

SIMPLIFY
REUSE
DELIGHT

INTRODUCTION

OUR VISION IS TO SIMPLIFY THE ENERGY MARKET



OUR VISION
"We believe in radically simplifying the Energy Market through maintaining and leveraging industry assets for the benefit of all."



We will deliver this vision through six strategic objectives:

- Customer Centric
- Data Driven
- Change Leading
- Operationally Excellent
- People Powered
- Responsible Business

STRATEGIC REVIEW

At a Glance.....	4
Chairman's Statement	6
Chief Executive Officer's Statement.....	7
Our Strategy.....	8
Customer Promise	10
Performance Against Strategic Objectives	12
— Customer Centric.....	12
— Data Driven	16
— Change Leading	18
— Operationally Excellent.....	22
— People Powered.....	30
— Responsible Business	32
Corporate Social Responsibility	35
Financial Summary.....	36

GOVERNANCE OVERVIEW

Board of Directors	38
Executive Team	39
Governance Overview	40

AT A GLANCE

ADDING VALUE THROUGH DATA

As the Central Data Service Provider to the Gas Industry, we are central to Britain's Commercial Gas Market.



WHO WE ARE

Founded in 2005, Xoserve is central to Britain's commercial gas market. We are funded, governed and owned by our customers. Our Board is made up of eight customer-nominated Directors and an independent Chair. Operating at the heart of the gas industry, Xoserve offers a single consistent point of service for the whole gas market.

WHAT WE DO

As the gas industry's Central Data Service Provider (CDSP), we hold the UK register of details about the nation's gas supply, with information such as who supplies an address, meter reading history and daily national consumption. Being CDSP enables us to provide services to gas suppliers, shippers and transporters, helping Britain's gas market to run efficiently and reliably. We provide information about gas flows across the entire network. The gas usage information we process ensures National Grid can maintain system balance between supply and demand and ensures gas distribution networks invoice the shipping community accurately for carrying gas to UK premises. Maintaining the central register and related information flows requires complex, secure systems and highly skilled and engaged people.

OUR STRATEGY

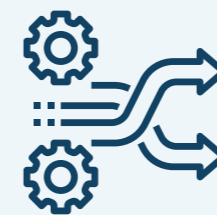
We recognise that energy consumers are the ultimate investors in energy assets and we believe it is our duty to do all we can to deliver a return on that investment, rather than burden consumers with increasing costs. Our chosen strategy is to maximise the reuse of investments we have already made in our technology, processes and our people's skills, across the sector, which will in turn increase the return on investment for consumers. In 2018 we set out a full vision and set of strategic objectives to help us achieve our goals.



£4.9bn
in invoices for gas transportation



3.6m
changes of gas meter details



c.4.2m
customer switches

CHAIRMAN'S STATEMENT



Strong operational performance whilst completing a corporate restructure

We will not be the only UK company to declare 2020/21 an unprecedented year. For Xoserve it was unprecedented for three reasons, firstly we delivered our strongest operational performance year yet, secondly, we achieved this during a global pandemic and thirdly we achieved this whilst successfully completing a corporate restructure and divestment.

We have been relentlessly focused on Customer Centricity since we embarked on our new strategy in 2017. In 2019 the team worked tirelessly to put in the foundations of a truly customer centric organisation, but we didn't immediately see results until the start of 2020. Just as we were transitioning into the 2020/21 performance year, momentum took hold and aged ticket volumes more than halved and live tickets started to be consistently resolved right first time. We received accolades for our customer training and most of our customers declared we were effectively earning back their trust.

And then the pandemic struck. Like many of our customers, we turned our attention to the safety and wellbeing of our employees and ensuring they had what they needed to work from home and remain safe. We also supported many urgent modifications and focused on meeting the rapidly changing needs of our customers, ensuring the whole gas market was able to function in such unusual times.

What happened next justified our decision to invest in our team and our operations – despite such a dramatic change in our people's daily working patterns, services continued uninterrupted and all our customer satisfaction measures continued to improve.

We surveyed our people every month through the pandemic, and we learnt that the vast majority liked working from home and were effective doing so; and whilst everyone's enthusiasm waned in the second lockdown, the desire to continue to work flexibly led us to permanently rethink our employee proposition.

Considering the pandemic year in the round, we had our strongest operational performance year yet across all performance measures and improved our customer satisfaction scores. I am extremely proud of the Xoserve team and all we accomplished.

Just before the pandemic struck, the Board had started a process to consider Xoserve's strategy and future in the context of a rapidly changing market. The process stopped and restarted at several points as the Board encouraged the team to focus on the pandemic, our people and our customers. But at a slower pace we continued to work the problem: where will Xoserve be in 10 years' time and are we set up for success? And, more importantly, are we set up in a way that best supports our customers through this transition?

We concluded that there were big changes coming to market design and that Xoserve stood out as the only vertically integrated technology provider, running mission critical services for the market, without any normalised commercial terms. As a result, an unpalatable level of risk was borne by our customers and, unsurprisingly, this stifled innovation. Why would any customer encourage Xoserve to take risks, without any normal commercial controls and with the knowledge they would have to fund any downside risks?

We therefore set about designing a better operating model for delivering CDSP services and meeting our obligations: one which introduced flexibility and choice for customers over the long term, protected them from risk whatever the future market design, and encouraged significant private investment in innovative new products and services, while at the same time insuring operational performance and ever improving service levels.

This led to a corporate restructure, creating Correla as an independently owned business, delivering services back to Xoserve through a commercial contract while Xoserve, retaining its role as the CDSP and accountability for delivery of the Data Services Contract (DSC), becomes a specialised contract management company, assuring the performance of services to the Gas Industry. The new operating model went live towards the end of the year, at which point most of our employees moved across to Correla and Sian Jones became its CEO.

We subsequently sold Correla to Northedge Capital LLP, who were chosen for their commitment to the market, to service performance and to investing in innovation. Having successfully closed the deal by the end of the year, we were able to return a charges rebate to customers as a result of the sale at a time when they needed additional funds the most - coming out of a tough pandemic year.

In our new role, driving service quality, improving customer satisfaction and encouraging investment in innovation, while reducing the downside risks our historic model created, we needed an excellent new CEO to become the leader and manager of the new Xoserve. We were very lucky to find a talented and dynamic person to take on this role, Stephanie Ward. She came on board before the deal was complete to ensure she both understood Xoserve and had time to build her team to ensure there were no hiccups in customer service over the transition.

I congratulate Stephanie on the speed with which she picked up the task and the quality of the team she has created. The results for customers is independent assurance of service delivery and future business planning alongside the ability to access the benefits of private investment and I look forward to customers seeing the benefits of the new model over the years to come.

CHIEF EXECUTIVE OFFICER'S STATEMENT



Looking forward to the benefits of our new operating model

The enablement of value and quality in business services, through smart commercial design, intelligent contract management and assurance excellence, has been my passion for 20+ years. So I was thrilled to be appointed to lead Xoserve as we pivot to our new delivery model, where Xoserve becomes a contract management and assurance function, delivering services via our new technology services partner, Correla.

Xoserve's new operating model is a step change for the industry, delivering benefits to customers in a number of ways.

Firstly, through the assurance of service and investment delivery. Previously undertaken "in house", the independence that Xoserve can now bring to performance assurance, requirements fulfilment audit, risk management and quality enables us to act on customers behalf without the inherent conflict of also being the organisation doing the delivery. Effectively, we manage Correla's service delivery on behalf of customers, to ensure the service meets code requirements and the commitments in the Data Services Contract (DSC). The arrangement is augmented by the availability of commercial levers in our flow down contract with Correla (known as DSC+), which Xoserve's funding, governance and ownership arrangements has precluded us including in DSC and which incentivise performance to customers while allowing Xoserve to take meaningful corrective action, on behalf of customers, if needed.

Secondly, through the unlocking of value. Customers can now engage directly with Correla, under fully commercial arrangements, for bespoke, tailored solutions which Xoserve, with its common funding approach and vires limitations, is not able to provide. Customers are used to procuring cross-industry "common" services from Xoserve but then having to rely on a disparate array of third parties for everything else. This creates disjointedness systems/ data and stifles innovation. Creation of Correla enables us to plug that gap, with engagement through the customer advocate team who can use the holistic view they have of customers' interactions with both Xoserve and Correla to suggest add-on services tailored to each customer's unique and individual needs.

Thirdly, through the generation of value. The sale of Correla to private equity firm, Northedge, gives customers access to private equity funding which can be accessed to drive innovation at the heart of the gas market.

While these last two benefits may not be immediately apparent, I believe they could be key to the future of the gas industry in a Net Zero world. It should also be mentioned that the sale of Correla to Northedge at the end of March generated a rebate for customers against charges for 2020/21.

Having arrived towards the end of the year, my personal focus was to establish a team with the right skills, experience, insights and mind-set to set Xoserve up for success moving forward. I couldn't be happier with where we landed. The knowledge, commitment, capability and versatility that I witnessed in my first 3 months were beyond anything I could have expected, and we are now in the process of augmenting the pre-existing capabilities and natural aptitudes with a programme of training and development designed to cross-skill and upskill across the organisation.

We were given an opportunity to test team capabilities and the new operating model in late March, shortly before the sale of Correla was completed, following an incident with the UK Link system. This took some time to resolve, given the nature of the fault and the knock-on impacts on customers' own systems. In terms of timing, it couldn't have been worse as it wrongly gave the impression of being connected with the restructure. But it proved to be a valuable opportunity to validate, very early on, that the arrangements we had designed worked in practice. Collaboration and openness continued, despite the people now being in two organisations. Further, Xoserve's new-found independence from service delivery, alongside the team's inherent knowledge about the systems, customers and industry, enabled us to act as the eyes and ears for our customers, stimulating ideas and contributing a fresh perspective to help accelerate diagnosis and resolution.

I am delighted to present Xoserve's Annual Review for 2020/21. This is our opportunity to show you, our customers, what we have delivered against each of our strategic objectives. The achievements described are a testament to Xoserve's ongoing commitment to customer service and delivery quality and the team's ability to adapt and flex in the challenging circumstances of 2020/21.

OUR STRATEGY

THE AMBITIONS THAT POWER US

Following a comprehensive review, in 2018 we developed a new set of strategic objectives.

Each pillar has an ultimate ambition, which will drive us towards our eventual outcomes.

Our vision is to simplify the energy market through maintaining and leveraging industry assets for the benefit of all. We will deliver this through six strategic objectives.



↓
CUSTOMER CENTRIC



ULTIMATE AMBITION
Our customers trust us completely because we understand their businesses and can effectively anticipate their needs.

OUTCOME
From reliability to trust

↓
DATA DRIVEN



ULTIMATE AMBITION
We provide a platform and data foundation for innovators which unlocks incremental value for our customers and end consumers.

OUTCOME
From stewardship to value creation

↓
CHANGE LEADING



ULTIMATE AMBITION
We are the first choice to deliver change because we provide delivery certainty in an increasingly complex and fast-paced market.

OUTCOME
From consistency to certainty

↓
OPERATIONALLY EXCELLENT



ULTIMATE AMBITION
We are the service provider of choice for our customers for delivery of processes which connect the energy market.

OUTCOME
From necessity to choice

↓
PEOPLE POWERED



ULTIMATE AMBITION
We deliver an exceptional experience for our people so we can deliver an exceptional experience for our customers.

OUTCOME
From learning to leading

↓
RESPONSIBLE BUSINESS



ULTIMATE AMBITION
Our customers are confident that we enable them to grasp new opportunities because we are exemplars in managing and controlling risk, whilst being commercially and financially astute and operating in a socially responsible way.

OUTCOME
From assurance to confidence

STRATEGIC OBJECTIVE

CUSTOMER PROMISE

We do what we say we will, when we say we will.

Our Customer Promise, supported by our Golden Principles are designed to help our People at Xoserve to provide a consistent, quality experience.

These were developed during the latter half of 2019 as a direct response to customer feedback and are a lens through which we have been - and will continue to - focus all interactions, initiatives and thinking as we strive to make Xoserve truly customer centric.

Desired outcomes of Golden Principles

- Improve customer experience
- From process centric to customer centric
- A view of what good looks like
- Consistent customer contact approach across Xoserve
- Identify people development and process improvement opportunities

Principle One:

OWN THE RESOLUTION FOR THE CUSTOMER

Take ownership to do everything you can to resolve: "Do what you say, when you say you will do it"

The Objectives

- Single point of customer contact
- Reduce the number of internal handoffs
- Keep the customer informed

Principle Two:

MANAGE CUSTOMER CONTACTS DAILY

Manage Outstanding contacts daily as your first priority

The Objectives

- Respond in a timely manner
- Proactively act on aging contacts that are outside of SLA
- Prioritise contacts with significant customer impact

Principle Three:

KEEP THE CUSTOMER INFORMED

Always keep the customer informed: everyone is expected to speak to customers

The Objectives

- Reduce the customer effort
- Reduce the number of customer chasers

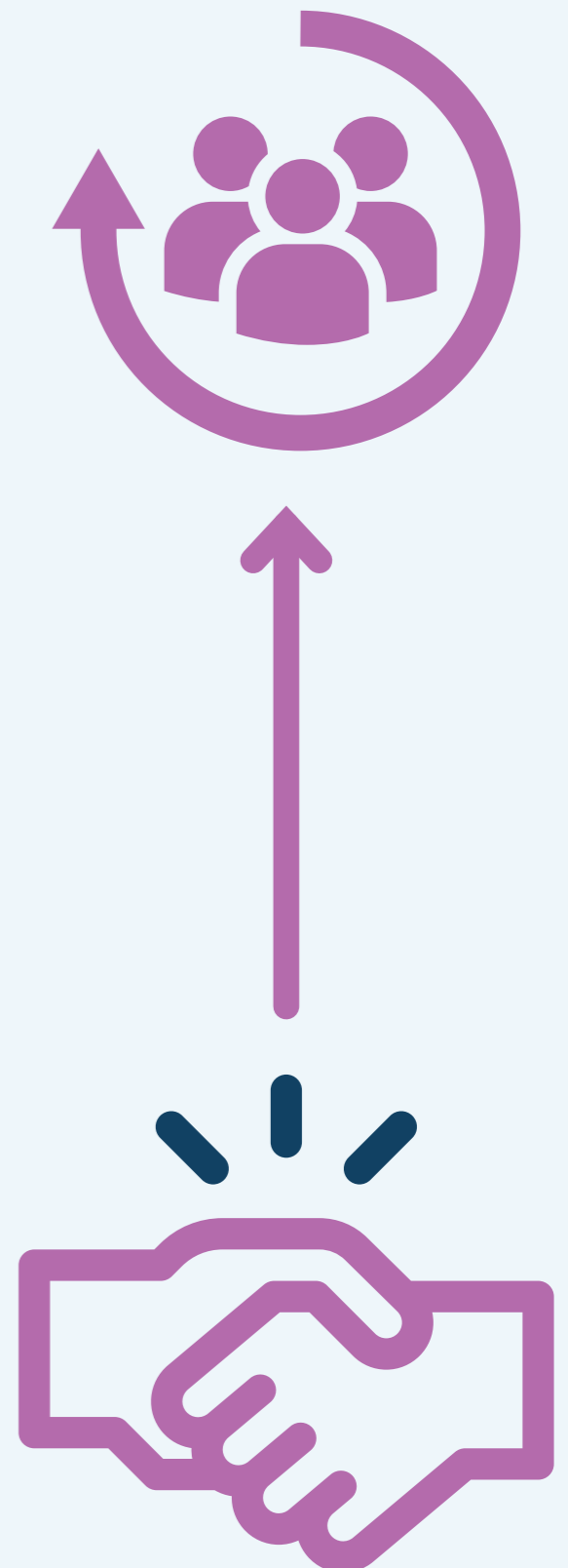
Principle Four:

PROVIDE A QUALITY RESOLUTION

Provide a quality resolution with minimal jargon and use clear and concise information

The Objectives

- Provide a resolution that meets or exceeds customer expectations
- Understand customer issues and impacts to them
- Reduce the number of customer follow-ups/ticket reactivations
- Resolve and address the root cause of contacts



STRATEGIC OBJECTIVE

CUSTOMER CENTRIC

2020/21 Investment Area Focus

- Digitising our business and Opening up our data:
 - Digital
 - Big Data Platform (as reported under Data Driven section)
 - Data Discovery Platform (as reported under Data Driven section)
- Realising our vision of Operational Excellence
 - CMS Review
 - Customer Service Centre
- Customer Centricity through improved communications:
 - Customer Training & Education
 - Customer Journey Continuous improvement
 - CRM
 - Improvement in Customer Communications

2020/21 progress

We have continued to progress our Customer Experience Transformation Programme, with key successes in launching our Customer Relationship Management (CRM) system and associated customer query management process, customer induction training/ expert days and internal customer service training. We have also continued to make improvements across our website, Xoserve.com, aimed at enhancing communications and helping customers complete tasks more easily.

Ultimate Ambition

Our customers trust us completely because we understand their businesses and can anticipate their needs effectively.



Performance Overview

We aim to deliver a high quality, customer centric service and, despite the challenges brought about by the COVID-19 pandemic during the past 12 months, this year Xoserve recorded the highest customer service levels it's ever had. In 2017/8, our Institute of Customer Service (ICS) score was 63. This increased to 69.7 in 2018/9 and dropped back in 2019/20 to 67.1. We now have a score of 75, rising by 7.9 points in just a year and 12 points since 2017/18. The results also put us above the ICS benchmark for the utility sector and on a par with customer service levels throughout the country.

Over the year we have continued to build on the foundations we laid in 2019/20 through the continuous improvement of customer journeys and the mitigation of key customer pain points, with benefits starting to materialise as we moved through 2020/21 and advanced by the broader remit of our Customer Experience programme.

We have successfully launched our Customer Relationship Management (CRM) platform, providing us with a 360-degree view of customer interactions to aid our understanding of what matters most to each individual customer and track real time customer sentiment. Using the same platform, we have introduced a new query management process which has reduced query resolution times from an average of 9 days down to 2 days and increased our right first-time success rate on customer queries to be consistently above 99%.

Significant progress has been made in stabilising the service for the Contact Management System (CMS), however it remains a significantly aged and at risk platform. We have launched the CMS rebuild project which will not just replace the system but rebuild it, incorporating customer feedback which clearly indicates that some current processes don't work or are inefficient.

Improvements in both customer training and our internal customer service training was also a focus for this year, as was enabling customers to self-serve more easily through our improved website, Xoserve.com.

From reliability to trust

- Understanding what customers want from us.
- Being proactive and having high standards in customer service.
- Using feedback to deliver continuous improvement.
- Recognising that every interaction should embody our values.

Key successes

Customer Experience Programme

During the process of agreeing BP20, investment was secured to start a three-year programme to transform the Customer Experience we provide. The Customer Experience (CX) Transformation Programme in the Business Plan is directly linked to Operational Excellence and Customer Centricity focus areas. This programme was set as a strategic priority for Xoserve, with the specific target of improving the Right First Time, On-time Delivery and Customer Effort scores across all customer touchpoints.

Investment in Customer Experience through 2020/21 has delivered:

- An overall Customer Satisfaction increase of 7.9 when compared to 2020, which exceeds the utilities sector benchmark (as measured by the ICS survey).
- An increase of 12% on Right First Time measures (ICS score of 42.7% in 2021 compared to 30.4% in 2020)
- An improved On-time Delivery score of 7.3, which is only 0.2 points below the UKCSI utilities average (compared to ICS score of 6.7 in 2020)
- A Customer Effort score of 4.1, which exceeds both the UKCSI utilities average and UKCSI utilities best in class benchmark (seen as a reduction from ICS Score of 5.0 in 2020)
- Improved the ease of using our website from 5.9 in 2019/20 to 6.8 in 2020/21
- Increased Satisfaction by Channel as measured by the ICS survey across Website (+18.6%), Phone (+8.9%) and Email (+6.9%)

Customer training and Education

Our Customer Training team delivered over 25 training events between April 2020 to March 2021, attended by more than 900 customers. These covered both induction training and "expert days" in a number of topics including:

- Expert Days: Must Reads, PAC, RFA
- Non-Standard Sites Training
- Invoicing Discovery Events
- UK Link Release Training Events
- Urgent COVID UNC Modification Training Sessions

Feedback and polls taken prior to and after the various training sessions have demonstrated an increase in customer awareness as a result of them, as follows:

Customer awareness increase			
Customer Induction Day	Non standard sites Day	Invoicing Discovery Day	Expert Day
65%	49%	47%	56%

Customers have provided the following feedback on customer training sessions they attended:

- "Overall, it was a really good session. Smoothly ran and provided lots of information that was presented well and an interesting way by reinforcing it with the tasks and quizzes. Kept the whole day fresh and entertaining as well as informative. Thank you!"
- "Enriching, and a treasure trove of info just as before, thank you!"

We have also developed and made available on Xoserve.com, 22 e-learning packages and 6 videos in a variety of topic areas, allowing customers to access self-service training at their own convenience.

Customer Journey Continuous Improvement

We continued to progress the improvements needed to the key customer journeys: Change, Join and Query, as identified in 2019/20. We continued to map the remaining customer journeys/processes, which were then used to create a number of performance measures for Cycle Time (CT) and Right First Time (RFT) metrics, to enable us to identify further customer pain points and areas for improvement. Further details of these performance measures can be found within the Operationally Excellent section of this review.

A key customer pain point we addressed this year was related to the 'Join' customer journey, where customers told us that the End to End process was taking too long. Improvements were identified and implemented to ensure that 100% of join requests now meet Service Level Agreements.

Our Demand Estimation team's work with the Demand Estimation Sub Committee (DESC) to revise the Composite Weather Variable (CWV) formula has contributed towards improvements in the End User Category (EUC) demand models, which translate to more accurate Non-Daily Metered (NDM) allocation and less reconciliation, when compared to the actual gas usage at a sample of sites. Initial analysis from our Demand Estimation team suggests a downstream benefit of c. 20-30% reduction in Unidentified Gas (UG) as a result of improved modelling (based on a retrospective simulation for Gas Year 2019/20).

"I just wanted to say that Xoserve's commitment to improving customer experience is really starting to kick in and we are seeing much better and deeper levels of engagement and customer understanding across all teams and interactions. These improvements are being noticed across our business and I'm impressed, as someone who has worked with you all for over 12 months now I can really feel the difference, keep up the good work!"

- National Grid Transmission (Customer Engagement)

Customer Relationship Management (CRM)

The CRM and Automation platform was successfully launched and is now being used across customer facing and support teams, working to:

- Capture detail for over 400 customer interaction types
- Produce 'Day After Reports' to share internally and externally with customers, following customer meetings
- Provide a view of scheduled customer meetings so that any key messages/ essential updates can be included as agenda items at the earliest opportunity
- Issue customer communications with real time distribution list updates
- Track real-time customer sentiment

"Having used the updated website this morning (1st March 2021) I was really impressed with how much better the search worked. I used to almost fear having to find file formats, but it worked really easily. Also like the news and dates on the front page"

- Large Shipper (Website improvements)

STRATEGIC OBJECTIVE

CUSTOMER CENTRIC



"I found the e-learning really easy to use and covers a number of relevant IGT topics. Would definitely rate it as a five; couldn't fault it and learned so much"

- IGT (On-line Training)

Improvement in Customer Communications & Digital

We've enhanced the Help and Support feature on Xoserve.com which now allow customers to:

- More easily raise queries or technical support requests into Xoserve
- Check the status of existing query/technical support tickets
- Access useful information such as training, resources and FAQs in one place, enabling customers to self-serve at their convenience

As part of the enhanced digital experience, we successfully launched new Customer Query Management functionality using the CRM platform. This enables all customer queries to be managed in a consistent and secure manner. The benefits which can already be seen include:

- 70% reduction in customer query resolution times since the start of the year from an average of 9 days down to average of 2
- Consistently achieving 99% RFT for customer queries, across an average volume of c.800 per month
- Over 1,000 help and support request were submitted online in the first 3 months after go live, demonstrating the appetite that exists for this method of interaction

We also redesigned the 'Change' section of the website, which as customers have told us through our annual ICS survey, has improved the customer experience by making it easier to navigate and monitor industry change proposals.

"It was really easy to find the change documentation I needed, the search functionality is so much better"

- Distribution Network (Change – Website updates)

CMS Review

In response to customer feedback that the CMS business processes needed significant re-engineering, over the winter of 2020 and spring 2021 we held 18 initial requirement gathering workshops and 11 'Ideal to be' process workshops which were well attended by our customers. Over 500 requirements were identified and captured, helping us to understand what does and doesn't work for you and how the processes should operate.

"Understanding of how IGTs differ from GTs is improving"

- IGT

Customer Service Centre

Investment in Customer Service Centre in 2020/21 enabled us to deliver:

- Reduction of a large defect backlog, including AQ defects which were impacting billing processes and as a result of resolution, increased the accuracy of invoices. This contributed to our increase in Right First Time performance.
- Back-end integration between internal systems to support faster ticket resolution, which helped reduce turnaround time and contributed towards the improvements to On-Time Delivery and Right First Time achievements.

- A simplified triage process and integration with Xoserve support systems, providing a more effective journey for customers to get their request to the right support team and resolved as quickly as possible.
- Improved complaints form and process put into place that integrates with our Help and Support service.
- Preparation work for the delivery of a content management system in BP21, which will enable the delivery of a digital transformation.

"I am totally impressed with the speed of response and also how easy it was to continue where I left off providing evidence even though days had passed. Information provided was beyond what I expected and it's reliable too"

- Large Shipper (Query management)

Future Focus

From BP21 onwards, we have categorised our investment focus areas into those that better represent the key priorities. Customer Centricity through improved communications has been renamed as Exceptional Customer Experience and covers all investments required to deliver an exceptional customer experience as we progress through our three-year Customer Experience Transformation programme. Moving into this revised investment focus area will be Digital (from Digitising our business and Opening up our Data), CMS replacement and Customer Service Centre (both from Realising our vision of Operational Excellence).

The focus for 2021/22 is on the following initiatives:

CRM

We will continue the roll out of the Customer Relationship Management tool (CRM) so that, by the latter part of 2021/22, customer facing teams working on behalf of Xoserve will have adopted CRM as their main communication tool. Expected benefits will include consistency in engagement, communication and overall management of our customers' information, resulting in further, significant improvement to the customer experience we provide.

Contact Management System (CMS) Replacement

Following customer direction that CMS was no longer fit for purpose and needed rebuilding, we started to engage with customers to agree high level requirements and draft new processes that addressed pain points. We agreed with customers that, since the cost to replace CMS was unknown, we would carry forward the previous values attributed to a re-platforming of CMS into the Business Plan for 2021/22, in order to be able to commence work on the specification for a full replacement of the platform. This approach was agreed as being conditional on obtaining approval from Contract Management Committee (CoMC) prior to any spend taking place. We propose to continue to follow this arrangement until such time that we can determine the range of solution options, benefits and associated costs, with further engagement taking place with customers to agree how best a CMS replacement should be funded.

"Improve ease of navigation of website"

- IGT

Digital

We will continue to make our website easier to use by making further improvements to landing pages, navigation, findability, content management and help and support. We will also begin to enhance the ability for our customers to self-serve and complete tasks through the website where this wish to do so.

Customer journey continuous improvement

To better understand our customers, and tailor our business to them, we need to continually review and embed thinking that aligns to our customers' experience of Xoserve. We will continue to map and improve these customer journeys in order to ensure the best possible customer experience across all services we provide.

"Quicker updating of the website would be a great help as sometimes we are waiting for a long period for this to be updated"

- IGT

Improvement in customer communications

To continue the work started in 2020/21, we will provide ongoing training and support to our customer facing teams to deliver world-class communication in a consistent and customer-focused way.

Customer Service Centre

We will use the investment in Customer Service Centre to create a 'Customer Hub' digital experience allowing customers to access multiple systems and services in one place. This will have a new look and feel and enable customers to reach the outcome they want quicker and easier.

For BP22 onwards due to the private investment possible through Correla, we anticipate much of the investment in Exceptional Customer Experience will be funded by Correla, with the exception of the evolution of Xoserve.com. As a result, customers will need to invest less in up-front costs for solutions such as CRM, whilst still receiving the benefit of the full programme described above. Funding options for the full range of CMS replacement options will be explored through DSC Contract Management Committee and clarified in the early drafts of BP22.

STRATEGIC OBJECTIVE

DATA DRIVEN

2020/21 Investment Area Focus

1. Digitising our business and Opening up our data:

- Big Data Platform
- Data Discovery Platform (DDP)
- Digital (as reported under Customer Centric)

2020/21 progress

Following the introduction of the Data Discovery Platform (DDP) in 2019, BP20 investment has continued to build on its success through further enhancements to the DDP and the introduction of an improved data platform to aid the provision of DDP data. The focus areas for investment were driven by customer feedback and looked to tackle common problem themes in how data is processed, accessed and analysed to allow actionable insight to be generated.

Ultimate Ambition

We provide a platform and data foundation for innovators which unlocks incremental value for our customers and end consumers.



Performance Overview

As we continue to build out features in DDP to support customer needs, we have seen a significant increase in usage with growth of 131% year on year. Using an agile delivery approach, we have been able to adapt our priorities in line with customer requirements, driving continuous improvements that help to tackle common industry problems.

"We have found the DDP to be an excellent tool when reviewing our read performance for this submission"

- Small/Medium Shipper

"DDP platform is a promising show of how Xoserve can improve its services and our ability to access data that impacts us"

- IGT

From stewardship to value creation

- Make data available to customers so they can manage their business.
- Use data to create insight, improve operations and support decision making.
- Deliver high-quality products and services across our organisation.
- Use metrics to rigorously measure the impact of all we do.
- Use data analysis and analytics to support better decision making.

Key successes

Big Data Platform and Data Discovery Platform (DDP)

Investment within the data platforms has delivered a number of successes:

- Increased DDP usage by 131% year on year showing increased reliance and demonstrating the value this service is providing to customers
- Introduction of an improved data platform, allowing future integration with Machine Learning (ML) and Artificial Intelligence (AI) technologies to drive analysis and insight
- Reduced data latency compared to historic reporting, providing improved refresh times for data to be made available
- IGTs onboarded to DDP as a new user group
- Decarbonisation Dashboards delivered to support hydrogen initiatives (Net Zero) being undertaken by gas networks
- Enabled the comparison of IGT and DN data, to identify miss-matches and improve overall data quality and consumer experience
- Pro-active identification of data quality issues prior to customers receiving outputs

Future Focus

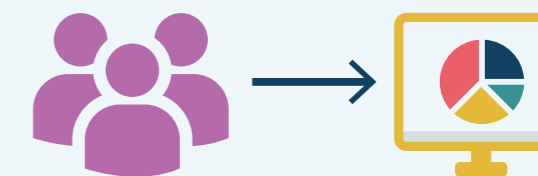
From BP21 onwards, the investment focus area for Data Driven will be renamed Opening-Up our Data and, for both BP21 and BP22, consists of two key components:

Timely and Open data

The provision of access to timely data continues to be a major constraint across the gas industry. We know that timely data is key to supporting efficient processes and decision making. Customers have made clear that they want greater choice and flexibility in how they access their data and without this in place, meeting Net Zero challenges will likely take longer and cost more. Our focus on providing timely and open data will ensure our customers have the flexibility to choose how they access the data we hold on their behalf, be that through the Data Discovery Platform (DDP), Application Programming Interfaces (APIs) or legacy data extracts and reports (old and new). Investment will increase the volume of data being delivered via these channels through a single source data model, driving quality, automation, consistency and timeliness of data shared across the industry, in a secure and controlled way.

Digital

Successes in the Digital space are described against the Customer Centric strategic objective.



"I honestly think that [the DDP] is absolutely the bees knees, the volume of data that you can get, how you can go through and cleanse your data and actually pre-empt things like your Must Reads, No MAMs, No Meters with and without activity is absolutely remarkable. I really love it, I absolutely love it. The DDP Team are so so good at what they do"

- Large Shipper

Governance of Data

The introduction of a Data Governance Framework, including a Data Glossary, will underpin a step change in data quality. Through an easily accessible Data Glossary, customers will be able to view gas industry file formats and associated standards in a single online location. The Data Glossary will hold all business definitions together with linkages to core systems and how these have been used in reporting, dashboards and data extracts that have been generated for our customers. The improved transparency provided by the Data Glossary will drive consistency and save customers time and effort by reducing the need for many inbound queries.

STRATEGIC OBJECTIVE

CHANGE LEADING

2020/21 Investment Area Focus

3. Moving our infrastructure to the cloud (multi-year programme across BP20-22):
 - UK Link Strategic Roadmap – Capacity for Change
 - UK Link Strategic Roadmap – Core Platform Migration
5. Gemini Services:
 - Re-Platforming Gemini
 - Gemini Enhancements
 - Future of Gemini
7. Central Switching Service Programme:
 - Central Switching Service
8. General Annual Customer Change:
 - DSC Change Budget
 - Minor Release delivery
 - Non-Standard Data items for Reporting
 - Industry Performance Insights

2020/21 progress

We have continued to progress and deliver several large and complex programmes alongside the changes implemented within our UK Link major and minor releases, delivered under the DSC Change Budget to meet our customer requirements.

The focus for UK Link during this period was to prepare the estate for the upcoming migration to the cloud, where we have completed a number of key activities and mobilised further projects to support our UK Link Roadmap. Two key maintenance projects to upgrade the UK Link Platform (databases, operating system and applications) have ensured the platform is in mainstream vendor support and reduced the data volumes held on UK Link.

We have also successfully re-platformed the Gemini system and delivered complex and challenging regulatory change this year. Significant progress has been made in Cloud adoption for environment storage and management and early benefits of automated testing have also been realised.

In March 2020, as a result of COVID-19, the decision was taken by the industry led Central Switching Service (CSS) Programme to defer go-live to 2022. This deferral was primarily for License parties, with existing service providers (like Xoserve) expected to continue extended testing until License parties were ready to join CSS Programme test phases. We have continued to progress Central Switching Service Consequential change (CSSC) where we have successfully achieved and exceeded every external milestone. We have had minimal defects across all the test phases we have been involved in, to date. Xoserve is one of few parties, apart from the CSS Provider, who has been part of every test phase.

Ultimate Ambition

We are the first choice to deliver change because we provide delivery certainty in an increasingly complex and fast-paced market.



"Thanks for arranging the workshop, a lot of good items raised and discussed between all members, thanks also for providing so many members of Xoserve to help answer specific queries"

- IGT (IGT Change workshop)

From consistency to certainty

- Help customers understand their options and perform cost/benefit analysis.
- Explain the risk of any change to customers and developing strategies to mitigate risk.
- Deliver on time and providing excellent value for money.
- Provide high-quality management information, support documentation and training materials to assist seamless change.

Performance Overview

We've completed a major upgrade programme for UK Link to ensure all operating systems, databases and SAP applications within UK Link are supported until at least 2025, ensuring our systems are more stable and supported by vendors.

We've also made provision of 10 UK Link environments in Azure to support the CSSC Programme test cycles for internal/external System Integration Testing, Development and Quality Assurance, Performance, and Data Migration Testing.

A proof of concept to support our target database migration to SQL Server has been successful. A data volume reduction project has been on-going and we have mobilised the projects to support the UK Link roadmap programme.

These activities have put us in a strong position to continue with the delivery of the UK Link production and test estates moving to the Cloud during 2021/22, which remains on track to complete in 2022. This will give us and customers greater flexibility and cost savings to deliver future change effectively within UK Link.

Within Gemini Services, we have delivered a new, more reliable and cost-effective platform, as well as considerable business change for the industry. The two key programmes implemented were Data Centre Exit and Gemini Enhancements, in addition to a large number of Network Code modifications. These programmes have been delivered to agreed cost and timescales. The Gemini services

are now provided from a private cloud platform that delivers more reliable infrastructure, with an operating cost reduction over the previous dedicated Data Centre cost, which National Grid will see reflected in the business plan figures.

Our CSSC Programme continues to make good progress, working with Switching Programme Stakeholders and ensuring, where possible, minimal cost and operational impacts are realised through the design and change request processes across workstreams. As part of our design, we have reduced technical and procedural complexity whilst establishing technical foundations that will support future change and transformation across the sector. We've also worked to ensure that customer impacts of the CSSC programme and customer requested change proposals are minimised through the effective planning, support and delivery of UK Link major releases. Despite the constraints introduced as a result of Covid, we have successfully delivered to every programme milestone with no impact to the quality of our deliverables.

We were pleased to achieve an average score of 9.8 (out of 10) in the Quarterly Customer Satisfaction and Change Survey, reflecting the high rate of change delivered in a quality way this year. We delivered five releases this year (two major and three minor), 77 Additional Service Requests and 10 changes for third party (non-DSC) customers.

"Xoserve have made improvement to DSG sessions, structure of the meeting is much better than before. Content is well organised and transparent and Paul Orsler (chair) is doing a sterling job in presenting it. Many Thanks"

- Large Shipper

Key Successes

UK Link Strategic Roadmap - Capacity for Change

As part of the upgrade project for UK Link, we successfully carried out over 50 upgrades to the databases, operating systems and key SAP systems at the start of 2021 with no impact to customers. The final activity, which was to upgrade AMT, included a move to a later version of SAP NetWeaver which introduced an unknown SAP bug to our production estate. This couldn't have been simulated in our testing environment and unfortunately it caused a P2 incident with some wide-reaching consequences. Despite the temporary disruption, these upgrade activities have delivered significant benefit, as the UK Link platform is now more stable and will be in vendor support until at least 2025. The incident is now resolved, the knock-on effects addressed and the post incident review completed.

A successful proof of concept (POC) for our SQL Server migration was carried out, which has validated that UK Link will run on the new database and operating system. This underpins the cost savings identified in the business plan for maintaining the business (MTB) moving forward. The POC scope included performance and functional tests on the full production dataset to enable these tests to benchmark performance and that no issues were identified from functional testing. This has given the required confidence to allow us to move forward with the overall migration of UK Link to the Azure cloud on Microsoft SQL database technology.

Other key activities that were completed as part of UK Link Roadmap are as follows:

- Non-production environments were built in Azure to support the CSSC Programme
- The business case to mobilise projects to support the delivery of UK Link's move to Cloud now includes: UK Link move to the cloud, delivery of a production enterprise Azure gateway to access all Azure platforms & services, UK Link Services Portal re-platform, Cloud target operating model build, cross-project testing workstream and data centre decommissioning.

Future of Gemini (Re-platforming Gemini)

The Gemini services has been moved to a private cloud solution, which has realised a number of benefits:

- An operating reduction for National Grid Transmission in reduced hosting charges as a result of moving to a private cloud platform. We have demonstrated significant performance improvements in Gemini online reports and screens.
- New virtual servers can be provisioned in a week, as opposed to 4 weeks for the old datacentres.
- The cloud datacentres are state of the art with significant automation. This will allow for further optimisation in the future.
- Integration of platform into the newly adopted Service Now ITSM solution for enhanced service management capability.
- Upgrade of key platform components into supported version.

Gemini enhancements

We continued to support National Grid's Transmission System Operator (TSO) obligations, delivering the following:

- Implemented Interconnector UK which ensures National Grid will be compliant with EU Capacity Management obligations, whilst also reducing significant manual workaround effort.
- Ensured that the National Grid contractual obligations were met by successful and timely delivery of UNCMOD678A Amendments to Gas Transmission Charging Regime.
- Introduced Automated Testing within the Platform to enable faster test execution and reduced test phases, which will reduce the cost of future testing of application changes.
- Automated 88% of System Testing for GSE, which resulted in a 60% reduction in manual effort.

STRATEGIC OBJECTIVE

CHANGE LEADING



DSC Change Budget

Between April 2020 and March 2021, two major releases were delivered, each being scoped by the DSC Change Management Committee, comprising changes emerging from UNC modifications or value-add DSC change proposals. On top of these, a further series of 'standalone' changes (small scale or non-functional changes that don't need to be included in major releases) were delivered. In total 27 changes were delivered using DSC Change Budget funding from BP20, with each DSC constituency benefiting, either by remaining compliant with newly amended industry codes, or through an improvement to the way UK Link / industry processes work.

Minor Release Delivery

We were pleased to successfully deliver three minor releases to customers again this year consisting of a total of eight changes. The changes were approved for delivery by DSC Change Management Committee (ChMC), having met the agreed criteria for minor release as changes that:

- typically have no impact for customer processes or systems
- require less than 100 days' effort to deliver
- are prioritised for delivery before the next available Major Release

Non-Standard Data items for reporting

We have implemented 31 changes delivering 17 new non-standard data items to existing reporting tables and over 550 items added to new reporting tables which are now available for all customer groups and future reporting requirements, opening up and delivering greater insight into our data.

Central Switching Service

Xoserve continues to be one of the key participants in every phase and aspect of the Switching Programme. To date, we have met and exceeded every milestone set out in the Switching Programme.

We have been the subject of multiple assurance assessments by the Core Systems Assurance Provider ahead of each key phase entry and have consistently met all criteria. We will also continue to engage with our customers via a number of means throughout the lifecycle of this Programme.

We have developed our own Adapter Service thereby providing a mechanism to connect to CSS for customers who may not be in a position to enter Programme testing. The decision to take this step has proven to be well founded, enabling both our customers and the Programme to commence the appropriate testing phase without putting any Programme milestones at risk. Our Switching Service Adaptor has been taken up by multiple customers across both gas and electricity sectors. It has successfully exited the Programme System Integration Testing (SIT) phase, concluded Tranche 1 User Entry Process Testing (UEPT) phase and has successfully commenced End to End Testing. Additionally, we have been successfully assured by the Switching Programme Core Assurance Provider.

"Continue to focus on reliability and value for money"

- ICS Survey response (Gemini)

Future Focus

UK Link Roadmap

The UK Link Roadmap is a multi-year programme of work which establishes a controlled approach to maintaining service. It will provide continuity of UK Link services to the market, whilst simplifying the underlying technology components and providing a shift to a more flexible, cloud-based infrastructure. This will establish a foundation for Xoserve to support the sector's predicted transition to more real-time data exchanges and data processing.

The Roadmap is focused on three areas and the benefits these bring to our DSC customers:

1. The UK Link Roadmap's key initiative is to sustain and optimise the platform by ensuring that the existing technology components are updated and maintained, increasing performance, stability, and service provision.
2. Reduced Cost to Serve for our DSC commitment whilst maintaining performance, quality & security of data and improving the reliability of service to customers.
3. Ensuring UK Link can support customer needs and the future transformation of the energy sector with delivery of changes On Time and at the pace needed by the sector, while recognising different paces for change across the industry.
4. Ensure that solutions and processes are "Right First Time" and are easy to flex to meet future requirements.
5. Reduced Customer Effort needed for interactions with the system and testing.
6. Reducing UK Link technical debt cost effectively, based on technology that optimises performance and to further simplify and stabilise the technical landscape, while improving the processes we use for the design and delivery of changes.

UK Link Service Essentials

From 2021/22 onwards our UK Link Service Essentials investment (part of the UK Link Roadmap) will continue to support our five-year plan to reduce maintain the business costs, by delivering improvements in the automation of our core service management processes and improvements in our application monitoring. This will improve resolution time, increase system availability and improve process efficiency.

We will continue our on-going commitment in reducing issues, ensuring a faster resolution if a problem does occur, and to provide a brilliant customer experience with a Right First Time resolution.

Further investment in Software Asset Management, previously included within the BP20 Realising our vision of Operational Excellence Investment area, will realise reductions in both commercial and operational risk. The next stage of this project will be to engage the next tier of products, where the financial exposure risk could exceed £0.5m to identify any risks/opportunities. Beyond that, we will then use the output of the maturity assessment to invest in appropriate tools, third parties or resources to ensure our licensing is effectively and efficiently managed.

Gemini Roadmap

Our Gemini roadmap ensures we stay up to date with new obligations and changes within the Capacity and Balancing regimes. Our plan for annual releases will be built in partnership with National Grid to ensure that these obligations are met by the Gemini system. We continue to review the applicability of the year-on-year phasing of the Gemini roadmap to ensure that it meets the evolving demands from National Grid and the Industry. We will also continue with our plans to enhance the user experience of the application, performance, longevity and security components.

DSC Change Budget

The DSC Change Budget will remain and will be sized based on the potential delivery windows (e.g. major releases) during the period. The budget will continue to be utilised upon the DSC Change Management Committee's approval to deliver each individual regulatory / value add change in the pipeline.

Non-Standard data items for Reporting

We will continue to invest in Non-Standard data items for reporting whilst we work towards making all data available on a self-serve basis in the Data Discovery Platform, or other future self-serve products.

Minor Release Delivery

We will continue to implement changes within Minor Releases with approval from DSC Change Management Committee. From 2021/22 onwards we have included a fixed annual capacity for Minor Release delivery within Maintain the Business (MTB) costs, as these releases will continue to occur annually and would not end as investment costs would do.

Industry Performance insights

As with Minor Releases, the costs of Industry Performance reports for the Performance Assurance Committee are on-going and as such will continue to reoccur annually unless the service is stopped. Therefore from 2021/22 these costs have been re-categorised as MTB as they are not defined as investments which have by nature an end date.

Decarbonisation

Decarbonisation is an increasing priority across the energy sector, as highlighted by the Department for Business, Energy and Industrial Strategy (BEIS) Energy White paper released in December 2020. The Government's 10-Point Plan includes driving the growth of low-carbon hydrogen. Understanding how we can enable industry processes and systems to support hydrogen/biomethane development in the most cost effective and future proof way is crucial to supporting the Government's plan, particularly relating to the decarbonisation of heat. Projects and pilots supporting the decarbonisation agenda often fall outside DSC requirements but will become part of the DSC as they turn from trial into business as usual activities. We will continue to drive support for decarbonisation trials and pilots, whilst actively engaging with the industry to build decarbonisation customer and end consumer journeys and providing relevant data to support industry decisions. We see this work as essential to the future development of the gas industry.

General Retail Energy Code (REC) Change

The introduction of the Retail Energy Code (REC) brings together the code requirements relating to retail energy activities and will govern the operation of faster and more reliable arrangements for consumers to switch their energy supply. We recognise that there are a wider set of activities that we will be required to deliver for REC, in addition to the Central Switching Service (CSS), covering aspects such as change governance, the gas enquiry service and data permissions. We are already engaging closely with RECCo and envisage this engagement expanding as we start to deliver services to them from September 2021. With the ambition of aligning consumers, suppliers, and government policy, we envisage REC will generate a material amount of demand into Xoserve, especially when CSS goes live in 2022.

STRATEGIC OBJECTIVE

OPERATIONALLY EXCELLENT

2020/21 Investment Area Focus

4. Realising our vision of Operational Excellence):

- Service Management Transformation
- Improvements to Testing, tooling and automation
- Application Performance Monitoring
- Software Asset Management
- CMS Review (as reported under Customer Centric)
- Customer Service Centre (as reported under Customer Centric)

2020/21 progress

We have made significant improvements in our service this year, as detailed below. The introduction of the Key Performance Measures (KPMs) and Performance Indicators has enabled us to continue to improve on those areas which have the biggest impact on our customers and their experience of working with Xoserve.

Ultimate Ambition

We are the service provider of choice for our customers for delivery of processes which connect the energy market.



Performance Overview

In January 2020 Xoserve agreed to review how we measure performance and define a set of measures that were meaningful to both customers and Xoserve. Previously Xoserve measured performance under the DSC through Key Performance Indicators (KPIs) and Key Value Indicators (KVIs), however these were often reactionary and didn't always reflect the true picture of our processes.

Following consultation with customers we introduced a number of Key Performance Measures (KPMs) and Performance Indicators (PIs) during 2020. These ran alongside the old KPIs and KVIs before replacing them in August 2020. In developing the KPMs we looked at the key operational processes/journeys that we undertake for our customers and mapped each DSC service line to a process to ensure full coverage. We identified 13 journeys/ processes and considered the right measures for each process/journey for Quality, Cost, Delivery and Effort and subsequently set the measures for Quality and Delivery time. Performance against KPMs and PIs are reported monthly at the DSC Contract Management Committee (CoMC). Any instances of failed KPMs are accompanied by details of the cause(s), along with service improvement plans that set out a transparent view of how performance improvement will be achieved.

During 2020/21, significant progress was made in delivering improvements to our service. Our ongoing commitment to customers is that we will:

- Continuously seek to reduce the number of issues that our customers experience
- Continuously improve the speed of resolution of any faults or events that do occur
- Make any interaction that a customer has with our technical teams a brilliant experience, with a right first time resolution

From necessity to choice

- Maintain reliable, high-quality data management services and systems.
- Deliver against contractual obligations and key performance indicators agreed with industry.
- Continually improve our systems, processes and data, using the latest automation and lean techniques to improve efficiency.

"Well done to the team at Xoserve for the efforts in reducing the backlog of reconciliations by over 80% compared to the start of the year!"

- National Grid Transmission

These service performance improvements have been delivered through a large number of initiatives and changes. October 2020 saw the successful implementation and adoption of Service Now as our new IT Service Management platform. This has enabled us to introduce operational and governance improvements, such as an overhaul of the Problem Management team and process, which now works to prevent rather than solely react to issues. We've also introduced processes on Risk Management, to identify areas of potential risk and failure and to put in place more effective mitigation plans. These changes are set against a backdrop of building a culture of continuous improvement in delivery, ensuring that every person, every day, is seeking to enhance and challenge any area of our services that can be improved. These and many other improvements have contributed to the reduction of high priority incidents (50% reduction), reduction of outstanding incidents (65% reduction), and improvements to right first time and speed of response (see KPMs below), all of which were previously highlighted as pain points by our customers.

The improvements we made, regrettably, did not prevent the occurrence of the incident impacting UK Link file flows to and from customer systems at the end of March 2021. Having corrected the cause of the incident (a fault in the underlying software), we engaged with each of the affected customers to understand and help resolve the knock on effects. The disruption persisted throughout April, adversely impacting our customers. We were particularly disappointed that this incident occurred at the end of such a strong year of improvement. Our Post Incident Review and lessons learned activities led to the creation of a Service Improvement plan consisting of 62 recommendations, with progress reported and reviewed at Contract Management Committee.

During the summer of 2020, we also experienced some major disruption to the Gemini service impacting National Grid and customers of the Gemini application. These issues occurred due to a combination of factors including system change, operational error, and product/technology failure, which resulted in a comprehensive Root Cause Analysis (RCA) & Post Incident Review (PIR) plan being created. This activity was conducted between October 2020 and March 2021 and has been highly successful in reducing the volume of high priority incidents by over 90% since the plan. We will continue to seek opportunities to improve this service and remain confident in the ongoing stability of this platform.

We recognise that incidents like these are incredibly frustrating for our customers. Our commitment is always to resolve them as quickly as possible and we believe that the steps we have taken in 2020/21 have improved our capability to respond to these, while also increasing the stability of the platform upon which we rely. Our experience in 2020/21 has reaffirmed our commitment to continuous improvement, working with customers to understand impacts beyond the systems we support and growing out capabilities wherever we can.

In addition to the core service improvements that have been made, it is also worth highlighting the following:

- On the CSSC programme, improvements to testing, tooling and automation have seen a reduction in time taken for regression testing and a return on investment achieved within six months. We have also completed the development of a UK Link Automation pack to increase regression test quality and efficiency for future planned projects and releases.
- We undertook two pilots for Application Performance Monitoring using different technologies. Whilst this showed some benefit, it has not yet met the criteria for full investment. However, we still believe that significant opportunity exists, as highlighted by the UK Link file flow incident in March/April 2021. Therefore, during August 2021 we began a further Proof of Concept exercise which we hope will provide sufficient benefit to move forwards with this investment.

OPERATIONALLY EXCELLENT

Overall performance for 2020/21: Key Performance Measures & Performance Indicators

Our maintain the business (MTB) performance for 2020/21 is best understood by looking at performance against KPMs and PIs.

Performance for the year is summarised below, organised by Customer Journey. All KPMs have been reported monthly at the DSC Contract Management Committee. This will continue moving forward, with PI reporting added in 2021.

Key:

RFT = Right First Time Measure

CT = Cycle Time Measure

Target = DSC Target

KPM = Key Performance Measure

PI = Performance Indicator

Ref	Measure	Target	Type	Performance
1) Manage Shipper Transfers				
KPM.01	% of shipper transfers processed	100%	RFT	Achieved every month
KPM.06	% processed within the Completion Time Service Level in DSC	100%	CT	Achieved every month
2) Monthly AQ processes				
KPM.04	% of AQs processed successfully	100%	RFT	Average 99.97% Lowest 99.84% (Dec 2020) A small number of exceptions are created which either pause the process or require manual rework, and are therefore not counted as Right First Time.
KPM.05 (operational for 9 months)	% of total LDZ AQ energy at risk of being impacted	0.75%	RFT	Achieved/ exceeded in 3 out of 9 months Highest 2.04% (Nov 2020) Now on track (0.73% in Feb 2021 and 0.35% in March 2021) following implementation of improvements
KPM.08	% Notifications sent by due date	100%	CT	Achieved in 10 out of 12 months Remaining 2 months: 99.99% due to systems defect (now resolved)
3) Manage updates to customer portfolio				
PI.01	% CMS Contacts processed within SLA	95% in D+10	CT	Exceeded in 9 out of 12 months Remaining 3 months: all over 91%. Impacted by lockdown restrictions as site visits took Networks longer to organise
PI.02	% CMS Contacts processed within SLA	80% in D+4	CT	Exceeded every month
PI.03	% CMS Contacts processed within SLA	98% in D+20	CT	Exceeded in 4 out of 12 months Remaining 8 months: all above 95%. Impacted by lockdown restrictions as site visits took Networks longer to organise
PI.08	% of valid CMS challenges received	Previously Submitted Contacts less than 1%)	RFT	Exceeded every month.

4) Meter Read / Asset processing

KPM.02	% of meter reads successfully processed	99.50%	RFT	Achieved/ exceeded every month.
KPM.03	% of asset updates successfully processed	99.50%	RFT	Achieved/ exceeded every month
KPM.07	% of requests processed within the Completion Time Service Level in DSC	100%	CT	Achieved in 5 out of 12 months Average: 99.94% Lowest: 99.61% (March 2020). Main cause is meter read exceptions in UK Link. These are resolved within the 2-month invoicing cycle, to ensure next Amendment invoice is correct.

5) Demand Estimation obligations

PI.10	Confidence in DE Team to deliver DESC obligations	75% (via Survey of DESC Members)	RFT	Achieved/ exceeded every month
PI.11	DESC/ CDSP DE obligations delivered on time	100%	CT	Achieved/ exceeded every month

6) Customer Relationship Management

PI.12	KVI relationship survey	95% Starting to Trust	RFT	Average: 88.16% Trust scores grew throughout 2020-21 Highest ever score (91.67%) achieved in Dec 2020
PI.15	Survey results delivered to CoMC in Month +1	100%	CT	Achieved throughout the year

7) Customer Joiners/Leavers (UK Gas Market)

PI.16	% closure/termination notices issued in line with Service Lines (leave) Shipper	100%	CT	Achieved every month
PI.17	% key milestones met on readiness plan (join) Non Shipper	100%	CT	Achieved every month
PI.18	% key milestones met on readiness plan (join) Shipper	100%	CT	Achieved every month
PI.19	% of closure notices issued within 1 business day following last exit obligation being met (leave) Non Shipper	100%	CT	Achieved every month
PI.20	% of exit criteria approved and account deactivated within D+1 of cessation notice being issued (leave) Shippers	100%	RFT	Achieved every month
PI.21	% of exit criteria approved and account deactivated within D+1 of cessation notice being issued. (leave) Non-Shippers	100%	RFT	Achieved every month
PI.22	% of readiness criteria approved by customer (join) Non Shippers	100%	RFT	Achieved every month
PI.23	% of readiness criteria approved by customer (join) Shippers	100%	RFT	Achieved every month

OPERATIONALLY EXCELLENT

→ Overall performance for 2020/21: Key Performance Measures & Performance Indicators
(continued)

Ref	Measure	Target	Type	Performance
8) Energy Balancing (Credit Risk Management)				
PI.24	% of revenue collected by due date	98%	CT	Achieved in 11 out of 12 months December 2020: 96.64% December 2020 missed as a result of a customer's payment system implementation. Full payment was made the next day.
PI.25	% of revenue collected by due date (+2 days)	100%	CT	Achieved every month
PI.26	Energy Balancing Credit Rules adhered to, to ensure adequate security in place	100%	RFT	Achieved every month
9) Customer Reporting (all forms)				
PI.06	% of reports dispatched on due date against total reports expected	100%	CT	Achieved in 10 out of 12 months Exceptions in April 2020 (when measurement first started) and February 2021 ('Email' report to a single shipper delivered 9.30am the following day, instead of 5pm the previous day).
PI.07	% of RFT against all reports dispatched	99%	RFT	Achieved every month (100% for 11 out of 12 months)
10) Invoicing customers (5 KPMs)				
KPM.09	% of invoices not requiring adjustment post original invoice dispatch	98%)	RFT	Achieved/ exceeded every month
KPM.10	% of DSC customers that have been invoiced without issues/ exceptions (exc. AMS)	100%	RFT	Achieved/ exceeded every month
KPM.11	% customers DSC with less than 1% of MPRNs which have an AMS Invoice exception	97%	RFT	Achieved/ exceeded every month
KPM.12	% of invoices sent on due date	100%	CT	Achieved/ exceeded every month
KPM.13	% of exceptions resolved within 2 invoice cycles of creation date	100%	CT	Achieved in 1 out of 12 months Remaining 11 months: between 94.37% (Nov 2020) and 99.80% (March 2021). Target particularly hard to meet due to the volume of exceptions that occur.

Key:

RFT = Right First Time Measure

CT = Cycle Time Measure

Target = DSC Target

KPM = Key Performance Measure

PI = Performance Indicator

11) Management of Customer Issues					
PI.13	Plan accepted by customers & upheld (Key Milestones Met as agreed by customers)	90%	CT	100% for 9 out of 12 months Not achieved for first 3 months	
PI.14	Provision of relevant issue updates to customers accepted at CoMC and no negativity on how the issue is managed	100%	RFT	Achieved every month	
12) Customer Contacts					
KPM.17	% of tickets not re-opened within period	95%	RFT	Exceeded every month	
KPM.18	% of customer tickets (Incidents & Requests) responded to within SLA	90%	CT	Exceeded every month	
PI.04	% customer queries responded to within SLA/OLA	90%	CT	Exceeded in 9 out of 12 months May/June 2020: below target during the parallel run with previous KVis/KPIs October 2020: 88.80%, arising from implementation of new query management process.	
PI.05	% of queries resolved RFT	95%	RFT	Achieved/ exceeded in 8 out of 12 months Lowest: 93.01% in December 2020 Not achieved in November and December 2020, when the new query process was being embedded.	
PI.09	% of Telephone Enquiry Service calls answered within SLA	90% within 30 seconds	CT	Exceeded each month.	
13) Managing Change (3 KPMs and 1 PI)					
KPM.14	(reported for 10 months, reflecting the periods in which PIS (post implementation support) was being undertaken)	Number of valid P1 and P2 defects raised within PIS period relating to relevant change (excluding programmes).	0	RFT	Achieved for 8 out of 10 months July 2020: two new P2 defects on the Gemini stack Sept 2020: one new P2 defect on the Gemini stack The scale and complexity of the changes on the Gemini system in 2020/21 resulted in unforeseen issues when services went live in July. A further application defect was identified in September, although no significant production time was lost. Since then, improvements have been made, resulting in greater platform stability for the second half of the year.
KPM.15	(as for KPM.14, reported for 10 months)	Number of valid P3 defects raised within PIS period relating to relevant change (excluding programmes)	4	RFT	Achieved/ exceeded for 9 out of 10 months (6 months had no P3 defects) July 2020: 5 P3 defects (UK Link June 2020 release)
KPM.16	(as for KPM.14, reported for 10 months)	Number of valid P4 defects raised within PIS period relating to relevant change (excluding programmes)	5	RFT	Achieved/ exceeded every month
PI.27	% level 1 milestones met	95%	CT	Exceeded (100%) every month	

STRATEGIC OBJECTIVE

OPERATIONALLY EXCELLENT

Key Successes

Service Management Transformation

Our focus on Service Management Transformation has resulted in the following improvements, all of which are continuing to improve month on month:

- 50% reduction in P2 incidents (2019 vs 2020), with corresponding reductions in impacts on our customers' businesses, this continues to improve (see table below).
- 65% reduction in backlog of open incidents, with customers experiencing resulting improvements in response and resolution times.
- Right First Time incident resolution maintained at 98%+ throughout the year, often achieving 99%+.
- 97%+ responses to any Incident, or Service Request raised.

Our problem management service has been overhauled so that two thirds of our effort is now focussed on driving pro-active fault prevention, rather than reacting to issues. This has helped drive down Priority 1 and 2 incident volumes, as well as reduce day to day issues and system or process failures. We measure this through Xoserve Controllable P1 and P2 Incidents (where Controllable is a service/technology directly within our responsibility, so excludes for instance issues that happen within National Grid's systems that impact Gemini).

Xoserve Major Incidents 1st Jan to 30th June

Year	2019	2020	2021
Count	48	25	7
Reduction vs 2019	N/A	48%	85%

As outlined in the Performance Overview section, despite this good progress, during March 2021 we suffered a major incident with the UK Link file flow system which adversely impacted our customers. Whilst the issue was identified as a rare fault in the SAP software that required a global patch to resolve, we recognise that there were areas for improvement on how the incident was managed. A Post Incident Review and lessons learned were conducted and led to the creation of a Service Improvement plan consisting of 62 recommendations. The progress against the plan is being shared with Contract Management Committee on a regular basis to ensure the expected benefits and outcomes are delivered.

Improvements to Testing, Tooling and Automation

The improvements we've made in testing, tooling and automation have delivered a reduction of 85% in the time taken for CSSC regression testing, compared to testing being completed manually with the return on investment being achieved within 6 months. A further 192 test scripts have been developed for UK Link, with these due to be validated alongside the UK Link November 21 Release and its testing. The UK Link Automation Pack, which will increase Regression test quality, will be utilised on the Migration to Cloud project and the next Minor & Major Releases, once the scope and dates are confirmed. The CSSC and UK Link Automation packs will be merged to provide a single pack once CSSC has been implemented.

CMS Review and Customer Service Centre

Successes in CMS Review and Customer Service Centre are described against the Customer Centric strategic objective.

From necessity to choice

- Maintain reliable, high-quality data management services and systems.
- Deliver against contractual obligations and key performance indicators agreed with industry.
- Continually improve our systems, processes and data, using the latest automation and lean techniques to improve efficiency.

Software Asset Management

During 2020/21, we engaged external experts to review our licencing model across our four products that have the potential to create the greatest level of commercial risk (where financial exposure could exceed £1m). The purpose of this review was to ensure that as vendors change their licencing structure, we don't fall short and leave any commercial exposure for Xoserve or its customers.

No risks were identified, demonstrating that our licencing structure is appropriate and that we have a solid management of our critical licencing. As part of this review, we identified a number of optimisation opportunities that will be explored further in 2021/22 as part of the UK Link Roadmap to determine if this will provide any future savings.

We also undertook a maturity assessment of our end to end software asset management capability, which highlighted both existing good practices, as well as opportunities to further mature this process. This will be reviewed as part of BP21 to understand the benefits case vs investment, as well as what Service Improvements can be implemented in this area.

Systems Availability

	Target	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
UK Link	99.00%	99.96%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.83%
EFT	99.00%	99.28%	99.12%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gemini	99.00%	99.39%	100.00%	100.00%	98.55%	100.00%	99.74%	99.83%	100.00%	100.00%	100.00%	100.00%	99.83%
Gemini B2B	99.00%	100.00%	100.00%	100.00%	99.43%	98.30%	98.30%	100.00%	100.00%	99.49%	100.00%	100.00%	100.00%
IX	99.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
DCC	99.00%	100.00%	100.00%	99.88	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Service Desk	99.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.50%	100.00%	100.00%	100.00%	100.00%	100.00%
Data Enquiry	97.00%	99.96%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.98%
IP	97.00%	99.96%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.98%
CMS	97.00%	99.73%	100.00%	100.00%	98.36%	100.00%	100.00%	100.00%	100.00%	100.00%	98.53%	99.35%	100.00%

Please note that the above table represents the availability of systems during this period. Although there was a significant degradation of service during the UK Link incident experienced in March/April 2021, the system remained available throughout.

Future Focus

Key Performance Measures and Performance Indicators

Xoserve will continue to measure its performance of services delivered to customers under the DSC via the agreed KPMs and PIs, as these are representative of services that our customers have told us they value most.

The contract under which Correla delivers services back to Xoserve (the DSC+) contains KPMs and PIs aligned to those agreed between Xoserve and its customers. These are underpinned by a commercial framework designed to assure operational performance by Correla, through a combination of Service Credits, remediation plans and contractual remedies, designed to incentivise Correla to provide the highest levels of service quality and customer satisfaction. The Service Credits apply to a series of 'Right First Time' and 'Cycle Time' KPMs, with repeated or severe instances of underperformance resulting in escalation of Service Credit and further contractual remedies, ensuring that delivery against DSC obligations remains a key priority for Correla.

Some of the performance targets contracted in DSC+ have been adjusted to reflect the presence of commercial levers and remedies. At the monthly Contract Management Committee (CoMC), we will report performance of KPMs and PIs against both the DSC and DSC+ targets, giving customers full transparency. Xoserve will ensure that Correla representatives are present at the meetings to both present their performance and answer any questions.

Remediation plans will be agreed between Xoserve and Correla for any KPMs where performance is below target.

STRATEGIC OBJECTIVE

PEOPLE POWERED



2020/21 Investment Area Focus

4. Realising our vision of Operational Excellence:

- People Platforms evolution

2020/21 progress

During 2020/21 we launched our new values and behaviours, the Core Four: Delight Customers, Drive Success, Dream Big and Develop You. Developed by our people for our people, these values and behaviours determined the way we should work to achieve great performance, shaping our culture and how we work with one another and reflecting the kind of organisation we are and want to be.

Our People switched from office based to home based at the start of BP20, when the country went into its first lockdown, and have continued to work at home successfully have told us they enjoyed the trust and autonomy they gained through this period, so much so we developed and implemented an enduring 'work from anywhere' approach, providing them with all the tools and support they need to perform their roles successfully.

We continue to care for and support our people by focussing on their health and wellbeing, especially their mental health, during the particularly challenging circumstances of the COVID-19 pandemic.

Ultimate Ambition

We deliver an exceptional experience for our people, so we can deliver an exceptional experience for our customers.



Performance Overview

People continue to be our most valuable asset and over the last year we have used the data and insights we gather on wellbeing, work-life balance and ability to work remotely and flexibly through focus groups and engagement surveys, to ensure our internal culture drives our external performance. In BP20, we advanced our leaders by delivering leadership training and coaching and all of our people have enhanced their skills and knowledge through our Xoserve Academy.

Technology and tools have broadened to support our people and enable success. The introduction of Objectives and Key Results (OKRs) has enabled us to stay focussed on our own goals and that of the organisation.

"Just wanted to send a quick note to recognise the dedication and continuation in good service from the teams since lockdown has begun, they have moved to remote working and have been there to support me, my business and industry (got to love urgent mods!). It has been great to see that no matter if it is a query, pointing out something is wrong or getting their support and expert knowledge on something that whomever I have spoken to has been happy to help, even if they couldn't fix things there and then they have come back to me with a noticeable reduction in chasing"

- Large Shipper

From learning to leading

- Nurture people to become proactive, forward-thinking and well-motivated.
- Use common language and sharing a common understanding of what customers want.
- Operate in an agile way, using devolved people networks to remove barriers to achievement.

Key Successes

People Platforms Evolution

To support the new ways of working, we introduced and deployed a number of applications and systems to ensure we could all work safely and effectively.

We introduced a remote Software Centre Configuration Manager (SCCM) system in the cloud to ensure security patches and latest updates were quickly and efficiently deployed to all our corporate devices. This gave us resilience and security without the need for our People to connect physically to our office network periodically.

We deployed MS Teams, to enhance our remote collaboration capability across our business. This enabled our people to continue to support Xoserve's core critical processes and our customers to ensure no impact to service during the pandemic. Due to the continual upskilling of our people we were able to deploy this internally without the need to provision external resources.

Finally, we deployed a new payroll and workforce management system. This improved the user experience for our people by simplifying and integrating our payroll and workforce management processes in a single location.

Developing our capabilities

Our Senior Leadership Team benefitted from an "Exceptional Leadership Programme" – with all delegates improving their leadership assessment score 3 months after completing the programme. As a team, the Leadership Net Promoter score rose by 20 points. We also deployed our "Essential Leadership Programme" aimed at first-time managers. 93% of delegates reported learning something they felt would improve their people leadership.

2020 also saw the launch of the Academy at Xoserve. Courses made available to our people included Academy foundations such as Lean Fundamentals, Effective Time Management and Effective Communications. We further developed our capabilities in problem solving and continuous improvement resulting in improvements to customer journeys, especially in the Customer lifecycle and change journeys. As part of the Customer Experience programme we also launched a Customer Service Toolkit and training modules to provide our customer facing employees with the skills needed to give an exceptional customer service. To support flexible working, several E-learning modules were also produced including 'How to facilitate On-Line Meetings and Workshops', 'To meet or Not to meet' and 'DSE training and assessments'. A number of Xoserve employees attended external training courses where necessary for the needs of the business, which included 'Understanding Agile', 'Scrum Training', 'Managing Benefits' and 'ITIL' courses.

Engaging with our People

We do our best work when we are engaged - our people's views are valued and we want to hear them. This year we have continued to meaningfully engage with our people in innovative ways. We ensure our people have the opportunity to hear about key decisions and updates face to face from our leaders, with the opportunity to ask

Future Focus

The change of focus and scale for Xoserve is proving to be a tremendous catalyst for upskilling. Formal training to augment existing contract management and assurance capabilities will be supplemented by opportunities for personal development, cross-skilling and coaching, to engender a high-performance culture and drive people engagement.

This will be supplemented by increased accountability, with personal performance measured against SMART objectives which have a clear line of sight to organisational goals and the delivery of great customer service both directly and via Correla.

The way we work will be changing too. Following a year of successful remote working due to COVID-19, we will be adopting

questions or share ideas. To enable this transparent engagement, we regularly hold: Town Hall's for the whole company, functional drop-ins led by members of our exec team, insight gathering in focussed groups and we continue to use our social and communication platform, Yammer, to communicate messages and actively encourage feedback.

Supporting Mental Wellbeing

We continued to place priority on supporting our people's mental health and wellbeing in what has been an extremely challenging and difficult year. We surveyed our people regularly to understand how they were coping and what support they needed. In direct response to this, we launched a mini-reboot series where external experts in Mindset and Mental Health held bespoke online webinars focusing on burnout, anxiety, and fatigue.

Our team of Mental Health First Aiders continued to provide a space to talk things through. We've also held regular informal engaging sessions such as quizzes and 'watercooler chats' online to combat isolation and loneliness.

Improved accountability and performance

Our people are accountable for their own performance and behaviour. We trust them to act in the best interests of our customers, our organisation, and our colleagues therefore we have removed all people policies and replaced them with a set of principles and guides on how we operate.

We introduced and embedded Objectives and Key Results (OKRs) this year. This method of setting meaningful objectives helps us to describe what we want to achieve and what success will look like. All OKRs are aligned to our strategic objectives, showing the clear link between each role and their alignment to company goals.

Flexible Working

We successfully transitioned to home-working during the COVID-19 pandemic and found our day-to-day efficiency improved, despite such a dramatic change in our people's daily working patterns. In surveying our people every month we learnt that the vast majority liked working from home and were effective doing so.

Business Separation

We successfully separated Xoserve into two businesses, as part of the restructure which saw the formation of Correla. Successful migrations of payroll, workforce management and our internal ERP finance and expense systems enabled us to establish Correla as a separate entity without disruption to Xoserve's activities.

Frictionless Solutions

To support our people in working entirely remotely, we delivered new tools such as Microsoft Teams and Whiteboarding which improved collaboration. We have also rolled out additional applications and services to support our new way of working, as well as increased security protocols.

the type of flexible working arrangements seen in so many other successful organisations, where our people are trusted to manage their working lives in a way that balances their needs with the needs of the organisation and our customers.

We anticipate formally reopening the office in autumn 2021, reconfigured to encourage collaborative working, while also providing desk space for those wishing to spend the day in the office and touchdown facilities for those planning a hybrid approach.

STRATEGIC OBJECTIVE

RESPONSIBLE BUSINESS



2020/21 Investment Area Focus

2. Protecting against Cyber Security Threats:
 - Information security ISO27001 compliance
 - Information security alignment with NIST

2020/21 progress

In a challenging year, a key enabler for meeting our customer service commitments was our recognition that business responsibility goes beyond charitable giving, employee engagement, and environmental awareness. Our approach to responsibility involves understanding the interests of all our stakeholders and committing to creating an environment where innovation creates value and we have a re-shaped purpose in society. Underpinning that, we continued to meet our commitment to strengthen cyber security, in line with our improvement programmes and in response to the evolving security landscape.

Ultimate Ambition

Our customers are confident that we enable them to grasp new opportunities because we are exemplars in managing and controlling risk, whilst being commercially and financially astute and operating in a socially responsible way.



From assurance to confidence

- Understand and manage business risks.
- Ensure best value for money by being commercially minded, benchmarking services and developing new partnerships.
- Embrace independent assurance of our work.
- Ensure employee safety.
- Take our responsibility to the local community and environment seriously, including supporting community projects.
- Protect customer data and our ability to operate, by focussing on security, assurance and risk management.

Performance Overview

As we, our customers and partners have navigated the challenging business environment this year, operating responsibly has been no less crucial than before, and has given us the foundation to deliver our services safely while pursuing innovation.

We built on our rapid response to the onset of the COVID-19 pandemic by delivering an effective home working model that remained closely aligned to Government guidance. The protection this gave to our people, on site delivery partners and local community helped us to have a low number of Covid cases, and to give the flexibility our people needed to work, whilst balancing changing family and community needs. The results were that our people expressed high levels of recognition for our focus on wellbeing and our customers gave us significant recognition of our customer service, which remained focused on their changing needs.

The business planning process was enhanced last year with investment business cases describing the benefits to customers in a standard format and language. In addition, going concern sensitivities around cash flow projections and contract commitments were conducted to ensure the business did not over stretch itself given the uncertainties around the COVID-19 pandemic, and contracts were flexed where possible to avoid unnecessary spend around the use of the building and facilities.

Delivery of our ongoing multi-year cyber security and data privacy improvement programmes, with additional desktop and network security enhancements this year, allowed us to meet and exceed our NIST maturity targets for our critical systems, protect our customers' data, and respond to the changing cyber environment in which we and our customers operate. We also retained our ISO9001 and ISO27001 certifications as the company separated into two entities this year.

Key Successes

Understanding and managing business risks

Utilising our risk management framework; we built on the foundation put in place last year by working closely with key teams to ensure that risks are identified and managed appropriately.

As the company separated into two entities this year, we reviewed the key risks to Xoserve, our customers and partners in this new context. Our risk profile remained steady and controlled throughout the year, despite the challenging business and health environment, allowing a risk-aligned audit and assurance approach to be delivered as planned.

Ensuring employee safety

We maintained close tracking of the COVID-19 pandemic throughout this challenging year, ensuring that our approach remained aligned to government guidance, and giving priority to safe operations for our people, delivery partners and customers. Our offices remained formally closed, with a carefully controlled number of desks available at appropriate points in the pandemic response cycle, to meet the wellbeing needs of staff where home working was difficult. We operated successfully throughout the year utilising the remote working model we implemented in March 2020, which helped to limit our number of COVID-19 cases and protect our local community.

We prioritised the health and wellbeing of our people and on-site delivery partners, implementing a formal approach to the flexible working, home life balance and personal resilience that we started in March 2020, when the first lockdown happened. Our Safety, Health and Environment team led our focus on reaching out to people to ensure a safe home working environment and the company provided frequent, rich personal wellbeing resources, as well as access to Mental Health First Aiders to help staff navigate the challenges of the pandemic.

Regular wellbeing surveys and team touchpoints throughout the year continued to show that over 90% of our people coped well with the challenges of COVID-19, over 93% said they could successfully flex their working hours to meet their home needs, and an equally high number said that the company took care of their wellbeing well or very well.

We extended the support we gave to our people to our off-site delivery partners located in global COVID-19 hotspots, providing a flexible working approach, actively monitoring priorities and giving support for those who were personally impacted by the pandemic. This support helped our teams to safely deliver the full scope of our operational commitments, with the result that we achieved a significantly higher customer service rating from our customers in the year.

Cyber Security & Data Privacy

Our multi-year cyber security and data privacy improvement programmes continued to deliver increased Information Security and Privacy maturity levels. External assessment by Cyber Security experts NCC Group confirmed that the company had either met or exceeded the planned NIST maturity levels for core critical systems, and we are on track for the target we set ourselves of achieving an industry leading NIST maturity level 4 by the end of the BP21.

To support our successful remote working model, the company implemented a series of desktop and network features which both enabled home working and increased security protection for the company, our users and our customers' data. We maintained the priority given to frequent cyber security awareness and training for all our people, enabling us to monitor adherence to high levels of security understanding and practice throughout the year, and giving confidence that the company could respond well to the evolving cyber security landscape.

We maintained ISO27001 certification during our separation into two entities and our priority remains on key information security and privacy risks, with close co-operation between Xoserve and Correla to ensure that cyber security and data privacy remains a key focus of service delivery.

Social Responsibility

Last year we made a strong commitment to reduce our carbon footprint to net zero by 2025, aligned to the energy industry's wider goal to reduce carbon emissions to net zero by 2050. This year we launched our Carbon Challenge Strategy to achieve that goal.

Whilst our carbon footprint understandably reduced significantly this year while our offices remained closed, we reached out to our people working remotely to increase awareness of the steps that can practically be taken at home to support our responsible carbon reduction goals. This involved regular online resources available for our people, and a commitment from our teams to generate and commit to carbon reduction and environmental protection initiatives in their home.

We continued our commitment to offsetting our total emissions via the UN-endorsed Darfur Low-Smoke Stoves project.

Repositioning our supply chain

We enhanced our approach to supplier relationship management during the year. Our key supplier relationships were revaluated to drive cost efficiencies and increase value, focused on enhancing our delivery of successful outcomes for customers. Our supply chain partners have responded well to this improvement, despite the challenges of COVID-19 for their teams and operations, ensuring positive relationships were in place ahead of the transition to Correla.

We also brought our Procurement and Contract Management teams together to create a more integrated Supply Chain Management function, allowing us to develop category management for more cohesive supplier value engagement and consistent best practice adherence across our teams.

In addition, we successfully novated approximately 90% of our contracts to Correla, to ensure that the supply chain is aligned to where services are delivered.

Enhanced assurance of our work

Our Change Assurance team has continued to leverage and develop our benchmarked approach to internally assure an increasing number of the largest, complex changes to our core UK Link and Gemini platforms. Our Internal Audit team continued to provide best-practice focus on key processes and adherence to standards and regulation. Transitioning successfully to remote working, both teams maintained high-quality assurance and audit delivery and were recognised by our teams and key stakeholders as value-adding, developing the reach of change delivery and operational process improvement into our teams. Both teams have also been increasingly asked by their colleagues across the business for advice and guidance, in recognition of the role they plan in protecting our customers' and stakeholders' interests.

Whilst operating in a prolonged pandemic was challenging for our teams, partners and customers, the results of our assurance and internal audit this year have highlighted an increase to the health of our change delivery. Our assurance and audit teams work closely with teams across the business to address findings raised and ensure that concerns are addressed when needed and lessons are learned for ongoing improvement.

As with ISO27001, we also successfully re-certified to the Quality Management Standard ISO9001 this year, ensuring that both Xoserve and Correla will maintain the certification, with continuous improvement of quality-focused operations and change delivery. We also brought our risk management, assurance, and audit teams together, increasing the integration of our assurance and aligning approaches.

STRATEGIC OBJECTIVE

RESPONSIBLE BUSINESS



Finance planning and reporting system implementation

Last year's implementation of new finance support tooling resulted in continuing improvement to our finance planning and reporting cycles and accuracy. Coupled with well-received business partnering from our Finance team, the tooling has given increased visibility of key financial data for our management and teams, supporting successful Business Planning for our customers and improved forecasting and cost optimisation.

Invoice payment

The business environment in a pandemic has been highly challenging for the company and our suppliers this year. Even so, it has been a mark of our commitment to responsible operation that we have maintained supplier payments at a level above our existing target of 90% of contractual terms on a quarterly basis.

Future Focus

Protecting against Cyber Security Threats

Protecting customer, consumer and industry assets will remain a key focus of our activities. Our Information Security and Privacy Strategy, and its four-year transformation programme, will mature data privacy operations and controls, enabling us to continue to support customers to fulfil their obligations as Data Controllers and our obligation as a Data Processor, in compliance with Data Privacy Laws. We will also continue to mature our cyber security, as set out in BP21, to reduce the likelihood and impact of a cyber-attack or data breach, with continued focus to ensure information cyber security controls are effective, current, and future proof.

Contract Management and Assurance

As a result of our restructure, Xoserve's delivery focus is turning to the management and assurance of services delivered by third parties. Deploying our deep industry knowledge and experience, and supported by an arms-length contract with Correla which contains commercial levers to incentivise performance, Xoserve will focus on ensuring that customer requirements are captured and assessed, that services are delivered to customers to the levels committed under DSC, than any customer concerns are addressed by our service delivery partners and that investments are delivered as set out in the business plan.

Key focus areas for the coming year include:

- Implementation of Investment assurance processes, to ensure programme scope is delivered on time, to budget
- Continued delivery and enhancement of audit programmes both within Xoserve and with our supply chain to check compliance and quality
- Augmented capability to manage industry related activities, including the implementation of REC and forthcoming procurements
- Bringing independent scrutiny to the next Business Plan cycle

Financial Management

Our financial management and controls will be adapted for the revised arrangements, with professional cost control being applied to both Xoserve and the cost of third party services. As a not-for-profit business, customer can be assured that Xoserve focus will be driven by customer interests.

Sustainability

We believe as a Responsible Business, it is ethically right to safeguard the environment. Last year Xoserve offset its unavoidable emissions of 120 tCO₂e, making Xoserve a Carbon Neutral company working toward becoming a Carbon+ company by 2025. Going forward Xoserve will continue to reduce and offset its Carbon emissions in support of the wider goal the industry is aspiring to achieve of reducing carbon emissions to zero by 2050.

From assurance to confidence

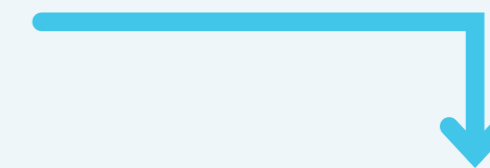
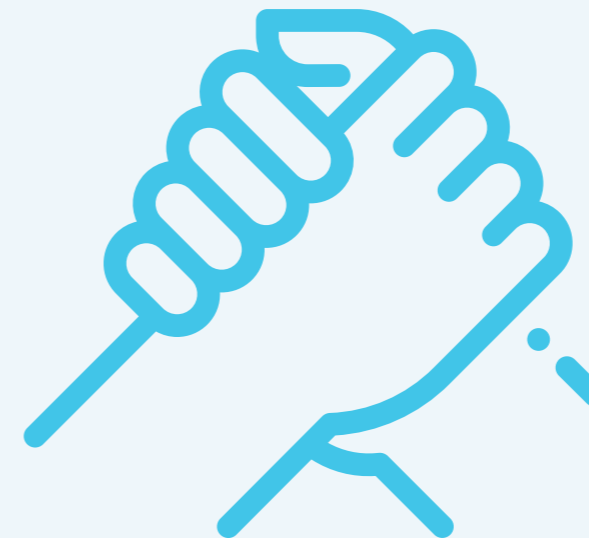
- Understand and manage business risks.
- Ensure best value for money by being commercially minded, benchmarking services and developing new partnerships.
- Embrace independent assurance of our work.
- Ensure employee safety.
- Take our responsibility to the local community and environment seriously, including supporting community projects.
- Protect customer data and our ability to operate, by focussing on security, assurance and risk management.

CORPORATE SOCIAL RESPONSIBILITY

Amount raised by charity via fundraising events:

Birmingham Children's Hospital:	£246.00
Birmingham Mind:	£313.00
Marie Curie:	£174.75
West Midlands Air Ambulance	£174.75
Other:	£3,872.20

£4,780.70



£6,683.36

raised through **MATCHED GIVING**



Cherished is a non-profit organisation providing attachment focused support for Primary and Secondary schools across Birmingham. Their self-esteem workshops and mentoring schemes are committed to nurturing, empowering and developing the true potential of young girls and boys.

Colleagues redirected their Christmas gift towards supporting Cherished, donating a total of:

£1,600



£1,030 donated to Prostate Cancer UK

FINANCIAL SUMMARY

Results

For the year ended 31 March 2021 the Company's profit before tax was £0.5m (£0.5m after tax) (2020: £0.3m (£0.3m after tax)). There were no exceptional items incurred during the year.

Financial position

Total net assets at 31 March 2021 were £2.5m (2020: £2.0m) comprising fixed assets of £43.3m (2020: £50.6m); net current liabilities of £11.3m (2020: £13.3m) less long-term creditors and provisions for liabilities of £29.5m (2020: £35.4m).

Xoserve's direct employees are supported by agency staff, who are employed through external companies and not directly by the Company and utilised to perform process as well as management and technical roles. For 2020/21 the average number of employees and agency staff in aggregate was 494 (2019/20: 476). Total employee and agency staff costs were £33.8m (2020: £31.7m).

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (AUDITED)		
	2021	2020
	£'000	£'000
Turnover*	74,961	80,668
Other comprehensive income	12,952	-
Administrative expenses	(87,413)	(80,388)
Total comprehensive profit for the year**	500	280
CONDENSED STATEMENT OF FINANCIAL POSITION (AUDITED)		
	31 March 2021	31 March 2020
	£'000	£'000
Fixed Assets	43,280	50,634
Current Assets	47,629	35,549
Current Liabilities	(58,905)	(48,805)
Non - current liabilities	(27,930)	(33,804)
Provision for liabilities	(1,606)	(1,606)
Net assets	2,468	1,968
CONDENSED STATEMENT OF CASH FLOWS (AUDITED)		
	31 March 2021	31 March 2020
	£'000	£'000
Cash and cash equivalents at start of year	27,289	20,984
Net cash generated from operating activities	3,792	18,460
Net cash from investing activities	(20,593)	(12,063)
Net cash from financing activities	(96)	(92)
Cash and cash equivalents at end of year***	10,392	27,289

* Shown net of the rebate of the proceeds from the sale of Correla. The sales proceeds are included in Other Comprehensive Income, along with some tax credits

** No taxation was required to be paid in either year

*** Cash and cash equivalent on 31 March 2021 exclude proceeds from the sale of Correla which were received on 1st April 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk	Description
Information Security & Data Privacy	Xoserve manages data on behalf of the gas network operators and operates a number of Information Systems in support of this. Against the backdrop of an evolving cyber security landscape, we recognise that Information Security is vital to ongoing operation, and the key areas of risk that we actively manage include; unauthorised access to Xoserve's critical systems and data, data privacy and cyber security, in an environment of ongoing change to our working practice through increased home working. As part of our multi-year strategy, Xoserve's Information Security and Privacy teams have continued to strengthen security measures, have matured critical systems security in line with external benchmarked assessment, and incorporated the latest recommended controls into our unified control framework. We have maintained ISO27001 accreditation and continuing to deliver key Security and Privacy Improvement Programmes remains a priority.
Managing demand and ongoing change	In a challenging business environment in the last year, Xoserve has achieved notable successes in prioritising change delivery to meet the key needs of our customers. The Company continues to review existing and new activities to ensure suitable capacity, capabilities and control frameworks are in place to mitigate any additional risks that may be created, and to exploit potential opportunities that may arise. Our Audit and Change Assurance teams take a prioritised, risk-based approach to protecting key processes, and encouraging successful outcome delivery for our customers.
COVID-19	Xoserve has been highly successful this year in mitigating the risk of disruption to business operations and our workforce from the COVID-19 Pandemic. Operations have been maintained throughout the outbreak through remote working arrangements that will remain our business model. Our workforce's safety and wellbeing have been a key focus, and we continue to work closely with our partners around the globe to ensure that their teams' exposure to local COVID-19 escalation, does not significantly impact their wellbeing or Xoserve's operations.

BOARD OF DIRECTORS

Xoserve is funded, governed and owned by the gas industry, with our Board consisting of eight Industry-nominated Directors, with an independent Chair.



Clare Spottiswoode
Chairman



Sarah Carroll
Network Nominated Director



Paul Rogers
Network Nominated Director



Ian Radley
National Grid Transmission
Nominated Director



Neil Shaw
iGT Nominated Director



Steve Brittan
Shipper Nominated Director



Mike Hogg
Shipper Nominated Director



Yehuda Cohen
Shipper Nominated Director



Chris Jones
Shipper Nominated Director

EXECUTIVE TEAM



Stephanie Ward
Chief Executive Officer



Dave Turpin
Head of Customer, Industry &
Regulatory Affairs



Eve Bradley
Company Secretary



Mark Cockayne
Head of DSC Operations



Emma Smith
Head of Customer Change



James Spicer
Head of Finance

Two members are nominated by the Gas Distribution Networks, one from National Grid's UK Transmission business, one from the Independent Gas Transporters (IGTs) and four members nominated by the Gas Shippers.

The Xoserve Board is chaired by Clare Spottiswoode.

GOVERNANCE OVERVIEW

Funding arrangements and ownership

On 1 April 2017, Xoserve was appointed by the Gas Transporters as the gas industry's Central Data Services provider ('the CDSP'). The DSC parties provide the majority of Xoserve's funding, are consulted on Xoserve's Business Plan and Budget, and participate in governance meetings. They also have rights to appoint customer nominated Directors to the Xoserve Board. Specifically, the CDSP arrangements prohibit the distribution of profits to Xoserve's Shareholders.

Leadership

Xoserve is funded, governed and owned by the gas industry, with our Board consisting of eight Non-Executive Industry-nominated Directors, with an independent Chair. Two members are nominated by the Gas Distribution Networks, one from National Grid's UK Transmission business, one from the Independent Gas Transporters (IGTs) and four members nominated by the Gas Shippers. The Board is chaired by Claire Spottiswoode.

The Board and its Committees

The Board has established a number of Committees to carry out specific duties. This allows the Board to operate more efficiently, concentrating on providing leadership and decision-making for the business. We are dedicated to making sure that both the Board and its Committees are clear on their roles and are supported to give the correct level of attention and consideration to relevant matters.

Audit and Risk Committee

The Audit & Risk Committee, chaired by Mike Hogg, plays an important governance role on behalf of the Board, dedicated to giving assurance to the Board that internal control and risk management systems are reliable and that we report appropriately on financial performance. The Committee is appointed by the Board, with a minimum requirement of three Directors to be quorate. The Audit Committee, as a sub-committee of the Board, met four times during the year to oversee on behalf of the Board the Company Risk Management, Internal Audit and Statutory Audit activities.

Nominations Committee

The Nomination Committee, chaired by Neil Shaw, is made up of a minimum of three Directors, responsible for reviewing the long and short-term strategy and plans for succession of Chairman and CEO. In doing so, the Committee keeps under review the balance of skills, knowledge, experience and diversity across the Board and in these roles.

Remuneration Committee

The Remuneration Committee, also chaired by Neil Shaw, Meets, as a minimum annually, to agree CEO remuneration and review and approve proposed Executive remuneration. In addition, the Remuneration Committee considers succession planning for CEO and Executive roles to ensure appropriate focus on development of future Leadership capabilities.



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