

Fixing the water system - a plain-English summary

What is wrong, what the reform would do, what it would honestly cost, and the two questions we are putting to you.

Discussion draft · version 1.0 · June 2026. This is the short, public version of the White Paper. It is a proposal for discussion, not a finished policy. We set out the options and the evidence; whether the country changes who owns its water, and how far and fast to fix it, is a decision for the public and Parliament - not for us to make for you. A fuller plain-English walk-through of the two choices is in the [Public Choices](#) companion.

The problem, in one paragraph

Water is the one essential service you cannot shop around for. Wherever you live, a single company owns the pipes, and that is the only company you can buy from - so there is no competition to keep prices down or quality up the way there is with phones or energy. The rules are supposed to do that job instead, and for decades they have not. The companies were allowed to pile up debt and pay money out to their owners while the pipes, sewers and reservoirs were left to fall behind. The result: 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, despite a promise they would fall; and the biggest company of all - which supplies about one in four people in England and Wales - loaded up so much debt that it came close to collapse.

What the reform would do

The reform has two parts: a set of rule changes that the evidence can largely settle, and two genuine choices that only the public can settle.

The fixes that hold whoever owns the water. These are needed no matter who owns the companies, and they are designed 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.** New rules would cap how much they can borrow, and stop them paying their owners while they are failing to invest, missing 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 running. A plan written down in advance would guarantee your water keeps flowing while the company is sorted out - with the lenders and owners who took the risk bearing the losses, **not** the public bailing them out.
- **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 a cost of doing business. Real, enforceable targets - for cleaner rivers *and* for keeping the taps running through droughts - with fines big enough to hurt would change that.

Plus two choices that belong to the public. The fixes above are the same whoever owns the pipes. But two questions are not technical - they are genuine value choices about fairness and priorities - and so we

put them to you rather than answer them for you: *who should own the water companies and who should pay for the years of neglect, and how far and how fast we should invest in the system's future.*

The honest numbers

We will not pretend any of this is free, and we will not dress up a cost as a saving.

- Putting the system right and future-proofing it needs about **£290 billion over 25 years** - renewing the worn-out pipes, cleaning up the sewage, and securing enough water as the population grows and the climate dries out our summers. This is needed **whoever owns the companies**: it is the cost of fixing a system left to run down, not a cost of any one owner.
- *How fast* we do it is a real choice, and going faster costs more on your bill. The honest ladder, on top of the rises already happening, is about **£19, £28 or £38 a year** on the average bill for a slow, steady or accelerated pace.
- *Changing who owns* the companies is a separate, one-off cost - and there is no agreed figure for it. Credible estimates run somewhere between about **£50 billion and £107 billion**, with campaigners arguing a failed company could transfer for far less. That huge spread is not a disagreement about facts; it is a disagreement about a *choice* - how generously the existing owners should be compensated.

The two questions we're putting to you

The numbers tell you the prices and the trade-offs. What they cannot tell you is what is fair, or what clean rivers and a secure water supply are worth - because those are value judgements, and they belong to the public, not to analysts.

Choice one - who should own the water companies, and who should pay for the past? Keep them private but properly regulated, take them into public ownership (as Scotland already does), or run them as not-for-profits with no shareholders (as Wales already does)? The honest finding from those real examples is that ownership *does not* reliably decide whether you get lower bills or cleaner rivers - which is exactly why the fixes above must hold whoever owns the pipes, and why this is a value choice about who you trust and who should profit, not a question with one right answer. And tied to it: should the bill for decades of neglect fall on bill-payers, on the companies' investors, or on taxpayers?

Choice two - how far and how fast should we invest in the system's future? Slow, steady or accelerated - roughly £19, £28 or £38 a year on the average bill. Going faster costs you more each year; going slower leaves rivers dirtier and your water supply less secure for longer. There is no free version. How much that is worth is yours to weigh.

We are not recommending an answer to either. We have set out the evidence as honestly as we can so the judgement can be an informed one.

What it means for you

For a typical household, the bill is already about **£603 a year** and rising - and the choices above are about what those future rises buy. The investment ambition you choose is the difference between adding roughly £19, £28 or £38 a year to that bill: a few pounds a month, traded against how quickly the rivers near you get cleaner and how protected your supply is against the next drought. The ownership question is bigger and longer-term - whether private owners keep taking a return out of your bill forever, whether the state buys the system out (a cost that would fall largely on taxpayers, including you), and who carries the bill for the years the system was run down. None of it is painless, and the money can only come from bills, from investors, or from taxpayers - there is no fourth pot.

How you will get to decide

We will put these two choices to the public - clearly, with the real costs and the honest catches spelled out - 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 voting itself is still being built - it is a separate part of our work - but the costed choices are published now so the debate can begin.)*

These are choices that a generation of reform either decided behind closed doors or, in the case of ownership, was specifically forbidden to consider. We think it is time they were put to the people who will live with the answer - and pay for it.

The full case, with every figure graded for how strong the evidence is and sourced, is in the [White Paper](#), the [Public Choices](#) companion, the [Delivery Design](#), the [Evidence Annex](#) and the [costing model](#). This proposal was developed under [The Pragma Method](#), an approach for turning long-unsolved problems into implementation-ready policy on graded evidence and across the political spectrum.