

Insights

UK WATER INFRASTRUCTURE: A WATERFALL OF INVESTMENT OPPORTUNITIES, RAPID SUCCESS?

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SUMMARY

The UK's water sector is not just evolving; it is undergoing a monumental transformation, presenting infrastructure investors with an extraordinary chance to participate in building a more resilient and sustainable future while securing robust financial returns.

The combined forces of population growth, the escalating climate crisis, and the urgent need to upgrade aging infrastructure are driving an unprecedented wave of investment in critical water projects. This is not simply about pipes and reservoirs; it is about shaping the future of a vital resource, and the [“RAPID: Building a resilient future – a Major Projects guide for investors”](#) published in 2025, is your essential roadmap to this dynamic and expanding market.

RAPID AND THE £50 BILLION OPPORTUNITY

At the heart of this transformation is the Regulators' Alliance for Progressing Infrastructure Development (RAPID) and Ofwat's Major Projects and Markets directorate. Together, they are orchestrating a colossal £50 billion investment program, encompassing over 30 major projects that will redefine the UK's water landscape. This initiative is not just ambitious; it is a necessity, and it represents a powerful call to action for investors seeking both financial reward and a positive impact.

UK WATER INFRASTRUCTURE ATTRACTIVENESS TO INFRASTRUCTURE INVESTORS

Ofwat is focused on demonstrating to infrastructure investors the benefits of the UK water sector:

- **Essential Resilience:** Water is life. In an increasingly unpredictable world, investing in water infrastructure provides a hedge against economic volatility, offering stable, predictable, and non-cyclical returns.

- **Long-Term Value:** These are assets built to last, with lifespans measured in decades. This translates to consistent, inflation-linked revenue streams and a portfolio anchored in tangible, essential infrastructure.
- **Regulatory Confidence:** The UK's well-established regulatory framework, overseen by Ofwat, provides a transparent and predictable environment, minimising risks and fostering investor confidence.

DELIVERY MODELS: STRUCTURING SUCCESS FOR INVESTORS

The UK is employing innovative delivery models to optimise project efficiency and maximise investor participation:

- **Direct Procurement for Customers (DPC):** This is the workhorse of project delivery, injecting competition and empowering private companies to finance, design, build, and operate essential infrastructure. For investors, DPC unlocks a spectrum of opportunities to participate through Competitively Appointed Providers (CAPs), often structured as Special Purpose Vehicles (SPVs) designed to manage risk and optimise returns.
- **Specified Infrastructure Provider (SIPR):** Reserved for the most complex and large-scale endeavours (think Thames Tideway Tunnel), SIPR involves granting a separate license to an Infrastructure Provider. With potential regulatory changes on the horizon, SIPR may play an even more prominent role in future projects.

THE £50 BILLION PIPELINE

A Portfolio of Transformative Projects The £50 billion investment program is not just an abstract figure; it represents a collection of tangible, transformative projects that will reshape the UK's water landscape for decades to come. Here below is a detailed breakdown of a selection of the opportunities (with the full list within [the investor pack](#)):

- **North West Transfer (NWT):** A strategic transfer of water from the North West to the South, a key component of the broader Severn to Thames Transfer system. (Construction start: 2027-30)
- **Minworth:** An innovative water recycling project designed to augment raw water flow. (Construction start: 2028-29)
- **Grand Union Canal (GUC) Transfer:** A project leveraging the existing canal network for efficient water transfer. (Construction start: 2029)
- **Hampshire Water Transfer and Water Recycling (HWTWR):** A comprehensive solution combining advanced water recycling with strategic water transfer. (Construction start: 2029)

- **Cheddar 2 Source and Transfer:** The development of a new reservoir and associated transfer infrastructure. (Construction start: 2029)
- **Fens Reservoir:** A major new reservoir project designed to enhance water storage capacity. (Construction start: 2029-30)
- **Aylesford and Ford Re-use:** A bundle of crucial water recycling projects. (Construction start: 2029-30)
- **South East Strategic Reservoir Option (SESRO):** A vital raw water storage project for the South East. (Construction start: 2029-30)
- **West Yorkshire Water Treatment Works:** The construction of a new, state-of-the-art water treatment facility. (Construction start: 2029-30)
- **Severn to Thames Transfer (STT):** A major inter-regional water transfer scheme. (Construction start: 2030-35)
- **South Yorkshire Sources:** A project aimed at increasing water supply to the South Yorkshire region. (Construction start: 2031)
- **Lincolnshire Reservoir:** A large-scale reservoir development. (Construction start: 2031-32)

CRUCIAL ROLE OF OFWAT

Ofwat, the economic regulator, plays a vital role in creating an environment conducive to investment. In summary, through its key functions, Ofwat provides:

- **Price Reviews:** Establishing a clear framework for allowed expenditure and ensuring fair returns for water companies and investors.
- **Oversight:** Rigorously overseeing project delivery, ensuring efficiency, and protecting the interests of both consumers and investors.
- **Guidance:** Providing clear and comprehensive guidance for project development, procurement processes, and risk management.
- **The Investor's Triple Win:** Stability, Growth, and Sustainable Impact Investing in UK water infrastructure offers a compelling trifecta of benefits:
- **Stability:** Fortify your portfolio with resilient assets that provide a reliable hedge against market volatility and economic uncertainty.

- **Growth:** Unlock substantial growth potential in a sector poised for significant expansion, driven by fundamental societal and environmental needs.
- **Sustainable Impact:** Contribute to a greener, more resilient future by supporting projects that ensure water security, protect ecosystems, and enhance the well-being of communities across the UK.

AN INVESTOR CALL TO ACTION: SEIZE PART OF THE UK WATER REVOLUTION

The message is clear and compelling: the UK water sector is open for private sector investment; it is a strategic imperative for renewal and this provides infrastructure investors a massive opportunity.

The 2025 RAPID investor guide is an impressive piece of work, providing investors with compelling narrative on the benefits and opportunities for investment in the renewal of a huge amount of UK water infrastructure.

The UK water revolution is started, infrastructure investors have been invited to be part of it – the starting gun to £50 billion opportunity has just been fired.

RELATED CAPABILITIES

- Environment
- Infrastructure
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