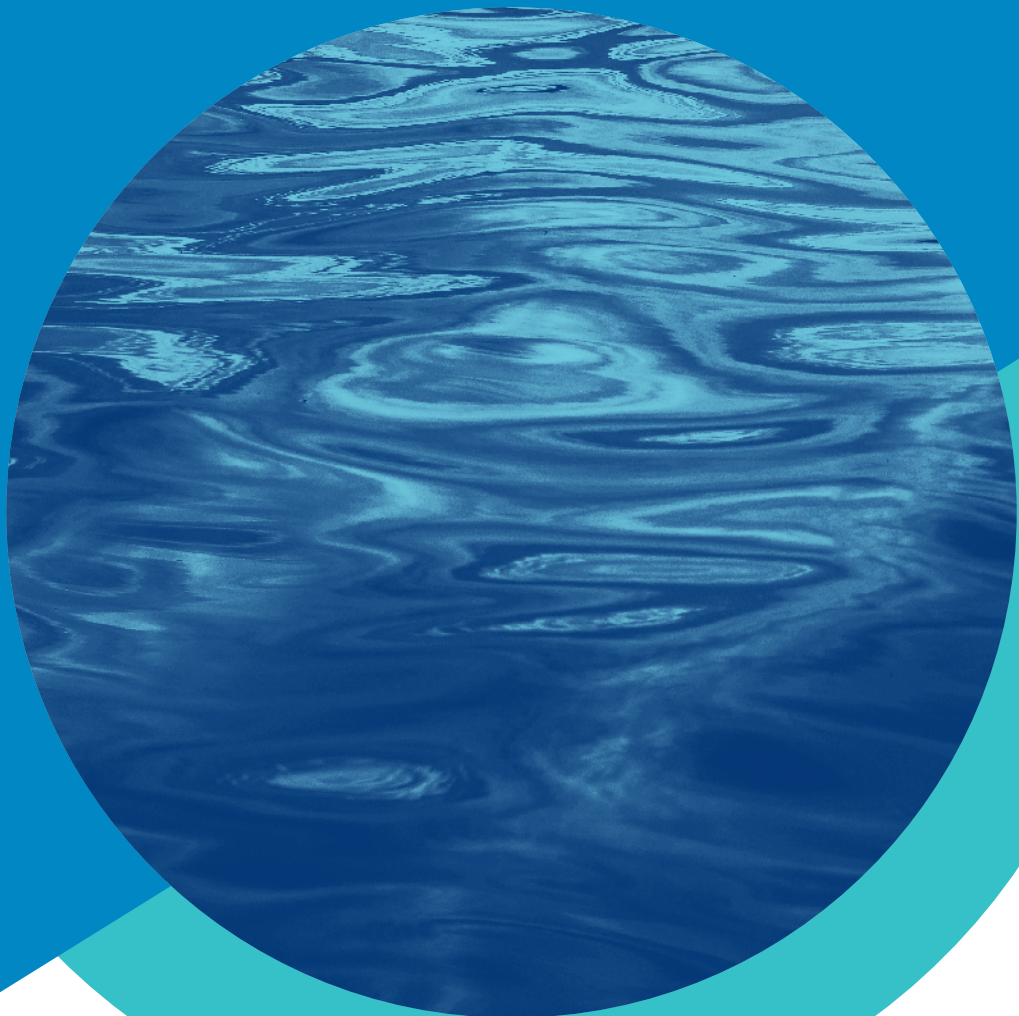


**CentralMarketAgency**

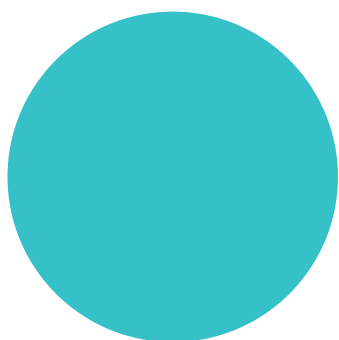
At the heart of Scotland's Water Market

**BUSINESS  
REVIEW  
2024-2025**





Retail competition was introduced for business customers in the Scottish water industry in 2008. Under the competitive arrangements, Scottish Water carries out the physical business of delivering water and removing wastewater, while competing suppliers, known as Licensed Providers, offer meter reading, billing, and customer services. The CMA sits at the hub of arrangements, providing administration for the whole Market and facilitating coordination between all Participants.



## About the CMA

At the heart of CMA's operations lies a bespoke IT system and a set of business processes referred to collectively as the Central Systems. The Central Systems include a data base which stores details of every non-household water and sewerage connection in Scotland, along with the volumes of water consumed and wastewater discharged at each of them. This information is used to calculate the wholesale charges owed by each Licensed Provider to Scottish Water every month and every year, in a process called 'settlement'. Participants interact with the Central Systems, recording when they take over service provision at a supply point and updating supply point data where necessary, so that records are maintained as accurately as possible.

The rules of the Market are set out in the Market Code, Code Subsidiary Documents and Operational Code. Market rules can be discussed and assessed at the Market Participant Forum (MPF) and changed, through a well-defined industry process, at the Technical Panel (TP). The CMA chairs the MPF and TP and provides both with secretariat services.

The CMA has a strong data analytics team which has developed an industry-leading capability in data cleansing, audit, and tailor-made data-driven analysis. For several years, the CMA has been responsible for delivering the Participant element of the annual Market Audit and it uses this exercise to support the improvement of Market operations and Market data.



## Chairman's Statement

**As I step down as Chair of CMA,  
I want to reflect on the way the  
organisation has developed  
during my time in office  
and to mention some of the  
achievements I'm most proud of.**



**David Sigsworth OBE FRSE | Chair**  
**30th June, 2025**

I was appointed in 2017 and became the second Chair from the inception of the organisation in 2007. Scotland pioneered retail water and wastewater services which allowed businesses to choose their supplier. By the time I arrived, competition amongst Licenced Providers (LP) was well established.

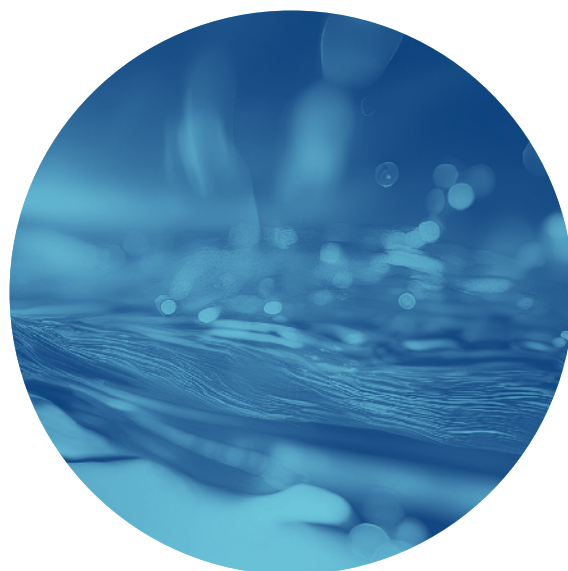
However, at that time, similar Markets were still embryonic in other parts of the UK. Indeed, our sister organisation MOSL (Market Operator Services Ltd.), opened the non-household water retail Markets in England in April 2017. CMA played a significant role in that by providing Market Codes and other governance documentation which helped build the initial launch platform.

There are several themes that I have been keen to champion over the course of my time at the CMA.

The starting point for me was having the right technology for the business, keeping abreast of modern trends and developments in hardware, software and security. I viewed this as essential to enable the business to deliver its core services effectively, but also to allow it to be ambitious and extend what is thought of as the core.

Early on we conducted a review of our technology and took the bold decision to deliver a complete Technology Refresh which served as a platform for a step change in service provision.

An equally important theme was recognising the power of communication with the Market, particularly in gathering information. I was keen to establish informal LP lunches and these soon turned out to be a highly effective way of getting to the heart of what Participants thought and wanted from the CMA and the Market.



These have become annual events and have engendered real changes in the business, some visible, such as our approach to audit, and some behind the scenes but no less important. This innovation was supported by in-depth surveys of members, and now a 'Tracker' has been introduced to make sure we stay up to date on the mood of the Market.

A third theme was recognising the importance of data as a resource, prompted by my interest in water conservation. This went beyond our efforts to promote accurate data, which of course was and remains important, to considering how data is packaged and delivered to those who can use it to the best effect.

I believe that Scottish Water, LPs and Government can deliver all manner of transformation if they apply their expertise to data that is organised, potentially augmented, and packaged by the CMA.

These themes have combined to support a gradual increase in the reach of the CMA. This was seen in 2024-25 as we chaired more working groups, engaged in more projects outside our core interests, and had increased dialogue with Government around strategic and policy matters.

I have always thought it important that the Board operates to the highest standards. The CMA is necessarily a small organisation, but its role is critical and is relied on by some of the largest organisations in Scotland, both Participants in the Market and ultimately customers.

The governance and organisation of the board must reflect this, and with the support of expert colleagues, I have been pleased to see some of the highest external standards used as reference points for our activities. I would like to thank the board for their effort and diligence in carrying out their role.

The strength of the CMA lies in a small but dedicated team of highly qualified professionals. I have always been impressed with how well they work together and focus on improving the Market for the wider benefit of Scotland. It has been a pleasure working with all of them and I am sure that they will continue to ensure that the CMA thrives.

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2024-25 was a busy and productive year for the CMA, during which we set out our plans for the future of the business and delivered tangible benefits in the here and now. Preparing to embrace new and innovative technology and expanding our reporting of Market and performance data were at the heart of our activities, along with a step increase in cyber security and Market resilience activities. In parallel there were several changes in personnel at the Board, not least of which was that we said farewell to one chair and prepared to welcome another.



**Jeremy Atkinson | CEO**  
30th May 2025

## Chief Executive's Review

At the heart of CMA's operations lies a bespoke IT system and a set of business processes referred to collectively as the Central Systems. The Central Systems include a data base which stores details of every non-household water and sewerage connection in Scotland, along with the volumes of water consumed and wastewater discharged at each of them. This information is used to calculate the Wholesale Charges owed by each Licensed Provider to Scottish Water every month and every year, in a process called 'settlement'.

Participants interact with the Central Systems, recording when they take over service provision at a supply point and updating supply point data where necessary, so that records are maintained as accurately as possible.

The rules of the Market are set out in the Market Code, Code Subsidiary Documents and Operational Code. Market rules can be discussed and assessed at the Market Participant Forum (MPF) and changed, through a well-defined industry process, at the Technical Panel (TP). The CMA chairs the MPF and TP and provides both with secretariat services.

The CMA has a strong data analytics team which has developed an industry-leading capability in data cleansing, audit, and tailor-made data-driven analysis. For several years, the CMA has been responsible for delivering the Participant element of the annual Market Audit and it uses this exercise to support the improvement of Market operations and Market data.



### **Strategic Planning**

A key deliverable in 2024-25, and the culmination of a year-long development process, was the Strategic Plan 2025-27. The plan sets out the direction of the business for the next three years, recognising that it must allow us the flexibility to adapt to changing circumstances. It will provide the strategic overlay for annual operational planning and will also help motivate the day-to-day work of the office.

The development of the Plan drew on the experience of Market Participants, and we were grateful for the input they provided through stakeholder meetings and surveys. It was also informed by the invaluable knowledge of the CMA staff and the vision of the Board. The Plan is structured to deliver three pillars of an effective Market; 'CMA effectiveness', 'Participant effectiveness', and 'wider stakeholder interests'. Given our success to date in meeting our obligations, we now interpret 'CMA effectiveness' to mean going beyond compliance to deliver frontier performance wherever possible, particularly in the management of our technology stack. 'Participant effectiveness' is about the CMA facilitating good performance through the provision of effective Market systems and by leading on the development of reasonable incentives through an agreed and accepted performance framework. 'Participant effectiveness' is intimately linked to CMA activities, as we see the provision of effective Market systems and the development of a sensible performance framework as key to Participant success. 'Wider stakeholder interests' encompass the perspectives of customers and the environment, which should be at the heart of our activities.

While the plan is highly practical, with well-defined strategic objectives, detailed actions, approaches to delivery, and target timings, it also embodies important strategic themes:

- It recognises that the CMA has a unique position at the centre of the Market, and it has built up an expertise in the application of Market rules and the analysis of Market data. During the strategic period, the



CMA will lever of its corporate history to develop a role as a 'trusted expert', providing a 'go to' source for additional training and guidance to Participants. This could include non-technical explanations of Market rules and refresher courses on Market processes.

- > Over the last couple of years, AI has increasingly moved into mainstream use. The pace of its development means that new opportunities for innovative applications in the business will emerge over the lifetime of the plan. We will be open to these and will actively seek out ways to apply AI to business processes and projects to improve productivity and effectiveness. We recognise the current limitations of AI and so will always ensure that its use is consistent with maintaining the reliability that is critical to our operations.
- > The Market contains a wealth of data, covering the characteristics of supply points, the volumes of water supplied to them, and the performance of Scottish Water and Licensed Providers. As well as current data, the Market has accumulated 16 years of history which provides a rich basis for data analytics. During the strategic period CMA will place greater emphasis on data as a resource, used to shape and deliver policy and improve performance. This includes the provision of raw data to Government and Participants, and the CMA adding value to the data through analytics and data augmentation.

### **Risk assessment and scenario planning**

Risk assessment and the oversight of risk mitigation are core activities of the CMA board. During the year our formal risk management framework was extended, with scenario planning broken out from the Risk Register.

The strategic planning process allowed for a degree of uncertainty through flexibility in the nature, priority, and timing of its actions. However, it identified various areas of uncertainty with a broad range



of outcomes and the potential to fundamentally disrupt the industry. Examples included the future approach of Governments and regulators, following the independent review of the water industry, the speed and extent to which AI becomes embedded in the workplace and the impact that this will have on businesses, and the full extent of the role of environmental and customer interests in shaping future delivery.

Consideration of the range of possible outcomes will help prepare the business for changes in emphasis in strategy that may be required in future.

### **Cyber security**

Cyber security remains a strategic priority for the board, which receives regular updates and an annual review of our security position. The 2024-25 review covered the evolving threat landscape, including AI-driven risks, recent enhancements, and benchmarking against industry standards.

Over the past year, we have devoted significant time and effort to enhancing our own cyber security and the resilience of the Market. A central focus has been the development and testing of five cyber incident response playbooks cover a comprehensive range of the threats facing the business.

Prevention is always best, but the frequency of successful attacks in the commercial world emphasizes the fact that it is vital to have a strategy for recovery, should the worst happen. Each playbook sets out a coordinated response to the incident, ensuring that there is clarity of roles and actions, thereby enhancing overall Market resilience.

The playbooks were finalized in the middle of the year, and, following on from that, we began a programme of testing through simulation. The first simulation, conducted in Q3, addressed a data centre internet failure, validating the response framework and identifying minor





refinements. The second, held in Q4, simulated the malware-induced data corruption event. This exercise gathered feedback from volunteer Participants, particularly on the effectiveness of communications, which is now being integrated into our incident response materials. Planning is currently underway for a third simulation focused on managing a wholesaler outage.

### **Data and information sharing**

Feedback from Licensed Provider meetings in FY2023-24, and two member surveys in late 2023, confirmed that there is strong stakeholder support for greater openness and improved access to Market data and information. In FY2024-25, the CMA responded to this by reviewing the scope of our existing data publication, particularly in the context of the English Market, and launching a significantly enhanced Market Information webpage. This new resource was delivered through two scheduled releases and now hosts five interactive dashboards.

- The September 2024 release introduced four dashboards: Performance Standards, Participant Audit Results, Participant Business Indicators, and Market Data. These dashboards provide detailed insights into Participant performance (with an emphasis on key performance areas like cyclic and transfer reads for Licensed Providers, and connections/disconnections for Scottish Water), audit outcomes, Market activity, and descriptive data such as meter reads and water usage.
- The March 2025 release added the CMA Performance Dashboard, offering transparency into the CMA's own performance against Market Code and broader metrics.

The CMA is engaging with stakeholders to gather feedback for future enhancements; we are also providing training to help Participants get the most out of these tools.



As an extension to the reporting of CMA's own performance we introduced the Participant Experience Tracker, which is a way of ensuring that we receive regular feedback throughout the year. We will report and discuss the results of each Tracker at the Technical Panel and will also make the results publicly available on the Market Information Webpage.

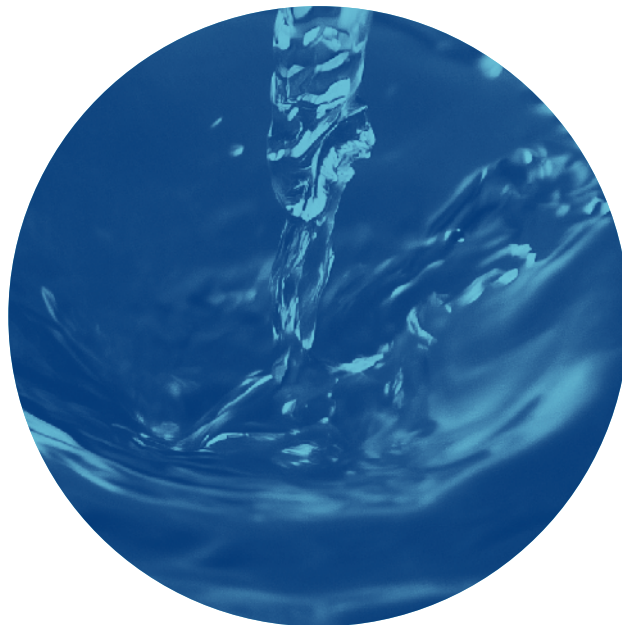
### **Market Audit and Participant Audit**

Over the course of 2024–25, the CMA continued to enhance its audit and assurance framework, focusing on both the annual Market Audit and the evolution of the Participant Audit into a more frequent and responsive process.

Deloitte conducted an independent audit of the CMA's compliance with its Market Code obligations in the spring of 2024. Their final report, delivered in July 2024, concluded that the CMA had complied in all material respects with the relevant requirements for the year ending 31 March 2024. Only one minor issue was identified, making this the 'cleanest' report in the CMA's 16-year history. It also prompted discussions with Deloitte about identifying areas where compliance testing could be supplemented with the identification of frontier performance, reflecting our drive for continuous improvement in all that we do.

The CMA has been delivering the Participant Audit for 6 years, always with its work subject to independent quality assurance. The 2024 audit confirmed that the overall picture remains healthy (Licensed Providers achieved a 94.4% compliance rate in Data Quality Testing, Scottish Water achieved 99.25%) notwithstanding some persistent issues around meter reading and new connections.

A significant milestone was reached in January 2025 with the launch of quarterly Data Quality audit result packs. This development, made possible through several years of increased automation and improved audit processes, allows for more timely feedback to be provided to Market



Participants. In turn, this will allow Participants to react more quickly if issues arise. The annual audit will continue to play an important role, not least because of differences in coverage, but its relationship with the quarterly audit reports will likely change in the future.

The CMA remains committed to reducing the burden of audits while encouraging full engagement from all stakeholders. We hope that the increased emphasis on quarterly audit results will encourage this.

### **Developments in the Performance Framework**

In 2024–25, the CMA led the annual industry review of the Performance Framework; the CMA and industry representatives formed a working group to generate a set of proposals that contained some of the most significant changes to the framework in recent years, including:

- Removing financial penalties for late ‘cyclic’, ‘customer’, and ‘automated’ meter reads, with the intention of encouraging read submission even when late. Monitoring and reporting on timeliness will continue to prevent deterioration.
- A phased removal of the cap on performance charges, implemented from April 2025 to April 2027, to ensure that the ‘active zone’, in which Participants have an incentive to improve performance, is gradually expanded.
- Aligning performance standards will be more closely with Market Code obligations to ensure consistency and clarity.

The aim of these proposals was to improve the fairness and effectiveness of the framework and ensure that it incentivises timely and accurate transaction submissions. They were formalised in a Change Proposal which was implemented in March 2025. The process provided a strong endorsement of the power of collaborative industry working and consequently many Participants have expressed interest in



ongoing discussions beyond the annual review cycle. The CMA will promote continued dialogue and engagement as the changes bed in, and their impacts are assessed.

#### **CMA Chair**

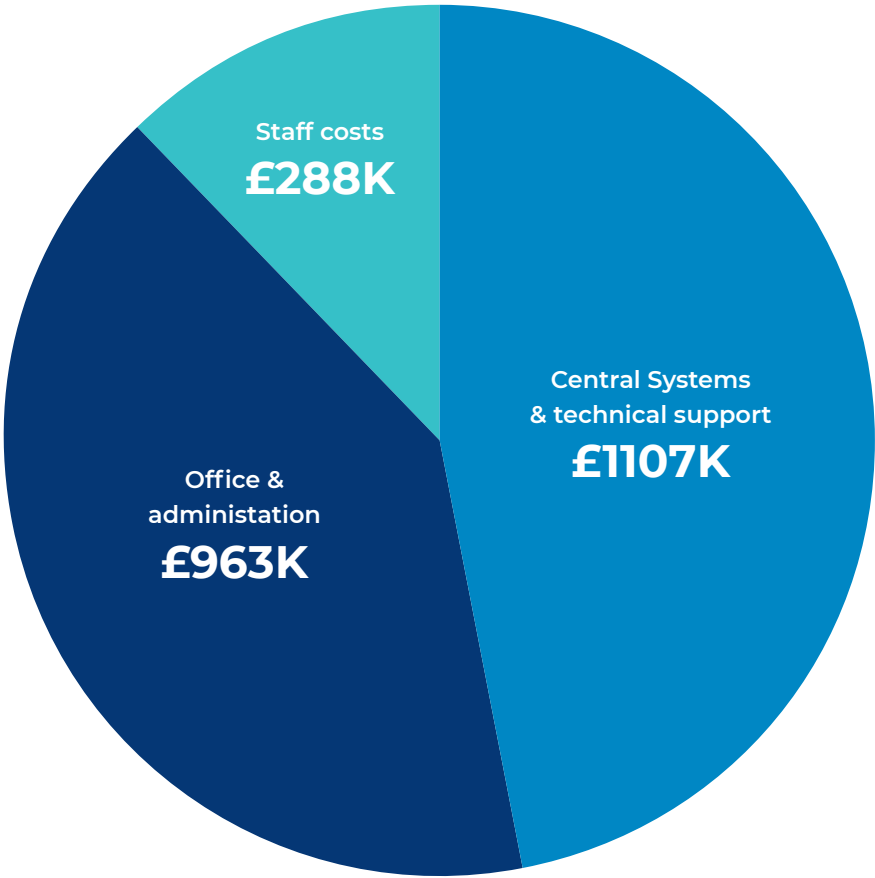
At the close of the year David Sigsworth stepped down after a hugely successful tenure as chair of the CMA Board. David's unique combination of energy, wisdom, and practical problem solving have served the CMA and the Market well. He has been at the centre of transforming the business and has unfailing given his time to everyone involved with it. I and everyone at the CMA offer our sincerest thanks for all his efforts and unshakeable good humour.

In parallel with David's departure, the Board ran a comprehensive recruitment exercise and found a talented and experienced successor in Bob Downes. Bob will lead the Board as it guides the CMA through the next chapter of its development.

“  
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”

# Operational and financial highlights 2024-25

Enquiries handled	146
Transactions processed	3,303,563
Changes processed through the Technical Panel	8
Settlement runs delivered	61
System availability	100%





# CentralMarketAgency

At the heart of Scotland's Water Market



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