**DSC CONTRACT MANAGEMENT COMMITTEE 17 JANUARY 2018**

**INFORMATION NOTE ON DECISION MAKING RESPONSIBILITIES**

The table below sets out the key roles and responsibilities of Xoserve Shareholders, the Xoserve Board, Customers and Ofgem, and illustrates the extent to which these are repositioned as a result of the changes to the Xoserve business model arising from the FGO Review.

The term ‘Customers’ refers to those parties who are signatories to the Data Services Contract and are therefore participants in the CDSP co-operative funding and governance arrangements.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Old Model** |  | **New Model** |
| **Decision Topic** | **Board** | **Customers** | **Ofgem** | **Shareholders**  | **Board** | **Customers** | **Ofgem** | **Notes** |
| Business Plan and Budget | A |  |  |  | A | I |  |  |
| Budget Amendment | A |  |  |  | A | I | N |  |
| Budget Appeal |  |  |  | A (Contingency) | A (Secondary) | I | A (Primary) | 1 |
| Change Budget |  | A |  |  |  | A |  |  |
| Business Strategy | A |  |  |  | A | I |  |  |
| New Service Proposal | A |  |  |  | A | I | A | 2 |
| Credit Risk | A |  |  |  | A | A |  | 3 |
| Audit Programme | A |  |  |  | A | I |  |  |
| Statutory Accounts | A |  |  |  | A |  |  |  |
| Remuneration | A |  |  |  | A |  |  |  |
| Expenditure Approval | A |  |  |  | A |  |  |  |
| Regulatory Information Provision (GT Licence SSC A26) |  |  |  | A |  |  |  |  |
| A = Approver; I = Influencer; N = Notified |

Notes

1. In the event of a Budget Appeal, the primary approval sits with Ofgem to determine the outcome of the Appeal. Secondly, the Board is required to approve the restated Budget as determined by Ofgem. As a contingency, if the Company fails (or is likely to fail) to comply with Ofgem’s determination, the Shareholders can require the Company to change the Budget as determined by Ofgem.
2. The Board is required to approve any new business activity that is outside of Xoserve’s normal scope of business (as defined by its business strategy). Where the proposed service falls (or may fall) outside of the definition of “CDSP Services”, Ofgem approval to provide the service is required.
3. The primary responsibility for the management of credit risk sits with customers (DSC Credit Committee). Board approval is required only where Xoserve settles a claim in relation to a financial default that exceeds £0.5m.

Shareholder Powers and Matters

Shareholder Reserve Matters and Shareholder Consent Matters are more limited in their scope under the New Model when compared to the Old.

In addition to the two Shareholder Reserve Powers noted in the table (Budget Appeal and Regulatory Information Provision), under the New Model there are some Shareholder Consent Matters in relation to which the prior written consent of all Shareholders is required including:

(a) Any amendment to the Articles which will, in the opinion of a Shareholder, result in that Shareholder breaching its GT Licence;

(b) Passing of any resolution or presenting a petition for the Xoserve’s winding up (unless Xoserve is insolvent);

(c) Entering into a scheme of arrangement or merger; and

(d) Subject to certain exceptions, the issue or allotment of shares in the capital of the Company.