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Ofcom
Sent by e-mail to: ian.strawhorne@ofcom.org.uk

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Dear Ian,

RE: Ofcom's annual Openreach monitoring report

Thank you for your continued engagement with us on the Commitments. As you prepare for the Openreach Monitoring Unit's next report, I thought it would be helpful to set out some of the most recent relevant developments from our perspective for your report. In recent years, the OMU's report has focused on both the Commitments and WFTMR outcomes; however, we trust that this year Ofcom will reserve its position on WFTMR matters until the conclusion of the Telecoms Access Review, to enable Ofcom to complete a full, evidence-based review.

The frameworks Ofcom established under the DCR are clearly delivering on their policy goals, which were to reduce the risk of downstream discrimination with greater Openreach strategic independence and to lay the groundwork for better customer outcomes. There is ongoing investment and significantly greater broadband choice for consumers. Ofcom has found consumers are getting higher speeds and more data while prices have fallen over the last five years.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 over 14m premises² and intends to reach 25m-30m premises by FY28-FY30.³ And altnets (excluding VMO2) have provided 12.9m premises with full fibre coverage and expect to reach 16.7m premises by the end of 2024.⁴

Furthermore, the Commitments culture continues to be an established part of BT's 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 Openreach achieving an Excellent Trustpilot rating and 93% of customers survey responses scoring Openreach between 8 and 10 in Q4 2024.⁵ Ofcom outlined various outcomes it desired to see following the DCR in relation to Openreach's performance and these have largely been delivered over seven 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 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. Since April 2023, we have delivered training to nine people at exec level, including three Non-Executive Directors. We have also trained 715 others in high-risk areas since April 2023, including third parties supporting our new Chief Strategy & Change Officer, and sent out Commitments compliance communications to 855 people in our Networks unit. This is in addition to our continued

¹ Ofcom, [Pricing trends for communications services in the UK 2023 report](#), Figure 2

² BT Group, [Q4 FY24 results release](#)

³ BT Group, [Q4 FY24 results presentation](#)

⁴ INCA / Point Topic, [Metrics for the UK independent network sector](#), 25 May 2024

⁵ BT Group, [Q4 FY24 results release](#), page 10

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 including from mobile devices, 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. This year, we have had two main areas of focus, CCTV governance and systems separation:

- On CCTV, we have developed a new governance process to monitor compliance with the Commitments and track overall volumes. This involves monthly governance review meetings between BT Group Regulatory Affairs / Compliance, Openreach and BT Security. It also involves weekly meetings between BT Security and Openreach to monitor incoming orders. We are currently well below the order volume thresholds agreed with Ofcom and our second line assurance team has found "no areas of concern" with our overall approach to date.
- 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. Therefore, as discussed with you, we are reviewing 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.

We have also continued to embed our revised exchange closure governance arrangements, which we shared with Ofcom on 12 July 2023. The exchange closure programme does not fit neatly into the Commitments framework: they are not assets that Openreach manages on behalf of BT, as Openreach does not manage BT's relationship with Telereal and cannot control the use of exchange buildings by non-Openreach customers. Similar to PSTN networks, there is a more complicated supplier-customer relationship between BT Group and Openreach. Overall, our approach to exchange closure is to set a clear strategic goal for Openreach on closure, but leave Openreach to develop and consult on practical approaches to migrating its customers out of exchanges to be closed. We would expect any stakeholder issues or concerns on the exchange closure programme to be raised through Ofcom's Telecoms Access Review including links to copper retirement policy. We trust that Ofcom will reserve its position on exchange closure matters until the conclusion of the Telecoms Access Review in which we understand that they will be considered, to enable Ofcom to complete a full, evidence-based review.

BT Group assures the Commitments through the BT Compliance Committee. Full details of the BTCC's activities in the last year will be 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 the BTCC will detail in its report.

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

Your sincerely,

Clive Carter