

Potable Water and Sewerage - UK - April 2015

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“The estimated cost of implementing the Water Framework Directive (WFD) is around £30 billion over 43 years, of which around 40% will be accounted for by water companies’ direct infrastructure and management spending. The WFD will continue to be a key driver for capital investment in the water and sewerage industry.”
 – Claudia Preedy, Industrial Analyst

This report looks at the following areas:

- What are the key drivers for capital investment in the water and sewerage industry?
- What have been the capital expenditure patterns by individual water and sewerage companies during the last five years?
- Is there a shift from capital project investment towards asset maintenance?
- How do the changes in the regulatory environment for the Asset Management Period 2015-20 (AMP6) affect the industry’s approach to capital investment?
- What are water and sewerage companies’ spending proposals for AMP6?

For the current asset management period AMP6 2015-20, water and sewerage companies have opted for alliances and framework agreements when procuring work from the supply chain. A number of new contracts also contain an option to be extended beyond the five-year period, with the longest collaboration in the industry potentially lasting up to 15 years. This trend reflects changes in the regulatory framework, which puts increased emphasis on long-term outcomes, asset life cycle management, delivering customer value and efficiencies. This has prompted the industry to work more collaboratively with delivery partners to meet new regulatory requirements and achieve greater efficiencies in delivering their business plans.

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