

UNC DSC Credit Committee Minutes
Monday 24 February 2020
via teleconference

Attendees

Lorraine O'Shaughnessy (Chair)	(LOS) Joint Office	Non-Voting
Karen Visgarda (Secretary)	(KV) Joint Office	Non-Voting
Brendan Gill	(BG) CDSP	Non-Voting
Jane Morrison	(JM) SSE	Shipper Voting Member
Lorette Turner	(LT) Cadent	Transporter Voting Member
Sue Davies	(SDa) WWU	Transporter Voting Member
Teresa Thompson	(TT) National Grid	Transporter Voting Member
Ian Clark	(IC) Northern Gas Networks	Transporter Voting Member

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsc-credit/240220>

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed everyone to the meeting, and confirmed the meeting was quorate.

1.1. Apologies for absence

No apologies were received.

1.2. Note of Alternates

No alternates were in attendance.

1.3. Approval of Minutes (25 November 2019)

The minutes of the previous meeting were approved.

1.4. Review of outstanding actions

There were no Outstanding Actions.

2. CDSP Operational Report

2.1. CDSP cash collection update for January.

Brendan Gill (BG) reported that the cash due to be collected in January was £8,031,322.01. He reminded members that cash collection on payment due date + 3 business days for all debt above £1000 over 3 days, is escalated to the DSC Credit Committee but debt under £1000 ex VAT is only discussed at the next operational meeting.

The following performance was reported for cash collected:

Month	Payment Due Date	Payment Due Date +3
December 2019	98.62%	99.50%
January 2020	74.51%	99.75%

BG highlighted that the performance for January in relation to cash collected by payment due date + 3 business days for January was 99.75%. This was mainly due to River Anderson who is a large CDSP customer not approving an invoice on their system. Further details are provided below under agenda item 2.3.

2.2. CDSP security management update

BG provided an update on customer security:

- 99% of customers are unsecured- supported by a Published Credit Rating from Experian, Graydons or D&B.
- 1% are secured – exposure underwritten by a third-party Parent Company Guarantee (i.e. a letter of credit or Parent Company Guarantee)

2.3. Breach of a DSC Credit Limit, Late or non-payment of CDSP Charges

BG said there were 30 Failure to Pay Notices issued in January with a total value of £2,017,035.11.

The main customers by River name and the values and reason for paying late are provided in the table below:

River Name	Service	Days Late	Value (£)	Reason
Anderson	General Services	1	£1,982,552.40	Internal system problems with current PO number. Customer acted quickly to resolve issue.
Wandle	General Services	3	£1,746.02	Internal administration issues, invoice not loaded into system to approve
Evenlode	Specific Services	6	£8,792.22	Customer requested invoices to be loaded onto a 3 rd party portal before payment could be made. Following discussion with their Advocate and Customer this requirement has since been removed.
Chelmer	Specific Services	6	£3,120.11	Customer requested invoices to be loaded onto a 3 rd party portal before payment could be made. Following discussion with their Advocate and Customer this requirement has since been removed.
Robe	Specific Services	1	£1,298.22	Internal customer admin error

He reminded members that where payment is late, the CDSP will issue late payment charges within the quarter. Frequent late payers are also highlighted to the Customer Advocate Team in an effort to remedy the late payments.

2.4. Further Actions following failure notices

BG said there no further actions.

3. CDSP Outstanding Debt Position

BG provided a breakdown of CDSP debt for information. He indicated that the publication would not be published due to confidential commercial information.

In terms of terminated contracts, BG highlighted that the vast majority of the total debt was attributed to the failure of two Shippers Where the debt value is less than £1,000 the CDSP will not pursuing the debt through administrators.

BG added that in relation to the Terminated Shipper in December 2019 that their portfolio had migrated later than forecast following a trade sale. The customer in question had been advised by Ofgem to wait for their revocation of their licence before placing the company into administration. As the licence is not due to be revoked until mid- March the customer intends to place the company into Administration in line with the Gas Act and expects and administrator to be appointed within 2 weeks.

BG suggested that CDSP debt may have to be smeared across the community through the General Services invoice however, this would be something that the DSC Change Committee or DSC Contract Managers will need to decide

BG pointed out that previously the committee had been advised that the budget and charging methodology are not aligned. He reminded members that section 2.2 of the DSC Credit Rules state that: *“(the effect of the provisions of the Budget and Charging Methodology Document is that if Customers fail to make payment of any invoice issued when due, all other customers shall become liable for (in aggregate) for an equivalent amount (together with an amount in respect of the cost of financing such non-payment)”*

BG reported that the internal meetings had now been concluded and an agreement reached to submit to the DSC Change Management Committee on 18 March 2020 and then subsequently to the DSC Contract Mangers meeting for wider discussion and approval. BG confirmed who he would provide an update of the status and progress in due course.

New Action 0201: Xoserve (BG) to provide an update to the Committee members on the Budget and Charging Methodology status and progress.

4. Any Proposed Changes to the DSC Credit Rules/Policy?

BG confirmed that the internal review of the Rules and Policy had now taken place and that he had received some feedback, which he appreciated. He then explained the areas for amendment were as detailed below:

- Change to Sections 3.2 and 7.1 to allow a CDSP alternate in the absence of the CDSP Business Process Manager
- Removal of the transitional arrangements in Section 3.3.1. as this no longer serves any purpose.
- Removal of individuals name in Section 8.2
- Section 4.6 states customer can choose the Credit Agency used for credit assessment which is not the case.

BG explained that Xoserve were presently monitoring the three agencies, D&B, Graydons and Experian. He said that D&B limited disproportionately from a higher weighting perspective, compared to the other two agencies, and that the contract with D&B was due to end in November 2020. He proposed that notice could be served on D&B in August 2020. A brief general discussion took place and all Committee members were in agreement with notice being served to D&B in August 2020. BG said he would also re-issue the revised Credit Rules in due course.

New Action 0202: Xoserve (BG) to serve notice on D&B in August 2020 in order for the contract to cease in November 2020.

BG asked Committee members if it would be helpful if he sent the confidential presentation slides to them ahead of the meeting, all agreed that this would be of benefit.

New Action 0203: Xoserve (BG) to send the meeting confidential presentation slides to the Committee members prior to the meeting date.

BG explained that Xoserve were going to be re-assessed on 25 March 2020 by the Chartered Institute of Credit Management (CICM). He added that Xoserve were looking at best practices and suggested that this would be advantageous for other members from a networking perspective.

5. Operational Pack – Format/Style/Content

There were no comments raised in relation to the Operational Pack.

6. Key Messages

There were no key messages noted for escalation to the DSC Contract Management Committee.

7. Any Other Business

No items were raised.

8. Diary Planning

LOS said that as this was the first meeting with the earlier time, did the Committee members feel this was acceptable. All Committee members were in agreement that this time was appropriate and agreed that quarterly meetings were suitable, given that additional meetings could be convened if required.

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

Time / Date	Venue	Workgroup Programme
09:30 – 10:30 18 May 2020	Teleconference	Standard agenda items
09:30 – 10:30 17 August 2020	Teleconference	Standard agenda items
09:30 – 10:30 23 November 2020	Teleconference	Standard agenda items

Action Table (as at 24 February 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	24/02/20	3.0	Xoserve (BG) to provide an update to the DSCCC members on the Budget and Charging Methodology status and progress.	Xoserve (BG)	Pending
0202	24/02/20	4.0	Xoserve (BG) to serve notice on D&B in August 2020 for contract to cease in November 2020.	Xoserve (BG)	Pending
0203	24/02/20	4.0	Xoserve (BG) to send the meeting confidential presentation slides to the DSCCC members prior to the meeting date.	Xoserve (BG)	Pending