

Household water bills to soar in UK

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Average household water bills in the UK are set to soar by 40 percent, or £156 a year by 2030. Customers supplied by Southern Water will suffer a bigger rise, by £262 a year to £674, and those living in the Thames Water area by £175 to £598.

The companies say investors won't cough up the £96 billion needed to tackle their abysmal record on water leaks and sewage pollution and are demanding that customers pay for improvements instead. For the last 20 years leakage has remained virtually unchanged at around 3,200 million litres a day, between 15 percent and 30 percent of water produced. Most criminal of all sewage spilled into rivers and seas more than 380,000 times in 2022.

The price hikes will further impoverish those who have endured runaway inflation over the last two years for other necessities of life including food, which reached 19 percent in March, gas (130 percent increase) and electricity (70 percent). The water companies have admitted their proposals will see more households qualifying for support with their water bills up from one million to three million.

The increases have been denounced by campaign groups. Clean water campaigner and former musician Feargal Sharkey told the BBC's *Today* programme the proposals were a "breath-takingly catastrophic strategy" for the water industry.

He explained that the financial regulator Ofwat had previously acknowledged that water companies had received enough money "to develop, build and maintain a sewage system capable of properly dealing with our sewage".

"So I don't know why Ofwat would ever agree that the customer should pay again for a second time for a service we've never received," Sharkey added.

Consumer Council for Water CEO, Mike Keil, said, "If a water company has failed to meet existing environmental compliance, it should be putting that

right at its own cost--households should not be footing the bill again."

Oxford University economics professor and water expert, Dieter Helm said, "The question of whether the water companies have properly paid for capital maintenance and done what they are supposed to have done in the previous periods should come before any new borrowing and hence cost to customers."

Public outcry over the proposed price increases coming has resurrected calls in the trade unions and Labour Party, ahead of its annual conference this week, for renationalisation of the water industry, a key manifesto commitment under Jeremy Corbyn's leadership of the party from 2015-2020.

GMB national officer Gary Carter declared, "Water bosses are the ones responsible for the terrible state of England's rivers and waterways; they should be paying to restore them to good health, not the public... Water privatisation has failed—consumers shouldn't have to pay for this failure."

The rump of Corbyn's former parliamentary supporters in the Socialist Campaign Group have chimed in, with Corbyn's shadow chancellor John McDonnell saying, "Water privatisation has been the biggest rip-off privatisation of them all."

"Fortunes have been made at all our expense as the service has deteriorated, charges have gone through the roof, massive debts have been incurred to pay shareholders, and they've polluted our rivers and seas. Thirty years of regulation has significantly failed. Public ownership is the only serious option from here on," McDonnell added.

This will never happen under Labour. Corbyn's renationalisation proposals are dead and buried. During his bid to become party leader in 2020 after Corbyn's ousting, Sir Keir Starmer declared, "Public services should be in public hands, not making profits for shareholders... Support common ownership of rail, mail,

energy and water; end outsourcing in our NHS, local government and justice system.”

Key “left” figures backed him. Laura Parker, Momentum’s national coordinator and Corbyn’s former political secretary, declared Starmer had a vision for “unifying the party” and “making an unequivocal commitment to preserving our core policies.”

Parker added: “In defending the transformative economic agenda upon which he stood as a Shadow Cabinet member in 2019, I trust that Keir means what he has written in his ten pledges to us. It would be self-defeating for him to say one thing then act otherwise.”

Within a few weeks, Starmer was indeed acting otherwise, hinting “a massive move forward” on water quality was possible without nationalization. “I think with stronger regulation, stronger enforcement of regulation, and accountability at the top of the water companies we can make a massive move forward on this,” he added.

In March 2023, Shadow Chancellor Rachel Reeves openly abandoned Labour’s promise to nationalise water with the words, “Within our fiscal rules, to be spending billions of pounds on nationalizing things, that just doesn’t stack up against our fiscal rules.”

In May, an 88-page draft programme in preparation for Labour’s conference this week was circulated. It included a few anodyne management-speak sentences calling for “a new regulatory approach” that would increase the “accountability” of the industry so that it is “better managed in the public interest”, “punish” illegal activity and “set ambitious targets” to stop pollution. These are not new ideas. Most of them can already be found in Margaret Thatcher’s 1989 Water Act and the remit of Ofwat.

Even these weasel words failed to appear in Starmer’s recent “5 missions” statement. In fact, there was not a single word about water.

Neither Starmer’s “new regulatory approach” or Corbyn’s renationalisation under capitalism can solve the problems of a water industry that has been systematically looted. Since privatisation at the end of the 1980s, water companies have paid more than £72 billion in dividends to their shareholders and accrued around £60 billion in debt, the servicing of which contributes 20 percent of the average bill.

The companies have become a maze of indebted

financial structures involving international private equity funds, shell companies and tax havens, which no amount of regulation has been able to control. According to one water expert, the companies “rely on Ofwat to act publicly as their defender—rather than a protector of consumer rights.”

Ofwat, whose main role is to ensure that water companies can “appropriately finance all of their functions,” proved itself powerless to prevent the collapse in June of Thames Water—the UK’s largest water company, supplying a fifth of the country’s population. Its £14 billion debt raised the alarm about the critical state of the entire water industry.

Emboldened by Ofwat’s “light-touch” regulation, Thames Water is now saying its £18.7 billion rescue plan won’t get funding from investors—who are able to get better returns from UK gilts and bonds—unless Ofwat changes its rules to allow higher profits. The company demanded Ofwat relax rules around penalties, which sees customers reimbursed for poor performance, including sewage spills.

Subsequent discussions on future financing between the company, regulator and government are shrouded in secrecy.

The nationalisation proposed by the Corbyn leadership was always predicated on compensating the water companies, possibly by up to £40 billion. It effectively rewarded their looting and saddled the taxpayer with the debt as had happened with £56 billion debt of the rail infrastructure owner Network Rail, “nationalised” last year.

A real alternative necessitates a socialist policy for water supply and sanitation. This would involve taking the water companies into public ownership without compensation and supplying clean water based on rational planning and coordination, so that everyone has access to this most basic necessity.



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