

Fixing the water system: the two choices that are yours to make

A plain-English guide to the decisions about water in England and Wales - written so anyone can weigh them up, not just experts. Discussion draft, June 2026.

Water is the one service nobody can shop around for. You cannot switch your water company the way you switch your phone or your energy supplier - wherever you live, one company owns the pipes, and that is the only company you can buy from. That is exactly why the rest of us have to get the rules right: there is no competition to keep these companies honest, so the rules have to do that job instead. And for years, they have not.

For decades, the way water was run let the companies pile up debt and pay money out to their owners while the pipes, the sewers and the reservoirs were left to fall behind. Now the bills are rising fast, sewage is going into rivers and onto beaches, and the biggest company of all came close to collapse. The government is in the middle of changing the rules right now. This guide builds on that and goes further - and, crucially, it separates the things the evidence has already settled from the things that are genuinely yours to decide.

So this guide does three things. First, it sets out the **facts that are not really up for debate** - the things the evidence has already settled, so you can choose on a true picture. Then it puts to you the **two real choices**: who should own the water companies and who should pay for the years of neglect, and how much we should invest in the system's future and how fast. We are not going to tell you the answer. We are going to give you the honest costs and consequences of each, and let you decide.

First, the facts that are settled

These are not opinions or choices. They are what the evidence shows, and every option below has to live with them.

- **The system really is failing - this is not just a feeling.** The average household water bill is now about **£603 a year**, after a jump of more than a quarter in a single year. Sewage spills have risen by roughly a quarter over five years, even though we were promised they would fall. And the biggest water company - which supplies about one in four people in England and Wales - loaded up so much debt that it came close to collapse. These are facts, not impressions.
- **The country needs to invest a very large amount to put it right - about £290 billion over 25 years.** That is what it would take to renew the worn-out pipes, clean up the sewage going into our rivers and seas, and make sure there is enough water as the population grows and the climate changes. To put the scale in perspective: at the rate the companies are currently replacing the old water mains, it would take around **700 years** to renew the whole network once. The pipes are wearing out faster than they are being replaced. This investment is needed **whoever owns the water companies** - it is the cost of fixing a system that was left to run down, not a cost of any particular owner.

- **A set of rule changes makes sense no matter who owns the water companies.** Whatever we decide about ownership, the same basic fixes are needed to stop the failures happening again:
 - **Stop the companies loading up on debt and paying money out to their owners while the pipes go unfixed.** Today the companies have borrowed far more than the rules assume, and have handed money to owners while investment lagged. New rules would cap how much they can borrow and stop them paying owners while they are failing to invest, failing their clean-up targets, or in financial trouble.
 - **Have a proper rescue plan ready for a failing company.** When the biggest company hit trouble, there was no clear, ready-made plan to keep the water flowing. A proper plan, written down in advance, would guarantee your water keeps running while the company is sorted out - with the people who lent the company money and the owners who took the risk bearing the losses, **not** the public bailing out the owners.
 - **Set clean-up and water-supply targets that actually have teeth.** Today the fines for letting sewage out have been small enough that companies treat them as just a cost of doing business. Real, enforceable targets - for cleaner rivers *and* for keeping the taps running - with fines big enough to hurt would change that.

These regulatory fixes are the part the evidence can settle. Pragma's full plan for them is set out separately. They are *not* what we are asking you to choose. What follows is.

Choice One: Who should own it, and who should pay for the past?

This is the question people feel most strongly about - and it is the one the government's own recent review was specifically *forbidden* from looking at. So nobody official has put it to you. We will.

There are two parts to it, and they are tangled together: **who owns the water companies**, and **who pays for the decades of neglect and the huge bill to fix it**.

Part one - who owns the water companies?

Here are the three honest options, in plain terms, with real-world examples and the genuine pros and cons of each. (One important warning runs through all of them: the one-off cost of *changing* who owns the companies is genuinely uncertain and hotly disputed - we explain why below.)

Option A - Keep them privately owned, but regulate them properly. The companies stay in private hands, but under the tougher rules described above. *The case for:* it is the quickest and cheapest route, because nothing has to be bought out - you just fix the rules. The companies keep raising their own investment money without it landing on the public purse. *The case against:* it leaves the same owners in place who oversaw the decline, and it trusts that this time the rules will hold. Private owners ultimately need to make a return, which is a cost built into your bill forever.

Option B - Bring them into public ownership. The state buys the companies and runs them, the way Scotland already runs Scottish Water. *The case for:* the real example is encouraging - Scottish Water has among the *lowest* bills in the UK, roughly £70 a year below the average down south. The government can borrow money more cheaply than private companies can, and there are no outside owners taking a cut. *The case against:* it costs a large, disputed sum to buy the companies out (see below), and that bill would fall largely on taxpayers. And public ownership is no magic fix: Scottish Water actually loses *more* water to

leaks than the companies down south, and Scotland's wetter, emptier geography makes its job easier - so its lower bills are not purely down to being publicly owned.

Option C - A not-for-profit company with no shareholders. The companies are run as not-for-profit organisations with no outside owners taking a profit - the way Welsh Water already works. Any surplus goes back into the system or to customers, not to shareholders. *The case for:* the real example shows it can work - Welsh Water has no shareholders, borrows more cheaply as a result, and has returned money to its customers rather than to investors. *The case against:* again, it is no guarantee of a good outcome. Welsh Water has the *highest* bills in England and Wales and one of the *worst* environmental records - and was even fined for misleading its customers and regulators. No-shareholder ownership did not, on this evidence, deliver lower bills or cleaner rivers.

The honest truth running through all three: the real-world examples show that *who owns the water companies does not reliably decide whether you get cleaner rivers or lower bills*. That is exactly why the rule changes in the "settled facts" section matter so much - they have to hold whoever owns the pipes. The ownership question is a genuine value choice about who you trust to run a vital service and who should profit from it, not a technical question with one right answer.

Why the cost of changing ownership is so uncertain. If we did decide to take the companies out of private hands, how much would it cost to buy them out? The honest answer is that nobody knows - the credible estimates run **somewhere between about £50 billion and £107 billion**, and some campaigners argue it could be far less, even close to nothing, for a company that has already failed. Here is the crucial point: that enormous spread is **not** a disagreement about facts or measurement. It is a disagreement about a *choice* - namely, how generously the current owners should be compensated. Pay them the full regulated value of the assets and you are at the top of the range (~£107 billion). Pay them a historic, lower value and you are nearer the bottom (~£50 billion). Take a failing company through the proper rescue route and the bill could be far smaller still. So the price tag is really a question about fairness to the existing owners - a value choice - dressed up as a number. We will not pretend there is a single correct figure when there plainly is not.

Part two - who pays for the years of neglect, and the bill to fix it?

Whoever ends up owning the companies, there is a separate question that does not go away: **who should pay** for decades of under-investment and for the huge bill to put things right? There are really only three groups it can come from:

- **Today's and tomorrow's bill-payers** - through your water bill. This is largely how it works now: rising bills carry the cost.
- **The companies' investors** - the people and funds who own the companies and have taken money out over the years.
- **Taxpayers** - all of us, through general taxation.

In practice the cost gets shared across these three, but *how* it is shared changes a lot depending on which ownership option above is chosen - and there is no technically "correct" split. Loading it onto bills protects taxpayers but hits households directly, including those who can least afford it. Loading it onto investors feels fair to many but the companies argue it makes it harder and dearer to raise the money the system needs. Loading it onto taxpayers spreads it across everyone according to means, but competes with every other call on public money. **This is a fairness choice, plain and simple** - and it belongs to you, not to officials deciding behind closed doors.

Choice Two: How much do we invest in the system's future, and how fast?

The first choice is about *who* runs and pays for the system. The second is about *how ambitious* we want to be in fixing and future-proofing it - and how quickly.

Remember the headline fact: putting the system right and making it fit for the future needs roughly **£290 billion over 25 years**. That spending does two things at once - it cleans up the sewage going into rivers and onto beaches, *and* it secures our water supply against drought and shortages as the population grows and the climate dries out our summers. Both matter, and the bigger half of the bill is actually about future supply, not just cleaning up.

But *how fast* we do it is a genuine choice, and going faster costs more on your bill. Here is the honest ladder - three speeds, with the real impact on the average household bill. (These amounts are **on top of** the rises already happening.)

Rung 1 - Slow: about £19 a year on the average bill. The cheapest option on bills. The work still gets done, but more slowly - so rivers and beaches stay dirtier for longer, and we close the gap between the water we will need and the water we will have more slowly, leaving us more exposed to droughts and shortages in the meantime.

Rung 2 - Steady: about £28 a year on the average bill. A middle pace. Cleaner rivers and beaches sooner than the slow option, and more headroom against drought and shortage - for a bigger addition to your bill.

Rung 3 - Accelerated: about £38 a year on the average bill. The fastest. The cleanest rivers and beaches soonest, and the strongest protection against running short of water as the climate changes and the population grows - but the biggest addition to your bill.

So the trade-off is honest and unavoidable: going faster genuinely costs you more each year, and going slower genuinely leaves rivers dirtier and our water supply less secure for longer. There is no free version. How much you are willing to pay, and how fast you want the system fixed, is a value judgement about what clean rivers and a secure water supply are worth to you - and that is yours to weigh, not something to be decided for you and presented as the only responsible answer.

What we are *not* doing

We are not recommending one ownership model, we are not telling you who should pay for the past, and we are not telling you which speed to choose. That is deliberate. For decades these questions were either decided behind closed doors or - in the case of ownership - ruled out of the official review entirely, so the public was never properly asked. Our job is to give you the real costs and the honest consequences, and put the choice where it belongs: with you.

We are also not pretending any of this is painless. Fixing the water system costs real money, and that money has to come from bills, from investors, or from taxpayers - there is no fourth pot. We will never dress up a cost as a saving, or a value choice as a technical necessity.

How you will get to decide

We will put these two choices to the public - clearly, with the real costs, and with the honest catches spelled out - on our own platform, so the decision is made in the open rather than for you. People who take part will be able to have their say and see how others weigh the same trade-offs. The detailed evidence behind every figure here is published in full alongside it, so anyone can check our working. *(The in-page voting itself is still being built - it is a separate part of Pragma's work - but the costed choices are published now so the debate can begin.)*

These are choices a generation of reform either ducked or was forbidden to consider. We think it is time they were put to the people who will live with the answer - and pay for it.

This is the plain-language companion to the [Delivery Design](#), the [Evidence Annex](#) and the [costing model](#). The underlying figures have been checked against their original published sources (June 2026); where a figure is uncertain or contested - above all the cost of changing ownership - that is said plainly here and recorded in full in the evidence annex.