



Ref: BM-001-16

Stephen Unger
Ofcom's Group Director, Strategy, International,
Technology and Economist Group

25 January 2016

Via Email

Dear Mr Unger,

The Ofcom DCR and the future of BT

We are writing on behalf of the membership of both the Communication Workers' Union and Prospect. Between us we represent the overwhelming majority of BT's workforce. The CWU has about 45,000 members who work for BT and Prospect some 15,000. We are confident that we speak for them when we express our deep concern at the way the increasingly politicised debate about the future of BT is progressing. Since the announcement by Ofcom of its Digital Communications Review (a review we welcome, on behalf of our members throughout the UK telecoms sector – we represent thousands of workers in practically every company in the sector), we have seen increasingly strident calls for the break-up of BT. The call last weekend by 121 UK Members of Parliament for the break-up of BT has led us to conclude that we must now intervene directly in this debate, by writing to you and by asking for an urgent meeting.

Our members in BT would view such a break up as a disaster. And it is clear that our members outside BT would see no practical benefit to them from such a break-up. Indeed many, who work indirectly for BT or who work for companies that rely on BT for network and other services, would view such a break-up as disastrous for them too.

We believe separating Openreach from the rest of BT, either by forcing BT to divest itself of Openreach, or by making separation a virtual reality, would dangerously undermine the UK's only universal network provider's basic ability to modernise that network and make it genuinely available to every customer across the whole of the UK. It is absolutely clear that no other company is even willing to consider extending a network it provides, or could build, to anything approaching the coverage BT as a single entity can provide (or in fact already provides). Not even BT can do so without public money to match its own (by the way, by any measure, colossal) investment. This was amply demonstrated by the fact that of all the companies that initially showed any interest in the BDUK process, ultimately only BT has actually proceeded with it.

Breaking BT up, actually or substantially, would critically undermine BT's ability, and its shareholders' willingness, to countenance continuing its current investment, let alone extend it. Extending high-speed broadband to every customer in the UK is never going to make financial or commercial sense for any private company. It can only make sense as part of an overall investment that by and large makes commercial sense. The less secure the company making that investment is, the less likely that it can ever make commercial sense. Breaking up BT would massively undermine BT's business model, making the necessary investment impossible.

We strongly support the notion that the Universal Service Obligation to provide at least 10MB broadband to every UK customer in the UK should be introduced. In fact we would go further – in less than a decade, we do not believe 10MB will be anything like enough. This is necessary for UK

plc and it is necessary for UK society. It is an essential political, social and economic goal for the UK. If BT is broken up, it will not happen. Our members in BT and in the industry generally recognise that. That is why all of them, not just our BT members, oppose the break-up of BT. It is not in the narrow sense in their interest as employees, wherever they work, and it is not in their wider interest either.

For our members who work for BT, the break-up of BT raises critical and vital questions about their continued employment security, their terms and conditions and, perhaps above all, their pensions. This may be described as special pleading by us on their behalf. We would point out, however, that BT employs some 70,000 people in the UK, and at least as many again rely indirectly on BT for their livelihoods (many of them working for companies like Sky, TalkTalk, Virgin Media and all the UK's mobile providers, all of whom rely on a successful BT ultimately for the products their employers sell). It is wholly appropriate for us to argue on their behalf and it would be irresponsible for policy makers to ignore these legitimate interests. Making some 150,000 UK working people and their families worse off would be an unacceptable by-product of the break-up of BT. That needs to be taken into account.

We understand that Ofcom will meet on 16 February to decide finally on its DCR findings. We ask that you meet us prior to that meeting so that we can set out our deep concerns to you.

Yours sincerely

Andy Kerr
Deputy General Secretary
CWU

Yours sincerely

Ben Marshall
National Secretary
Prospect

Cc: Ms Sharon White, Ofcom CEO