



Edward Allard
Cadent Gas Limited
Pilot Way Ansty Park Coventry
CV7 9JU
United Kingdom

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Sent via email to Edward.allard@cadent.com

Dear Edward

Many thanks for your written correspondence in relation to Draft 1 of the CDSP Business Plan for 2025-28 (BP25) dated 21 October 2024. I appreciate you taking the time to provide feedback and your letter, and this response, will be uploaded to the BP25 portal to reflect the non-confidential status of both correspondences.

I'd like to address each point you have helpfully raised, providing commentary as to how each item is covered in Draft 2.

Engagement

I'm glad that you recognise our commitment to providing multiple opportunities to engage with this cycle of Business Planning - customer and stakeholder input is critical to the process of developing an effective and robust business plan that addresses customer priorities.

Value for Money (VfM)

I agree that VfM remains a key topic for Xoserve, and I'm encouraged that you recognise the outputs from the 2023 Efficiency Review are visible and find the target 'economy gains' to be helpful. We aim to meet this target (£0.7m in 2026/27 and again in 2027/28) by advancing each Efficiency Review 'finding' via the ERIX programme. As each finding is pursued, our ability to be more specific as to the 'value' of each one will become more evident. We will continue to work with customer representatives in the ERIX Customer Advisory Board on this front, relaying progress to the DSC Contract Management Committee.

Performance

The forecasted performance vs each Data Service Contract (DSC) Key Performance Metric (KPM) and Performance Indicator (PI) is based on trends across the previous 6 months. Given that in most cases, historic performance is consistently above-target,

our approach to forecasting leads to expectations that this level of performance will persist. There are only 2 KPMs where achieving perfect performance has not been achieved and is therefore not forecasted:

“In the case of KPM.07 (meter read and asset processing), where we have consistently scored 99.99% vs a targeted 100% across the last 18 months, it is likely that performance will follow this trend. Similarly, for KPM.13 (resolution of invoicing exceptions) we have averaged a score of 99.9% v the 100% target over the last 18 months and expect that to continue.” (Annexed Information, Current Performance, p20),

There is no funding provision in BP25 to implement improvements across these specific KPMs. We believe this to be the right and proportionate approach given the very small number of exceptions (relative to the total number of transactions) and the likelihood that potentially significant investment could only have a very limited impact on performance levels improving.

However, we have taken / are taking steps aimed at continuously improving CDSP service delivery including:

- Making budget changes in Draft 2 that will reduce the risk of recent performance issues being repeated
- Adding capability and capacity to improve 3rd party contract management
- Facilitating a review of the existing DSC KPMs and PIs with CoMC in the coming months

In response to Draft 1 feedback, during which some customers referenced specific examples of suboptimal performance (not directly evident in KPM/PI statistics), Draft 2 includes a £0.4m increase in ‘direct’ S&O from 2025/26, to provide additional Enhanced Qualitative Assurance capacity. These new resources will perform qualitative assurance of 3rd party change delivery, including extensive test assurance, embedded project assurance (approach based on the criticality of each project as determined via a predetermined criteria) and all related customer reporting.

Code Reform

We see incoming Code Reform as something we need to be ready for. As such, we will continue to consider how Xoserve can add value, be that via interacting with Ofgem consultations to ensure any potential impacts of Code Reform on CDSP service provision are understood / considered, or working with stakeholders where we believe this is useful.

Our focus in BP25 is on CDSP service provision, improvement and development. In terms of developing future services, BP25 has proposals for the delivery of a CDSP Data and Digital Strategy, and for the exploration of a CDSP Open Data Solution - we regard this as ‘no-regret’ investment that is valuable to customers (e.g. a CDSP Open Data

solution could offer a greater degree of 'self-serve' data capability), and to industry stakeholders focussed on the steps required to meet HM Government Net Zero targets.

Thanks once again for engaging with this process, and I look forward to further discussion as the BP25 cycle continues.

Kind regards

James

James Rigby

Business Plan Manager

James.rigby@xoserve.com

07739689512

Xoserve Limited: Lansdowne Gate, 65 New Road, Solihull B91 3DL

Company Website: www.xoserve.com



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