

CMA Scotland

Strategic Plan 2022-24

April 2022

Contents

Intended Audience.....	3
Background and Context.....	4
CMA Values and Mission.....	4
Strategic Objectives	5
Activities and timetable	6
CMA Effectiveness	6
Participant Effectiveness.....	8
Wider Stakeholder Interests	9
Summary Timetable Plan.....	11

Intended Audience

This document is intended to be read by several different audiences and serves multiple purposes as outlined in the table below:

Audience	Purpose
CMA Scotland Board Members	To document the medium-term CMA Scotland strategy as set by the Board
CMA Scotland Employees	To help frame their day-to-day activities within the context of CMA Scotland's medium-term strategy
External CMA Scotland stakeholders e.g. Licence Providers, Scottish Water and WICS	To understand the medium-term CMA Scotland strategy

Background and Context

In the later part of 2021, CMA Board members engaged in a review of the Strategic Plan agreed for 2019-2021 and of the medium-term strategic role and objectives of CMA Scotland. The purpose was to take stock after several years of successful operations in Scotland and the opening of water competition in England, and to consider how the activities and efforts of CMA Scotland should be directed into the future, recognising evolving themes and interests of customers, market parties and society as a whole.

This document reflects the outputs and conclusion of this strategic review in a format than can be shared with the wider set of CMA stakeholders, both internal and external.

CMA Values and Mission

The following mission statement is intended to capture the high-level objectives of CMA and guide the activities of the business.

“The CMA Scotland Mission is to facilitate a reliable, secure and sustainable retail market for water and wastewater services at an affordable price, while exploiting developments in technology and market operations to improve service and meet the demands of our stakeholders. In doing this, we keep the customer and the environment at the heart of our thinking.”

The mission is underpinned by the CMA values:

- Always serving the customer and the environment
- Delivering the highest levels of quality and accuracy
- Being even-handed and fair
- Being cost-effective
- Delivering continuous progress

In developing our mission statement and updating our values, we have acknowledged the industry’s movement towards the explicit recognition of ethical considerations, and in particular, a focus on customer and environmental outcomes. Our efforts to maintain continuous improvement across the business will include an equivalent focus on these social outcomes.

Strategic Objectives

The strategic objectives for the period 2022-24 relate to 'CMA effectiveness' (1-4), 'participant effectiveness' (5-7), and 'wider stakeholder interests' (8-9).

CMA effectiveness

1. To ensure efficient CMA market compliance, including:
 - a. To ensure that CMA is fully compliant with all its obligations under Part 2 of the Market Code.
 - b. To ensure that costs are maintained at the lowest level possible, consistent with full compliance with the Market Code and a service quality that meets participant expectations.
2. To manage technology and cyber security effectively, including:
 - a. To undertake a strategic review of market-wide cyber security
 - b. To ensure that settlement is accurate and timely, given the quality of market data.
3. To have a customer focus when performing CMA activities, and to provide impartial support such that Scottish Water and Licensed Providers can do the same.
4. To be an equal opportunity employer that promotes a climate of diversity and inclusion, is supportive of staff development, and offers employment opportunities in Scotland.

Participant effectiveness

5. To facilitate participant compliance with the Market Code by providing systems and processes that allow easy, secure transacting, including:
 - a. To enhance systems usability (levering off the Technology Refresh).
 - b. Offer systematization of bilateral transactions
6. To ensure the market is resilient to extreme events.
7. To utilise data analytics, experience and expertise to gauge trends and identify potential areas of opportunity or for improvement.

Wider stakeholder interests

8. To positively engage with stakeholders to understand their requirements and preferences and to communicate to them information about market and CMA performance.
9. To support environmental and Net Zero carbon usage initiatives by using the Central Systems to provide relevant analysis and data.

Activities and timetable

The following activities will support the achievement of the strategic objectives:

CMA Effectiveness

Strategic Objective 1 (To ensure efficient CMA market compliance)

No.	Action	Approach	Timeframe	Comment
1a) Market Code compliance				
i.	Technological refresh	Implement a phase of 'hypercare' ¹ in the autumn following the Technology Refresh deployment.	Autumn 2022	Opportunities to enhance usability will be explored after 'go-live' and the hypercare period.
1b) Cost effectiveness				
ii.	Re-procurement of IT service providers	Service provider performance review; option of 1-year extension for 2023. Full tender to follow	Review: 2022 Extension(s): By end 2022 (for 2023) Tender: 2023/4	Planning assumes a full OJEU process. The scale of the re-procurement will be conditional on the level of response to the initial notice.

Strategic Objective 2 (To manage technology and cyber security effectively)

No.	Action	Approach	Timeframe	Comment
2a) Cyber security				
iii.	Undertake a strategic review of market-wide cyber security	Following two years of intensive cyber security activity, carry out a strategic review to confirm current efficacy of measures and identify next steps	End 2022/beginning 2023	Appropriate actions will be identified from the review. The approach will then continue to be reviewed periodically.
2b) Settlement accuracy				
iv.	Enhance third party assurance and audit	Align audit and assurance work with Performance regime	Implement: June 2023	Cyclical review of effectiveness of approach

¹ 'Hypercare' refers to an intense period of monitoring and support to ensure that a significant change has been implemented successfully.

Strategic Objective 3 (To consider the interests of customers in all CMA activities)

No.	Action	Approach	Timeframe	Comment
v.	Conduct checkpoints to review levels of customer orientation	Periodic reviews, being a mix of internal and external discussions	End 2022	Ongoing, cyclical.
vi.	Development of Market Audit analysis and reporting	Consider aligning Market Audit and Performance regimes	2024	Carried out in parallel with the development of data analytics capability. Cyclical review of effectiveness of approach

Strategic Objective 4 (To be an equal opportunity employer and promote staff development)

No.	Action	Approach	Timeframe	Comment
vii.	Training and professional development plan	Use existing HR processes	Ongoing	Continuous review.
viii.	Build links with leading academic institutions in Scotland	Identify institutions with relevant training course/expertise	Ongoing	Could involve seconding expertise.
ix.	Promote diversity and inclusion	Review and develop recruitment approaches to ensure inclusion of these objectives	Ongoing	

Participant Effectiveness

Strategic Objective 5 (To facilitate Participant compliance)

No.	Action	Approach	Timeframe	Comment
5a) To enhance systems usability				
x.	Development of the Central Systems interface	CMA to lead, MPF to represent user views.	Ongoing review	Linked to the post Technology Refresh review [1a)i] and the publication of Market data [7)xii].
5b) Offer systematization of bilateral transactions				
xi.	Consider systematization of bilateral interactions	Experience in England with the bilaterals project may lead LPs to reconsider their preference for email communications in Scotland.	Ongoing review	

Strategic Objective 6 (To ensure the market is resilient to extreme events)

No.	Action	Approach	Timeframe	Comment
xii.	Extend range of simulation events (e.g. cyber-attack)	Identify range of scenarios then include in resilience plans.	Scenarios: End 2022	The range of scenarios may prompt further actions and will be reviewed periodically.

Strategic Objective 7 (To utilise data analytics to gauge trends)

No.	Action	Approach	Timeframe	Comment
xiii.	Development of data analytics capability	Develop hypotheses for strategic market monitoring and feasibility to implement	Proposals: End 2022	Greater visibility of underlying performance and trends will enable more focused engagement with stakeholders.

Wider Stakeholder Interests

Strategic Objective 8 (To positively engage with stakeholders)

No.	Action	Approach	Timeframe	Comment
xiv.	Continue with existing initiatives including stakeholder comms.	Work with WICS	On-going engagement	Maintain a formal stakeholder comms plan incorporating existing approaches.
xv.	Continue with existing initiatives including stakeholder comms.	Work with CMA Chairman	On-going: Quarterly Member Update. Autumn LP lunches.	Maintain a formal stakeholder comms plan incorporating existing approaches.
xvi.	Undertake CMA/Central Market Systems Survey	Online survey	2024. Repeat every other January.	Feedback to influence Strategic Plan activities as appropriate. Periodic surveys to be undertaken.
xvii.	Explore opportunities for further publication of Market performance data	Extend web-based publication of Market data.	On-going	Consider both scope and specification of published data (e.g. the relationship between KPIs and audit measures). This also supports objective 4.
xviii.	Maintain and develop relationships with MOSL	Schedule regular Chairman/CEO meetings and MDA/stakeholder meetings.	On-going	Consider where consistency between markets is beneficial to participants.

Strategic Objective 9 (To support environmental and Net Zero carbon usage initiatives)

No.	Action	Approach	Timeframe	Comment
xix.	Quantify CMA's direct carbon footprint	High-level assessment and action plan	Autumn 2022	
xx.	Development of market Net Zero reporting capability	Work with Scottish Water to understand the indirect carbon footprint of clean and wastewater	Spring 2023	
xxi.	Consider nature and levels of reporting – both public and market-only	Support LPs in using the outputs to drive improvements in carbon footprint	2024	

Summary Timetable

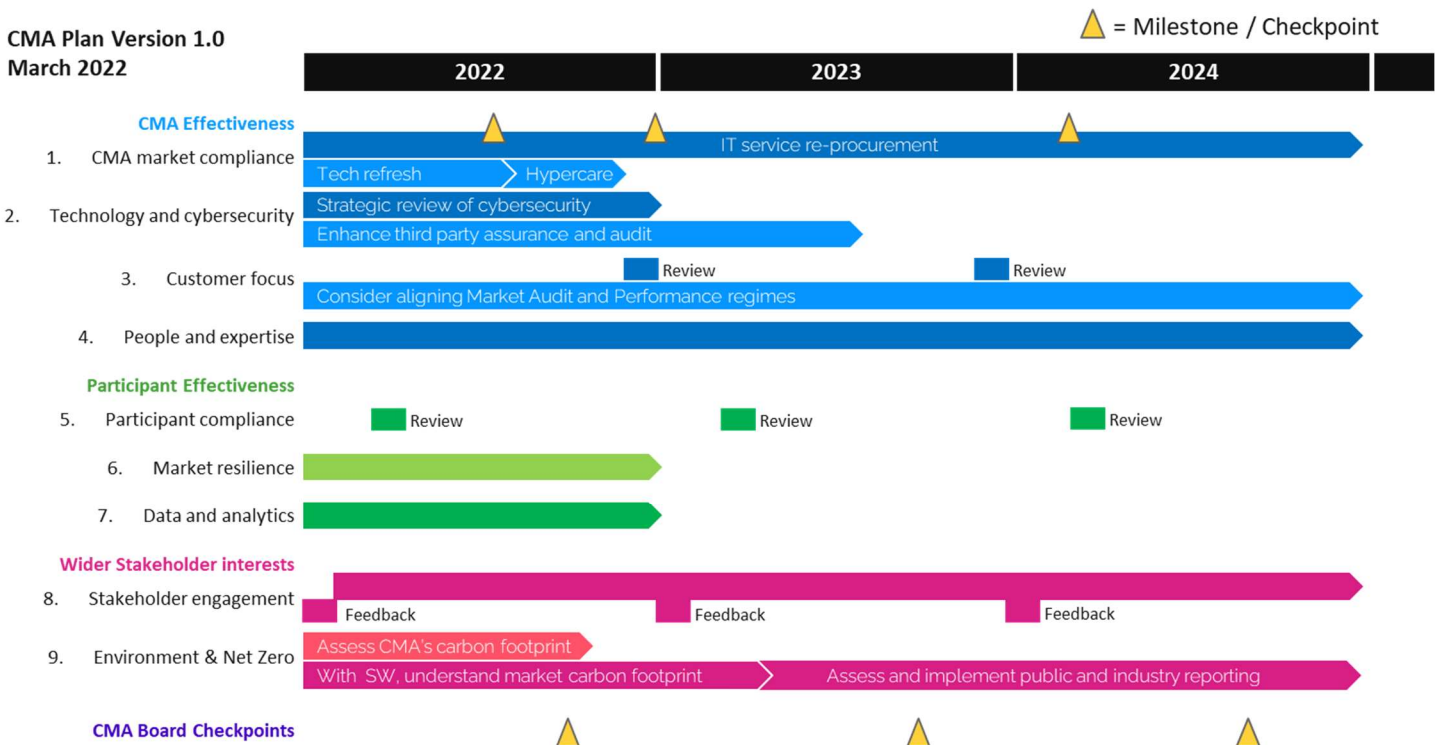
An outline plan for the implementation of our medium-term strategy is set out below. This is intended to be indicative, and it should be noted that the timing and scope of activities are likely to change depending on initial results in each workstream and stakeholder feedback.

The technology refresh is currently underway and will move into ‘hypercare’ in Autumn 2022, to provide support as the refresh is implemented. The IT service re-procurement will include reviews and potential extension of the current providers, building up to a full re-procurement, starting in 2024. Cybersecurity will be a focus in 2022.

Staff training & development will be undertaken at appropriate times to fit around project delivery and service demands to ensure that the CMA has effective capability, with strong succession plans.

Service and solution enhancements will continue to be considered through stakeholder feedback during the period, including: *enhancing the CS Interface, CMA Service Hours and Bi-lateral interactions*. Market resilience scenarios will be extended and built into the CMA’s framework.

We will continue to develop our data analytics capability during the first half of the period, with elements of this being facilitated by our Market Audit work. As a part of this we will explore the potential for wider application of CMA expertise in the interests of stakeholders and to improve customer outcomes. We will also explore how best to support the market on the environmental issues and moving towards Net Zero carbon usage.



The Board has approved this plan on the basis that it will encourage improvements across all areas of the business. It is difficult to predict all the ways in which Market participants and customers will use data and systems, and how they will want services to develop in the future. It is, however, possible to identify specific benefits that will flow from delivery of the plan, examples of which include the following:

- With the deployment of the new, technologically refreshed, Central Systems, Scottish Water and Licensed Providers will see faster turn-around times for ad hoc settlement runs. There will also be fewer restrictions on, and less impact from, participants carrying out large scale data updates.
- As we develop our cyber resilience, and support participants in the development of their own arrangements, the market will have greater confidence in its ability to respond to cyber threats. More generally, planning and simulation of various disrupting events will improve confidence in the Market's ability to continue to operate during times of crisis.
- As we enhance our reporting on Market performance, customers will have access to more information on the operational performance of Licensed Providers and will be better placed to make informed choices when selecting a supplier of services.
- Working with Scottish Water on net zero reporting, customers will have access to more information on the environmental impact of their own water usage.
- Customers and Market participants will be briefed on CMA's current carbon footprint, and they will understand how we are working towards reducing it.

The CMA Board will review progress throughout the period, always with a view to confirming that delivery of the plan is translating into real benefit for participants, customers, and the environment.