

Members of the Water Industry Commission for Scotland

The Water Industry Commission was formed on 1 July 2005. The Office of the Water Industry Commissioner for Scotland was dissolved at that time.

The Commission comprises a non-executive Chairman and four other non-executive members. The Chief Executive is also a member of the Commission.

- **Sir Ian Byatt, Chairman of the Commission**, was Director General of the Office of Water Services between 1989 and 2000. In that role, he was responsible for the independent economic regulation of privatised water companies in England and Wales. From 1978 to 1989 he served in HM Treasury as Deputy Chief Economic Adviser. Since 2000 he has advised the World Bank and governments around the world on matters relating to the water industry. Sir Ian acted as an adviser to the former Water Industry Commissioner for Scotland since 2002.
- **Professor David Simpson, Deputy Chairman**, was Economic Adviser to Standard Life from 1988 to 2001. He was the founding Director of the Fraser of Allander Institute at the University of Strathclyde and is a Trustee of the David Hume Institute. Professor Simpson acted as an adviser to the former Water Industry Commissioner for Scotland since 2002.
- **Professor John Banyard** is a chartered engineer who recently retired as an Executive Director of Severn Trent Plc following a career in the water industry. His particular area of responsibility was the design and management of the capital programme and the day-to-day operation of the company's infrastructure. He also acted as an adviser to the Water Industry Commissioner for Scotland from January 2005.
- **Dr Michael Brooker** is a scientist who recently retired as Chief Executive of Welsh Water following a career in the water industry in Wales. During his career he was Chief Scientist and subsequently Divisional Operations Director of Welsh Water before becoming Managing Director in 1996.
- **Charles Coulthard** retired recently as Managing Director of Ofgem (the Gas and Electricity regulator) in Scotland. He served as Deputy Director of the Office for the Regulation of Electricity and Gas in Northern Ireland between 1992 and 1999. He is also currently the Chair of the Gas and Electricity Consumers Council in Scotland.
- **Alan Sutherland, Chief Executive of the Commission**, was the Water Industry Commissioner since the creation of the position in November 1999. During that time he developed a framework for economic regulation of Scottish Water.

Foreword

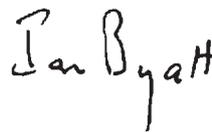
Water services in Scotland are regulated in a public sector model. Ministers set objectives, and provide limited finance to Scottish Water at government borrowing rates. In July, they appointed a Water Industry Commission to set charges for customers on the basis of the lowest reasonable overall cost of achieving these objectives. Quality regulators, the Drinking Water Quality Regulator (DWQR) and the Scottish Environment Protection Agency (SEPA) advise Ministers and monitor quality outcomes.

As our first major act, we, the Commission, have set limits to the prices that Scottish Water can charge customers for the next four years, from 2006 to 2010. These charge caps provide the financial framework that will enable Scottish Water to deliver all the ministerial objectives set for the industry in that period.

We began our work with the draft determination of charges issued by the Water Industry Commissioner on 30 June. We have studied the representations, including a detailed representation from Scottish Water, that we have received on this draft. We have also examined the latest available evidence before coming to our conclusions.

Following this determination, the Commission will, together with the quality regulators, the DWQR and SEPA, rigorously monitor the delivery by Scottish Water of ministerial objectives. We will also monitor the improvement of customer service in conjunction with the Water Customer Consultation Panels.

We are very grateful for all the help that we have received from our Office in coming to our decisions. We are also grateful to the quality regulators and to all those who made representations, including Scottish Water. We received many helpful points and have acted on them.



Sir Ian Byatt

Chairman, Water Industry Commission for Scotland
30 November 2005