

Funding the Future

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Millions of households in England are about to see their water bills rise again. According to a report in [The Guardian](#), the Competition and Markets Authority (CMA) has decided that five major water companies can add a further 3% to household bills. This is on top of the 24% already approved by Ofwat.

The additional £556 million in revenue, the CMA says, will fund “more resilient supply” and “reduce pollution”, as well as reflecting “increased financing costs”.

The question that must now be asked is simple: how can an industry that was privatised on the promise that the market would fund its investment still be reliant on billpayers to do so?

The broken promise of privatisation

The purpose of privatisation was clear. When England and Wales sold off their water companies in 1989, the claim was that freeing them from public ownership would unleash private capital. Markets, it was said, would provide the investment needed to modernise the network and protect the environment, while competition (though entirely notional in a regional monopoly) would drive efficiency. The public would gain from private dynamism.

More than three decades later, every element of that promise has failed. There is no competition. The infrastructure is crumbling. Rivers and seas are polluted. And instead of capital markets bearing the risk of investment, consumers are being forced to underwrite it through their bills.

The private owners - usually overseas these days - have extracted dividends and loaded debt onto their balance sheets, which the public ultimately guarantees. Now, having failed to invest, they have come back demanding more from the households they are meant to serve.

Even the CMA admits that much of the increase requested by these companies was “largely unjustified”. Despite this, it still allowed over half a billion pounds of extra charges to be imposed on households, supposedly to meet “increased financing costs”.

That phrase reveals the real issue. Those costs exist only because these companies are burdened with the debt that financed shareholder payouts rather than public infrastructure. Households are now paying the interest on the greed of private equity. In that case, water bills are no longer the price of supply: they are a transfer payment from the public to the financial system. The state is underwriting private profit through a regulated monopoly, without accountability, transparency, or delivery.

The case for change

There is, that case, a very clear argument for these companies to be taken back into public ownership. Their natural monopoly status, their essential social function, and their record of failure all point in that direction.

That said though, nationalisation alone would not solve the problem if it simply recreates the same model within the public sector of a debt-financed, centrally managed water supply industry disconnected from local accountability. What we need is a different conception of ownership and purpose.

Water must be recognised as a public good. Its management should not depend on returns to shareholders, but on maintaining ecological balance and social equity.

Local and regional public trusts could take control, operating on not-for-profit principles, reinvesting surpluses in maintenance and environmental protection.

Financing should come through the public balance sheet — not through inflated bills. A currency-issuing government can fund essential infrastructure directly, without the fiction that it must beg capital markets for permission to do so.

Regulators like Ofwat must cease to act as protectors of private profit and instead serve the public interest, ensuring that accountability flows throughout this system.

Reclaiming what was always ours

Privatisation was meant to harness the market for public purposes. What it has done is reverse the relationship. The public now works to fund the market. When households are forced to finance investment that capital markets were supposed to provide, privatisation has failed. But the answer is not to recreate the centralised bureaucracy of the past. It must be to create a new model of democratic public ownership that is accountable, transparent, and capable of putting people and planet before profit. That is how we reclaim what was always ours.