

# Water companies paid to pollute UK waterways while consumers face steep rise in bills

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3 February 2025

The water industry in England and Wales has told customers to brace themselves for a steep rise in bills from April, when the next five-year pricing plan comes into effect.

The privatised water companies are mired in controversy, responsible for polluting Britain's rivers and coastal waters with sewage on a grand scale. Supply outages occur due to ill-maintained, leaky pipes after years of underinvestment, while shareholders are rewarded generously at the expense of growing company debt.

Public health is endangered, with industry regulator Ofwat reporting contamination of domestic supplies and advising against swimming in swathes of Britain's fresh and coastal waters. Hospitalisations from water borne contaminants are on the rise.

Ofwat has nevertheless determined that the 11 water only and 11 water and wastewater companies can raise customer bills by up to 40 percent over the next five years—to deliver “improvements for customers and the environment”. The customers, not shareholders, are expected to pay for rank corporate malpractice, when there are already 2.5 million people in debt to water companies.

The Labour government led by Sir Keir Starmer came into office in July backed by the trade unions promising to tackle the cost-of-living crisis, with a “plan to grow the economy and cut your bills for good.”

Not only are water bills set to rise, however, but also energy prices, mortgages and rents, the TV licence and council tax. Analysis by Sky News calculated that average household bills will rise by £270 in April.

The next financial year will see an average rise in water bills of 26 percent, an increase from £408 to £603 or £10 a month, with the steepest rise coming for Southern

Water's customers—an increase of 47 percent (£224) to £703 a year, meaning the cost of water to a household reaching almost £2 daily. The largest supplier, Thames Water, with 16 million customers (including the population of London), will increase bills by 31 percent to £639.

Southern Water, which supplies 4.6 million people, was responsible for secretly dumping 16-21 billion litres of sewage over six years. Owned by infrastructure investment funds, the majority stakeholder at 62 percent is Australian firm Macquarie—Thames Water's previous owner. Southern Water paid out a total of £2.3 billion in dividends since privatisation in 1989. It now has debts of £6 billion.

Thames Water—now owned by investors from four continents, with Canadian pension fund OMERS holding the largest stake—is on the verge of securing a £3 billion emergency loan to stave off collapse. It's debt is £15.2 billion, or roughly 80 percent of the company's value.

Contrary to company claims that shareholders have received no dividends since 2017, Thames paid £200 million to companies within its owners' group in the past five years—passed on as interest payments to companies which loaned the group money.

Water privatisation has not benefitted the population one iota, only a handful of profiteers. Since privatisation in 1989, water companies in the UK paid a total £72 billion in dividends to their shareholders while accumulating £60.6 billion debt as of March last year. According to the Green Party, they paid £1.8 billion a year to shareholders over the last decade. In 2022, 22 company executives received £24.8 billion in salaries and bonuses.

Research in 2017 by the University of Greenwich calculated that consumers in England were

paying £2.3 billion more each year in water bills than before privatisation.

Around 20 percent of the average water bill in the UK goes in servicing debts accrued by the water companies. An April 2024 *Financial Times* article reported that in 32 years since privatisation £78 billion has been paid out of utilities, in dividends, and that expenditure on capital investment comes from borrowing to protect dividends. The FT noted that the “£78bn payout is nearly half the £190bn the companies spent in the same three decades on infrastructure. The utilities meanwhile chalked up more than £64bn net in debt over the same period, despite being sold at privatisation with no borrowings.”

Yet head of Southern Water Lawrence Gosden had the gall to tell parliament’s Environment, Food and Rural Affairs Committee this month that what he claimed were 15 years of “flat bills” were a “lost opportunity for investment.” Chief executive of industry body Water UK David Henderson even accused Ofwat of restricting companies’ investment by limiting the latest price rise to 40 percent.

It is corporate looting which has produced the UK’s sewages crisis, with the industry discharging raw sewage into rivers and seas for at least 3.6 million hours in 2023.

Thames Water was responsible for pumping at least 72 billion litres of sewage into the River Thames which runs through London, the equivalent of filling 29,000 Olympic swimming pools with the toxic waste. It has also released raw sewage into a chalk stream near St Albans for 1,000 hours over six weeks since December, and into the River Ver for 85- hours last April.

A new study by researchers from the University of Manchester accused nine water companies—including United Utilities which serves Greater Manchester and the North West—of lying to the public about the harm they cause to the environment and public health. Professor Jamie Woodward told the *Manchester Evening News* that “colossal volumes of sewage” were released into the rivers of Greater Manchester. They discharged 12,000 times into the River Irwell—which runs through the centre of two large cities (Manchester and Salford)—the highest rate in any river in England.

According to a court case currently being taken against Thames Water, Severn Trent Water, Northumbrian Water, United Utilities, Anglian Water and Yorkshire Water, the companies “significantly or systematically” underreported their sewage discharge for a decade, allowing them to charge higher bills—costing customers between £800 million and £1.5 billion.

Fines imposed by Ofwat are in any case minimal: just £151 million since 2015, though an additional £168 million is now being sought. A Liberal Democrat analysis of Companies House data found that water companies saw their pre-tax profits soar by 82 percent since 2019, with profits almost doubling after tax.

There have been calls for the Labour government to renationalise the water industry. But Starmer’s Thatcherite party is dead set against doing so, to the point of citing a report commissioned by the private water companies themselves as an argument against it last September. If it is forced to take on control of a bankrupt Thames Water, this will be done to salvage some of the stakeholders’ investments and prepare the company for resale to new private owners in the future.

The example of Scotland, where water was not privatised, shows that government ownership is no guarantee against sharp price rises. Bills there are set to increase by 9.9 percent or an average of £44 a year.

The development of massive water and sewage infrastructure, starting in the Victorian period, led to enormous gains in public health, with life expectancy doubling in some major towns and cities. British capitalism today—wracked by inequality and corporate vandalism—is incapable of even sustaining these advances, let alone pushing them forward. That requires bringing society under the leadership of a new social force—the working class.

Water and sewage services should be provided as a public right, not used by massive investment firms and their super-rich shareholders to rob workers of ever-greater chunks of its income. Securing this right will require a mass socialist movement aimed at expropriating the multi-billionaire global oligarchy and breaking its death grip on the basic necessities of modern life like, water, housing and healthcare.



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