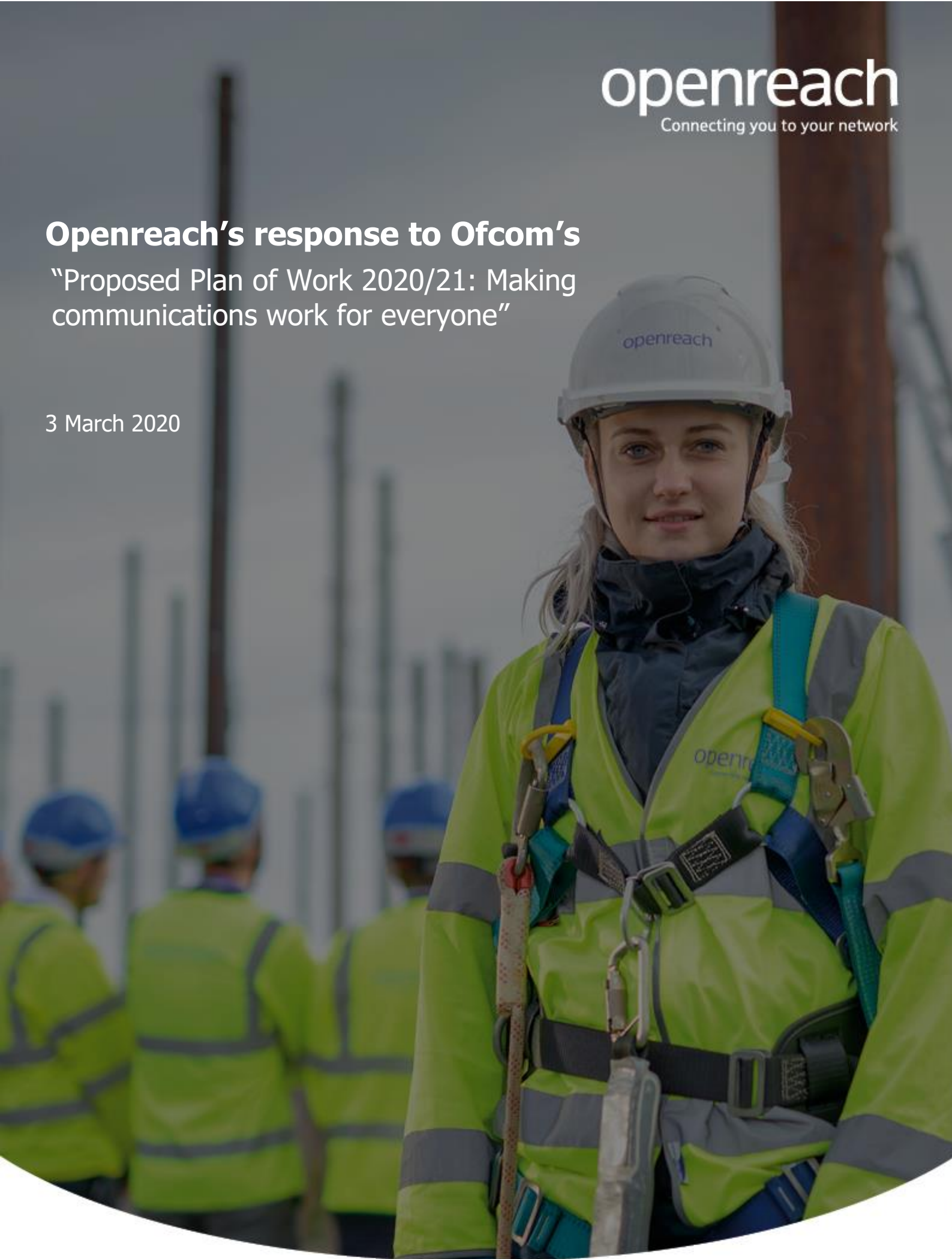


Openreach's response to Ofcom's "Proposed Plan of Work 2020/21: Making communications work for everyone"

3 March 2020



Introduction

On 7 January 2020, Ofcom published its consultation document entitled “*Proposed Plan of Work 2020/21 – Making communications work for everyone*” (“the Consultation”).

This response is provided by Openreach Limited - a wholly owned subsidiary of BT Group.

We’re the people behind the UK’s digital network and we connect homes and businesses, large and small, to the wider world.

We work every day to get faster broadband speeds, broader coverage and better service for everyone. We’re an open wholesale network provider.

That means our services are available to everybody. And our products always have the same prices, and terms and conditions, no matter who’s buying them.

Our customers are the 600+ communications providers working in the UK – companies like BT, Sky, TalkTalk and Vodafone.

We connect people to their networks so they can sell them landline, mobile, broadband, TV and data services.

Openreach's comments on Ofcom's proposals

1. Openreach welcomes the opportunity to comment on Ofcom's proposed Plan of Work for 2020/21. In support of its strategic priorities and areas of focus, Ofcom recognises that the continued growth in the use of online services requires ongoing investment in faster broadband across the country. We are pleased that Ofcom also recognises the part that Openreach has to play, notably our investment in full fibre as well as enhancing our duct and pole portfolio.
2. Openreach's strategic priorities are consistent with Ofcom's aims:
 - Better service – we want to give customers industry leading customer service;
 - Broader coverage – we want as many people as possible to have access to speeds of at least 30Mbps; and
 - Faster speeds - we want to deliver ultrafast access using full fibre to 15 million premises by the mid-2020s, if the right conditions are in place for investment and there is customer demand.
3. We believe that full fibre is the future because of the speed and reliability it provides. In line with this we want to build more Fibre to the Premises ("FTTP") based technology as it is faster and will support customer needs into the future. We have already reached well over 1.2 million properties with our full fibre network. We previously planned to bring fibre to three million properties by the end of 2020. Then in May 2019 we increased this target by a third and we now plan to reach four million premises by March 2021. But we do not want to stop there. If the investment conditions are right, we want to reach 15 million homes and businesses by the mid-2020s. Ultimately, we plan to cover almost all the UK. It's an ambitious target but we believe we can meet it.
4. We've helped over 350 communities get fibre through joint funding this year. A Community Fibre Partnership ("CFP") is a joint funding arrangement between us and the community. We have partnered with over 350 communities this year who are not currently on any plan for full fibre, to bring fibre connectivity to their community. By using government Rural and Gigabit vouchers the cost to the community can be significantly reduced or covered entirely. This year we have claimed more than £6 million in funded vouchers for CFPs - the biggest amount ever captured through this programme.
5. Openreach is also playing its part to encourage customers to take fibre services including offering pricing incentives to CPs to entice them to move customers from copper to fibre services. In this regard, Openreach has publicised the launch of a Special Offer to support early engagement with the Salisbury and Mildenhall trials. We are grateful to Ofcom for its support in relation to these trials, and in particular in relation to the amendments made to existing regulation to facilitate these trials. The offer will launch on 3 February 2020 and end on 4 May 2021.

6. CPs have also been notified about a special offer on GEA-FTTP in Fibre Cities, where connection and rental discounts are available within a limited footprint (minimum 10,000 premises and up to 500,000 premises), chosen by the CP in a maximum of four conurbations. Discounts are available on all premises part of the Fibre First Towns and Cities program that are declared as ready for service on or before 31 March 2021. The special offer started on 1 January 2020 and is open to participation for 12 months from the start date of the offer.
7. In addition, from 1st April 2020 any developer registering with a new build of 20 or more properties will be offered Fibre to the Premises with no contribution required from the developer. Developments with fewer than 20 premises will have attractive pricing options to encourage house builders to provide all new homes with full fibre. We have also extended this to UK businesses too, reducing prices by up to 75%. These changes mean that over 13,000 more homes a year will be able to benefit from full fibre and faster speeds.
8. We note that the consultation document references 'Effective Openreach reform'¹, Ofcom's continued monitoring of the separation arrangements and plan to publish a report on the overall outcomes in 2020/21. We are supportive of Ofcom's focus in this area. Meeting the Commitments is fundamental to the way Openreach works and the Openreach Board Audit, Risk and Compliance Committee, which is chaired by one of Openreach's Non-Executive Directors, receives regular reports on compliance with the Commitments and updates from customers on their experiences. We have a comprehensive compliance plan in place which is under-pinned by a wider culture and communications plan which has been successful in building a new identity for the more independent Openreach.
9. This response focuses on some of the key areas in the work plan for 2020/21 as set out in Annex 2 of the Consultation document.

¹ Para. 4.3 of Ofcom's Consultation Document

Project Work for 2020/21

Better broadband and mobile – wherever you are

Broadband Universal Service Obligation (USO). We will implement the broadband universal service obligation. Ofcom has designated two Universal Service Providers (“USPs”) to deliver the service; established the obligations that USPs must meet to deliver the scheme in accordance with the legislation; and have made proposals to determine how the costs incurred by a USP may be compensated. Consumers will be able to start requesting the service from March 2020. We are also continuing our work more generally to improve access to broadband services in the hardest to reach and most remote locations and to understand how people’s future needs for connectivity will evolve in future.	Statement on funding regulations Q1 2020/21
---	--

10. Openreach is keen to support the Government and Ofcom in getting decent broadband to everyone in the UK, and new Openreach fibre build, in response to customer requests, will help BT, as one of the designated USPs, address the premises that Ofcom has identified as eligible for a USO service. This will then allow Government, Ofcom, BT and the rest of industry to focus on connecting customers in conjunction with publicly funded schemes.
11. We look forward to seeing Ofcom’s final statement on the USO funding arrangements ahead of the start of the scheme in March 2020 and we welcome Ofcom’s work in this area. We’ve been working hard preparing for the launch over the last year. We’ve assessed the number of customers that will be eligible for a fixed broadband solution and have already started surveying these projects ahead of the USO launch.

Wholesale Fixed Telecoms Market Review. We will publish our main consultation on our proposals for fixed telecoms services in early 2020, and intend to publish our final Statement in Q4 2020/21. This will cover wholesale voice/broadband connections and wholesale leased lines. We are seeking to establish a regulatory framework designed to promote network competition where this is feasible, ultra-fast network coverage and enable the smooth replacement of the legacy copper network with fibre services. Any remedies will come into effect from April 2021.	Statement Q4 2020/21
---	---------------------------------

12. Ofcom’s Wholesale Fixed Telecoms Market Review (“WFTMR”) is a critical project for the coming year that will shape the regulatory environment for investment by Openreach and other ultrafast fibre network builders. We welcome many of the proposals Ofcom published for consultation in January 2020 in relation to the pricing of current copper-based and leased line access services and to support the transition to fibre services. Openreach is considering the detail of Ofcom’s proposals, including how regulation can best support investment to supply fibre connectivity in the most expensive ‘final third’ of the UK. We will respond to the consultation and continue to engage with Ofcom as it looks to finalise regulation by April 2021.

Future regulatory financial reporting. We will publish our final decisions in relation to BT's financial reporting obligations arising from the Wholesale Fixed Telecoms Market Review.	Statement Q4 2020/21
--	-------------------------

13. Regulatory reporting for BT Group is increasingly concentrated upon reporting Openreach's performance. BT Group takes its reporting obligations very seriously and is committed to producing Regulatory Financial Statements that are focused and relevant. We will continue to work with Ofcom and with BT Group to provide proportionate financial information that is linked to the regulatory pricing regimes, particularly in the context of evolving regulation.
14. We welcome Ofcom's proposals to remove unnecessary and irrelevant information from the published statements and we will work with Ofcom and BT Group to define new reporting measures to reflect the proposed new regulation in the WFTMR.

Fairness for customers

Review of the General Conditions and Universal Service Conditions to implement the European Electronic Communications Code. We will confirm our plans for implementing the end-user rights section of the European Electronic Communications Code, within the context of our broader Fairness for Customers work programme. We have set out a number of proposed changes to our regulatory rules, including new rules on switching and porting, handset locking, accessibility for disabled customers and contract information. We also expect to begin a review of legacy universal service obligations which needs to be completed by December 2021.	EECC Statement Q1 2020/21 Switching process consultation Q1 2020/21 Switching process statement Q2 2020/21 Consultation on legacy USO services Q4 2020/21
---	--

15. Openreach supports Ofcom's priority to achieve fairness for all parties in the UK telecommunications market. The focus of Ofcom's consultation is to introduce a number of additional protections for end customers to ensure they get a fair deal. As a wholesale provider Openreach is one (or more) step removed from contracts with end customers and therefore we are not in a position to comment directly on some of the aspects relating to the implementation of the end user rights section of the European Electronic Communications Code. However, where

appropriate Openreach welcomes the opportunity to comment, primarily in relation to the proposals associated with switching and porting. To this end enabling end customers to shop around with confidence, make informed choices and switch easily between providers are features of a competitive market and we therefore welcome the opportunity to respond to Ofcom's consultation on "Fair treatment and easier switching for broadband and mobile customers" as published on 17th December 2019. Openreach has relevant and extensive experience relating to the operation of regulated switching processes in the UK telecommunications market. Just over four and a half years ago Openreach re-developed and implemented the harmonised consumer switching process called Notification of Transfer ("NoT"), replacing the previous Managed Access Code process. Openreach and industry facilitate an average of 175,000 customer switches across Openreach products each month and, given these are already in line with the EECC proposed new rules, we believe these should continue, with additional processes put in place only where switches are facilitated across platform providers.

16. To this end Openreach welcomes the involvement of the OTA2 to facilitate pan industry engagement and enable a switching process that can be implemented across infrastructure networks. Openreach supports and recognises the need for such a process. However, throughout the industry discussion which commenced in September 2019, it has become apparent that any new switching process will require the implementation of a 'hub' to create the handshake between losing and gaining retail parties, where products and services are supplied by different platforms. This hub must have direct communication with the retailers that deliver the products and services to end customers and not at the Access Providers level, because translation of services can become blurred and drive failure. For example, a voice service for an end customer could easily be incorrectly translated to the entire broadband service at the network provider level, meaning the wrong service could be switched incorrectly.

Migration to voice-over-IP services: We will work with communications providers to help ensure that issues raised by their migration to voice-over-IP services, including the potential future switch-off of the PSTN, are identified and addressed with the aim of protecting consumers from harm and minimising disruption.	Ongoing
--	---------

17. As fibre-based services are rolled out, consumers will increasingly be migrating to voice over IP services. We will work with providers to help ensure issues raised by this migration are identified and addressed with the aim of protecting consumers from harm and minimising disruption and we welcome Ofcom's intention to do the same.
18. In 2025 the PSTN will close down and Openreach will no longer provide WLR voice services. CPs will be responsible for providing voice services over broadband. As this is a significant change for the industry, Openreach is already working closely and collaboratively with CP customers and Ofcom. We carried out an initial industry consultation (15 May 2018 to 27 July 2018) to obtain feedback and input on the processes and timescales for withdrawing the WLR products. We also

sought views on introducing a new transitional copper product (referred to as the Single Order Transitional Access Product or "SOTAP") to serve those customers who cannot yet get a fibre enabled product. Openreach wishes to use industry feedback and input to ensure migration processes are fit for purpose and that migration options and issues are fully considered to support a smooth transition for end customers. To that effect Openreach has set up an industry working group which will provide a focal point for discussion and will review and record agreement and position on key topics that impact the withdrawal of WLR and the introduction of SOTAP.

19. We support Ofcom's 'All IP (Voice) Working Group' chaired by Huw Saunders (Ofcom) which facilitates ongoing industry dialogue on the move to All IP with Ofcom. Industry (including CPs, the OTA2 and trade bodies representing special services that use the PSTN network) are already discussing and planning for the move to All IP networks. This working group, of which Openreach is a participant, will continue to run in parallel to the Openreach working group and Openreach welcomes the opportunity to discuss key themes and items arising at that forum.

Continuing to innovate our approach to regulation to help consumers and businesses

Data Innovation Hub. We will build a central team to contribute to data science initiatives and support colleagues around the organisation interested in maximising insight and efficiency from data related activities. This will improve our tools and processes to support policy development.	Ongoing
--	---------

20. We are supportive of Ofcom's plans as an evidence-based regulator to create a Data Innovation Hub. We are continuously improving our processes regarding data collection and data sharing, particularly as regards Statutory Information Requests ("SIRs"). As Ofcom is aware, we are also open to working with Ofcom and with industry to share best practice in this area. We would therefore welcome a collaborative approach to the creation of a Data Innovation Hub and would urge Ofcom to consider liaising with industry to discuss its implementation. We are particularly keen to find out more about how this would work in practice, and how this would affect the information sharing tools we already have in place.
21. Openreach recognises the advantages of a centralised data management team. Specifically, Openreach operates a central coordination team dealing with SIRs which enables consistency of processes and procedures. Having a consistent approach means that requirements are well understood and the necessary steps to respond to SIRs are taken swiftly.
22. Openreach supports regular reporting used to recognise trends in the marketplace and demonstrate effective regulations and commercial decision making. This ultimately enables consumers to make informed decisions based on statistical evidence being available. As examples:
 - Openreach submits network coverage information to Ofcom for the Connected Nations project every 4 months.

- Openreach provides an annual submission to the Comparing Service Quality Report, providing specified repair, provision and missed appointment performance data for voice and broadband products.

Testing a new approach to improve UK telephone number management and improving trust in telephone numbers. Number portability enables consumers to change service provider while keeping their existing number, fostering choice and effective competition without cost or inconvenience. Following successful collaboration with industry, to test the use of innovative blockchain technology as a future-proofed approach to number management, we will set out our initial proposals for a strategic solution to number portability, to address inefficient call routing and the level of failures in business porting.	Consultation Q1 2020/21
--	--------------------------------

23. Openreach is not involved in the allocation and management of telephone numbers and is therefore not directly involved in the development of a centralised numbering database. Openreach is however interested in technological developments (e.g. “blockchain” technology) in this area to the extent that they might impact the number portability process or the authentication of telephone numbers.

Salisbury copper retirement trial. We will provide support to Openreach’s copper retirement trial in Salisbury, using our convening power to support the trial in protecting vulnerable consumers and users of special services, so that lessons from the trial can support wider investment in new networks.	Ongoing
--	---------

24. With the planned withdrawal of WLR and the move to all IP, Openreach is planning on upgrading a city network to full fibre and this trial in Salisbury has given us the perfect testing ground for the tools and techniques we’ll need in order to successfully build across the UK. The aim is to move customers from copper to fibre as quickly as possible. We have accelerated the transition of customers to full fibre and aim to do this by December 2022 for the Salisbury trial area.
25. Openreach has worked closely with Ofcom to ensure we have the right regulatory enablers to support our plans. Ofcom has made changes to our regulations that will help broadband companies upgrade customers to faster broadband more efficiently, and support Openreach’s trials in Salisbury and Mildenhall.

Support through Brexit and continued international relationships

Implementation of relevant European legislation. Where appropriate and necessary, we will work with the UK Government to support its transposition of relevant European legislation into national law. In doing this, we will work to ensure that legislation is proportionate and appropriate, reflects the challenges facing the sector and meets the needs of consumers and citizens now and in the future.	Ongoing
Strategic implications of the changing nature of our relationship with the EU. Ofcom takes no views on the means or merits of Brexit. We will provide advice to Government as required to support its discussions with the EU on the detail of our future relationship. Where relevant, we will also provide advice on any legislative changes needed to underpin the future relationship between the UK and the EU. As the process evolves, we will continue to engage with our stakeholders to understand their positions and priorities	Ongoing

26. Ofcom acknowledges its role in working with government and collaborating with European and international partners to ensure a smooth transition and effective regulation post Brexit. Openreach supports this. A critical element of the sector's future competitiveness post-Brexit will be a similarly stable, predictable, independent and proportionate regulatory environment which includes appropriate checks and balances.