



CentralMarketAgency

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

“On both operational and financial measures the CMA performed to a high standard and served the Market well.”

Brian Saunders, Chairman



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At the heart of Scotland's Water Market



About the CMA

The CMA was set up to administer the Market for water and wastewater retail services in Scotland. The CMA operates a computer system and associated business processes, known collectively as the “Central Systems”, in order to keep a record of which customers are registered to which Licensed Provider and to calculate the wholesale charges owed by each Licensed Provider to Scottish Water. In order to do this the CMA receive and store information from Scottish Water and the Licensed Providers on which services are provided and the volumes of water used and wastewater discharged.

The CMA is a company limited by guarantee, whose members are Scottish Water and the Licensed Providers. The CMA administers the process whereby entrants accede to the Market agreements, demonstrate their technical competency, and become Participants in the Market.

The rules governing all Market Participants are set out in the Market Code, the Operational Code and the accompanying Code Subsidiary Documents. 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.

Chairman's statement



2011-12 was an extremely rewarding year for the business. On both operational and financial measures the CMA performed to a high standard and served the

Market well.

In a large part the success of the CMA reflects the efforts of the Board and I am thankful for the continual support of all Board members. The Board's primary focus is to support and advise the organisation within a clear and transparent governance framework, and I believe we are currently fulfilling that role.

It has been encouraging to see all participants enthusiastically engage in the development of the Market through their involvement at the Technical Panel and the Market Participant Forum.

The Market in which we operate continues to evolve at pace. I expect the coming year to provide surprises and challenges that will be met with confidence.

Brian Saunders
Chairman, June 2012

The CMA Board

Brian Saunders [Chairman](#)
Jeremy Atkinson [Chief Executive](#)
Fred Hallsworth [Chairman, Audit Committee](#)
Brian Wilson [Chairman, Appointments Committee](#)
Chris Banks
Alastair Ross
Kevin Ensell

Chief Executive's Review



During our fourth year of operation the CMA has continued to be busy, with a focus on delivering a range of changes to the Central Systems to meet the requirements of the

Market.

In 2011-12 our core program of work was delivered within the budget agreed by participants at the start of the year. The scheduled software Releases of September 2011 and March 2012 delivered changes to improve the user interface alongside implementing new registration and settlement processes. Of particular note was the implementation of systems to support the new Vacancy Administration Scheme, introduced by the Water Industry Commission to promote more accurate data on the vacancy and occupancy of properties in the Market.

We have now completed a third full cycle of all market settlement activities. Settlement calculations are carried out four times for each calendar month, with successive calculations taking account of more accurate and complete information on water usage. After the end of the financial year a settlement calculation is carried out for the year as a whole and this provides the final statement on charges. In

2011-12 the settlement calculations carried out by the CMA were again as timely and accurate as the Market has come to expect. Our focus now is to keep improving the efficiency with which they are delivered to Market Participants.

In 2011-12 Deloitte carried out a third Market Audit at the request of the CMA Board. The Market Audit has become a regular feature of the annual cycle for the CMA, and the Board believes that it provides a useful discipline for the business and a valuable source of assurance for Market Participants. In 2011-12 the scope of the Audit was unchanged from last year, covering delivery by the CMA of all its obligations as set out in the Market Code. The Market Auditors' opinion was that the CMA had again, in all material respects, complied with the relevant Code requirements in the performance of its duties. The business had also made good progress addressing the issues raised in the second Market Audit.

The Board remains committed to encouraging and assisting Market Participants to improve the quality of the data that they provide to the Central Systems. In 2011-12 the Board instructed Deloitte to carry out a data quality review as part of the Market Audit. The auditor's report noted that there had been progress in

most areas for attention that were identified in the 2010-11 report. Nevertheless further action is required to ensure the accuracy of existing and future data. In response to the Auditors' findings, the CMA has encouraged Market Participants to continue with the data improvement projects that were started last year. We will continue to monitor the results of these projects.

In December 2011 the Government published its White Paper "Water for Life", which sought to address the affordability of water and the issues of over-abstraction and pollution of water sources. The White Paper set out significant changes to the management of the water industry in England and it resulted in another wave of interest in the experience of water competition in Scotland. The CMA

has been happy to share its perspective on the development of the Market framework in Scotland and what we have learned about the challenges of all aspects Market administration. Above all else our discussions with policymakers and stakeholders have served as a reminder of the value placed on reliability and predictability by Market Participants.

We are pleased that we have built on the achievements of 2010-11 while providing a source of information for those planning for change in England. In the coming year we will continue to look for ways to improve and support the success of the Market in Scotland.

Jeremy Atkinson

Chief Executive, June 2012


Operational & financial highlights

Enquiries handled	145
Transactions processed	1,845,199
Changes processed through the Technical Panel	10
Settlement runs delivered	49
System availability	99.9%

CMA costs

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





“...our discussions with policymakers and stakeholders have served as a reminder of the value placed on reliability and predictability.”

Jeremy Atkinson, Chief Executive

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