



# BT Compliance Committee Bulletin

**Issue 14**

August 2021

## Introduction

Welcome to Issue 14 of the BT Compliance Committee Bulletin, in which we provide an overview of the items considered at the BT Compliance Committee's (BTCC) July 2021 meeting. We also provide an overview of the changes to the core DCR documents, including the Commitments, which came into effect on 28 May 2021. The updated versions of these documents have been published on the [BTCC's website](#).

Our guest speakers at the July meeting were Marc Allera, the Chief Executive of BT's Consumer unit, and Mike McTighe, Openreach Chairman.

The BTCC also heard about, and discussed, the following topics:

- Ongoing activities in BT to ensure senior leaders are able to keep the commitments front and centre of their minds
- Recent developments around BT's delivery on the Broadband USO programme,
- Monitoring reports on the Financial Planning and Strategy Development processes, as well as how Openreach is developing its FTTP pricing proposals, and
- A deep dive into BT Group's new financial reporting system SAP.

In addition the BTCC considered and decided on three cases (one trivial breach of the Commitments, one trivial non-conformance with process, one no-breach) and received an update on remedial actions in previously decided cases.

Finally, the BTCC approved its 2020/21 Annual Review, which has now been [published](#).

The BTCC's next meeting will be in early November 2021. If you would like to get in touch in the meantime, please contact us via [cao@bt.com](mailto:cao@bt.com).



George Ritchie  
Commitments Assurance Director  
24 August 2021

## 1. BTCC focus areas

### 1.1. Views from BT's Consumer unit

The guest speaker at the July 2021 meeting was Marc Allera, Chief Executive of BT's Consumer unit. Marc gave Consumer's perspective, as a customer of Openreach, of how Openreach has engaged with communications providers to develop its fibre pricing proposals and the progress Openreach is making on rollout of its FTTP network. He also offered his views on Consumer's overall customer-supplier relationship with Openreach.

### 1.2. Views from Openreach

The BTCC welcomed Mike McTighe, Openreach Chairman, who shared his perspectives on how the Commitments are operating at present, and potential medium and longer-term challenges that Openreach and BT may face as stakeholders work to bring fibre to the premises to all parts of the nation.

### 1.3. BT Report

Sabine Chalmers, Group General Counsel and Director of Regulatory Affairs, and Clive Carter, Regulatory Affairs Director, reported to the Committee on developments since the April 2021 meeting, including:

- Ofcom's Openreach Monitoring Unit (OMU) is preparing for its next monitoring report, and is seeking stakeholder views on their perceptions of how the Commitments are operating;
- BT is facing a number of strategic issues, such as copper retirement and exchange rationalisation, and is actively considering how to run these programmes in line with the Commitments; and
- Group Regulatory Affairs and HR have supported BT with the recent Organisational Design changes in BT. These are now substantially complete, with monitoring work ongoing to ensure they "bed in" effectively.

In addition, with regard to the Broadband Universal Service Obligation (USO), Clive summarised the status of Ofcom's investigation into BT's method for calculating excess costs in relation to Broadband USO and the assurances BT has offered to address these. He explained Ofcom is consulting proposals to modify its Broadband USO rules.

### 1.4. Monitoring and Compliance Report

#### 1.4.1. Embedding the Commitments : Matters Raised by the OBARCC in May 2020

In May 2020, Edward Astle, Chair of the Openreach Board, Audit, Risk & Compliance Committee (OBARCC), wrote to the BTCC Chair about a number of issues described as individually being relatively minor and technical but which the OBARCC felt gave rise to concerns as to how fully embedded the Commitments were.

The CAO reported to the BTCC on the extent to which BT has taken on board the learnings from those issues. The BTCC heard that the matters raised by the OBARCC Chair had served as a warning to BT. Some involved a lack of awareness of the Commitments – and in others there was no intent to undermine the Commitments but there had been a failure to bear them in mind. The BTCC heard that since May 2020 BT has invested considerable effort in refreshing the Commitments messages with senior leaders, in explaining why what they do matters and how seemingly small individual instances contribute to a bigger picture.

The CAO's review also showed that BT is in a better place culturally than it was 12 months ago. The big strategic decisions (FTTP investment and pricing) and the Financial Planning and Strategy Development processes worked as expected. Group HR now regularly engage with the CAO on any pan-BT proposals, and their slides for the ExCo SLT review this year showed they had taken on board the issues raised last year.

The BTCC heard, however, that the need for vigilance remains. Stakeholders continue to look for signs of BT's commitment to greater independence for Openreach, and the BTCC agreed it is healthier for any potential compliance issues to be called out quickly and addressed constructively. The BTCC notes that it can draw comfort from knowing that if the OBARCC does have concerns that it will alert the BTCC of these promptly.

#### 1.4.2. Financial Planning and Strategy Development Processes

The Committee received a report from the CAO on its monitoring of the key Commitments processes. The Financial Planning and Strategy Development processes continue to operate well at a working level. The joint monitoring by the CAO and Openreach's Commitments Monitoring Office (CMO) has not highlighted any issues of concern. Both processes have "bedded in", benefiting from having now been through several cycles, and have operated smoothly. The Financial Planning process culminated in the approval of the MTP by the BT Group plc Board in May 2021, which included the Openreach AOP/MTP as approved by the Openreach Board.

#### 1.4.3. FTTP Engagements and Pricing

The CAO reported to the BTCC on the monitoring work undertaken in cooperation with Openreach's Commitments Monitoring Office (CMO) around Openreach's development of its long-term FTTP pricing proposals. The CAO and CMO found these were handled in line with the [Commercial Processes](#) guidance note.

#### 1.4.4. Refresh of Guidance Notes on Key Processes

The CAO also reported that BT and Openreach are in the process of refreshing their suite of [guidance notes](#), including Financial Planning, Strategy Development and Commercial Processes, to reflect experience gained in operating them for a number of years, changes to processes, and organisational changes in BT. The review is focused on simplifying and clarifying the processes to support effective operation, with key governance anchor points essentially left unchanged. The refreshed guidance notes will be published once they have been agreed by BT and Openreach and following approval by the Openreach Board.

#### 1.4.5. SAP – Making Finance Brilliant: Deep Dive

The Committee received the CAO's report about its monitoring of BT's implementation of the new SAP financial reporting system. The CAO and Openreach's CMO have monitored the introduction and launch of SAP since 2020 from a Commitments compliance perspective. Post-launch, the main focus area, in terms of Commitments compliance, is around ensuring correct management of sensitive Openreach information in SAP while enabling legitimate access by some users in BT (namely relevant people in Group Finance, Digital and Networks). The CAO and CMO have attended two demonstrations of SAP covering how the system works (types of reports available, user volumes and the user access controls in place to ensure only appropriately approved non-Openreach people can access Openreach information) and how the SAP Governance, Risk and Compliance (GRC) module used to manage user access approval requests for the SAP system works. The CAO reported that the information controls to ensure appropriate access to Openreach commercial information for SAP users are working well at present.

The BTCC also heard from a senior manager in Openreach's Finance team that Openreach are comfortable that they feel they have the right day-to-day level of control in terms of approving users to access Openreach data via SAP. In addition, a senior manager from Group Finance responsible for the Making Finance Brilliant (MFB) programme reported that the controls are also working from an enterprise risk management perspective for BT. Both Openreach Finance and Group Finance reported they have a healthy working relationships, with clear roles and responsibility, and any issues that do arise are effectively managed at the working level.

#### 1.4.6. Group Internal Audit Report

The BTCC received a report from Chris Tall, Internal Audit Director, setting out the audits relevant to the Committee's work that have been undertaken by Group Internal Audit over the past six months (together with the audit findings and recommendations), together with details of planned audits for 2021/22.

#### 1.4.7. BT decision to keep deregulated products in Openreach – Commitment 3.6

The Committee received confirmation of BT's decision about whether to move the WLR, ISDN2 and ISDN30 products out of Openreach in line with Commitment 3.6. This follows Ofcom's March 2021 Wholesale Fixed Telecoms Market Review (WFTMR) statement, in which Ofcom found BT no longer had significant market power in the WLR, ISDN2 and ISDN30 markets and deregulated them. As required under Commitment 3.6, BT notified Ofcom on 18 June 2021 that it intends to leave products in the WLR, ISDN2 and ISDN30 markets in Openreach as BT considers it would be impractical to move them to another division because these are legacy products on platforms which are in the process of being closed down.

## 2. Quick Checks and Breaches Report

### 2.1. Quick Checks

The BTCC did not review any new “quick checks” at its July meeting.

### 2.2. Cases notified to the BTCC for consideration

The BTCC considered and decided three cases at the July meeting. Two cases were referred by BT’s Senior Manager, CRC. The third case had been investigated by the CAO at the request of CRC.

The Committee agreed with the recommendation in each case, decided that there had been one trivial process non-conformance, one trivial breach of section 10(1)(b) of the Commitments, and one case was not a breach of the Commitments. The cases are summarised below:

- Case CAO-35: Enterprise directly contacting Openreach SOGEA team.** An Enterprise Specialist who previously worked in Openreach directly contacted a former Openreach colleague twice for help resolving address matching issues for 10 premises in total. The BTCC agreed with BT’s recommendation that, as the purpose of the contact was legitimate but the correct channel had not been used, this was a **trivial non-conformance** of BT’s policy on using industry standard processes for contacting Openreach. As remedial action, CRC briefed the Enterprise Specialist to remind them of the correct process for contacting Openreach.
- Case CAO-36: Group Billing Services (GBS) incorrect information sharing with Enterprise.** A CP asked their Enterprise Account Manager for assistance with understanding an Openreach invoice. The Enterprise Manager raised this with a GBS Collections Specialist, who sent not only the information needed to resolve the matter but also more detailed (and commercially sensitive) details on the CP’s network schematics which was not required by Enterprise to resolve the customer’s billing issue. The BTCC agreed with BT’s recommendation that, while the issue arose in the context of seeking to help the CP resolve the billing issue, this nevertheless constituted a **trivial breach of section 10(1)(b) of the Commitments** that BT employees shall not have inappropriate access to Openreach Customer Confidential Information (CCI). As remedial action, CRC held meetings with GBS to remind them of the need to take due care when handling Openreach CCI.
- Case CAO-37: Technology KPIs in ExCo slide.** A slide was shared at BT’s Executive Committee (ExCo) containing a table of Technology’s KPIs, including volumes of Openreach’s Cablelink provided by Technology (as a supplier to Openreach) in the preceding periods (month, quarter and year). Cablelink is used by CPs to provide connectivity within exchanges. One CRC employee had cleared the deck for circulation; subsequently another CRC employee questioned if the information was actually Openreach Commercial Information (CI). Given CRC’s prior involvement, CRC asked the CAO to investigate. After speaking with Openreach, the CAO’s review found that the actual information in the slide was insufficiently granular to be commercially valuable. The BTCC agreed with the CAO’s recommendation that this was **not a breach** of section 10(1)(c) of the Commitments as on balance the data was not Openreach CI. Nevertheless, CRC confirmed the relevant report has been amended so as not to include the Cablelink information in the future.

### 3. Overview of recent changes to DCR Core Documents

In May 2021, BT notified Ofcom of a number of administrative or “housekeeping” changes to the Commitments, Governance Protocol, Openreach Northern Ireland Governance Protocol, and Agency Services Agreement. These changes came into effect on 28 May 2021 and updated versions of these documents were published on the [BTCC’s website](#) the same day. The changes are summarised below.

Change	Explanation	Document(s)
Definition of “Commercial Information”	<p>BT amended the definition of “Commercial Information” to include “Network Coverage &amp; Capabilities”.</p> <p>This aligns the definition in the Commitments with the definition used by Ofcom in SMP regulation.</p>	<ul style="list-style-type: none"> <li>• Commitments</li> </ul>
Training & Monitoring	<p>BT amended section 17 of the Commitments (Codes of Practice) to reflect that guidance to employees is set out in other documents (such as <a href="#">Guidance Notes</a>) and not just Codes of Practice.</p> <p>To effect this change BT has introduced: (a) a new definition of “Commitments Guidance” that incorporates the Guidance Notes and the process documents used to explain the information management rules; and (b) a new definition of “Guidance Note”.</p> <p>BT has also added a reference to “Commitments Guidance” in paragraph 7.6(a) of the Governance Protocol to clarify the OBARCC’s review role.</p>	<ul style="list-style-type: none"> <li>• Commitments</li> <li>• Governance Protocol</li> </ul>
OBARCC Commitments Compliance Report	<p>In paragraph 7.6(f) of the Governance Protocol the reference to “Openreach Report” has been changed to “OBARCC Commitments Compliance Report” to provide clarity.</p>	<ul style="list-style-type: none"> <li>• Governance Protocol</li> </ul>
BT incentive plans	<p>At the BT Group plc Annual General Meeting on 16 July 2020, BT shareholders approved a new discretionary long-term incentive plan: the <a href="#">BT Group Restricted Share Plan</a> (RSP). BT did not renew the BT Group Global Share Option Plan (GSOP), the BT Group Incentive Plan (ISP) or the BT Group Retention Share Plan (all of which were referred to in section 8.3(b) of the Commitments).</p> <p>BT has updated section 8.3(b) of the Commitments to reflect the introduction of the RSP.</p> <p>In addition, BT has added “or any other BT share plan” to section 8.3(b) of the Commitments to cover employees under previous share schemes, and removed title case from “Openreach Incentive Plans” (along with removing the definition) to help future proof the wording.</p>	<ul style="list-style-type: none"> <li>• Commitments</li> </ul>

Change	Explanation	Document(s)
Definition of “BT Pension Scheme”	The rules of the BT Pension Scheme have been amended since 5 April 2016, so BT added “as amended” to the definition to provide clarity on this point.	<ul style="list-style-type: none"> <li>• Commitments</li> <li>• Agency Services Agreement</li> </ul>
Name changes: updating “Line of Business” (LoB) to “Customer Facing Unit” (CFU)	<p>In 2018, BT re-structured and adopted the term “Customer Facing Units” to describe its units, including Openreach, which directly serve customers. References to the “Openreach LoB” (Line of Business) have been changed to the “Openreach CFU”.</p> <p>In order to protect pre-existing arrangements (such as contracts, trading agreements or protocols) that reference “LoB” instead of “CFU”, BT’s definition of “Openreach CFU” includes: “and was formally referred to as the Openreach line of business or “LoB””.</p>	<ul style="list-style-type: none"> <li>• Commitments</li> <li>• Governance Protocol</li> <li>• Agency Services Agreement</li> <li>• Northern Ireland Governance Protocol</li> </ul>
Name changes: updating BT Group Committee names	<p>BT made two changes reflecting current governance structures:</p> <ul style="list-style-type: none"> <li>• “BT Group Operating Committee” has been changed to “BT Group Executive Committee”; and</li> <li>• “BT Group plc Nominating &amp; Governance Committee” has been changed to “BT Group plc Nominations Committee”.</li> </ul>	<ul style="list-style-type: none"> <li>• Governance Protocol</li> </ul>
Change from “Technology” to “Networks” and “Digital”	This change reflects BT’s new organisational structure. The changes allow for the Digital and Networks units to act as both Supplier to and Customer of Openreach, as required.	<ul style="list-style-type: none"> <li>• Commitments</li> <li>• Agency Services Agreement</li> <li>• Northern Ireland Governance Protocol</li> </ul>
Artemis system added to Annex B list	<p>Artemis is a newly introduced pan-BT risk management system. Risk management is an agreed pan-BT function (in the Governance Protocol Part A, 2.21, and Part C).</p> <p>In order for it to be fully utilised by Openreach, BT added Artemis to the list of Management Information Systems in Annex B to the Commitments, as an exception to the requirement for Level 2 System Separation per paragraph 13.2 of the Commitments.</p>	<ul style="list-style-type: none"> <li>• Commitments</li> </ul>

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