



openreach

# The Commitments Guidance Notes

April 2019

# Background & Introduction

# The Commitments: Background (1)

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Our Commitments are a set of promises we've made to Ofcom. They are designed to be an effective, long-term solution to address the competition concerns that Ofcom identified in its Digital Communications Review (DCR).

And they should help us deliver the goals that we and Ofcom both believe are the right ones for consumers, other Communication Providers (CPs) and BT:

- ✓ To provide **widespread availability of more fibre based broadband** networks, to deliver fast, reliable services as a result of Openreach engaging effectively with its customers
- ✓ To ensure that **decent broadband connectivity** is available for all UK consumers and businesses at a speed that is sufficient to meet modern needs; and
- ✓ To drive **continued improvement in quality of service**, so as to ensure Openreach's performance meets the needs of all wholesale customers, consumers and businesses.

# The Commitments: Background (2)

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## Our Commitments do three things to help us to deliver these goals

### 1. They set out new and stronger governance arrangements for Openreach

Openreach now has much greater independence from the rest of BT. Openreach Limited, was created in 2018 as a separate 100% owned subsidiary of BT, with its own board of directors and executive leadership team who are responsible for setting Openreach's commercial strategy and for overseeing the performance of the Openreach customer facing unit.

### 2. We will be more open and transparent

Particularly with Ofcom and Openreach's customers about how Openreach and the rest of BT deal with each other so that we can show that we are all doing the right things to live up to Our Commitments.

### 3. We and Ofcom have set up enhanced compliance and monitoring processes

This is to ensure that we don't just comply with the letter of Our Commitments, but that we truly live up to them in our behaviours and can demonstrate we have done so.

# All of our Guidance Notes are based on the same design principles

Principles	What this means in practice
Greater operational and strategic <b>independence</b> of Openreach	Ensuring that what we do gives effect to the aim of the Commitments in securing greater independence for Openreach from BT Group, treating Openreach differently where appropriate, and enabling Openreach to treat all its customers equally (see below).
Appropriate parent company <b>economic control and oversight</b> by BT	Recognition that BT remains one economic enterprise with one set of shareholders in which interest BT must act and that finances need to be consolidated into one
Recognition of <b>the important role of the Openreach board</b>	Recognition of the role of the Openreach board in decision-making, provision of direction to and oversight of Openreach
<b>Accountability</b>	Clarity in roles, decision making and best practice governance. This includes recognition of the personal responsibility of everyone involved in the process for the effective and efficient working of the Commitments
<b>Efficiency</b>	Following a clear and agile process, capable of evolution and timely escalation routes
<b>Simplicity</b>	Acting in a way that avoids duplication and minimises complexity and gets things done
<b>Equal treatment</b>	Ensuring that what we do enables and encourages Openreach to address the needs of all Openreach customers equally
<b>Transparency</b>	Demonstrate we are acting and behaving in line with the Commitments, including to Ofcom and other CPs. This includes operation of process and controls in a way that is auditable and capable of assurance.

# BT and Openreach have a number of different relationships

## Customer Relationship

- BT's Customer Facing Units (CFUs) buy services from Openreach in the same way as other CPs do; this relationship is fully at "arm's length" except in certain limited circumstances.

## Supplier Relationship

- BT supplies services to Openreach (e.g. billing, payroll, HR systems);
- This relationship requires closer inter-working between Openreach and those supplying the services (whilst still respecting the information sharing rules)

## Parent Company Relationship

- BT Group plc is the ultimate "parent company" in the BT group of companies.
- Openreach Limited is a wholly owned subsidiary of BT plc (with a majority of independent board directors).
- BT Group and Openreach will need to work together (a) to ensure good governance so that BT Group can fulfil its legal and fiduciary duties and (b) in setting BT's strategic framework.

Everybody must respect that Openreach must listen to and treat all its CP customers equally. Openreach must do what it thinks is in the best interests of all of its UK customers. It must not act in ways that favour other parts of BT over other CPs. It must do so while working within the BT Group overall strategic framework and recognising that BT Group, as its sole shareholder, needs to retain economic control.

Openreach Division is not a totally confidential organisation to all of BT. Openreach's Customer Confidential Information, Commercial Information, and Commercial Policies may only be disclosed to BT where permitted under a prescribed process. Guidance on information sharing is available on the Group Regulatory Compliance website.

Beyond these restrictions, open working practices between Openreach and BT are to be encouraged, as they are equally between Openreach and all of its customers.

# Key Documents and Definitions

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The **Commitments** set out the key provisions to which BT and Openreach Limited have committed in order to establish the greater independence of Openreach as a functionally separate part of BT.

The **Agency & Services Agreement** is the prime document governing the relationship between the two entities and sets out how Openreach will trade with BT and CP customers. In particular, the ASA describes how Openreach Limited will act as the agent of BT in the management and operation of the Openreach line of business (LoB) activities and the services it provides to BT.

The **Governance Protocol** and **Northern Ireland Governance Protocol** detail the duties and responsibilities of Openreach and Openreach Northern Ireland.

These Guidance Notes uses the same definitions as in the Commitments and the ASA:

- **BT** means British Telecommunications plc;
- **Openreach Division** means, taken together, Openreach Limited and the Openreach LoB;
- **Openreach Executive** means the executive leadership team of the Openreach Division, comprising the Openreach CEO and the senior manager direct reports to the Openreach CEO, all of whom are Openreach Employees;
- **Openreach Limited** is the private company of that name limited by shares and incorporated in England and Wales which is wholly owned by BT;
- **Openreach LoB** means the business of BT which consists of the products listed in paragraphs 3.2 and 3.3 of the Commitments, the trading associated with them, and the assets referred to in paragraph 3.5 of the Commitments.
- **CP** means a Communications Provider providing a Public Electronic Communications Service or Public Electronic Communications Network

The main documents can be found on the [BT Compliance Committee website](#).