



**30 YEARS OF
CLEANER
SAFER
BETTER
WATER**



INVESTING NEARLY £160 BILLION IN WORLD CLASS WATER

On 6th July 1989 the Water Act became law, and a new chapter in the history of public water and sewerage supplies in England and Wales began.

The Water Act provided for ten new private companies to take over the responsibilities of the former state-run Regional Water Authorities. At the same time, the existing private water-only companies were brought under one regulatory regime along with the new companies.

They had a serious job on their hands – to fix decades of underinvestment, improve the quality of water, sort out problems with sewage, bring new life to the environment and rid Britain of the shameful label of “dirty man of Europe”.

Thirty years later the water industry has delivered huge benefits for consumers and the environment. People now enjoy world-class quality water, our rivers are healthier, wildlife is flourishing, our beaches are cleaner, and we have major plans for even more improvements in the future.

A murky past

It's easy to forget how bad things were before water privatisation in England and Wales.

Some rivers had been biologically dead since the Industrial Revolution. Beaches were routinely polluted with sewage. Infrastructure was crumbling. Pipes were leaking more and more water, and it wasn't uncommon for people to turn on the taps and get nothing but air.

Added to that, there was the increasing cost of meeting water quality and environmental directives set by the European Union. The state-run water companies had been starved of investment by successive governments, with water always seeming to lose out in the battle for taxpayers' funds.

By 1989 it was estimated that £24 billion investment was needed over the next 10 years to catch up on the funding shortfall. It was clear that the money wasn't going to come from the government. Something needed to change. The government decided to move water and sewerage provision in England and Wales into the private sector, freeing up the new companies to attract private investment, improve efficiency, and fix the broken infrastructure.

Improvements soon followed. Sir Ian Byatt, the Director General of Ofwat, the independent financial regulator set up to oversee the water industry, said in the organisation's 1999/2000 report that “the water industry is serving its customers, and the environment, well. The performance of companies in supplying water, dealing with waste water and responding to customer contact has improved significantly over the ten years since privatisation.” He noted that investment had been “nearly £35 billion since privatisation. This is approximately double the average level of expenditure in the 1980s”.

In the same report, Michael Rouse, the chief inspector of the Drinking Water Inspectorate, wrote that there had been “significant improvements in water quality since the start of the regulatory system in 1990”.



BRINGING WILDLIFE BACK TO OUR RIVERS

THREE DECADES ON

The comparisons with the cash-strapped days before privatisation are stark. The water industry in England and Wales has now spent around £160 billion improving pipes, pumping stations, sewers and treatment centres since privatisation, delivering better results and helping to create a healthier environment.

The service to customers has improved dramatically. Compared to when the water industry was owned and run by the government, customers are now 5 times less likely to suffer from supply interruptions, 8 times less likely to suffer from sewer flooding, and 100 times less likely to have low water pressure. Customers realise the difference – surveys by the independent Consumer Council for Water regularly show customer satisfaction with water and sewerage services above 90%.

Water companies have also reduced leakage by a third since the 1990s, and it continues to be a top priority. Our beaches are cleaner too - well over £2.5 billion has been spent since the 1990s to protect UK bathing waters and as a result two thirds of UK beaches are now classed as excellent, compared with less than a third 25 years ago.

Nearly £25 billion has been spent on environmental work since 1995 – action which improved and protected around 10,000 miles of rivers. Our healthier rivers mean wildlife is flourishing again – fish stocks are recovering, trout and salmon have returned to urban rivers, and seals are increasingly being seen in the Thames. Otters have now been spotted in every county in England after they were on the verge of being wiped out 30 years ago.

These important environmental benefits would not have happened without the dedication, determination and funding by the private water companies.

And it has all been achieved with a keen eye on keeping bills low. Bills went up immediately after privatisation to help make up for the decades of chronic under-investment. But they've stayed pretty much the same since 1994 in real terms, and by 2025 there will have been a decade of real terms reductions in bills - which currently average around £1 a day. They could have been much higher – Ofwat have revealed that average bills are £120 less a year than they would have been without the combination of privatisation and tough independent regulation.

The water industry in England and Wales has spent around

£160 billion

improving pipes, pumping stations, sewers and treatment centres since privatisation 30 years ago

Customers are now

5 times

less likely to suffer from supply interruptions

8 times

less likely to suffer from sewer flooding, and

100 times

times less likely to have low water pressure

Water companies have also reduced leakage by

1/3

since the 1990s, and it continues to be a top priority

Well over £2.5 billion has been spent since the 1990s to protect UK bathing waters and as a result

2/3

of UK beaches are now classed as excellent, compared with less than a third 25 years ago

A BRIGHT FUTURE

Although we have come a long way in 30 years, our job isn't done. There are some significant challenges ahead which will need increased investment and new, flexible approaches to address. Our population is increasing, and the climate is changing, bringing drier winters and hotter summers - all of which threatens to put pressure on water supplies and our environment unless we take even more action.

That's why the water industry has been preparing for the future. First of all there's the immediate future, covering the next 5 year business plan cycle. Water companies have set out plans which would see an extra £50 billion investment between 2020 and 2025, and the most ambitious industry leakage reduction programme in 20 years - as well as cleaning up 5,000 miles of rivers and delivering a real-term reduction in bills.

But we're also looking further ahead. Alongside the business plans, the water industry has pledged action in five key areas as part of its commitment to always work in the public interest.

- We're tackling plastic pollution, aiming to prevent the equivalent of 4 billion plastic bottles ending up as waste by 2030. We will end the use of avoidable single-use plastics in our businesses and help the public make a real difference by providing them with tens of thousands of free drinking water refill facilities.
- We intend to triple the rate of sector-wide leakage reduction by 2030 as part of a wider long-term strategy to reduce the amount of water used per head of population, and invest in more water transfers and storage.

- We are targeting net zero carbon emissions for the sector by 2030. Our businesses use a lot of energy, so we have a duty to tackle the causes of climate change. We will do this through measures such as greater water efficiency, buying and generating green energy and the creation of carbon sinks through peatland restoration and an ambitious tree planting programme.
- We will make bills affordable as a minimum for all households with water and sewerage bills which are more than 5% of their disposable income by 2030, and develop a strategy to end water poverty.
- We are also determined to be the first sector to achieve 100% commitment to the Social Mobility Pledge. Along with investment in skills, this is part of our wider aim to promote opportunity in local communities and increase talent and diversity within companies.

We have achieved a lot as an industry over the last 30 years. The progress has been considerable – more investment, a healthier environment, better water quality and improved service to customers. The next 30 years will bring different challenges, but we are passionate about tackling them and achieving another three decades of progress. We have the expertise, the organisation, and the access to the substantial amount of investment needed for the future. And that's how we'll be able to continue providing customers with safe, secure supplies of water and improving our precious environment for many years to come.





Water UK represents UK water and wastewater service suppliers at national and European level.

Water UK, 3rd Floor, 36 Broadway, London SW1H 0BH
Telephone: 020 7344 1844 Web: www.water.org.uk