

Thames Water's auditors have concerns about it being a ...

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In [a report published earlier this year](#), I suggested that the English water companies were what I described as 'environmentally insolvent'. By that I meant that they were unable to supply clean water and rivers and beaches in the UK and remain financially solvent at the same time: trying to combine these demands was an impossibility that I suggested that they could not manage.

Some predictions come true a little sooner than I expect. This morning, [The Guardian reports](#) that:

The parent company of Thames Water has been warned by its auditors that it could run out of money by April if shareholders do not inject more cash into the debt-laden firm.

In accounts signed off in July and [published on the Companies House](#) website last week, PricewaterhouseCoopers said there was “material uncertainty” about whether the main company behind the water supplier can continue as a going concern.

Let's be clear that this does not mean Thames Water will go bust. It might find the borrowing that it needs. The auditors just do not know how as yet.

My suspicion, however, is that they will find this hard, precisely because I think they are environmentally insolvent. That will be as apparent to anyone who is now being asked to lend them money. As my report showed, the numbers just cannot be made to stack up.

For the same reason, I suspect the other water companies will follow the same course sometime soon.

This is an industry heading for nationalisation that has massive investment funding needs, and no politician thinking about how to take that problem on when both the Labour and Tory parties are dedicated to cutting both spending and investment.

The problems at Thames Water are not, in that case, just a little bit of corporate botheration: they might become the epicentre of the challenge to the way that we

manage this country from hereon.