

**UNC DSC Credit Committee Minutes**  
**Monday 24 September 2018**  
**via teleconference**

**Attendees**

Helen Cuin (Chair)	(RH)	Joint Office	Non-Voting
Helen Bennett (Secretary)	(HB)	Joint Office	Non-Voting
Adam Lane	(AL)	Shipper	Voting Member
Joanna Fergusson	(JF)	Transporter	Voting Member
Mark Cockayne	(MC)	CDSP	Non-Voting
Paul Whitton	(PW)	Transporter	Voting Member
Phil Lucas	(PL)	Transporter	Voting Member
Sallyann Blackett	(SB)	Shipper	Voting Member
Sandra Dworkin	(SDw)	CDSP	Non-Voting
Sue Davies	(SDa)	Transporter	Voting Member
Thomas Butler	(TB)	IGT	Voting Member

**Apologies**

Ian Clark  
John Burke

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsc-credit/240918>

**1. Introduction and Status Review**

Helen Cuin (HC) welcomed everyone to the meeting.

**1.1. Apologies for absence**

None received.

**1.2. Note of Alternates**

None.

**1.3. Approval of Minutes (23 July 2018)**

The minutes from 23 July 2018 were agreed. An Operational Update was published for July in lieu of the August meeting.

**1.4. Review of outstanding actions**

**Action 0701:** SDw to draft an update to the Credit Rules and seek email approval. To be in effect from October 2018.

**Update:** Sandra Dworkin (SDw) explained Members did NOT support a change to Xoserve's processes to accommodate 28 calendar days as it meant that some Payment Due Date's (PDD's) would be brought forward (10 up to the end of next year) and although within the terms of the contract, it was recommended that we avoid that.

She advised that this avenue will no longer be pursued and that payment due dates (PDD's) will be manually amended to always match 20 business days. In the longer term a change to system or contract will be considered, but would be pursued through the relevant routes. SD confirmed

payment due dates for DSC General Services and DSC Specific Services would be published on the Xoserve Billing Calendar which is available on the Xoserve web site. **Closed**

## 2. Approve changes to the DSC Credit Rules/DSC Security

Parent Company Guarantee (PCG) - Some potential PCG formatting has been identified that need to be amended, such as, formatting issue with numbers and spacing, removal of fax, a draft will be circulated once confirmed.

Invoice schedule - The November invoice is due to be issued on 24 December, Xoserve are suggesting a change to aide customers over the Christmas period by issuing on Thursday 20 December but still keeping the payment due date. This will go to the next DSC Contract Committee for Approval.

## 3. CDSP Operational Report

### 3.1. CDSP cash collection update for August

The following performance was reported for cash collected:

Month	Payment Due Date	Payment Due Date +3
August 2018	99.81%	99.96%

All debt over 3 days is escalated to the DSC Credit Committee anonymously to discuss whether to defer taking further action.

There were 12 Notice of Failure to Pay Invoices in August issued in relation to £27,897.12.

- 1 notice was in relation to General Services – a regular late payer
- 3 notices were Specific Services – these 4 notices make up over 80% of the £27K
- 2 notices were for Additional Services
- 6 were for Third Parties. Although these represented half the notices it represented less than £3K of late payments. Also, a further 2 Third Party customers paid late but notices were not issued as values were below £5.

### Current outstanding debt

SDw advised that four companies (all Suppliers) are in administration:

- GB Energy £5,246.44
- Future Energy (Supply) Ltd £332.36
- Iresa Ltd £658.75 inc VAT
- National Power & Gas Ltd £4.51 inc VAT

### 3.2. CDSP security management update

SDw provided an update on customer's security:

- 97% of customers are unsecured supported by a Published Credit Rating from Experian, Graydons or D&B.
- 1% of customers have a credit limit of £150 or below and are not supported by a Published Credit Rating.
- 2% are underwritten by a third-party Parent Company Guarantee.

### 3.3. Breach of a DSC Credit Limit

SDw confirmed that as stated last month there were issues with 2 customers (both Suppliers), River Nore and River Caddo, Credit Alerts had been received for both. The Credit Team have been working with the Contract Team and the customers to reduce exposure and Xoserve were now billing Data Enquiry at month end with 3 days payment terms.

An additional supplier River Ashley had received a Credit Alert and following a request for further security all invoices had been paid in full although not yet due, and the invoicing schedule has been shortened to reduce exposure pending receipt of security. River Ashley however have now had their Credit Rating reinstated.

SDw asked members whether a discussion regarding value at risk for suppliers based on the recent trends was worthwhile? She confirmed that suppliers can have a third-party contract for Data Enquiry. For example, both customers who had recently received alerts River Nore and River Caddo's had Data Enquiry contracts and their invoices were less than £1K a month. Some customers were not keen to put security in place in the form of a Letter of Credit for these type of values and weren't always able to put a PCG in place. However, if a customer does not have a Published Credit Rating they are required to put security in place for exposure above £150 a month. Members discussed whether increasing the £150 should be considered and also payment in advance and the administration around it, versus the values to be collected.

SDw agreed to provide further information regarding the number of customers and values and members requested a further discussion at next month's meeting.

**New Action 0901: Xoserve to complete analysis with regards to the number of customers and values for Third Party Contracts and present back with recommendations at next meeting.**

#### Late or non-payment of CDSP Charges

SDw advised that all customers that had paid late as detailed in 3.1 had now paid in full apart from Iresa Ltd in Administration. For clarity SD confirmed current outstanding debt as follows which relates to the four companies (all Suppliers) in administration:

- GB Energy £5,246.44
- Future Energy (Supply) Ltd £332.36
- Iresa Ltd £658.75 inc VAT
- National Power & Gas Ltd £4.51 inc VAT

### 3.4. Further actions following failure notices

None

## 4. Update on Transform Us

Xoserve have been providing a regular update regarding the new SAP4HANA system to be implementing within Xoserve on 1/10/18 at the Operational meetings. As previously stated this is due to the separation from National Grid and gives Xoserve the opportunity to make improvements and manage change themselves going forward rather than relying on National Grid. It is expected that as an off the shelf standard OTC system is being used, there may be changes in our processes to accommodate the system and its long-term benefits.

Xoserve have already spoken about Payment Due Dates, however, would like to take this opportunity to share the communication that was issued from Xoserve to Users following the August DSC Contract Managers Meeting and summarised the following:

*At the Data Services Contract (DSC) Contract Management Committee meeting on Wednesday 15<sup>th</sup> August, we said that we are changing our internal invoice system, which is required as part of our wider changes. The invoice system enables the production and submission of General, Specific and Additional Service invoices. We are aiming to implement the system in time for October's General, Specific and Additional Service invoices.*

*Committee members raised concerns at the meeting on the lack of awareness provided of these changes, with clarity and detail needed from Xoserve. With this in mind, a summary of the changes discussed at the meeting are detailed below:*

*Proposed Customer Changes*

1. *If your organisations currently receive General, Specific and Additional invoices to a single contact (email address), we will provide Must Read supporting information within a separate email to the designated contact.*
2. *We are looking to include the number of telephone calls your organisation has made to the Telephone Enquiry Service within the Specific Services invoice rather than detailing this on a separate email as we currently do.*

*For Information - Changes Xoserve is making to prevent customer impacts*

3. *Payment Terms for General, Specific and Additional Services are currently set as 'within 20 business days of invoice issue date'. The new invoice system is designed to recognise calendar days only. We will be deploying manual controls within our invoicing activities to ensure payment due dates continue to align with existing Payment Terms.*
4. *The new invoice system will be restricted in recognising an individual contact per organisation – We are aware that several customers have multiple contacts that receive invoice information and will be deploying manual controls within our invoicing activities that allow existing invoicing provisions to continue.*
5. *Whilst the new invoice system is designed to supply invoices via email, paper invoices will continue to be provided for those few organisations who prefer this method.*

*Future enhancements we would like to progress with customers support*

6. *To enable invoices to be fully automated, we would like our customers to consider moving to a designated single contact point for invoices (i.e. a single email address).*
7. *We also advise that all General, Specific and Additional Service invoices are provided through email only.*

*We want to understand your organisations views on the proposed changes (**bullet points one and two**) and also welcome your views on the suggested future enhancements (**bullet points six and seven**).*

SDw then went on to discuss a further proposal to improve the Cash Collection process that SAP4HANA would be able to facilitate.

Currently Xoserve issue an email to customers after every invoice issued to check receipt of invoice, manage queries and request a remittance. The Xoserve Credit Team are proposing to send an email at month end stating all open items and their value and payment due dates, checking they have received the invoice and requesting a remittance. This fits well with Xoserve current schedules, and the new system gives the facility to pull all open items into an email. Xoserve have had a number of customers state they are frustrated with the number of emails that are sent as part of Xoserve's proactive cash collection process. Xoserve highlighted that this is not a system change but a change to their process.

Joanna Ferguson (JF) commented that although a potential improvement that this should be raised at the Contract Managers Committee to ensure visibility. Xoserve agreed to raise this. Further discussion regarding communication in respect to credit and the appropriate forums was discussed in relation to future meetings and membership.

SDw then went on to summarise potential Future Changes for the Committees information:

- Review of Payment Due Dates – calendar days in system, business days in contract. Potential Contract/system change to be considered
- Email only invoices – remove posting of invoices
- 1 designated invoice contact to fully automate invoices – reducing cost
- Cash Collection proactive chasing process email to be amended
- Review of Invoice Format to introduce potential cosmetic changes

**5. AOB**

**5.1. Membership**

Helen Cuin (HCu) advised the election process has concluded and highlighted that despite a reminder being issued, there was a low User representation for DSC Credit Committee with Adam Lane and Sallyann Blackett being the two nominated Shipper members going forward.

A concern regarding quoracy for the meeting was raised, questioning if this Committee has a good representation.

HCu asked members if there are any recommendations, such as, should DSC Credit fit with DSC Contract rather than in conjunction with EBCC, this would aid capturing more information and avoid duplicated effort. It was agreed that Joint Office would raise this as a concern at the next DSC Contract committee.

It was clarified that, to address low User representation at the DSC Credit Committee, members at DSC Credit Committee would like to recommend that the DSC Credit is held on the same day as DSC Contract. And for DSC Contract to take on representation for DSC Credit.

The only slight concern that was raised is that the DSC Contract Committee member need to have the right credit background to be able to make informed decisions going forward.

**5.2. UNC Elections Representative Appointments - DSC Committees**

This item was completed in the AOB item 5.1.

**6. Diary Planning**

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

**\*\*Please note it is suggested that the November meeting will be the face to face meeting and not October as was originally intended.**

Time / Date	Venue	Workgroup Programme
14:30 Monday 22 October 2018	Teleconference	Standard agenda items
<b>**14:30 Monday 19 November 2018</b>	<b>Face to Face</b>	Standard agenda items
14:30 Tuesday 18 December 2018	Teleconference	Standard agenda items

**Action Table (as at 24 September 2018)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>0701</b>	23/07/18	4.0	SDw to draft an update to the Credit Rules and seek email approval. To be in effect from October 2018.	Xoserve (SDw)	<b>Closed</b>
<b>0901</b>	24/09/18	3.4	Xoserve to complete analysis with regards to the number of customers and values for Third Party Contracts and present back with recommendations at next meeting.	Xoserve (SDw)	<b>Pending</b>