



BT Compliance Committee

Review 2021 - 2023

June 2023

For the period 1 July 2021 to 05 April 2023

Introduction | Chair of the BT Compliance Committee

This year marks five years since the new governance arrangements to give Openreach greater strategic and operational independence (the Commitments) came into effect. The Commitments continue to operate in practice as they were designed to and the culture, behaviours, structures and processes within BT and Openreach remain conducive to Openreach's greater independence.

There has also been strong progress on Ofcom's DCR outcomes within these 5 years. Openreach continues to build at pace and has now passed 10 million premises with their full fibre network and have connected over 3 million customers. Openreach's quality of service has significantly improved since 2017; and whilst Openreach has faced some challenges this year, service levels are now back on track. Openreach's physical infrastructure access product now serves 158 Communication Providers with strong and steady growth in both usage and net promoter scores.

The last few years have been marked by significant macro-economic and social change. The role of telecommunications services in people's daily lives is more important than ever. The effects of the Covid-19 pandemic are still being felt, with people and companies continuing to work in different ways including many embracing remote working for the longer term. The UK is also facing a cost-of-living crisis, exacerbated by the war in Ukraine, with very real impacts for both people and business. These external challenges, which coincide with the current heavy investment period, have created additional operational and financial pressures. BT and Openreach have performed well, but against this backdrop, we must not be complacent. The Committee will continue to be vigilant and monitor culture and behaviours across BT.

As with previous years, we have monitored BT's compliance with the Commitments, the culture and behaviours of BT's people in relation to them and the extent to which Ofcom's DCR objectives are being met. We have continued to monitor the key interactions between BT and Openreach around financial planning (including capex availability), strategy development, and Openreach's commercial decision-making. These processes are mature, well understood and are working well in practice. In addition, this year we have evolved our monitoring approach to increase focus on major projects and points of risk in BT Group that may require collaboration with Openreach. This ensures we can provide stakeholders with confidence that these are being set up and managed in-life in the right way.

We continue to review potential Commitments breaches and process non-conformances. Consistent with previous years, these remain few in number. Stakeholder engagement and our wider monitoring activities offer greater insight into how BT is living up to its Commitments and these enable us to consider cultural issues or topics which may not otherwise come to our attention.

Hearing from external and internal stakeholders remains a core focus for us. Guest speakers provide an important point of calibration as to whether the Commitments are working as intended. Since our last report, we welcomed the Openreach Chairman and Openreach CEO, and we heard from the CEOs of BT's Consumer and Enterprise – now Business - units. We also completed our review of how BT Group's organisational changes in 2021 (creating the Digital and Networks units) have settled, with senior leaders from each unit sharing their insights with us. Externally, we welcomed Ofcom to our November 2021 meeting. We heard from Vodafone in July 2022 and Freedom Fibre in April 2023. We welcome feedback from stakeholders around how they perceive BT is living up to its Commitments, and we encourage them to contact us via the Commitments Assurance Office and welcome them to our Committee.

In the coming year we will continue to monitor core processes and projects, including how FTTP is commercialised in line with the Commitments and the nascent exchange closure program. We will be hearing from Ofcom in July 2023 and will be conducting a deep dive into culture to understand how BT keeps the Commitments front of mind considering their maturity and changing external circumstances. We will also continue to hear from both internal and external stakeholders.

The Committee continued monitoring BT's delivery of the Consumer Fairness commitments. In the year ended 31 March 2023, we reviewed key topics (including the migrations to digital voice, the shutting down of the 3G network, consumer price increases in March 2023, the introduction of charging for mobile roaming in Europe, the provision of social tariffs and how the group addresses loyalty-related issues). We also reviewed the broader efforts to support vulnerable and less technically able customers and year-on-year consumer fairness trends as well as outputs from the group's consumer fairness panel meetings. This provided us with the opportunity to challenge and critique the fairness issues involved. We found the business continues to engage in the importance of fairness for our customers, and being mindful of the pressures of the current climate upon them.

Finally, I would like to take the opportunity to thank Sir Ian Cheshire, who left us in April 2023, for his contribution to the BTCC.

Isabel Hudson,
Chair of the BT Compliance Committee

1. About the BT Compliance Committee (BTCC)

The BTCC is a Committee of the BT Group plc Board. Under its [terms of reference](#) the BTCC reviews BT's compliance with the letter and spirit of the Commitments made as part of Ofcom's 2017 Digital Communications Review (DCR) and reviews the culture and behaviours of BT colleagues. The BTCC is responsible for monitoring whether the Openreach governance model is working as expected and whether this is supporting achieving appropriate outcomes for consumers and the industry. It assesses whether Openreach can act with appropriate independence while ensuring BT is properly able to fulfil its parent company duties. Since April 2021 the BTCC also monitors whether BT is living up to Ofcom's consumer fairness principles.

This report focuses upon the BTCC's work in monitoring BT's Commitments compliance and covers the period July 2021 to April 2023.¹ Further details about the BTCC are set out in the BT Group plc Annual Report and available on our [website](#).

The BTCC is supported by the Commitments Assurance Office (CAO), led by the Commitments Assurance Director. More information on the CAO is available [here](#). You can also contact the CAO via cao@bt.com.

The BTCC's activities are complemented by the activities of the Openreach Board Audit and Risk Compliance Committee (OBARCC), which focusses on Openreach's compliance with the spirit and letter of the Commitments. The OBARCC, supported by the Commitments Monitoring Office, is producing a report in parallel which focusses on Openreach Commitments compliance, including Openreach's relationship with its customers.

1.1.1. BTCC Membership and Attendance

The BTCC met eight times in this period: in July and November 2021 and January, April, July and October 2022 and January and April 2023.

The BTCC's four [members](#) are BT Group plc non-executive directors. Membership and attendance at meetings this year was as follows:

Member	Eligible to attend	Attended
Isabel Hudson (Chair)	8	8
Sir Ian Cheshire	8	8
Allison Kirkby	8	8
Sara Weller	8	8

Sir Ian Cheshire stood down as a non-executive director of BT Group plc in April 2023. We would like to take this opportunity to express our thanks to Ian for his contribution to the work of the BTCC since joined us in July 2020.

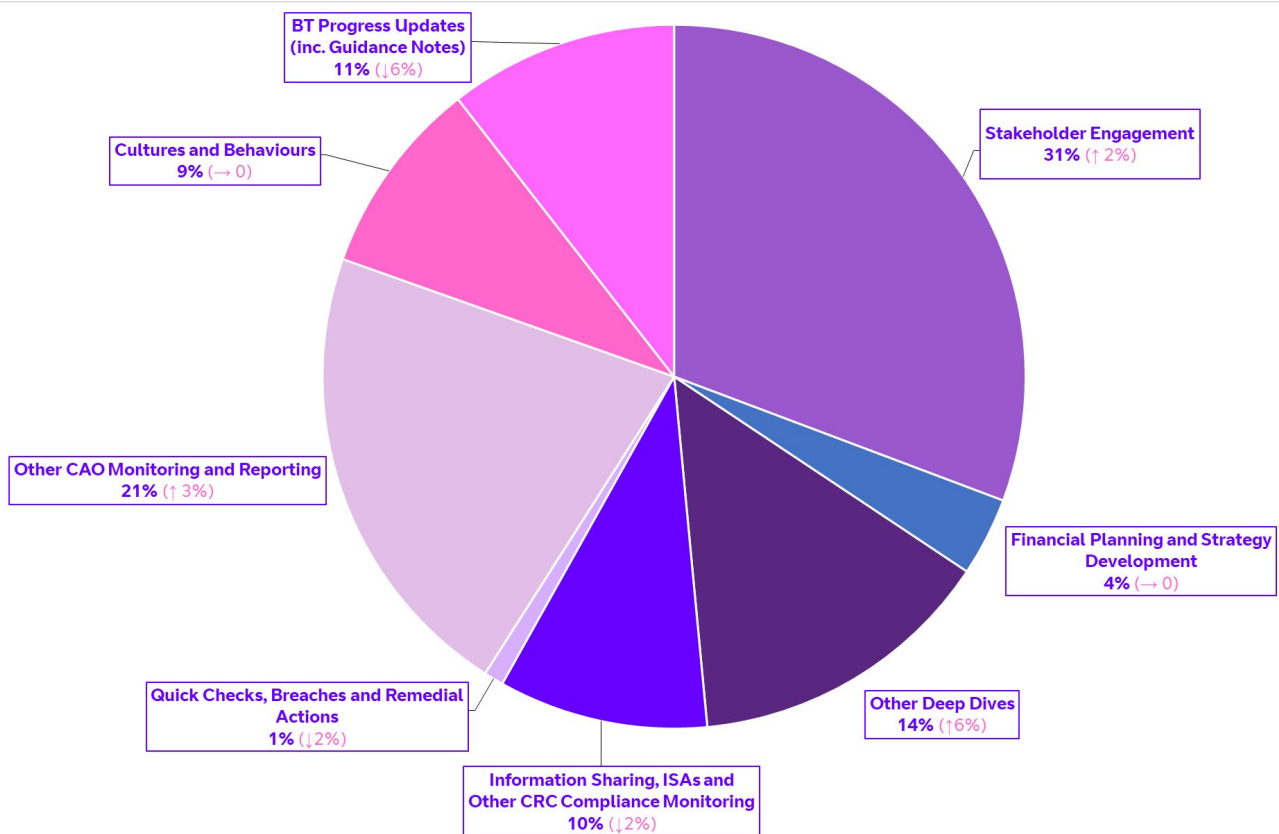
Our monitoring approach

We fulfil our monitoring role by looking at both BT's compliance with the Commitments and the extent to which the outcomes for consumers and the industry that BT, Openreach, Ofcom, CPs, altnets and other stakeholders want to see are being achieved (see section 2 below).

¹ This report covers a period longer than one year in order to align more the planned publication of Ofcom's Openreach Monitoring Unit's report.

Below is an overview of how we allocated time at our meetings since our last review to different areas of focus, this excludes the time that the Committee spends on the Consumer Fairness portion of our remit. This shows:

- The largest portion of our time was spent upon stakeholder engagement (up slightly from 29 to 31%), this reflects the importance that the BTCC places upon this activity;
- We spent less time on quick checks and breaches but more time on deep dives; and
- We spent less time on BT progress updates and more on CAO monitoring, this reflects the fact that we started new private sessions with the CAO Director at the beginning of each meeting, from April 2022. Additionally, reporting to the BTCC on point and emerging risks (see section 3.6 below) is included here, as opposed to within ‘quick checks’.



1.2. Stakeholder Engagement

We encourage stakeholders to approach us via the CAO with insights on BT's compliance with the spirit and letter of the Commitments and more generally how BT is delivering the DCR outcomes. This helps us ensure that we are looking at those topics which matter.

The BTCC invited guest speakers to each meeting to share their perspectives, in this review period our guest speakers were:

July 2021	<p>Marc Allera, CEO of BT's Consumer unit shared his views, as a customer of Openreach, on 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.</p> <p>Mike McTighe, Openreach Chairman, shared his perspectives on how the Commitments are operating at present, in particular how he felt Openreach's greater strategic independence was working and the areas where Openreach and BT might need to be vigilant to ensure: (i) Openreach serves its customers; and (ii) appropriate DCR outcomes are achieved.</p>
November 2021	<p>Lindsey Fussell (Networks & Communications Group Director), Martin Ballantyne (General Counsel) and Gaicho Rasmussen (Director of Investigations and Enforcement) from Ofcom provided an update on Ofcom's monitoring of the Commitments over the last year and the plans to evolve the role of its Openreach Monitoring Unit following the March 2021 Wholesale Fixed Telecoms Market Review statement.</p> <p>Howard Watson, BT's Chief Technology Officer and CEO of BT's Networks unit shared his perspectives on the restructure of BT's former Technology division to create the new Networks and Digital units, the dynamics of working with Openreach and how Networks fulfils its parent and supplier roles in line with the Commitments.</p>
January 2022	<p>Rob Shuter, CEO of BT's Enterprise unit, offered his views as a customer which is focussed on the wholesale, business and public sectors, and on dealing with Openreach as one of his key suppliers.</p> <p>Harmeen Mehta, BT's Chief Digital & Innovation Officer and CEO of BT's Digital unit shared her perspectives on the dynamics of working with Openreach, and explained how her Digital organisation works with Openreach under the Commitments given the parent and supplier functions that Digital fulfils.</p>
April 2022	<p>Clive Selley, CEO of Openreach offered his perspectives on how the Commitments are working in practice, and on Openreach's relationships with its CP customers and other stakeholders.</p>
July 2022	<p>Vodafone, Ahmed Essam, CEO of Vodafone UK and Emma Reynolds, head of Communications, Sustainability and Regulatory Affairs for Vodafone UK attended to share their views on their relationship as a customer of Openreach and their perspectives on how the Commitments are working, including Openreach's greater independence and the overall operation of the framework.</p>

April 2023

Freedom Fibre, Neil McArthur MBE, founder and CEO and Tony Moore, Chief Delivery Officer, attended the BTCC to provide their views on their relationship with Openreach and perspectives as an Altnet, with a particular focus on use of Openreach's Physical Infrastructure Access (PIA) product

Openreach – Surinder Khatter, Mark Logan and Mark Shurmer provided the Committee with an update on Openreach service and PIA

The broad range of guests invited to the BTCC reflects our interest in hearing from all relevant stakeholders, including Openreach's customers. This report, however, focusses on BT's compliance with the spirit and letter of the Commitments and therefore the activities of BT (including BT's downstream units). The OBARCC is the assurance body for primary responsibility for Openreach's compliance with the Commitments, including in its interactions with its customers. For more detail on the monitoring of Openreach's relationships with its customers, we refer to the OBAARC's complementary report.

2. Progress on DCR Outcomes

A core aspect of the BTCC’s monitoring work is on the progress being made against DCR outcomes. In February 2016 Ofcom [summarised](#) these as follows:

<p>Large scale investment in more fibre</p> <p>Extensive FTTP and duct & pole sharing</p>	<p>Step change in quality of service</p> <p>Challenging standards for Openreach</p>	<p>Reforming Openreach Governance</p> <p>Strengthened independence from BT</p>
<p>The right to broadband</p> <p>Universal right to broadband at 10Mbps</p>	<p>Empowered consumers</p> <p>Better information, easier switching</p>	<p>Deregulation</p> <p>Step back from regulation where no longer needed</p>

This section addresses the key outcomes for the BTCC: fibre investment and the right to broadband via the Broadband Universal Service Obligation (USO). Openreach governance and independence is covered in Section 3.

The outcome of “empowered consumers” is covered by BT via the BTCC’s separate consumer fairness remit (which is outside the scope of this report). Openreach leads on matters pertaining to its service levels, and the final DCR outcome. Deregulation is ultimately a decision for Ofcom but we monitor how BT responds to such deregulation under the Commitments.

2.1. Investment in Fibre and Physical Infrastructure Access

2.1.1. Fibre Investment – Extensive FTTP

Openreach is making good progress with its FTTP rollout. By April 2023, Openreach’s FTTP footprint had passed 10.3m, of which 3.2m premises passed were in mainly rural² areas. This represents 40% of BT Group’s 25m target by 2026. In parallel Openreach has continued to develop its approach to commercialising its network. The CAO, working closely with Openreach’s CMO, monitored the development of Openreach’s plans (including its Medium Term Plan and the allocation of capital by BT to Openreach) through a combination of interviews with key stakeholders, access to key documents, and observing relevant meetings of the [BT Investment Board](#). We noted that Openreach has been able to develop its plans independently and in line with the process set out in the Commercial Processes Guidance Note (GN7).

Openreach conducted a review into the Equinox 2 pricing proposal, the outcome of this review was positive with no Commitments breaches identified. A number of recommendations for improvement were identified to further strengthen governance, support Commitments compliance and facilitate effective monitoring of similar proposals in the future. The Committee agreed with these proposals and was pleased to see the continued evolution and strengthening of governance.

² Where rural build is defined by referenced to Ofcom’s Area 3 definition.

2.1.2. Physical Infrastructure Access (PIA)

We recognise how important it is that Openreach's PIA products are developed in ways which meet alternative network providers' reasonable requirements and for Openreach to scale up delivery to meet their ambitions.

In April 2022 and April 2023 we heard from Mark Shurmer, Managing Director of Regulation at Openreach and Mark Logan, Products Director at Openreach regarding progress on Openreach's PIA product. Openreach has reported good progress on the development of the PIA product, and that service performance has fared well in a period of significantly increased usage. The product continues to be developed via reviews between the Openreach CEO and CPs, and a quarterly CEO forum chaired by Ofcom.

We heard from Freedom Fibre in April 2023 who focused their discussion on their perspectives on the Openreach's delivery of the PIA product, including D pole changeouts, duct blockages and procurement processes. This provided a useful point of calibration for the Committee (see section 1.2).

Further information about Openreach's PIA product is contained in the OBARCC's annual report.

2.2. Broadband Universal Service Obligation (USO)

The BTCC continues to monitor BT's progress on delivery of its Broadband USO obligations. Ofcom's investigation into BT's method for calculating excess costs in relation to Broadband USO requests (which was discussed at the BTCC) was closed in November 2021 following assurances from BT to address Ofcom's concerns. We welcomed BT's positive engagement with Ofcom to reach an outcome to meet the needs of customers.

We received a further report at our April 2022 meeting that BT Group's USO governance is working well: BT's Consumer unit manages the front-end customer relationship while Openreach acts as supplier to deliver network build elements of USO requests. We received an additional update in October 2022 on the success of the programme, noting the reduction in the number of premises unable to access adequate broadband had reduced by over 90%. We have also been informed that by the end of March 2023 BT has contacted every eligible premise, received over 25,000 requests by helpdesk and built to 7,000 premises with a further 800 in progress.

3. BT's engagement with the Openreach Governance Model

A key aspect of the BTCC's monitoring activities is looking at how the Openreach Governance Model operates in practice. The Commitments seek to strike a balance between Openreach's greater independence (which in turn provides comfort that Openreach will treat all its customers equally) while ensuring that BT can meet its parent company responsibilities, in particular given the substantial investments that BT is making in Openreach.

Our approach looks at whether BT has done what it said it would do, and whether what we see aligns with the spirit of the Openreach governance model. In this period, we re-focussed our monitoring to ensure we are expending the greatest amount of time assessing strategic risks as opposed to genuine errors. The CAO developed a 'watchlist' to capture point and emerging risk and target assurance activity and reported to the BTCC accordingly.

The Committee heard from the Regulatory Affairs Director and CAO Director in July 2022 about keeping the Commitments up to date. A review was undertaken, given the maturity of the Commitments, to assess BT's performance against the existing framework and whether the Commitments continue to operate well for BT and Openreach. The Committee heard that the Commitments remain critical to Ofcom and stakeholder perceptions and that it remains important for them to be kept up to date and relevant. The Committee was pleased to hear that the Commitments are generally well understood and operating as they should be. The current economic climate may be expected to increase tensions in relationships in connection with the balance between parent company control and greater strategic independence (not least because of the level of investment BT has made into Openreach). The CAO will continue to monitor this on our behalf.

One area within the Commitments was identified for potential update. This was –ensuring Systems Separation provisions remain clear in a cloud-based environment. BT continues to work with Openreach to consider options for any future updates to the Commitments in this space (see section 5). The Committee is supportive of change to the Commitments where that keeps them up to date and retains the original spirit and intention.

3.1. Operation of Key Processes

We monitor the following processes particularly closely: (1) strategy development, (2) financial planning (to set Openreach's Annual Operating Plan (AOP) and Medium-Term Plan (MTP)) and (3) the agreement of Openreach's commercial propositions. These processes go to the heart of the governance arrangements that the Commitments represent: i.e., whether (i) Openreach able to decide its strategy with the necessary degree of independence (while taking due account of the BT Group Strategic Framework); and (ii) BT showing commitment to funding Openreach's strategic and commercial ambitions within the wider BT Group.

As in previous years, we observed all three processes to be working well. They have now operated for several cycles, and BT and Openreach people are familiar with them and respect the key anchor points in each process. In particular, the role of the Openreach Board, a key compliance control, is respected and it is involved as appropriate in all three processes. It is clear how and when matters should be escalated from Openreach Board to either the BT Group Board or the BT CEO and there is good communication between the OBAARC and the BTCC.

On our behalf the CAO has also observed any meetings of the BT Investment Board that considered Openreach investment cases, or cases from corporate units that involved a material Openreach element, which are outside of the previously agreed MTP. The CAO reported to us that in each instance the

engagements between BT senior leaders and Openreach took place in line with the spirit of the Commitments, respecting Openreach's greater strategic independence.

In November 2021, BT and Openreach refreshed the guidance notes on Strategy Development and Financial Planning. The underlying design principles and key controls remained unchanged as these have proven to be both robust and flexible in light of the issues covered by these processes. However, the processes have matured and both BT and Openreach have gathered learnings which have been taken on board. These are reflected in the revised processes. We welcomed this as a sign that both organisations are giving active consideration to how to keep them current, to simplify them and enhance their usefulness.

We have also monitored the operation of the Commercial Processes Guidance Note. Between July 2021 and April 2023, Openreach approved a total of 223 papers, with 1 item sent to BT for information, 2 items sent for consultation and 3 sent for decision.

The Committee heard in July 2022 about a review BT and Openreach conducted into the processes for BT approval (as parent) of Openreach commercial decisions (as set out in Guidance Note 7 (GN7)). This review resulted in an internal explanatory note which set out additional clarity on the application of the five GN7 tests for when proposals should come to BT Group for parental approval in particular for case which might not neatly fall within a single test. It also introduced updated internal guidance which set out that bespoke governance should be created for major BT strategic initiatives Openreach delivers for BT (such as the exchange closure programme). The Committee was pleased to see that governance continues to be evolved to ensure that the balance between parent company oversight and greater strategic independence is respected. The BTCC will monitor the application of these new principles as projects arise (for example the BTCC will monitor the governance of the exchange closure programme).

3.2. BT Organisational Changes

In our 2021 Annual Review, we noted the creation of two new BT corporate units, Digital and Networks, in April 2021. We invited the leaders of both organisations to share their experiences under the Commitments of how they work with Openreach.

- In November 2021, we welcomed Howard Watson, BT's Chief Technology Officer and CEO of BT's Networks unit. He shared his perspectives with us on the restructure of BT's former Technology division to create the new Networks and Digital units, the dynamics of working with Openreach and how Networks fulfils its parent and supplier roles in line with the Commitments.
- In January 2022, Harmeen Mehta, BT's Chief Digital & Innovation Officer and CEO of BT's Digital unit shared her perspectives on the dynamics of working with Openreach. She explained how her Digital organisation works with Openreach under the Commitments given the parent and supplier functions that Digital fulfils.

The CAO and Group Regulatory Affairs provided tailored Commitments training to the new Group Chief Human Resources Officer (in October 2022) and the new Director of Group Reward (in January 2023). It continues to be important that new senior leaders are provided with training to ensure their understanding of the importance of the Commitments in letter and spirit and how they operate in practice to ensure that Openreach retains its greater strategic and operational independence.

In early 2023 BT Enterprise and BT Global were merged to create BT Business. The new CEO for BT Business and his leadership team were provided with Commitments training in Spring 2023. The Committee intends to hear from the new Business CEO in due course.

3.3. Other BT Group engagement with Openreach

We continue to monitor other interactions between people in BT Group and Openreach with a view to ensuring the Commitments remain front of mind in BT and that there is no erosion of Openreach's greater independence.

A new BT Group Transformation and Assurance function has been created. The CAO Director has provided training to the Director responsible and sought greater understanding of the operation of this new function. The CAO reported to us that this function will seek to provide independent review to identify issues and enhance transformation outcomes across BT. The CAO assessed the proposed governance and informed us that there were no concerns as regards interactions with Openreach. The initial focus of this function will be with other parts of BT and, for projects which may touch on Openreach, existing governance will be adhered to. The CAO will conduct periodic checks on behalf of the BTCC to ensure that this continues to operate compliantly with our Commitments.

3.4. BT Supplier Relationships into Openreach

The CAO has been working with the Commitments Monitoring Office to review the operation of BT Sourced procurement processes. The CAO has reviewed documents shared by BT Sourced on its working practices, policies and standards. The CAO has informed the Committee that it will work with Group Regulatory Affairs and Communications Regulation Compliance to improve knowledge sharing and ensure appropriate guidance and controls remain in place.

3.5. BT Customer Facing Units relationships with Openreach

An important part of ensuring the Commitments remain embedded and sustainable is having confidence that BT's customer facing units, namely Consumer and Business, engage effectively with the Openreach governance model and to support their commercial relationships with one of their key suppliers. Since our last Annual Review, the leaders of both Consumer and Enterprise have presented to us their summaries on the effectiveness of the Commitments, provided information on any tensions that may have arisen and reflected on the ongoing relationships and collaboration between BT CFUs and Openreach.

With regard to BT's Consumer unit, we noted in our 2020/21 Annual Review that they had put in place measures to enhance their commercial partnership approach when working with Openreach, and that this was yielding dividends. In July 2021, we welcomed Marc Allera, CEO of BT's Consumer unit, to share his views, as a customer of Openreach, on 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.

In January 2022, Rob Shuter, CEO of BT's Enterprise unit, offered his views as a customer focussed on the wholesale, business and public sectors on dealing with Openreach as one of his key suppliers. Rob's perspective was that any issues with Openreach are commercial in nature, and that the Commitments do not represent a barrier to that relationship operating effectively.

In addition, there is a role for BT's downstream units in certain BT Group strategic projects. The most relevant to DCR outcomes is the Broadband USO, where Consumer and Openreach each have a role to play. We heard this year that the governance that underpins this important project is working well, with both organisations playing their role to deliver for customers.

3.6. Monitoring Significant Matters and Emerging Risks

With key processes mature and embedded in BT, we have refreshed our approach to reviewing the Commitments implications of emerging risks and of significant matters faced by BT and Openreach.

The CAO on our behalf has established a 'watchlist' to track point and emerging risks and target assurance activity accordingly. This is to ensure that monitoring is able to take place at an early stage, in some cases prior to matters going through the core processes, and that monitoring is focused upon senior and strategic risk. The 'watchlist' enables the CAO to monitor on our behalf that appropriate governance and ways of working are in place for significant strategic projects (such as the exchange closure programme). The Committee hears about topics which have been active over the last quarter and those where we may anticipate activity over the coming quarter. This also supports the Committee's views as to where it may like to hear from particular stakeholders in the coming period to understand how the Commitments are being managed.

4. Commitments Compliance

Our approach to compliance-monitoring is risk-based, focussing on areas which could have the greatest impact on the governance framework or intended DCR outcomes if not operated compliantly. In this regard, we have been supportive of the CAO's evolution of its monitoring approach based around key projects and emerging risks, to enable as close to real-time understanding of issue as is feasible.

In addition to stakeholder engagement and monitoring the effective operation of the Openreach governance model, the BTCC monitor BT's compliance with the letter and spirit of the Commitments. After several years of operation of the Openreach governance arrangements, we would anticipate fewer specific compliance issues to arise. Breach cases remain low, both in number and nature. That said, we recognise that breach and non-conformance cases provide a narrow view of Commitments compliance issues, and that other monitoring activities and stakeholder engagement provide a richer source of insight into how BT is living up to its Commitments more generally.

4.1. Compliance Monitoring

4.1.1. Information Management

The Communications Regulation Compliance team keeps the Committee updated on the management of Openreach Commercial Information (CI) and Openreach Customer Confidential Information (CCI). The Committee is keen to ensure that the information that it receives in relation to information flows is meaningful and proportionate and has asked the CRC team to review the disclosure guidance, process and Significant Information (SI) definition (to meet commitments 10.4 and 10.5), to identify opportunities to reduce complexity as to when the process should be used and how disclosures should be reported to us.

4.1.2. Enhanced Compliance Controls

At our April 2022 meeting, Communications Regulation Compliance (CRC) presented BT's proposals for Commitments compliance enhancements, following an internal review to look at simplifying controls where feasible, and strengthening controls focussed on higher risk areas.

CRC explained existing controls have been reviewed to assess whether: (1) they appropriately mitigate against risks to Openreach's greater independence; (2) they provide confidence that the Commitments compliance risk is effectively controlled; and (3) they operate as intended and are effective based on the level of maturity of the Commitments after a number of years of operation.

CRC recommended sharpening the focus on information sharing controls and looking for opportunities to bolster controls which seek to manage the risk of undue influence over Openreach Commercial Policy by people in BT not entitled to do so. CRC also identified benefits by reducing complexity and the administrative burden from how some controls are currently operated. The proposals to refresh the control framework will be supported by training and communications at all levels to relevant functional areas across BT Group.

4.1.3. Group Internal Audit

The BTCC continued to receive reports from the Internal Audit Director, setting out the audits relevant to the Committee's work that have been undertaken by Group Internal Audit including the audit findings and recommendations (audits in the period including Openreach Northern Ireland, and PIA), together with details of planned audits for 2022/23.

4.1.4. Implementation of the SAP Finance System

We have closely monitored BT's introduction and launch of the new SAP financial reporting system since 2020. SAP remains a focus of our monitoring, as it is vital that SAP ensures both the correct management of sensitive Openreach information while also enabling access to those users in BT where there is a legitimate need to access it, for example to meet BT's parent company fiduciary responsibilities.

At our July 2021 meeting, the BTCC 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* programme, of which SAP is a part reported that the controls are also working for BT from an enterprise risk management perspective. 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.

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

In July 2021, BT informed the BTCC of its decision about whether to move the WLR, ISDN2 and ISDN30 products out of Openreach in line with Commitment 3.6. This followed 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 intended 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.

4.2. Complaints and other reviews

We want to hear from CPs, other stakeholders and people in BT if they have any concerns about whether BT is living up to its Commitments. This enables the CAO to investigate issues behalf of the BTCC.

4.2.1. Complaints

Stakeholders can raise any concerns they have with us via the CAO. The CAO did not receive any formal complaints in this period (the same as in previous years).

4.2.2. Other matters

We encourage the CAO to undertake Quick Checks of its own initiative where it observes information or behaviours that suggest such a review is warranted. The CAO undertook four such checks this year, reporting each to the BTCC and Ofcom's Omu. Details of each case have already been shared after each BTCC meeting in our [bulletins](#). The four reviews were:

- **Executive Level FTTP Network Status Enquiry.** The Openreach Chairman queried how BT was raising questions on FTTP network status. The CAO found BT was following the process agreed with Openreach for dealing with such enquiries.
- **Incident Reporting in Networks.** The CAO reviewed the processes followed by Networks for contacting Openreach, and whether the correct channels were being used. It found that instances of direct contact between Networks and Openreach were happening appropriately.
- **Exchange closure governance.** Good progress has been made on developing bespoke governance for the exchange closure programme as envisaged as part of the Guidance Note 7 (GN7) review. Openreach's strategy for exchange closure prioritisation was agreed in November

2021 and work is being finalised on the criteria for change approval that will ensure compliance with the Commitments principles. The CAO continues to monitor progress.

- **Reward paper.** In 2022, the CAO reviewed a reward paper presented at the Openreach Remuneration Committee. The paper contained some poor language which raised concern. This was found to be due to a change in personnel and, whilst no breach occurred, appropriate training was provided to ensure improved understanding.

None of these matters suggested an issue which warranted a breach investigation. The BTCC is satisfied that they are not, cumulatively, indicative of any concerning trends.

4.3. Cases Decided: Breaches and Non-Conformance with Process

We have a duty in the Commitments to consider and decide cases referred to us by BT regarding compliance with the Commitments. This period 11 Commitments cases were referred and determined, of which 4 were breaches – 2 serious, 2 trivial and the remainder non-conformances or not found to be in breach. The two serious breaches were:

- **ServiceNow:** In January 2022, BT Networks launched the first module of ServiceNow, a new Operational Support System (OSS), used by Openreach and BT to support change, incident and problem management. Under Commitment 13.2, ServiceNow should have been launched as a level 2 separated OSS or BT should have added ServiceNow to the exemption list of shared OSS before launch (Annex C of the Commitments). The first module of ServiceNow was launched as a shared OSS without level 2 separation or exemption. Whilst there was no evidence of harm or malintent BT recommended this case should be a serious breach of section 13.2 of the Commitments.
- **Information sharing:** In Q3 2022/23, a non-redacted version of a BT Investment Board paper which included Openreach Commercial Information, was provided in error to individuals in downstream CFUs. There is no evidence that any action was taken by the downstream CFUs to benefit from the contents of the paper. Remedial and consequential actions have been put in place including raising at the Enterprise ARC and training of relevant personnel.

Details of all breaches are set out in our post-meeting BTCC [bulletins](#). The [CAO's manual](#) explains our approach to case classification. We note that breach cases have remained few in number and severity; however, we are pleased that these continue to be proactively reported.

5. Looking forward to 2023/24

Whilst the Commitments framework is now mature, the changing social, political and industry landscape means it remains important for us to continue to be rigorous and inquisitive in our monitoring to ensure BT lives up to its Commitments in letter and spirit, especially as new people join BT and Openreach. We will also continue to assess the extent to which the outcomes being delivered by BT and Openreach are in line with stakeholder expectations.

In addition to our standard monitoring, we envisage covering the following topics next year:

- Culture and Relationships – to consider how we are performing now, given the maturity of the Commitments and to explore how best to keep the Commitments live and fresh internally;
- Digital and Networks operational matters, particularly within the wider context of programmes to simplify networks;
- Openreach’s fibre rollout – including commercialisation plans; and
- Organisational design and operational changes – should they arise (including monitoring the creation of BT Business).

Stakeholder engagement remains of critical importance to the Committee. We acknowledge the ongoing challenges facing the industry and its customers and understand the significant impact that BT and Openreach have on others. We also acknowledge the increased competition that Openreach is facing from alternative network operators. We hope to continue to hear from a wide range of industry participants in the coming year.

In our wider remit, we will remain dedicated to testing the leadership teams on customer fairness against the backdrop of the current economic climate.

Offices worldwide

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