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United Utilities Group Plc

Haweswater Aqueduct Resilience Programme (HARP) update

United Utilities has signed a landmark agreement to refurbish the crucial Haweswater aqueduct, that carries water from Cumbria to 2.5 million customers in Greater Manchester and Lancashire – or nearly 5 per of England's population.

The original 110km pipeline – which is approaching its 70th birthday – was a major feat of engineering when it was originally built. It uses gravity to carry 570 million litres of water every day to customers and businesses across Cumbria, Lancashire and Greater Manchester, that's nearly 250 Olympic-sized swimming pools.

As part of the programme to upgrade and improve the region's strategic water network, this new contract paves the way for one of the largest water infrastructure programmes across the UK, creating hundreds of jobs in the region.

With an estimated construction cost of circa £3 billion the programme will be delivered by Cascade Infrastructure, a consortium of partners within which bring a strong track record of delivering similar tunnelling schemes in Europe.

The programme is the first in the water sector to be delivered through a Direct Procurement for Customers model to provide best value for customers. It covers the design, construction, maintenance and financing of the scheme.

Construction will get underway in 2026 and will see six tunnel sections replaced with most of the work happening below ground using the latest tunnelling techniques.

As well as securing supplies for millions of customers, the project will bring a range of economic benefits to the region. Around 1200 people will be employed at the construction peak with an apprentice recruitment programme to help build and secure skills for the future.

Louise Beardmore, Chief Executive at United Utilities, said: "Making the North West stronger, greener and healthier is at the heart of everything we do. Today marks a significant step to ensure we have the right infrastructure to provide a resilient water supply to communities right across the region for decades to come and, at the same time, creating hundreds of great quality jobs and delivering on the commitments and promises we have set out."

Water Minister, Emma Hardy said: "We are rebuilding the water network from the ground up through one of the largest infrastructure projects ever seen in Britain. In a new era of partnership between government and industry, we are upgrading pipes, tackling sewage spills and safeguarding water security so communities can once again take pride in their rivers, lakes and seas. Investments in projects like the Haweswater Aqueduct will be essential in this effort to secure clean water for future generations."

Mayor of Greater Manchester, Andy Burnham, said: "The Haweswater Aqueduct has served our region well for decades. This landmark investment ensures it will continue to do so for generations to come. It's not just about securing the water supplies we need for our city region to grow - it's also about creating jobs, building skills, and delivering long-term value for our communities."

Chris Taylor-Dawson, Senior Director, Major Projects and Markets at Ofwat said: "This is a huge development for the North West, and the programme is the first of its kind for the sector approved by Ofwat - marking a huge step forward for the water industry as a whole. Safeguarding water resilience for generations to come is vital and HARP sets a new standard for innovation and collaboration in the

sector. Together we are delivering more than just infrastructure - we are investing in communities, protecting the environment and creating opportunities."

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¹ During the 2019 regulatory price review, Ofwat introduced a new framework called Direct Procurement for Customers (DPC). This is intended for the provision of major discrete water and wastewater infrastructure projects through third party providers. HARP will be delivered using a target cost contract, with the Competitively Appointed Provider (CAP) incentivised to outperform the target cost. The target construction cost is subject to adjustment for events which are usually outside the control of and/or not the fault of the contractor. Charges payable by United Utilities to the CAP under the HARP contract will be recovered from customers under the Allowed Revenue Direction issued by Ofwat.