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Water Privatisation the UK Model
Water Privatisation the UK Model

- Organisation of the UK Water Industry & the shape of regulation
- The financial drivers
- Benchmarking performance
Organisation in the UK Water Industry & the shape of regulation
Shape of the UK Water Industry

- Overall framework of EU Directives
- EU Directives embodied in UK legislation
- Private sector companies responsible for operations, maintenance, and delivery
- Heavy emphasis on public sector regulation
The UK Water Industry

- Privatised in 1989 (primary legislation 1989 Water Act)
- Equity Model: Stock Market Floatation
- Funding
  - "Green Dowry"
  - Charges RPI+k (1989-2000)
  - Borrowing ("money markets")
The UK Water Value Chain

Abstraction & Storage → Water Treatment → Trunk Network → Distribution → Supply

Water Treatment → Waste Water Network
Water companies in England and Wales

- North West Water
- Yorkshire Water
- Northumbrian Water
- Severn Trent Water
- Anglian Water
- Thames Water
- Southern Water
- Wessex Water
- South West Water
- Dwr Cymru
Severn Trent Water

- 2000/01 sales £884m (USD$1255m)
- Water Services
  - 7.4m customers
  - 3.2m properties
  - delivering 1900 ML/d (420m/g/d)
  - 43,000km water mains
- Sewage Services
  - treating 2700ML/d (600m/g/d)
  - 8.3m customers
  - 3.5m properties
  - 53,000km Sewers

“our 96,000km of pipes will go twice round the world”
Public Sector Regulation in the UK

Regulation: All in public sector, responsible to UK Government

- Ofwat
  - Customers and Prices
  - Government

- EA
  - Env. Quality
    - Abstraction licensing
    - Sewage treatment discharges
  - Water quality standards.
    - Monitoring and audit

- DWI

SEVERN TRENT
ENVIRONMENTAL LEADERSHIP
Public Vs Private

Government Regulation

- Abstraction
- Drinking water
- Sewage treatment
- Prices
- Customer service levels

Public Sector Opportunities

- Running plant
- Asset maintenance and renewal
- O & M of Plant
- Customer Services
Office of Water Services

- promoting economy and efficiency
- competition
- limiting charges
- guaranteed standards scheme
- customer service committees
The Drinking Water Inspectorate

Water Quality Compliance %

>99.9% Compliance

Data for STW
The Environment Agency

- addressing climate change
- managing water resources
- integrated river basin management
  - monitoring sewage effluents
Sewage Treatment Works Compliance

Proportion of sewage treatment works compliant with numeric consents

Data for STW >99.8% Compliance
The financial drivers
Investment

Average £520m pa (US$740m pa)

Data for STW 00/01pb
Benchmarking performance

(“The Power of Publication”)