

# CentralMarketAgency

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

**Business Review 2014-2015**



“It was pleasing to see the business developing new ideas and CMA initiatives welcomed by members.”

**Brian Saunders**, Chairman



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## About the CMA

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In March 2005 the Scottish government passed the Water Services etc. (Scotland) Act 2005, which made provision for retail competition in the Scottish water industry. On the 1st April 2008 the new arrangements came into effect, and business customers in Scotland were able to choose their retailer for water and wastewater services. The CMA was established as an independent body to administer the Market on behalf of 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, which includes details of the water and wastewater services provided at business premises in Scotland. It also records the Licensed Provider responsible for providing

retail services at each supply point. The Central Systems are used to calculate the wholesale charges owed to Scottish Water by each Licensed Provider.

The CMA is a company limited by guarantee, run in accordance with the Market Code for the benefit of the members. To participate in the retail Market, Scottish Water and all Licensed Providers are required to be signatories to the Market Code and members of the CMA. The CMA provides technical assurance and technical support as new entrants go through the accession process.

# Chairman's statement



During 2014-15 the CMA delivered a highly effective service to the Market, which was reflected in another favourable report from our Market Auditors. It was pleasing to see the business developing new ideas and taking

a lead to improve the functioning of the Market; equally it was pleasing to see CMA initiatives welcomed by members.

The CMA Board and its committees have again been active throughout the year. The Board places a high value on good governance to ensure that the business is run responsibly in the best interest of its members. In 2014-15 the Board continued to take a wide view the role of the CMA in the Market and I much appreciate the support and encouragement given by the Board to the ongoing efforts of all parties to improve Market data.

There continued to be significant new interest in the Market during the year. In April 2014 the CMA had 13 Members; by March 2015 this number had increased to 18. Existing and new members have had a positive impact on the Market and I would like to thank them for their contributions at the Technical Panel, the Market

Participant Forum and various working groups. I am confident that 2015-16 will be another successful year for our Market.

## **Brian Saunders**

Chairman,  
17th July, 2015

## **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



During our seventh year of operation the CMA has continued to be busy, with a focus on improving the efficiency and usability of the Central Systems, combined with a commitment to leading efforts to improve the integrity and quality of Market data.

2014-15 saw increased participation and increased activity in the retail Market. There were five new entrants to Market during the course of the year, bringing the total number of Participants to eighteen (Scottish Water and seventeen Licensed Providers). This has led to much greater demands for administrative support, and, in response, the CMA has continued to adapt its systems and processes to deal with the higher levels of activity. An important part of this has been formalising stakeholder communications and administrative activities, a process that will continue through 2015-16.

In 2014-15 Deloitte carried out a sixth Market Audit at the request of the CMA Board. The Board continues to take the view that an annual independent audit of compliance provides a useful discipline for the business and valuable assurance for Participants using the Central Systems and associated processes. The Market Auditor's opinion was that the CMA had again,

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 2014-15 report noted that although there had been some improvements in data quality, the business process and data issues remained.

The CMA has delivered its day-to-day operations in the Market and a large amount of Central Systems change within the core budget agreed with members. At the same time we have released cash from the Performance Charge fund to support our Market-enhancing project work. Taken together, these two areas have resulted in the highest level of CMA activity since Market opening in 2008.

During the year there have been a number of themes for Central Systems development. We have further enhanced the LVI, the interface used by participants to carry out many of their operations on the Central Systems, continuing the process that began in 2013-14. We have also undertaken a major programme of automation, bringing previously manual processes onto the Central Systems; these process include scripts

for correcting data and producing reports, and the administration of the 'Retrospective Amendment' (RA) process. The automation of the RA process should make it easier to manage the high volumes of data correction that are likely to result from various Market-improving initiatives. Finally, we have introduced the facility to include 3rd party references on the Central Systems, with these being linked to specific SPIDs.

In 2012-13 the CMA embarked on an ambitious and far-reaching project to match Market data to Scottish Assessor Association (SAA) data. This work has been financed through the Performance Charge fund. During 2014-15 the SAA Project was in full flight producing lists of

matches, potential gap sites for investigation, and recommendations for updating and correcting data. In March 2015 SAA references were loaded onto the Central Systems as the new 3rd Party reference facility went live, and during the coming year we anticipate the Market realising the benefits from the last two years of work in this area.

2014-15 has been an extremely productive year for the CMA and the Market as a whole. It has laid the foundations for further work in 2015-16 to improve the service provided to members and the quality of information available in the Market.

**Jeremy Atkinson**

Chief Executive, 22nd June 2015

## Operational & financial highlights 2014-15

Enquiries handled .....149

Transactions processed .....2,293,698

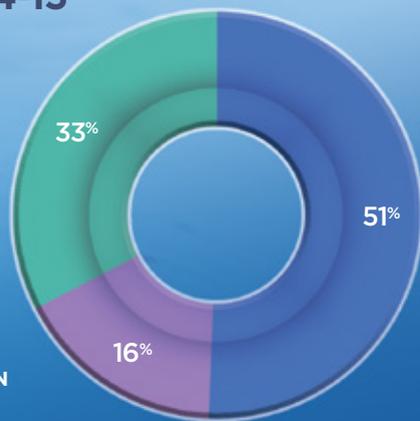
Changes processed through the Technical Panel ..... 31

Settlement runs delivered .....49

System availability .....99.86%

### CMA COSTS 2014-15

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



“2014-15 has been an extremely productive year for the CMA and the Market as a whole.” **Jeremy Atkinson**, Chief Executive



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