

Published: January 12, 2026, 6:38 pm

---

In December, [I wrote here about the need for a change to the law on the insolvency of water companies](#).

I suggested a change that would wipe out shareholders, give loan creditors a haircut and leave essential suppliers with their payments due intact because they were essential to the ongoing supply of water in the UK.

Renationalisation was the inevitable outcome of such a scheme, but so what? Privatisation has failed.

Now, the government has slipped out new legislation to tackle this issue. I had no idea it was coming, but they obviously read the runes of forthcoming water industry failure as I did.

However, [as the FT reports](#):

*The new law provides more options for special administrators to restructure companies that are unable to repay their debts and may make it less likely that the government is forced into renationalising water utilities.*

They add:

*The legislation contains provisions that will allow a water monopoly to enter administration, restructure its borrowings and then exit as a “going concern”. Under the current rules, water company assets have to be sold off, and the corporate entity liquidated, if they go into administration. The new rules would allow existing shareholders to potentially retain a stake.*

Unbelievably, after the failure of the water industry, the government's priority is to protect those who have created the mess that we are in.

Who will pay for that? As the FT notes again:

*[A] lawyer also warned that creditors might suffer bigger losses than they might have under the current regime.*

Read that as essential suppliers on whom we depend to deliver water will take the hit.

In other words, everyone who deals with water companies but those who mismanaged them will suffer. And that is all to ensure, as another lawyer told the FT, that the government does not have to take management of these companies but can leave them with the existing shareholders who have totally failed this country.

It takes staggering arrogance to present legislation so bad, but that is the only thing the Tories now have left.

I despair.