

Ian Strawhorne
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Ofcom
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26 May 2023

Dear Ian,

RE: Ofcom's annual Openreach monitoring report

Thank you for your time on Monday to discuss the Openreach Monitoring Unit's key areas of focus as you prepare Ofcom's annual Openreach monitoring report. I thought it would be helpful to set out a few of the most recent relevant developments from our perspective for the OMU's next report.

The frameworks Ofcom established under the DCR and the WFTMR are clearly delivering on their policy goals. The Commitments stemming from the DCR were designed to reduce the risk of downstream discrimination with greater Openreach strategic independence and laid the groundwork for better customer outcomes. The WFTMR built on this, providing regulatory certainty to encourage full fibre investment and stimulate competition.

On consumer outcomes, there is ongoing investment and significantly greater broadband choice for consumers. Ofcom has found consumers are getting higher speeds and more data for lower prices.¹ Widespread full fibre rollout has been delivered as a result of investment by both altnets and by Openreach. Openreach has rolled out full fibre to 10.3m premises² and intends to reach 25m premises by the end of 2026, funded by £15bn of investment.³ Altnets have doubled their collective footprint each year and are expected to reach extend coverage from 8.2m to 11.5m premises by the end of 2023, funded by approximately £17bn of investment.^{4,5}

The Commitments culture has become an established part of BT and Openreach's DNA. BT remains steadfastly committed to Openreach greater strategic and operational independence whilst acknowledging BT Group's legitimate interests as parent. End customer satisfaction remains high with 93% of customers survey responses scoring Openreach between 8 and 10 in Q4 2023.⁶ Openreach remains responsive to its customers, as evidenced by Equinix 2 pricing in response to CPs' asks, and also by its co-provisioning relationship with Sky.⁷ Ofcom outlined various outcomes it desired to see following the DCR in relation to Openreach's performance, and these have largely been delivered over six years.

We continue focussing on our culture supporting the Commitments. The Commitments are now well embedded in BT's processes. We continue promoting the right culture through targeted training

¹ Ofcom, [Pricing trends for communications services in the UK 2022 report](#), Figure 19

² BT Group, [Q4 FY23 results release](#)

³ BT Group, [Q4 FY21 results release](#)

⁴ Ofcom, [Full fibre to reach half of homes, as competition drives better broadband](#), 17 February 2023

⁵ INCA / Point Topic, [Metrics for the UK independent network sector](#), May 2023

⁶ BT Group, [Q4 FY23 results release](#), page 9

⁷ In early 2022, Openreach signed a memorandum of understanding on a framework with Sky on FTTP co-provisioning, with Sky engineers completing the majority of their FTTP in-premises provisioning activities on Openreach's FTTP network. For more information, see BT Group's [Q4 FY22 results release](#)

and messaging, with sessions for newly appointed ExCo members and other senior leaders throughout the organisation and a keen focus on the “higher risk” communities, as detailed in the BTCC’s annual report. This is in addition to our continued Commitments training for all colleagues; and is also alongside our continued rollout of “Azure Information Protection” allowing confidentiality markings to be added to emails and documents, to help prevent inadvertent sharing of Openreach Commercial Information or Customer Confidential Information.

We are maintaining our processes to support the Commitments as new issues come up. We have been very clear that the Commitments cannot be static and remain effective. This year, we have had three main areas of focus: the Commitments Simplification Programme; updated guidance for major BT strategic initiatives governance; and reviewing systems separation approaches.

- We have reviewed how the structures, controls and processes supporting the Commitments are working and streamlined them so they are more efficient and effective. Our Commitments Simplification Programme has, for example:
 - Simplified information sharing controls so they are easier to understand, use and administer - including setting out in one place the information that can be legitimately shared between BT and Openreach to meet our legal, regulatory and fiduciary duties.
 - Introduced new and improved Commitments mandatory training, guidance and communications with more up to date case studies based on user feedback.
 - Migrated several systems which supported Commitments assurance activities from legacy platforms giving us improved capabilities to monitor and assure compliance.
- The Commitments were drafted more than six years ago, with a focus on the BT and Openreach networks at the time. BT Group is undergoing a significant network transformation, with a number of cross cutting strategic programmes that require co-ordination across both BT Group Corporate and Openreach activities. To enable Commitments compliant co-ordination on such strategic programmes, we have set out and agreed with Openreach updated formal governance principles for major BT strategic initiatives. The first application of these governance principles has been on exchange closure, again agreed between BT Group and Openreach. We will shortly send you the detail of this exchange closure governance.
- Looking to the future, BT, like many telcos, is moving many systems to cloud-based pay as you go models, which offer improved efficiency, security and resilience. As we do so, we want to make sure we remain consistent with the Commitments principles on system separation. The language on system separation in the Commitments does not necessarily translate clearly to a cloud-based environment. Going forward, we will keep under review whether it would be helpful to clarify our interpretation of the Commitments to make sure that, as we migrate new systems to the cloud, we remain true to Commitments principles of guarding against downstream BT having undue advantage over competitors.

BT Group assures the Commitments through the BT Compliance Committee. Full details of the BTCC’s activities in the last year is set out in its annual report. The BTCC continues to spend a large portion of its time on stakeholder engagement, reflecting the importance the BTCC places upon this activity. And it continues to also focus particularly on deep dives and CAO monitoring, as detailed in the BTCC’s report.

We look forward to working with Ofcom and other stakeholders on continuing the future evolution of the Commitments and on supporting the outcomes of the WFTMR.

Your sincerely,

Clive Carter