1989 **Water Act 1989**

Paving the way for the privatisation of the water and sewerage sectors, the Water Authorities were replaced by 16 private water and sewerage companies, which were floated on the London Stock Exchange in November 1989. Another 29 surviving private companies provide water-only services across the country.

1990 **Ofwat set up to regulate water industry in England and Wales**

Ofwat is initially established as the economic regulator for the water and sewerage sectors. Ian Byatt is Ofwat's first Director General. The privatisation creates two other regulators: the Drinking Water Inspectorate (DWI) for monitoring drinking water quality, and the National Rivers Authority (now the Environment Agency) for monitoring river water, river and environmental pollution.

1991 **Price limits set**

Price limits are set for ten years by the Secretaries of State for the Environment and Wales, with an average annual increase of about 5% above inflation.


The legislation directly relating to the water industry, the National Rivers Authority and the water and sewerage providers is reorganised into two consolidating Acts: the Water Industry Act 1991 and the Water Resources Act 1991. There was no new legislation in this Act; it simply rearranged the existing provisions.

1992 **Application for transfer to the Commission**

Applying to the regulatory bodies dealing with privatised utilities, this Act increases Ofwat’s powers to determine disputes and extends the opportunities for competition in the sectors.

1993 **Ofwat announces price limits**

Ofwat sets price limits for the 31 water companies in England and Wales, with annual average increases of 1% above inflation.

1994 **Ofwat completes inquiry into Yorkshire Water**

Ofwat finds serious failures by Yorkshire in controlling leakage, minimising unplanned supply interruptions and controlling flooding from sewers.

1995 **First commercial customer switches**

Buxted Chicken Ltd becomes the first commercial customer to switch its water supplier.

1996 **Some infrastructure improvements planned**

Mid Kent Water and Sutton & East Surrey Water appeal to the Competition Commission following Ofwat’s decision on price limits.

1997 **First new entrant since privatisation**

Ofwat gives Albion Water a license to supply water to Shotton Paper on Deeside. This European directive regulates the collection and treatment of sewage from household and industrial properties in order to protect the environment.

1998 **Price limits set for ten years (2000-2010)**

Price limits are set for ten years by the Secretaries of State for the Environment and Wales by 2005. This European directive regulates the collection and treatment of sewage from household and industrial properties in order to protect the environment.

1999 **Companies to pay compensation during droughts**

License changes in 1997 and 1998 see the companies agree to pay compensation to customers whose essential water supply is interrupted under a drought order (unless there are exceptional circumstances).

2000 **Philip Fletcher becomes Director General**

Philip Fletcher becomes Ofwat’s second Director General.

**Two companies appeal Ofwat’s decision**

Mid Kent Water and Sutton & East Surrey Water appeal to the Competition Commission following Ofwat’s decision on price limits.

2001 **Price Framework Directive comes into force**

Aiming to streamline EU legislation on water, the Directive increases standards for water quality across the EU. It also extends the scope of water protection to all waters, including surface and ground water, sets targets for ‘good water status’ in phased deadlines up to 2027, and promotes the development of river basin management plans (see 2005 for further details).

2002 **Ofwat sets prices up to 2010**

Ofwat’s second price review decreases average bills by 12% across England and Wales by 2005.

2003 **Applying to all the regulatory bodies dealing with privatised utilities, this Act increases Ofwat’s powers to determine disputes and extends the opportunities for competition in the sectors.**

The Act replaces Ofwat’s Director General with a Board (a change implemented in 2006). It introduces the ability to impose fines for breaches of specified requirements, and creates an additional primary duty to protect the interests of consumers, wherever appropriate, by promoting effective competition. It also replaces Water/Voice with an independent consumer watchdog, the Consumer Council for Water (a change implemented in 2005).

2004 **Ofwat sets prices up to 2010**

Ofwat’s third price review sees prices increase on average by 18% between 2005 and 2010, and a third less than the companies requested.

2005 **Ofwat completes inquiry into Yorkshire Water**

Ofwat finds serious failures by Yorkshire in controlling leakage, minimising unplanned supply interruptions and controlling flooding from sewers.

2006 **First commercial customer switches**

Buxted Chicken Ltd becomes the first commercial customer to switch its water supplier.

2007 **Philip Fletcher becomes Director General**

Philip Fletcher becomes Ofwat’s second Director General.

**Water Framework Directive comes into force**

Aiming to streamline EU legislation on water, the Directive increases standards for water quality across the EU. It also extends the scope of water protection to all waters, including surface and ground water, sets targets for ‘good water status’ in phased deadlines up to 2027, and promotes the development of river basin management plans (see 2008 for further details).

2008 **First new entrant since privatisation**

Ofwat gives Albion Water a license to supply water to Shotton Paper on Deeside.

2009 **First commercial customer switches**

Buxted Chicken Ltd becomes the first commercial customer to switch its water supplier.

Key milestones: Ofwat and the water and sewerage sectors
Ofwat announces new supplier
Ofwat announces the creation of the first new water and sewerage company since privatisation. The new appointment, Scottish and Southern Energy Water, supplies sewerage services to a new development in Wiltshire.

Ofwat fines United Utilities £8.5 million
United Utilities is fined £8.5 million for breaching rules governing trading arrangements with associate companies.

South East Water replaces Mid Kent Water
The Competition Commission agrees to South East Water replacing Mid Kent Water as the water supplier for part of the Kent area.

Severn Trent pays price for leakage failures
Following the company’s failure to hit leakage targets, Ofwat secures a legally binding agreement from Severn Trent Water to achieve its leakage targets. The company commits to spending an extra £45 million at shareholders’ expense, and reduces charges to customers.

Completion of Pitt review: “Learning lessons from the 2007 floods”
In response to the serious floods of summer 2007, the review calls for urgent and fundamental changes in the way the country responds to the increased risk of flooding.

Ofwat fines Southern Water £20.3 million
Southern Water is fined £20.3 million for deliberately misreporting information and delivering poor service to customers.

Ofwat fines Thames Water £9.7 million
Thames Water is fined £9.7 million for misreporting information and delivering poor service to customers.

Ofwat fines Severn Trent £35.8 million
Severn Trent is fined £35.8 million for deliberately providing false information and delivering poor service for its customers.

Completion of Cave review
Martin Cave’s independent review recommends measures for increasing competition and innovation in the water sector.

Completion of Walker review
Anna Walker’s independent review of charging for household water and sewerage services is completed.

20 years since privatisation
During the 20 years since privatisation, about £85 billion has been invested across England and Wales. Achievements include:
• leakage drops by about a third since its mid-90s peak; • 99.6% of bathing waters meets the required standard, compared with 78% in 1990; and • drinking water quality standards are now comparable with the best in Europe.

First river basin management plans completed
A key part of the EU Water Framework Directive, the plans aim to protect the water environment by planning around river basin districts rather than administrative districts or borders.

Bristol appeals to the Competition Commission
Bristol Water appeals to the Competition Commission after Ofwat’s decision on price limits.

Floods and Water Management Act 2010
Responding to the Pitt review, the bill gives the Environment Agency an overview of all flood risk, encourages more sustainable drainage systems, seeks to help reduce bad debt in the water sector and allows the companies to develop and implement social tariffs.

Government review of Ofwat and consumer representation in the water sector (Gray review)
Run within Defra (Department for Environment, Food and Rural Affairs), but led independently by David Gray, Ofwat welcomed the final review when it was published in July 2011.

Transfer of private sewers
On 1 October 2011, water and sewerage companies in England and Wales became responsible for private sewers, which were previously the responsibility of property owners.

Ofwat publishes consultations on future price limits and regulatory compliance
Ofwat consults on its proposed framework for setting price limits, and sets out its proposals for two significant shifts in the way it approaches regulatory compliance.

Water White Paper (“Water for life”) published
The paper sets out the Government’s overarching policies for sustainable water and sewerage sectors in England through to 2030 and beyond.

Draft Water Bill
The Draft Water Bill sets out the first major reforms of the sector since its privatisation in 1989.

Ofwat’s new chair is announced
Jonson Cox succeeds Philip Fletcher as the new Ofwat Chairman, taking up full responsibility on 1 November 2012.