

# Water - Communications and Political Strategy

*How to present a contested ownership debate truthfully and durably across the political spectrum, in the middle of a live government reform. Companion to the [White Paper](#). Discussion draft.*

## The first principle: honesty is the strategy

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Water is the rare Register entry where the public can already feel the failure on their own doormat - a £603 bill that jumped more than a quarter in a single year, sewage on beaches, and the biggest company in the country brought to the brink. That salience is an opportunity and a trap. The opportunity is that nobody needs persuading there is a problem. The trap is that an angry public is exactly the audience a glib answer plays best to - "just nationalise it" on one side, "leave the market alone" on the other - and water has *two* answers that each side wants presented as the obvious one, when neither is.

So this proposal's communications strategy is to **tell the truth, including the inconvenient parts**. The truth is uncomfortable for every camp. The £290 billion the system needs is real, large and is going to be paid whoever owns the pipes - it is the cost of fixing decades of neglect, not a feature of any one owner. The cost of *changing* who owns the companies has no agreed figure: credible estimates run from about £50 billion to £107 billion, and that enormous spread is not a measurement dispute but a choice about how generously existing owners are compensated. The two real UK non-private comparators show that public ownership and not-for-profit ownership are no magic fix - Scottish Water has lower bills but worse leakage and an easier geography; Welsh Water has no shareholders but the highest bills in England and Wales and one of the worst environmental records. Saying all of this plainly is not a weakness to manage - it is the source of the proposal's credibility, and the only thing that lets it survive scrutiny from a public and a political class that are both already primed.

This means the strategy below never reaches for the easy overclaim. We do not say public ownership pays for itself. We do not say private regulation will obviously work this time. We do not invent a single headline price for nationalisation when there plainly isn't one. We do not present a value choice - who should own a monopoly, who should pay for the past - as a technical necessity. A reform that has to hide its price, or dress an ownership preference as an engineering fact, does not deserve to win the argument; one that states the settled facts, routes the genuine choices honestly, and trusts the public to judge, can.

## Positioning

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This is a **layered** reform of the water monopolies in England and Wales: an **ownership-neutral regulatory core** - the substance that must hold whoever owns the pipes - *plus* two genuine value choices routed honestly to the public. It is **non-partisan by construction**: the core is built to survive a fiscal-conservative, a social-democratic and a libertarian reading, and each ownership option is given its genuine reading from all three. It is born into a **live reform** and **builds on it rather than competing with it**: the Independent Water Commission (Cunliffe) reported in mid-2025 with 88 recommendations and the government has accepted abolishing Ofwat - this proposal accepts what is sound and concentrates on what the Commission left unresolved or was *barred* from considering, above all the ownership question its terms of reference forbade it from touching. It is offered as a worked-through set of options for the country to consider, not a programme to be sold.

## Core message

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**Fix the rules so they hold whoever owns the pipes - that part the evidence can settle - and put the two genuinely contested questions, who should own the water companies and who should pay for the past, and how far and how fast to invest, openly to the public rather than deciding them behind closed doors or, as the official review did, ruling them out entirely.**

Two things said plainly. First, there is a large body of fixes - a regulator with real teeth and real expertise, a binding cap on borrowing, an end to owners being paid while a company is failing, a proper rescue plan for a failing company, targets with fines that actually bite - that are needed **whoever owns the pipes**, and those we design directly on the evidence. Second, there are **two real choices**, and both are the public's: *who owns the system and who pays for the years of neglect*, and *how far and how fast we invest in its future*. We give the honest costs and consequences of each, and recommend none.

## Language to use

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- Fix the rules so they hold whoever owns the pipes
- The settled facts first, then the two real choices
- Two honest choices, both yours: who owns it and who pays for the past, and how far and how fast
- A neutral menu of options; we recommend none
- £290bn to fix the system - needed whoever owns the companies
- The cost of changing ownership is a range (~£50-107bn) because it is a choice, not a measurement
- Ownership form does not reliably decide bills or clean rivers - the real examples prove it
- The official review was forbidden from looking at ownership - so we put it to you
- We build on the Cunliffe reform and fill the gaps it left or was barred from
- Born into a live reform - kept current as the law moves (a living proposal)
- Non-partisan; presents options, doesn't advocate

## Language to avoid

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- **"Nationalisation is free" or "nationalisation pays for itself"** - it does not. Public ownership *might* lower the annual cost of capital, but the model's central estimate of that is modest (~£0.5bn/yr, Grade C and contested), the buy-out is a large disputed sum, and the higher saving claims bundle in a separate distributional choice. Never present the cheaper-capital argument as a settled dividend.
- **"Nationalisation is impossibly expensive" / a single headline buy-out number** - the cost is a *range* (~£50-107bn, with a contested near-zero argument) driven by how generously owners are compensated. Quoting only the top of the range, or any single figure as "the" cost, disguises a value choice as a fact.
- **"Just nationalise it" or "leave the market alone"** as if either settles the matter - both are the cardinal error in a slogan: an ownership preference dressed as the obvious answer. Name them as the two reflexes the design refuses to adopt.
- **"Privatisation failed, so public ownership is the answer"** - the first half is largely defensible on the evidence; the second does not follow from it, and the comparators show ownership form is not a reliable predictor of outcomes. Do not let a true diagnosis smuggle in an unevidenced cure.

- **Treating the recurring cost-of-capital saving, or the NHS-style "savings", as banked** - the recurring effect is a contested scenario parameter (~£0.5-3bn/yr depending on basis), carried as a range with the basis explicit, never netted off.
- **Adding the £104bn (2025-2030) to the £290bn (2025-2050)** - they are the same money over different windows; the five-year figure is a slice of the larger one, never an addition. This is the one-number guard; breaking it inflates the bill and destroys credibility.
- **"Redundant - the government's already fixing it"** as a concession - name it only as an attack to answer (the design fills the gaps Cunliffe left or was barred from). Never concede the product duplicates the reform.
- **Presenting any ownership option, or any ambition rung, as the recommended one** - the core is the same under any answer; the choice is the public's.
- **"Sewage scandal" tabloid framing as our own register** - the spill *trend* is robust ( $\approx 27\%$  over five years to 2025, Grade B) but the precise level is softened by expanded monitoring; state the direction honestly and resist the headline number we cannot fully stand behind.

## How to hold the line on ownership - the most polarised question

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Ownership is where this product will be pulled hardest, because it is the one question on which a large part of the public has already picked a side and the official review was silent. The discipline is the same one the Method exists to enforce - separate the empirical from the value - applied to the single most contested question in the Register.

- **State the one empirical finding that disciplines both camps, up front and in both directions.** The two real GB non-private comparators settle it: *ownership form is not a reliable predictor of customer or environmental outcomes*. Scottish Water (public) has the lowest bills but materially worse leakage and an easier, wetter, emptier geography that flatters the comparison; Welsh Water (no-shareholder, company limited by guarantee) has cheaper capital and a customer dividend but the highest bills in England and Wales and one of the worst environmental records, and was fined £40m in 2024. This single finding is what stops "just nationalise it" *and* "the not-for-profit model is obviously better" *and* "the private market will sort itself out" - none of the three is borne out by the evidence. Lead with it.
- **Carry the cost of change as a range, and explain why it is a range.** Refuse, every time, to give a single number for buying the companies out. The ~£50-107bn spread (with a contested near-zero argument for a failed company taken through the rescue route) is "almost entirely a function of a legal and political choice about what owners are owed - not a measurement of any underlying asset value." Saying so is the whole point: it shows the price tag *is* the value question, not a fact that settles it.
- **Make clear what is settled regardless of ownership.** The regulatory core - the gearing cap, the distribution conditions, the ring-fence, the rescue route, the biting targets, the transparency - holds whoever owns the pipes, and is needed whoever owns the pipes. This deliberately removes the *mechanism* disagreement so the public can argue the genuine value question cleanly: who you trust to run a vital service, and who should profit from it.

- **Give every camp its genuine reading, and report the disagreement, don't bury it.** Where the three perspectives agree (ownership form does not determine outcomes; the transition cost is a contested choice; the core must hold either way) is robust and is stated as such. Where they genuinely diverge (whether private owners should remain in a monopoly essential service and take a return; how generously, if at all, owners are compensated on transition; how the legacy burden falls across bill-payers, investors and taxpayers) is real, reasonable and not resolvable by evidence - so it is shown, not dropped, and routed to the public.
- **Name the official silence plainly, without partisanship.** The Cunliffe Commission was *forbidden by its terms of reference* from recommending public ownership (Grade A). That is a neutral, citable fact, and it is the cleanest possible justification for routing ownership to the public: the one question the public cares most about is the one question the official process was barred from answering. Use it as the reason we ask - never as a criticism of the government's motives.

## Engaging the live reform - the B8 angle

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Water is the one Register area where government is mid-reform *as the product publishes*, so this is a living proposal (Method B8) from day one - and that shapes the communications as much as the content.

- **Lead with "we build on it", never "we replace it".** The opening move on every channel is that the Cunliffe settlement and Ofwat abolition are the live baseline, we accept what is sound, and we concentrate on the gaps - the financial-resilience regime in enforceable detail, a pre-defined rescue route, targets with real teeth, and the ownership question the Commission was barred from. This is both true and the answer to the "redundant" attack, so it does double duty.
- **Tie publication to the actual state of play.** The forthcoming Water (regulation) legislation and the new regulator standing up are the live events; the proposal is set up to be assessed against each as it lands, with a short non-partisan note published each time and the proposal revised where the new evidence improves on its own. Every version is retained.
- **Sequence around the legislative timetable, not against it.** The window to be useful is while the Bill is drafted and the regulator is designed - that is when the financial-resilience detail and the routed ownership choice are most actionable. Publish to inform that process, not to second-guess it after the fact.
- **Keep the living-updates posture visibly even-handed.** As government moves, the notes report where the reform matches the proposal (and say so) as readily as where it leaves a gap. A living proposal that only ever criticises is an advocacy campaign in disguise; this one credits what is sound.

# Audience messaging

| Audience                                    | The honest message   |
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| <b>The public</b>                           | Two choices are yours, not ours: who should own the water companies and who pays for the years of neglect, and how far and how fast to invest. We give you the real costs and the honest catches of each - including that nobody can put a single price on changing ownership, because it depends on how generously owners are compensated. We will never tell you which to pick.  |
| <b>HM Treasury</b>                          | The £290bn to fix the system is needed whoever owns the pipes - it is not a cost of nationalisation. The buy-out cost of any transition is a contested ~£50-107bn range driven by the compensation basis, not a measurement. The recurring cost-of-capital effect is a contested scenario parameter (~£0.5-3bn/yr), never a banked saving. The taxpayer backstops continuity of supply, not investor returns. Treasury must be standing co-sponsor because it is the ultimate backstop if a company fails. |
| <b>Fiscal conservatives</b>                 | No nationalisation is prescribed. The core restores the market discipline a monopoly removes - a gearing cap and distribution conditions do what competition would; the ring-fence protects the operating company; the honest rescue route means owners and lenders, not taxpayers, bear the losses of a failed financial structure. Keeping the companies private but properly regulated is a live option on the menu, costed and stress-tested like the others.  |
| <b>Social democrats</b>                     | Enforceable targets with biting penalties finally put rivers ahead of distributions; owners cannot be paid while a company is failing; transparency lets the public hold a monopoly to account. Public ownership and the not-for-profit model are kept on the table as live, costed options - but presented honestly, including that the comparators show no ownership form reliably delivers lower bills or cleaner rivers on its own.  |
| <b>Libertarians</b>                         | No ownership change is imposed; the choice is routed to the public, not asserted. The constraints on private companies (the gearing cap, distribution conditions) are justified <i>only</i> because the monopoly removes the market discipline that would normally apply, and are drawn no broader than that justification. The honest creditor waterfall respects the consequences of private risk-taking rather than socialising losses.   |
| <b>Ministers and officials (mid-reform)</b> | This builds on Cunliffe and Ofwat abolition; it does not compete. It supplies the financial-resilience regime in enforceable detail, a pre-defined special-administration route, targets with real penalties, and a neutral costed framing of the ownership question the Commission was barred from - exactly the gaps the live reform left. It is designed to dovetail with the forthcoming Water (regulation) legislation and the new regulator.   |
| <b>The new/successor regulator</b>          | The core is built around the capability the old regulator lacked: an "intelligent client" duty, funded to a capability standard and ring-fenced in statute so it cannot be out-resourced by the companies. The financial-resilience powers (gearing cap, distribution conditions, ring-fence) and the pre-defined rescue route are specified to implementation-readiness, ready to inform how the new body is stood up.  |
| <b>The water companies and investors</b>    | The core is ownership-neutral and rules-based: clear gearing limits and distribution conditions known in advance are more predictable than discretionary intervention or improvised crisis management. The financial-resilience regime makes the next Thames Water structurally less likely; the de-gearing glide-path means no abrupt cliff. Honest   |

| Audience   | The honest message   |
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|  | treatment in the rescue route - equity first loss, creditors by seniority - is the risk you were paid to bear, stated in advance.  |
| <b>Campaigners (for public ownership)</b>          | The ownership question you have pushed for is on the menu as a live, costed option - and routed to the public, which the official review was forbidden to do. But we carry it honestly: the buy-out is a contested range, the cheaper-capital saving is modest and disputed, and the comparators show public ownership is no automatic win. We present the strongest case for it without overclaiming it - which is what lets it be taken seriously. |
| <b>Bill-payers and consumer bodies</b>             | The £603 bill and what it buys will be published comparably across companies, so a customer who cannot switch can at least see what they are paying for. The two choices put the decisions that drive your bill - ownership, who pays for the past, how fast to invest - in the open, with the honest cost of each, rather than settled behind closed doors.   |
| <b>The Cunliffe settlement / government reform</b> | We complement, not compete. We accept what the Commission got right and abolition of Ofwat, and supply now the enforceable financial-resilience detail, the pre-defined rescue route, the biting targets and the neutral ownership framing it left unresolved or was barred from - to inform the forthcoming legislation, not pre-empt it.   |

## Answering the real attacks - with the design, not deflection

| The attack   | The honest answer   |
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| <p><b>"This is redundant - the government is already reforming water and abolishing Ofwat."</b></p>              | <p>No - it fills the gaps that reform left or was barred from. We accept the Cunliffe settlement and Ofwat abolition, and concentrate precisely on what the Commission did <i>not</i> resolve: the financial-resilience and gearing regime in enforceable detail, a pre-defined rescue route for a failing company, environmental and supply targets with penalties that actually bite, and above all the ownership question the Commission's terms of reference <i>forbade</i> it from touching. Building on a live reform and filling its gaps is the opposite of redundant.</p>  |
| <p><b>"You're dodging the hard question by routing ownership to the public."</b></p>                             | <p>The opposite. Routing ownership to the public is not an abdication - it is the refusal to commit the cardinal error of presenting a value choice as a technical fact. <i>Who should own a monopoly and who should profit from it</i> is a genuine value question that evidence cannot settle, and the official review was <i>barred</i> from even considering it. We settle the technical core on evidence and put the genuine value choice, with its costed consequences in plain language, where it belongs - to the public who pay for and live with the answer.</p>  |
| <p><b>"£290 billion is unaffordable."</b></p>  | <p>The £290bn is already happening - it is largely funded through bills under the price control, and the first five years (£104bn, AMP8) are underway. It is the cost of fixing a system left to run down, needed whoever owns the pipes, not a new bill this proposal invents. The genuine choice is not <i>whether</i> to spend it but <i>how far and how fast</i> - an honest ladder of roughly +£19 / +£28 / +£38 a year - and that pace is routed to the public, not pre-decided. There is no free version, and we never pretend there is.</p>   |
| <p><b>"Just nationalise it - it would be cheaper and the profits would stop leaking out."</b></p>                | <p>Public ownership is a live, costed option on the menu, presented with its genuine case - but honestly. Buying the companies out is a large, contested sum (~£50-107bn, depending entirely on how generously owners are compensated). The cheaper-capital saving is real but modest on the model basis (~£0.5bn/yr central, Grade C and contested), and the bigger saving claims bundle in a separate distributional choice. And the comparators are sobering: Scottish Water has worse leakage; Welsh Water (no shareholders) has the highest bills and a poor environmental record. Public ownership is defensible - but it is no automatic win, and we will not pretend it is.</p> |
| <p><b>"Leave the market alone - privatisation brought in investment; over-regulation will scare it off."</b></p> | <p>Keeping the companies private but properly regulated is a live option on the menu - but the monopoly is the point: there is no competition to discipline price, quality or investment, which is exactly why the rules have to do that job, and the existing rules demonstrably failed (gearing at 67.9% against a 55% assumption; ~£85bn in distributions since 1991 while investment lagged; Thames Water at the brink). The core restores the discipline a market would otherwise impose; it is no broader than the monopoly justifies. "This time the rules will hold" is exactly the claim that failed before - which is why the new powers are binding, not advisory.</p>       |
| <p><b>"Nobody can even agree what nationalisation costs, so you can't honestly put it to a vote."</b></p>        | <p>The disagreement is the honest finding, not a flaw. The ~£50-107bn spread is <i>not</i> a measurement dispute - it is a legal and political choice about what existing owners are owed, with a contested near-zero argument for a failed company taken through the rescue route. We present it as a range with each basis attributed to whoever argues it, so the public chooses on a true picture. Inventing a single headline number would be the dishonest path; carrying the range is what lets the choice be made cleanly.</p>  |

| The attack   | The honest answer  |
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| <p><b>"Privatisation failed, so the answer is obviously public ownership."</b></p>                     | <p>The first half is largely fair on the evidence; the second does not follow. The two real GB non-private comparators show ownership form is <i>not</i> a reliable predictor of outcomes - Scottish Water (public) and Welsh Water (no-shareholder) each have real strengths <i>and</i> real weaknesses. That is precisely why the regulatory core must hold whoever owns the pipes, and why ownership is a value choice about trust and profit, not a technical question with one right answer. A true diagnosis of the past does not hand you the cure.</p>   |
| <p><b>"Isn't this just 'better regulation' - which is what was promised last time and failed?"</b></p> | <p>"Better regulation failed" is true, and it is the reason the core specifies <i>binding</i> instruments with <i>biting</i> penalties and the in-house <i>capability</i> to enforce them - not the monitoring-and-notification tools that failed. Ofwat could see gearing at 67.9% and rising spills and could only <i>report</i> on them; the successor regulator is funded and empowered to <i>act</i>, with a gearing cap, distribution conditions, a ring-fence, a pre-defined rescue route and penalties calibrated to exceed the savings from under-performance. The difference from last time is enforceability, not aspiration.</p> |

## Non-negotiables for anyone communicating water reform

- **Lead with the settled facts, then route the two genuine choices.** The £290bn need, the sector's finances and the bill trajectory are empirical and settled on evidence; *who owns the system and who pays for the past*, and *how far and how fast to invest*, belong to the public. We recommend no ownership model and no ambition rung.
- **Never present an ownership preference as a technical necessity.** This is the cardinal error, and water is where it is most tempting in both directions. "Just nationalise it" and "leave the market alone" are equally the error - an ownership choice dressed as the obvious answer.
- **Carry the transition cost as a range, and explain why.** ~£50-107bn (with a contested near-zero argument) is a choice about what owners are owed, not a measurement. Never quote a single headline buy-out number.
- **Never bank the cheaper-capital saving.** The recurring cost-of-capital effect is a contested scenario parameter (~£0.5-3bn/yr by basis), carried with the basis explicit, never netted off as a dividend of public ownership.
- **State the one empirical finding that disciplines every camp:** ownership form does not reliably determine bills or clean rivers - the comparators prove it. This is what makes the core, not the owner, the load-bearing fix.
- **Hold the one-number guard absolutely:** the £104bn (2025-2030) is the first five years *inside* the £290bn (2025-2050), never an addition to it.
- **Build on Cunliffe, don't compete.** We accept what the live reform got right and Ofwat abolition; we fill the gaps it left or was barred from. Keep it a living proposal that credits what is sound as readily as it flags what is missing.
- **Keep it non-partisan.** The core and each ownership option must survive a fiscal-conservative, social-democratic and libertarian reading, or it cannot move through government. Show where the perspectives agree (robust) and where they diverge (the genuine value question), and drop neither.

Companion to the *White Paper*, the *Public Choices*, the *Evidence Annex* and the *Delivery Design*.