS Standard was properly assessed using all relevant information.

38. [✂] it is important that Ofcom include provisions that do not set Openreach up for failure on a forwards looking and retrospective assessment basis.

## Impact of implementing these proposals

39. The resulting impact of Ofcom making the proposed updates will be to help maintain service at good levels for all customers against the QoS Standards and enable formal discussions to begin with our CP customers about the right model for proactive repair. It is simply not true to assume that a proactively submitted fault should have the same level of priority assigned to it as a reactive fault for a variety of reasons:

    - Some proactively tested faults relate to issues that are not impacting the end-customer's use of the service. It would not be right for this type of fault to potentially be prioritised over a genuine end-customer fault. Without an amendment to the core definitions of the QoS Standard regime, overall service will decline. This is a very live problem; as we attempt to keep our provision appointment books within the required range, we will increasingly become unable to service all the faults in time and customers who are experiencing genuine issues will generally experience a longer wait time for issues to be resolved.
    - A proactively submitted fault is more likely to relate to a minor impairment on the line at a particular point in time (e.g. at 1am), whereas a reactive fault could be a total and longer-term loss of service fault. This is because there is no end-customer symptom to understand whether the issue identified occurred at snapshot in time or over a prolonged duration.
    - Openreach is liable to pay SLG payments where we have not been able to repair the fault in the timescales set out in the contract which is based on the level of harm caused by the repair taking this much time. It is not proportionate that this same logic applies to a proactive fault in all cases when no harm has been caused or loss incurred, but instead a separate regime is likely required[17].

40. It is right for these reasons to be tackled at an industry level to agree a sustainable approach to this new concept. We cannot agree a new way of working if we are bound by regulation that didn't adequately capture proactive testing.

41. Separately, without adequate and relevant updates to the QoS Standard regime for repair standards, provisioning performance will also be impacted. It is important that Ofcom do not try and "decouple" the provision and repair QoS Standards as they are inherently linked: we must manage the work stacks together to allow flex between the different demands on the business. For example, during times where the fault intake has spiked (for example as a result of a particularly bad storm), we focus the work force on repairing issues to get customers back into service as quickly as possible, using flex in the provision work stack to be able to do this. Our resource and allocation planning allows for this requirement, using fault rate forecasts to determine where to focus resource in order to balance our QoS Standard requirements.

[17] [✂].

42. However, what we are now observing is a continued and unsustainable strain on repair which will subsequently have impacts on provision work too. Without the necessary updates to the QoS Standard regime, the greater level of faults will lead to one or more of the following impacts:

    i. Longer lead times for customers buying broadband: more repair work driven by external factors will mean more resource will need to be diverted to repair work and could impact the number of appointment slots for provision. We are separately requesting that Ofcom revert the First Available Date (FAD) appointing QoS Standard back to last year's levels (89% / 12 working days) to support the additional challenges we are facing. Without this change, provision performance will likely suffer as a result of proactive testing and putting risk on QoS Standard performance.

    ii. [✂].

    iii. Missed appointments for provision work (and repair): in attempting to try and meet the provision FAD QoS Standard by keeping appointments offered within the required levels, we risk not having the capacity available to attend all customer commitments which could result in higher missed appointments. This would subsequently impact both provision and repair timescales.

    iv. A poorer customer experience for consumers and businesses is a significant risk as at present Openreach has no ability to identify customer reported (reactive) issues from robotically generated proactive issues. This risks genuine customer harm due to the clear risk of prioritising non-essential proactive (automated) faults over those reported by customers in distress.

43. Openreach strongly believes that each of these proposals set out above should be implemented to help protect service. Without these changes, it is likely that there will be long-lasting detrimental implications for service levels across industry on existing services, but also will impact take up of new services. This is not a case of simply increasing resource to deal with more volumes and it would be wrong of Ofcom to assume such an approach was required, particularly given current market conditions,

## First Available Date (FAD) QoS Standard

### Summary of request on FAD

44. Openreach requests that Ofcom, in setting the QoS Standards for the WFTMR period, reverts the appointment availability ("FAD") QoS Standard back to 12 days. That is to require Openreach to offer a first available date in 12 days on 89% of occasions in each year.

45. There are two reasons that Ofcom should make this change[18]:

[18] This section should also be read in conjunction with the comments made in the previous section.

a) It is right to assess whether this level is still proportionate and achievable in today's current environment. Proactive testing from CPs has injected significant volumes of unforeseen work into Openreach's workstacks, which was not forecast when Ofcom set these levels. This means that when trying to balance provision and repair requirements, tightening the FAD QoS Standard in year 3 of the WLA (2020/21) removes some of the flexibility Openreach has in order to deal with fluctuations in volume. In a time where we are now dealing with the direct and knock-on implications from the COVID-19 pandemic, removing that flexibility is likely to cause problems and it is right that going forward into the WFTMR the FAD remains at a proportionate level.

b) Where circumstances permit it over the period of the WFTMR, tightening the QoS Standard may in fact lead to overall longer lead times for end-customers. This results from the incentive for Openreach to try and "beat" the QoS Standard (in order to try and have a fair chance of meeting it) by offering a much shorter lead time, but where CPs may be unable to consume such an appointment (they or their end-customers may not be ready for an appointment in such a short period of time). Consequently, a later appointment is chosen, which is likely to be after the QoS Standard timeframe. [✂][19].

## Background

46. Openreach has been offering a good service on appointment availability; we have always achieved the required standards set by Ofcom, exceeding them wherever possible. We have invested heavily in service over recent years and prior to the COVID-19 pandemic and the introduction of ill-constructed proactive testing processes from CPs we were in the strongest service position Openreach has observed for some time.

47. In December 2019[20] Openreach described service levels as being "excellent" but that a change to "steady-state" could mean that flat QoS Standard levels could mean that Ofcom's proposals were no longer achievable. We believe that this is the case now. Ofcom must be prepared to re-set the QoS Standards more generally due to the changes that are being observed in the market, and we believe that FAD requires immediate attention.

48. In the current conditions and given the fact that the QoS Standard was only recently tightened (1 April 2020) we are already required to meet tougher conditions. This is not proportionate in the context of COVID-19 and proactive testing and we request that Ofcom revert the standard to last year's levels in order to provide that much needed flexibility to deliver overall good levels of service.

## Linkage between provision and repair QoS Standards

49. It is important that Ofcom does not view this request solely in relation to First Available Date performance. As noted above the QoS Standards are intrinsically linked and there is a balance to be flexed between provision demand and repair demand. For example, in periods where the fault intake has sharply risen

[19] [✂].
[20] In a meeting between Openreach and Ofcom, 4 December 2019.

because of bad storms, Openreach will typically prioritise repair jobs over provision as it is generally considered better practice to get existing customers back into service first.

50. By tightening the provision FAD QoS Standard further, Ofcom removes two days of flexibility in managing repair. When fault intakes are at their highest recorded level [✂], this two day period represents a significant challenge. At the time of setting this level in the WLA, we could not have foreseen that proactive testing would introduce an industry wide challenge nor that COVID-19 would take place. It is therefore not proportionate that Ofcom continue with a more challenging measure that is not required by CPs and could push Openreach's service operation to an inefficient level.

51. There is a very difficult balance to be struck between provision and repair given the current climate, and we would need to ensure that we have sufficient contractor resource at the right times and not reduce total capacity given the current stretch on resources. This is why it is particularly important not to have a provision measure that is overly tough as it could create inefficiencies and impact overall capacity. [✂]

52. In addition, if high provision intakes are sustained and increased pressure is put on the FAD QoS Standard, Openreach may have to divert resource onto the appointment books to avoid exceeding the allowable standard. This means that this resource will not be available as a flex point for any movement on repair intakes and therefore potentially impacting repair performance at a future point.

53. Given the significant and challenging conditions that Openreach is facing we do not think it is right that Ofcom continues to impose a more stretching standard; it is not proportionate in these times to require this and we urge Ofcom to reset this measure based on the new environment that we are in.

## [✂]

## Annex 1 – differences in FTTP network typology and reasons why determining measures and metrics (via SLAs, SLGs or QoS Standards) is premature

Table 1[21]

| Reason | Detail / examples |
|---|---|
| **Support systems still in development** | • Many of the network solutions to deliver FTTP are still relatively immature and will change as the product evolves through both Openreach and CP initiatives. |

[21] Table 1 is a simplified version of Table 8.4 in Openreach's response to Ofcom's WFTMR consultation, dated 15 May 2020, p204.

| Reason | Detail / examples |
|---|---|
| **Network topology and delivery processes** | • FTTP services will often need extra civils work (and therefore more work to do) compared to an MPF, WLR or FTTC job; will often need our engineers to safely work at height to remove and replace the copper lead-in with full fibre, including the need to use a Tetra ladder safety system or hoist; and will always require the installation of a new demarcation point within the premises and therefore an appointed, hosted visit to install and connect this equipment, known as an optical network terminator (ONT).<br>• MPF and FTTC jobs are therefore typically much simpler and quicker than FTTP jobs, with a large proportion being achieved with a visit to the local street cabinet and no customer visit. |
| **Too early to know what the appropriate measures are** | • Implement targets based on an inappropriate metric or measure, for example if a metric originally based on MPF services was applied to FTTP, may mean that the regulation could become unfit for purpose, disproportionate, or unachievable because the wrong aspects of the customer journey are being measured. |
| **Too early to determine "targets"** | • Insufficient volume on the network to assess capacity management, report statistically significant failure or repeat rates.<br>• Inappropriate levels could lead to inefficient costs incurred by Openreach because of the service level being set at the wrong (i.e. too high) a level. |
| **Development of build methods** | • Build methods are changing as we experiment with new components, techniques and processes and explore new models with CPs.<br>• Until we reach a point where the build process is sufficiently developed and refined to run at full capacity and the highest possible quality, there are likely to be L2C performance impacts as we find the optimal solutions with greater volumes.<br>• Openreach has mainly developed most of our learning to date with only one major CP; with most of the other big CPs coming on board in the next year, we expect to gain much more learning that will drive us to change the delivery processes even more. |
| **Low volumes** | • While we are dealing with relatively low volumes on FTTP services and CPs only just starting to consume, it is not appropriate to use these volumes as a base for setting service or performance based on regulatory targets. |
| **Customer experience still being developed** | • Our priorities, at this stage in the product's development, are for full scale roll-out and setting the broader customer experience. Setting targets too early could be counterproductive. |
| **Other forms of "quality of service"** | • We are in the process of reviewing other aspects of the product offering over and above the delivery process, e.g. identifying metrics around network stability and reliability, and how these can be impacted by elements in the CP domain too. |

| Reason | Detail / examples |
|---|---|
| **Fault management differences** | • It is often assumed that fibre infrastructure is less prone to faults than copper due to the absence of some of the characteristics that make copper susceptible to issues, for example distance limitations and moisture ingress. However, there are other issues that we are still learning about that are specific to fibre, such as the fact that it is much more delicate to handle and physically install.<br>• FTTP repair work could also theoretically require a more complex resolution, for example when the fibre had been damaged. |
| **Variants to the FTTP provision process** | • While we roll out FTTP, there are numerous different variants of the provisioning (L2C) process[22] and it would not be appropriate to have a measure that grouped all of these together into one single metric, nor would it be appropriate to set measures based on a particular level of build activity because this will change over time.<br>• We are tracking and monitoring a large number of build variants today and we expect these to change (and consolidate) over time. |
| **Resource / skill levels** | • The FTTP network is not yet ubiquitous and therefore engineering skill has not yet been rolled out to the full workforce, therefore task times cannot be measured in the same way as for other products. |

[22] For example, in relation to whether the site is a new build or not, the degree of and complexity of infrastructure build required, whether network deployment is overhead or underground, internal or external build, business or residential needs, single occupancy or multi occupancy dwellings, permanent or temporary sites. Further detail can be provided on these if required. Some of these do not yet have matured systems or baselined order journey performances. Where this is the case, these types of installation are highly localised today, are manually managed and walked from team to team and are only done under the guise and within the wider context of our proactive plan and build activity without the scrutiny or delivery commitments associated with a specific L2C order.