



CentralMarketAgency

At the heart of **Scotland's Water Market**

Business Review 2015-2016

“The CMA has delivered a high quality service... marked by an effective sharing of responsibility between the CMA, the Technical Panel and the CMA Board.” **Brian Saunders**, Chairman





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About the CMA

The 2005 Water Services etc. (Scotland) Act made provision for retail competition in the Scottish water industry. The new arrangements for the water industry came into effect on 1st April 2008 and as part of these the CMA was established as the independent Market administrator.

The CMA is a company limited by guarantee (CLG), whose members are the participants in the Market, both Licensed Providers and Scottish Water. The CMA is funded by the Market and provides its services to all Participants.

The CMA operates the computer system and associated business processes, known collectively as the “Central Systems”, in order to carry out Market administration. The “Central Systems” house the authoritative set of Market data for business premises in Scotland. This

includes details of the water and wastewater services provided at each supply point and the Licensed Provider responsible for providing these. The data and information held in the Central Systems is continually updated and maintained through electronic transactions received from Market participants. The Central Systems are also used to calculate the wholesale charges owed to Scottish Water by each Licensed Provider.

The CMA acts a secretariat for the Technical Panel, the industry body responsible for promoting and approving changes to the Market Code. All Market Participants have a seat on the Technical Panel and, along with the CMA and the regulator, may raise change proposals for consideration. Market Participants are involved in the decision-making of the company through their nominees, who act as Directors on the CMA Board.

Chairman's statement



During the past year the high level of interest in the Scottish Market continued.

We welcomed two new Licensed Providers (LPs), bringing the total number of LPs in the Market to 19.

Reports drawn from the Central Systems and provided to the CMA Board show that LPs are competing vigorously for Market share, using the Central Systems effectively to carry out their transactions. With the prospect of a Market opening in England, I expect the interest and activity in Scotland to continue to grow.

The CMA has delivered a high-quality service during 2015-16, confirmed once again by our annual independent Market Audit. That this has been marked by an effective sharing of responsibilities between the CMA, the Technical Panel and the CMA Board has been particularly pleasing. I would like to thank participants at the Technical Panel and the Board for their contributions to the Market.

I noted last year that the Board of the CMA takes a close interest in the various projects that have been established to improve the quality of Market data. I am pleased to report that we are starting to see the benefits of these projects flow through into the Market. Data quality will remain a focus of attention in the coming year,

alongside ensuring that all members receive the service that they require.

Brian Saunders

Chairman, 14th July, 2016

The CMA Board

Brian Saunders [Chairman](#)

Jeremy Atkinson [Chief Executive](#)

Fred Hallsworth [Chairman, Audit Committee](#)

Brian Wilson [Chairman, Appointments Committee](#)

Mike Brindle

Tony March



Chief Executive's Review



The eighth year of operation was another productive one for the CMA, during which we continued to enhance the Central Systems while also improving the quality of the data that they hold. Questionnaire feedback from participants has confirmed

that reliable and easy to use systems are highly valued by those who are responsible for carrying out Market operations on a daily basis.

2015-16 saw increased participation and increased activity in the retail Market. There were two new entrants to Market during the course of the year, bringing the total number of Participants to 20 (Scottish Water and 19 LPs). In addition to competing for Market share, LPs have been active in registering new sites on the Central Systems in response to the publication of data from the CMA's Market data improvement project. Towards the end of the year, the CMA successfully handled a bulk transfer of more than 20% of the Market from one LP to another; this occurred with no impact on system performance or the service provided to any Market Participant.

We reported last year on CMA efforts to improve administrative processes in response to the demands of a larger membership. These efforts continued in 2015-16 with further initiatives that will allow administrative tasks to be carried out online. While some of this has been delivered through Central Systems Releases, an important part of the programme was the design and planning phase for a new website, due to be

rolled out in 2016-17. This will offer a platform for communication and document sharing between members of the Board, the Technical Panel, the Market Participant Forum and various working groups. I hope all members will feel more engaged in the day-to-day operation of the business as a result.

During the year there have been a number of themes for Central Systems development. We again made enhancements to LVI, the interface used by participants to carry out many of their operations on the Central Systems. In particular, participants have been given the ability to manage the Central Systems user accounts for their organisations, including being able to tailor the permissions to the specific requirements of the individual user. We have also provided the capability for LPs to manage their Provider of Last Resort (POLR) and Gap Site status through the LVI.

In 2015-16 Deloitte carried out a seventh Market Audit at the request of the CMA Board. The Board places a high value on having an annual audit that is both independent and comprehensive in its coverage, as it encourages improvements in the business and provides reassurance to members. The audit covered the financial year 2014-15 and concluded that CMA had, in all material respects, complied with the relevant Code requirements in the performance of its duties. In addition to the main report on CMA compliance, the annual Market Audit provides an opportunity for participants to receive an assessment of the processes they

use to achieve compliance with key Market Code obligations, in particular those that have an impact on the quality of the Market Data Set. The 2015-16 report noted some improvements in data quality, but reported that there were some participant processes where data issues remained.

In 2015-16 the CMA provided day-to-day administrative services to the Market and delivered new Central Systems functionality within the core budget presented to the Technical Panel and approved by the Board. This was despite significant increases in the number of transactions handled by the Central Systems, the number of change requests processed through the Technical Panel, and the number of enquiries resolved by the business. At the same time, expenditure funded by Performance

Charges was lower than last year, although proposals for a wave of new projects following up on CMA data improvement work mean that it is likely this will change in 2017. As the CMA moves into a period of re-tendering for core Central Systems support contracts, maintaining delivery capacity and value for money will remain the key objectives.

In 2015-16 the groundwork was completed by CMA staff and contractors to allow another significant improvement in the service provided to the Market. I would like to thank all those involved for their efforts. I am confident that the benefits of this work will be seen in 2016-17.

Jeremy Atkinson

Chief Executive, 22nd June 2016

Operational & financial highlights 2015-16

Enquiries handled 237

Transactions processed 2,906,562

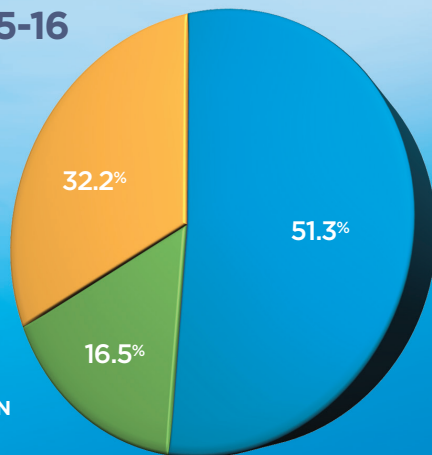
Changes processed through the Technical Panel 49

Settlement runs delivered 49

System availability 99.95%

CMA COSTS 2015-16

- CENTRAL SYSTEMS & TECHNICAL SUPPORT
- OFFICE & ADMINISTRATION
- STAFF COSTS



“In 2015-16 the groundwork was completed... to allow another significant improvement in the service provided to the Market.” **Jeremy Atkinson**, Chief Executive



CentralMarketAgency

48 Enterprise House, Springkerse Business Park, Stirling, FK7 7UF.

Telephone: 01786 468 860 Fax: 01786 468 868 Website: www.cmascotland.co.uk Email: info@cmascotland.co.uk