



## Industry Structure

The UK water industry consists of twelve water and sewerage service providers and fifteen water only suppliers. In England and Wales, the companies are private, several as subsidiaries of international enterprises. Scotland and Northern Ireland each have a single water and sewerage service provider under public ownership.

The UK water industry collects, treats and then supplies over 16 billion liters of high quality water per day to domestic and commercial customers. It then collects and treats over 10 billion liters of the resulting wastewaters, returning them safely to the environment. To do this, the industry:

- Abstracts water from 1,584 boreholes, 666 reservoirs and 602 river abstractions; two-thirds of its water comes from surface water and one-third from groundwater
- Operates some 2,500 water treatment works
- Has over 350,000 km of water mains
- Has a further 350,000 km of sewers
- Operates some 9,000 sewage treatment works and discharges the treated effluent back to the environment, and
- Has over 25,000 intermittent discharges from its wastewater systems.

There are many geographical, cultural, geological, climatic and other factors that affect the industry's nation-wide operations. Regional and structural differences can be very significant. Every year around £3 billion (\$5.5 billion) is invested to improve water supply and sewerage services. The industry employs around 35,000 people directly and many thousands more through contractors and other suppliers.

The industry works together with Water UK (<http://www.water.org.uk/>) on policy and strategy issues of common interest. Water UK represents its members on Eureau, the European Association for the Water Industry. Water UK and its members participate fully in international water organizations.

## Regulation

The industry is heavily regulated. Many regulations that directly affect the water industry are based on EU Directives – for example, drinking water, urban wastewater treatment, sewage sludge, groundwater protection, and health and safety at work. Others, for example economic regulation, are UK specific.

Certain regulators are also specific to the sector. The Office of Water Services (Ofwat) (<http://www.ofwat.gov.uk/>) in England and Wales has the duty to protect water customers' interests whilst at the same time ensuring that the water companies carry out their functions properly and have access to sufficient finance to do so. It carries out a review of prices every five years that agrees investment and sets limits on customers' water and sewerage bills. The Water Commissioner for Scotland (<http://www.watercommissioner.co.uk/>) has a similar function in approving Scottish Water's proposed investment plans.

Drinking Water Inspectorates (<http://www.dwi.gov.uk/>) exist in England, Wales, Scotland and Northern Ireland to ensure that the quality of tap water meets statutory standards.

The water industry is the major "client" of the agencies responsible for environment protection. The Environment Agency (<http://www.environment-agency.gov.uk/>) in England and Wales regulates water abstractions and the industry's discharges to water, air and land. The Scottish Environment Protection Agency (<http://www.sepa.org.uk/>) carries out a similar function for discharges in Scotland. The Environment and Heritage Service (<http://www.ehsni.gov.uk/>) does so in Northern Ireland. Other regulators, for example the Health and Safety Executive (<http://www.hse.gov.uk/>), are common across the economy. English Nature (<http://www.english-nature.org.uk/>) and English Heritage (<http://www.english-heritage.org.uk/>) have responsibilities for both the developed and underdeveloped environment in England. Scottish Natural Heritage (<http://www.snh.org.uk/>), has similar responsibilities in Scotland.

## **Maintenance**

Maintenance and renovation of the UK's water and sewerage infrastructure are top priority to safeguard public health, protect the environment, ensure security of supply and minimize service failure.

Water companies are working hard to reduce leakage across the UK. In England and Wales, where they have cut leaks by 30% since 1995, companies will invest £1.5 billion in leakage control during the current planning period (2005-10).

With more than 350,000km of mains and millions of joints vulnerable to ground conditions and pressure, the key problems are the age and poor condition of pipes resulting from decades of inadequate investment.

Thames Water, for instance, met its 2005/06 leakage reduction target for the Thames Valley, but missed the target for London, where leakage is highest. The company is working hard to replace London's Victorian water mains without causing traffic gridlock. This will see 1,000 miles replaced one year ahead of schedule in 2009. A third of water mains (3,000 miles) date back 150 years or more, but as the capital's hard water scales the inside of pipes with a protective lining, there has never been a drinking water quality imperative to do this work earlier.

In addition, Thames Water has just announced it plans to build a \$1.8 billion reservoir to meet increased water demand. Thames said the site near Abingdon, Oxfordshire, would be the biggest built in the UK in 25 years, holding 150 billion liters of water. The reservoir would supply an extra 350 million liters of water a day, the majority of which is needed in London. Despite its huge size the amount falls far short of the estimated 900 million liters a day being lost through leaky pipes under the streets of the capital.

### In 2004-5 England and Wales:

- Spent £284 million on underground infrastructure renewals
- Renewed 2,350km of mains
- Replaced 41,000 communication pipes
- Repaired or replaced 53,000 customer supply pipes
- Replaced 62,000 burst mains

## **Prospects for U.S. Firms**

Given the issues noted above, strong potential exists in the UK water/wastewater sector for U.S. companies whose products can be used for maintenance and renewal on projects that are currently underway, or that are being planned for the next several years.

## For More Information

The U.S. Commercial Service in London, United Kingdom can be contacted via e-mail at: [sara.jones@mail.doc.gov](mailto:sara.jones@mail.doc.gov); Phone: 44 20 7894 0451; Fax: 44 20 7894 0020 or visit our website: [www.buyusa.gov/uk/en/](http://www.buyusa.gov/uk/en/)

## The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov/>.

*Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.*

*International copyright, U.S. Department of Commerce, 2006. All rights reserved outside of the United States.*