

KCOM

Bigger than broadband

Mid-year update 2022/3



The six months to 30 September 2022 have continued to be transformational ones for KCOM as the business has focused on its strategy of growth as a leading regional provider of full fibre broadband.

Set against a backdrop of national post-Covid-19 recovery, the business has successfully adopted new ways of hybrid working and would like to thank all employees for maintaining a positive can-do approach and for their flexibility, adaptability and commitment during this time.

Our priority continues to be the wellbeing, health, and safety of our employees and ensuring that all our customers are connected and supported.



In September, we launched our Full Fibre Future vision for the company which included the further major expansion of our network into Lincolnshire and Yorkshire, upgrading our existing full fibre network so it's ready to meet future usage demands, the migration of voice service from our legacy copper network to a full fibre network and also our investment in and support for the local communities we serve.

Our leadership team has been enhanced during the first half of the year with Colin Sneddon stepping up to the role of Managing Director of KCOM Wholesale and Ian Shepherdson to the role of Chief Technology and Information Officer.

As well as bringing their extensive knowledge and expertise to the ELT, Colin and Ian's addition ensures we have a stable and experienced management team in place, ready to deliver our business plan over the months and years ahead. As CTIO, Ian will be responsible for KCOM's work expanding our full fibre network, upgrading our legacy copper network to a full fibre one and the continued transformation of our business IT systems and estate. As MD of KCOM Wholesale, Colin will focus on growing the wholesale customer base, optimising our wholesale processes, and migrating customers from our legacy network to fibre.

Andrew Craig has also joined the ELT in the role of Transformation Director to drive forward KCOM's transformation agenda as part of our five year plan. Andrew will focus on the realignment of the business following the sale of our National Business in 2021 and focus our efforts on regional growth.

We have also continued to invest in our people, recruiting in many areas especially in customer service and engineering, as well as in new IT systems to support operating performance improvement across all areas of our business.

KCOM success is reflected in our shortlisting in three categories at the ISPA Awards 2022 including Best Consumer ISP (with more than 100,000 customers), Best Infrastructure and Best Customer Innovation.



Network expansion and upgrade

The expansion of our full fibre broadband network has progressed as planned with the help of our own Internal Construction Teams. We have now reached more than 20 new towns and villages outside of our traditional network heartland of Hull and East Yorkshire including homes and businesses in communities such as Driffield, Pocklington, Newbald, Melbourne, Bridlington, Barton, Howden, Goole, Selby, Goxhill, Brigg, Broughton, Scawby, Hibaldstow, Kirton in Lindsey, Barrow upon Humber, Epworth, Messingham, Crowle and Haxey.

In September, we announced the next £62m phase of our expansion which will take the size of our network footprint to 350,000 premises by connecting at least 14 more communities across the region including Flamborough in East Yorkshire, Hunmanby, Stamford Bridge and Cayton in North Yorkshire and Caistor and Mablethorpe in Lincolnshire.

We also announced a further £10m investment to upgrade 14,000 properties in East Yorkshire currently without full fibre in communities such as Cherry Burton; £17m to replace the ageing copper phone lines in Hull with an entirely new fibre network; and a £10m long term upgrade of the existing fibre network to enable download speeds of 10Gbps.

Wholesale capability

The Wholesale team continues to focus on investing in systems capabilities and improving the Wholesale customer experience and reduce manual involvement in provisioning and managing service. Wholesale private circuits continue to grow ahead of budget.

Following trials with communication providers in parts of the network expansion, wholesale services are now being offered across more of the expanded network footprint.

The team has increased focus on continuing to build strong relationships with our larger customers to explore how we can improve delivery of the services and the support they need. The team has also started to monitor the locations that other network operators are continuing to build so that the group can determine the level of competition which exists.

Retail performance

We have continued to recruit and train a considerable number of new members to our customer care teams.

The Retail team has successfully launched the first phase of its new IT transformation programme; aimed at improving the functionality of customer service channels and making it easier for customer service operatives to provide a first class service. Phase two of this transformation is on course to go live in November.

A big focus across all our customer care teams is on training and ensuring we're ready to get the most benefit from our new systems which will ultimately benefit our customers, reduce wait times and help provide a single visit problem resolution.



ESG focus

GRESB

The business has continued to work on initiatives aimed at improving our ESG performance including our plan for our Scope 1 and 2 greenhouse gas emission to Net Zero by 2040. Our Scope 1 and 2 emissions for our operations remaining after the sale of the National Business showed a slight increase going up to 941 tonnes vs 927 tonnes in 2021, this is primarily due to expansion of our field operations and a return to pre-pandemic ways of working. The solar panels installed at our Salvesen way offices are producing around 18% of the site electricity, which is equivalent to a reduction of 11 tonnes of CO2. The move from our copper network to a full fibre network is anticipated to reduce our electricity consumption by 35%, this work is due to start in the next financial year.

In the latest submission, we achieved a GRESB score of 80, which is one point higher than the GRESB average. We continually review and seek to improve all elements of our performance against the framework.

Community

In the past six months the company has continued to support and promote its employee volunteer schemes with considerable success, delivering 900 volunteer hours for 18 local charities. This scheme allows employees to directly support charities, community groups and environmental schemes in communities throughout the KCOM region.

The company has also recently joined the Time2Volunteer platform which matches a wide range of volunteering opportunities within the region with employees who are interested in helping. All KCOM employees are entitled to two days for volunteering each year.

KCOM's work to support local groups was recognised in May when it was presented with the Commitment to the Local Community Award at the national Better Society Awards.

In September, KCOM also announced its Full Fibre for Everyone scheme which will invest £500,000 in digital inclusion schemes and events across the region over three years.

This will enable KCOM to expand on its digital inclusion schemes that it already operates in local communities. These include digital training sessions schools and community centres, installing open access Wi-Fi in public buildings and investing in local infrastructure – such as connecting community and rural hubs to fibre broadband. In addition, KCOM will continue to promote and encourage sign up for its recently launched Flex package that gives full fibre connectivity to those that previously couldn't afford it.

This year the business has launched its KCOM Way company values, which are: Passion For Progress, Shoulder to Shoulder, Seeing it Through and Authentic and Confident. These values are now at the core of all activity within KCOM.

For employees, the past six months has seen the launch of a new Inclusion Team making sure all viewpoints and experiences are reflected within the business. The company continues to hold Lunch & Learn sessions giving colleagues insights into other areas of the business and has also launched an initiative for employees to create their own hobby and social clubs alongside colleagues.



National business

Following completion of the sale of our National ICT Business to Nasstar in 2021 work has progressed significantly on separating the National ICT business and realigning our remaining business to focus on regional operations.

Looking ahead

After much change in the period, the new leadership team is fully focussed on the continued transformation of the business. This will involve further sizeable expansion and upgrading of our network, rolling out full fibre to more communities, homes and businesses and ensuring the future success of KCOM.

