

# **Agency Charging Statement**

## **Revision for 1<sup>st</sup> April 2011**

# Objectives

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- Set ACS Prices for 1<sup>st</sup> April 2011
- Summary of the ACS Annual Report
  - Forecast costs for this year 2010/11 and next
  - Demand forecasts
  - 2010/11 forecast financial performance
  - 2011/12 forecast financial performance
  - ACS price changes for 1<sup>st</sup> April 2011
- Timeline

# What have we done?

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- Updated forecasts
  - Revised demand forecasts for 2011/12 based on actual service usage & customer updates
  - Reviewed cost forecasts in light of actual costs and forecast demand for service provision for 2010/11 and next year including a forecast of efficiencies
- The return for 2010/11 is forecast to be £190k above a 6% margin
  - xoserve is planning to rebate this over-recovery to customers by reducing the 2011/12 prices for the service lines where the over-recoveries are forecast to occur
  - Over-recovery is down to demand being higher for the services than forecast

# Annual Report in Summary: Forecast Costs

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- Forecast cost of User Pays service provision
  - 2010/2011 - £2.72 million
  - 2011/2012 - £2.89 million
- First overall cost increase since User Pays was introduced in 2008
- Increase is mainly due to the introduction of additional services, predominately DM Elective, and inflation
- In real terms User Pays costs are 25% lower than 1<sup>st</sup> April 2008, plus we are delivering more services

# Annual Report in Summary: Updated Demand Forecast for User Pays Services

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- Review of demand forecast took into account
  - Actual use to date
  - Updated customer forecasts (where received)
  - For ad-hoc services historical data was used to create a trend
- Results
  - IAD demand is 19,500 accounts (up from 17,500)
  - Telephone services demand has decreased by 21,000 calls
  - Email reporting demand has doubled
  - MOD 192 USRV service resolution remains low
- Demand forecast table updated with new demand volumes, published as Appendix 2 of the ACS and included in the Review Report

# ACS Prices

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- Prices continue to be set in accordance with the charging methodology set out in the approved ACS
- Prices are a direct relationship between the forecast cost of providing the service and forecast demand plus a margin (6% as agreed by Ofgem) plus any adjustment for an over or under recovery in the previous year
- There are price changes in the 2011/12 ACS
  - Prices are falling for five services
  - Prices are going up for three services plus User Admission

# ACS Prices – IAD and Telephone

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- IAD

- Proposed monthly charge £6.60 per account
- Reduction against the annual average charge this year of £6.90
- The reduction has been achieved through a combination of increased demand and an over recovery from the previous year

- Telephone Enquiries

- The proposal is to increase prices for all the telephone bands
- This is reflective of an increase in associated costs (both people and system support although we have tried to keep these to a minimum) and a decrease in demand
- For example; Band B (the most popular band) will increase to £2,844

# ACS Prices – Email Reporting and SARs

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- Email Reporting
  - There has been a significant increase in demand for email reporting services which is forecast to continue. This has resulted in a forecast over recovery for 2010/11 which means prices will be reduced for 2011/12
  - The new price for the report for less than 1,000 MPRNs is £55
  - The new price for the report for greater than 1,000 MPRNs is £80
- Shipper Agreed Reads (SARs)
  - Customer demand has shifted away from facsimile and in general SAR demand has fallen
  - U01 file prices have increased by £0.01 to £0.11
  - Email and facsimile new prices are £2.65 and £9.20 respectively

# ACS Prices – Must Reads and USRV Resolution Service

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- Must Reads
  - Prices for 2011/12 yet to be confirmed
- USRV Resolution (MOD 192 service)
  - The new price for a desk top resolution is £75
  - The new price for a desk top and site visit resolution is £121 + the individual Network site visit cost
  - The price has increased due to a lower demand

# ACS Prices – MOD 279, DM Elective, User Admission

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- MOD 279 is a new reporting line for read history effective from 01<sup>st</sup> April 2011; the price is £270
- DM Elective charges remain unchanged despite zero take up, this is a deliberate decision in an attempt to not discourage demand
- User Admission price has increased to £4,700 due to a re-evaluation in the time taken to manage a new entrant

# ACS Prices – M Number DVD, AQ Enquiries, Portfolio Reporting

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- The M Number DVD price has dropped to £968 for the annual product. This reflects an increased demand for this service and an expected over recovery for 2010/11
- AQ enquiries new price will be 1.5 pence, a reduction from 2 pence, due to an increase in demand
- Portfolio Reports will reduce in price by 26% due to additional services being delivered with no increase in staff numbers plus an over recovery forecast for 2010/11

# Updated Revenue Forecast 10/11 and 11/12

	2010-11 £m	2011-12 £m	Average £m
Provision of Information	2.55	2.34	
Registered User portfolio Reports	0.11	0.09	
AQ Enquiry	0.06	0.04	
Must Reads	0.24	0.22	
Shipper Agreed Reads	0.08	0.09	
User Admissions	0.05	0.06	
MOD 192	0.01	0.01	
DM Elective	0.00	0.03	
<b>Total Revenue</b>	<b>3.11</b>	<b>2.88</b>	<b>2.99</b>
<b>Total Costs</b>	<b>2.72</b>	<b>2.89</b>	<b>2.81</b>
<b>Margin</b>	<b>0.39</b>	<b>-0.01</b>	<b>0.19</b>
<b>Return</b>	<b>12%</b>	<b>0%</b>	<b>6%</b>

# Timeline for the ACS Review

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- Customers' comments requested by 21<sup>st</sup> February to [xoserve.userpays@xoserve.com](mailto:xoserve.userpays@xoserve.com)
- Review Report, revised ACS and customer responses to Ofgem on 1st March
- New prices effective from 1<sup>st</sup> April