

Water and the regulation of monopoly utilities

BILLS · SEWAGE · FINANCIAL RESILIENCE · WHO OWNS THE PIPES

You cannot switch your water company. A single firm owns your pipes, sets your bill and discharges into your rivers - and competition cannot fix that. The rules that are supposed to substitute for competition have not worked. This sets out what the evidence can settle, and puts the two genuine choices honestly to you.

The problem - four settled facts

- A monopoly you cannot escape: no switching, no competition, no market discipline on price or quality
- Average household bill: **£603 a year (2025/26)**, up roughly 26% in real terms in a single year
- Sewage spills rose ~27% over five years to 2025 despite a promised fall
- Thames Water - serving about one in four people - loaded up debt to the point of near-collapse

The fixes that hold whoever owns it

- A successor regulator with real in-house expertise - so the rules are not just paper
- Binding cap on borrowing; owners cannot be paid while a company is failing
- Ring-fence stopping group debt draining the company that runs the network
- Pre-defined rescue route: water keeps flowing; losses fall on owners and lenders, not the public
- Enforceable clean-up and supply targets - penalties that exceed the savings from cheating

THE TWO CHOICES FOR THE PUBLIC

1 · Who owns it - and who pays for the past?

Three options: *keep private with tougher rules* (quickest; no buy-out cost; same owners), *public ownership* (Scottish Water model; lower bills there but no magic fix on leakage or environment), or *not-for-profit with no shareholders* (Welsh Water model; surpluses to customers; no guarantee of lower bills). One-off transition cost if ownership changes: **~£50-107bn** - a range driven by a political choice on compensation, not a measurement. No option recommended.

2 · How far and fast to invest?

The investment to fix and future-proof the system is **~£290bn over 25 years** - renewing worn pipes, cleaning up sewage and securing water supply against drought. How fast is your choice. Three rungs, on top of rises already happening: **Slow +£19/yr** (rivers dirtier for longer, more drought risk), **Steady +£28/yr** (middle pace), **Accelerated +£38/yr** (cleanest rivers, strongest supply protection soonest). There is no free version. No speed recommended.

THE HONEST NUMBERS

£603

average household bill 2025/26 - up ~26% in real terms in a year

£290bn

investment needed over 25 years - whoever owns the companies

£50-107bn

one-off cost if ownership changes - a value choice, not a measurement

+£19/28/38

per household per year - slow / steady / accelerated investment pace

The question for you: who should own a service you cannot opt out of - and who should pay for the years it was left to run down? And how fast do you want the rivers cleaned up and the taps secured - and what is that worth on your bill? These are value judgements for the public, not the spreadsheet.

What the evidence settles - and what it does not

The £290bn investment need is the same whoever owns the pipes. The regulatory fixes - the gearing cap, the distribution conditions, the ring-fence, the pre-defined rescue route, the enforceable targets - are built to hold under any answer to Choice 1. These are the load-bearing commitments, grounded in evidence and

How it stays non-partisan

- No ownership option labelled "recommended"
- Transition cost carried as a range - the basis attributed, never a single headline
- Investment ladder presented neutrally - no speed prescribed
- Distributional choices (bills / investors / taxpayers) shown, never disguised as technical

supported across the political spectrum. Who owns the pipes, who pays for the past, and how fast to invest: those are genuinely yours.

- Presents options; does not advocate adoption