

News release

Contractors announced for £1.2bn of essential work

Thames Water, Britain's biggest water and sewerage firm, today awarded contracts for up to £1.2bn of essential work to improve and maintain its ageing water pipes, sewers and other facilities over the next five years.

Today's signing marks the start of the new five-year regulatory period, April 2010 to March 2015, during which time Thames Water will invest nearly £5bn across London and the Thames Valley.

The contracts were signed in the historic Oak Room at New River Head in Islington, the company's former London headquarters.

Martin Baggs, Thames Water's chief executive, said: "In our continued drive to be more efficient for our 13 million customers we've completely changed the way we do our work. Instead of letting numerous small contracts to lots of providers, we're working with leading organisations to deliver the 'base load' of our investment programme for the next five years.

"This new approach has changed the way our contractors have bid for the work: they've formed joint ventures, each containing the required specialists. The way we've structured these programmes of work will also allow our contractors to plan further ahead and give them greater incentives to be efficient on cost and time.

"Our operational performance is better than ever right now – best-ever water quality*, best-ever sewage works compliance and leakage down 24 per cent in the past four years. Our new approach will help us build on these standards of excellence over the next five years."

The joint ventures awarded Thames Water's base load contracts are:

- Optimise (J Murphy & Sons/Clancy Docwra/Barhale/MWH) for north London and Thames Valley water pipes and sewers;
- MGJV (Morrison Utility Services/Galliford Try) for south London water pipes and sewers;
- GBM (Galliford Try/Biwater/Mott MacDonald) for north and south London water and sewage treatment works.

The work in these contracts includes:

- continuing to replace London's worn-out Victorian water mains,
- upgrading sewers to protect customers' homes from sewer flooding,
- improving water and sewage treatment works,
- and extending water and sewerage networks to accommodate future population growth.

The contracts were signed at the Oak Room, built in the late 1600s under the reign of William III. It was the original board room of the New River Company, which was established after an aqueduct, the New River, was built in 1613 to supply the City with fresh drinking water from springs in Hertfordshire.

The Oak Room, a celebrated specimen of Late Renaissance décor, was later moved to the New River Head office, built in 1920 as the headquarters of the former Metropolitan Water Board.

Thames Water is still finalising a tender process for one remaining base load contract, which is set to be awarded within the next fortnight.

End

Notes to editors:

For more information please call the Thames Water press office on 01183738924.

* In the Drinking Water Inspectorate's last annual report, published in 2009 on results for 2008, Thames Water's compliance with tests was 99.99 per cent, its best-ever result.

Additional info:

Thames Water signed these contracts after November's Price Review, when the industry regulator, Ofwat, set customer price limits for water companies in England and Wales as well as an industry-wide cost of capital of 4.5 per cent for the next five years. The regulator allowed Thames Water to raise customer bills by 3 per cent above inflation across the five-year period. For further information on the Price Review, see:

<http://www.ofwat.gov.uk/pricereview/>