

## A message from the Openreach Chairman



Openreach has had a solid year of progress. We improved our customer service performance, confirmed our status as a legally separate entity, and accelerated our full fibre build programme through major investments in our people and our network.

### Investing in our service and people

Our network is more than 173 million kilometres long and passes nearly 32 million homes and businesses. With so many customers, improving the service we offer will always be our top priority.

I am encouraged by the progress we're making in reducing faults, keeping missed appointments down and fixing issues much faster. Last year we cut the total number of faults on our network by 4.4% – saving some 194,000 engineer visits. This is helping us continue to meet or exceed all of Ofcom's 42 Minimum Service Level targets on copper and broadband services.

On the dedicated circuits we provide for businesses, we delivered another strong year of Ethernet orders and we are also fixing 94% of faults within just five hours.

We also opened more direct communication with end customers, via our website and social media, to tackle the frustration some face in contacting us.

But we know we need to do better, because what we do is so important to the UK's citizens and businesses.

We're continuing to invest heavily in our people, training and systems. This year we hired 3,500 more trainee engineers to help us sustain improvements and we will hire a further 2,700 next year. It is the biggest recruitment drive in our history. To consolidate it we have introduced new training and career opportunities to help us develop and keep hold of the very best engineering talent.

We have now opened four fibre training centres, including Peterborough, Livingston and Yarnfield. A further eight similar centres are being built or upgraded across the country. This 100,000 square-foot facility includes an 'Open Street' – a mock-up of a typical suburban street, to help our engineers develop their skills in an authentic and immersive environment.

### Fulfilling our commitments to Ofcom

Following Ofcom's Digital Communications Review of 2015, we have implemented a series of changes to our governance and operations to give Openreach more control of its strategy, investments and plans within a strategic and financial framework defined by BT.

The major milestone this year concerned our people. On 1 October 2018, more than 31,000 people transferred from BT into the new Openreach Limited – a considerable step that we believe is the largest ever one-off people transfer in UK corporate history. We also created Openreach Northern Ireland to complete the formal implementation of our commitments to Ofcom under the Review.

Meanwhile, our rebranding programme continues ahead of schedule. Almost 17,000 vehicles now feature the new Openreach brand, and we have updated all our external websites, templates and systems. Out of 32 Openreach buildings, we have just seven more to rebrand.

Ofcom recognised the progress we have made across the board in its most recent implementation report.

We have completed most of what I call the 'hard wiring' necessary to create the more independent Openreach. The 'soft wiring', encompassing things such as culture and behaviour, always takes longer to embed. I am, however, very encouraged at the real progress that BT and Openreach have made in this regard. There is a real consensus throughout both organisations that only by embedding this new way of working will we establish an enduring legacy. It takes time but we are on the right path.



## Highlights

# 173m

Our network is more than  
173 million kilometres long

# 94%

We are fixing 94% of network  
faults within five hours

# 3,500

In 2018 we hired  
3,500 trainee engineers

# 26

We are progressing FTTP build  
in 26 locations

# 27.5m

We have built our superfast  
network to almost 27.5 million  
premises across the UK

### 'Fibre First'

FTTP is a vital technology for the UK's future. It is fast, reliable and future-proof. We believe it is key to the future success of digital services in the UK and we believe Openreach has to underpin this. That is why our strategy is 'Fibre First'.

Last year we accelerated our fibre build programme and doubled our FTTP footprint. The new network is now available to more than 1.2 million homes and businesses. As a result, we are increasing our aim of reaching three million homes to four million by March 2021. We are progressing FTTP build in 26 locations and in April announced a further 12 locations to benefit from FTTP availability in the next 12 months, bringing the total to 38. Around a third of our FTTP footprint today is in rural areas, and our continuing BDUK work is almost exclusively focused on FTTP.

We want to go further – to 15 million by the mid-2020s – if the right conditions to invest are in place. To help create those conditions, we are doing whatever we can to reduce the cost of rolling out fibre – including tools and techniques such as drones, micro-ducting, ribbonised cables and 'plug-and-play' connections.

We're also working with the Government and Ofcom to deliver the enablers we need to go even further and faster. One of the biggest of these is business rates – specifically the Cumulo tax on fibre infrastructure. It is a barrier to investment for any operator wanting to build more FTTP, and we believe that action on this by the Government would boost investment across the sector.

Another hurdle is adoption. Having built our superfast network to almost 27.5 million premises across the UK, there are still more than 15.5 million homes and businesses who have not signed up to our superfast broadband.

That is why last year we took the unprecedented step of offering volume-related discounts to encourage more communications providers to upgrade their customers. The move is already having a positive effect on take-up.

We also continue to extend fibre into rural areas – via publicly-subsidised schemes and direct partnerships with local communities. We recently signed our 850th Community Fibre Partnership contract. Overall the scheme has helped us upgrade almost 98,000 homes and businesses in recent years.

### Looking to the future

We are committed to openness and transparency, so we are now publishing a wide range of information about our 'Fibre First' programme on our website, including maps and a list of locations we will be building in over the next 12 months.

We also publish details of the specific exchanges where we've installed, are currently installing, or will soon be installing (within the next three months) FTTP. We will update this information every three months.

These are exciting times at Openreach. We want to get decent, reliable and future-proof broadband to as many people as we can, as fast as we can. I look forward to seeing that continue to materialise over the coming year.

### Mike McTigue

Chairman, Openreach

8 May 2019