

England & Wales, UK

Population: 55,000,000

Overall compliance with the drinking water standards in England and Wales has increased up to 99.96%.

Annual investments for water and wastewater infrastructure have more than doubled in England and Wales since the 1989 privatisation.

Organising authority: UK Government.

Regulators: Water Services Regulation Authority, Drinking Water Inspectorate, Environment Agency.

Water operators: 24 private companies operating according to licenses awarded by the central government.

Location: England & Wales, urban and rural population.

Privatisation

Up to 1989 water and sewerage services were delivered in England and Wales by 10 large public bodies, the Regional Water and Sewerage Authorities (RWAs) and 28 private companies supplying drinking water in part of the territory.

End 1989 the 10 RWAs were privatised and replaced by 10 companies listed on the London Stock Exchange. These private companies own and operate the water infrastructure according to licenses awarded by the government. They are regulated by several regulators. Their tariffs are regulated by an economic regulator, the Water Services Regulation Authority (OFWAT).

One major aim of this privatisation was to implement a huge programme of investment partly financed through significant savings of operational costs.

The success story of the water industry revitalisation

The regulated water industry post-privatisation has been successful in service and operational terms. It has been possible to finance and complete the investments in capital works anticipated. Efficiency in operation has been increased. The levels of the services delivered to water-users and to ecosystems have been significantly improved. Substantial cost-savings have limited the growth of water bills that would have resulted from the numerous invest-

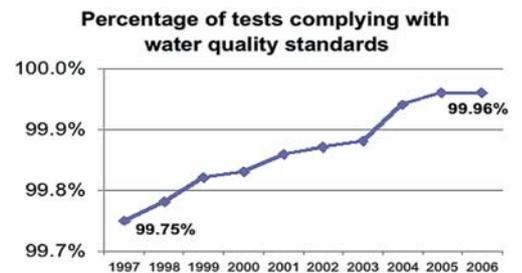
ments required to enable the U.K. to become compliant with European Union regulations.

Some factual achievements are summarized below. They are average results at the country level which may not reflect the diversity of local situations.

Improving water safety

In 1990 only 99% of water quality tests met the required standards. Since then water quality has increased regularly.

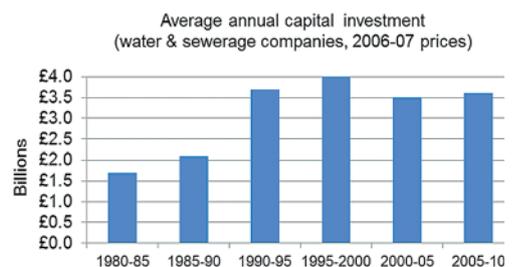
In 2008, overall compliance with the drinking water standards in England and Wales was very high at 99.96%.



Realising the huge investments needed

Between 1990 (the date of the industry privatisation) and 2010, the industry has invested around £80 billion in improving drinking water quality, the water environment and customer service.

That is almost £3,500 for every household in England and Wales. Investment is now running at some £3 to £4 billion each year, well over the £1.6 – £2bn before privatisation, delivering real improvements at no additional cost to taxpayers.



- Improving water safety
- Realising huge investments
- Protecting the environment

- Making users' lives easier
- Reducing water losses
- Optimising economics

After the 1989 privatisation the percentage of English rivers where water has either good or excellent quality has increased from 55% to 72%.

Huge efficiency savings have avoided nearly 70% of the cost of new investments from being reflected in water bills paid by water-users.

Leakage has fallen by about one-third, enough to supply the daily needs of more than ten million people.

Protecting the environment

In 2007, 72% of English rivers were rated either good or excellent compared with 55% in 1990; 87% in Wales compared with 79% in 1990. Successes include the River Mersey, where breeding salmon have returned after a more than 80 year absence in what was once known as Western Europe's most polluted river.

The number of beaches in England and Wales recommended for excellent water quality by the Marine Conservation Society's (MCS) Good Beach Guide has increased by almost 90% between 1998 and 2008. 380 beaches were recommended by the MCS in 2008.

Protecting the environment	1990-1995	2006
Good river water chemical quality	47% ¹	70%
Good river water biological quality	62% ¹	72%
Coastal bathing water compliance	66% ²	99.4%
Sewage treatment works compliance	90%	99%
Unsatisfactory combined sewer overflows	31% ³	8.8%

¹ 1990 ² 1988 ³ 1994-1995

Reducing water losses

Between 2005 and 2010 water and sewerage companies in England and Wales have laid, renewed or relined approximately 20,000 km of water mains – more than enough pipes to stretch from London to Auckland.

Since its peak in 1994-95 leakage has been reduced by about one-third, enough to supply the daily needs of more than ten million people.

"Really the success is down to the companies – and their technical staff rising to the challenge and of course all those enterprises including consultants that support them." William Emery, OFWAT Director, 2003

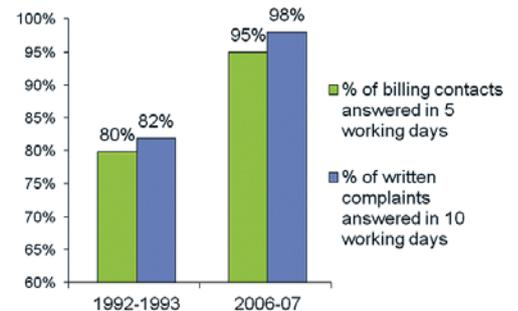
Making users' lives easier

Customer service has also been improved with service levels now at their highest level since 1990.

Improvements lie both in the way water services are delivered physically and in the contact with customers.

For example, fewer than 1 in 1,000 properties is now likely to experience low water pressure compared with 18 in 1,000 in 1991.

The proportion of properties at highest risk of sewer flooding has been reduced by more than 75% in the last 10 years.



Optimising water economics

This huge investment programme has been initially financed by the private companies. Through water bills, the water-users will only pay for it progressively over several decades.

Water bills have gone up, but nearly 70% of the additional cost resulting from new investments has been covered by the water companies' efficiency savings. This means that if the government had funded the same programme itself and had implemented it with its own internal means, water bills would be higher than they are today.

See ref. 17, 31