

THE PEOPLE'S COMMISSION ON THE WATER SECTOR

EXECUTIVE SUMMARY

JULY 2025



**THE PEOPLE'S
COMMISSION**

on the Water
Sector

FOREWORD

There is a better future for the water sector in England and Wales, and it is vital that we have the ambition and the courage to reach for it. Getting there requires political will to unravel the complicated web of interests. Drawing on the evidence we present here and the UK's vast experience in reforming vital services, we show that it is possible to conserve and protect water now and for the future.

We are four academics, steeped in knowledge of economics, water governance, innovation and the law. We know that there must be a path to a cleaner, fairer and cheaper water system, and we are concerned that the once in a lifetime opportunity for major sector reform could be missed. We heard the public's outrage about both the current state of the water industry and environmental harm, and their concern for future water security. We responded and set up the People's Commission on the Water Sector. Our aim was to stretch beyond the constraints of the government's commission that, due to its remit, would inevitably be limited to refinement of the existing system.

The solution-focused People's Commission on the Water Sector brought together the academic evidence, the commitment and energy of the active public, and the experience of water professionals to develop a new direction for the water system. In the process of this work we uncovered a wealth of resources including inspiration from other countries, the grounded experience of water professionals and activists, and the determination of so many people to make a difference.

Our academic work tells us that the much-needed cultural changes to achieve a new water system will not come through changes to incentives to re-balance public good and financial gain. In that approach the dominant ideology of the old will always break through. Rather, we require new ways of thinking and a new purpose for the water system, invigorated by perspectives from people that depend on and care about our water.

We have been humbled by the generosity of people taking time to give evidence, to discuss and share ideas, and to review the work as it developed. The proposals we share here provide an agenda for a hopeful and positive future.

Becky, Frances, Kate, and Ewan

Professor Becky Malby BEM, Professor Frances Cleaver, Dr Kate Bayliss, Professor Ewan McGaughey.

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- Richard Armitage, Managing Director, and Stuart Christian, Innovation and Technical Manager, Adaptive Control Group & Greener Waste Technology.
- Alistair Boxall, Professor in Environmental Science, University of York.
- Jo Bradley, Director of operations, Stormwater Shepherds.
- Alistair Chisholm, Director of Policy, Chartered Institution of Water and Environmental Management.
- Dr Marine Colon, Deputy Head of Joint Research Unit G'EAU (Water Matters).
- Professor David Hall, former Director of Public Services International Research Unit (PSIRU), University of Greenwich.
- Dr Emanuele Lobina, Associate Professor, Public Services International Research Unit (PSIRU), University of Greenwich.
- Julia King, Director, The Social Place.
- Rian Kloosterman, Policy Advisor and Strategist for Drinking Water Infrastructure at Vitens, Netherlands.
- Dr. Anne Le Strat, consultant and lecturer, former Deputy Mayor of Paris and Chair of Eau de Paris.
- David Lloyd Owen, journalist and consultant in the water and wastewater sector, founder of Envisager.
- Ed Mayo, Chief Executive at Pilotlight.
- Louise Mills, Policy Manager and Dr Mike Kiel, Chief Executive of the Consumer Council for Water (CCW)
- Stanley Root, retired audit partner working on water company accounts.
- Feargal Sharkey OBE.
- Liz Sharp, Professor of Water and Planning, University of Sheffield
- Prof Catherine Waddams, Member of the Centre for Competition Policy (CCP) and Emeritus Professor, Norwich Business School
- Dr. Vera Wegmann, Director of the Public Services International Research Unit (PSIRU), University of Greenwich.
- Dr Ross Beveridge, Senior Lecturer in Urban Studies at the University of Glasgow.

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ABOUT THE PEOPLE'S COMMISSION ON THE WATER SECTOR



The People's Commission on the Water Sector was established as a response to the public outrage at the state of our rivers, lakes and seas, and sought to undertake an inquiry into the water system starting from the public's perspective, examining what we could learn from the very best approaches internationally, and from experts and commentators.

In October 2024 the government launched The Independent Commission on Water Sector Regulation (Cunliffe Commission) whose remit was restricted in two main ways:

- The scope is limited to improving regulation of the current system rather than considering alternative models of water provision, or providing solutions to ensure we have a robust sustainable and resilient water system.
- Participation in the government's commission is limited to stakeholders within the sector with little scope for involvement from the public who use water services and whose bills finance the entire water sector.

This has been reinforced by the Cunliffe commission's interim report (2025) which fails to address the public's concerns about the failures of the current water sector. The interim report leans to incremental change, and is not currently offering the radical solution and shake-up needed.

The People's Commission, led by four academics from UK universities, aimed to broaden the scope beyond that of the Cunliffe Commission, holding its inquiry events in public in local venues across England, taking evidence from sector experts and water users, and drawing on international experience to consider policy options for a sustainable, equitable and effective water system.

The People's Commission has been funded by a philanthropic donation of £3,200 with panel members, speakers, and witnesses donating their time; and local venues contributing refreshments and space where possible.

Thank you to everyone that submitted evidence which can all be found on the [People's Commission Website](#).

A WATER SYSTEM THAT IS CLEANER, CHEAPER, AND FAIRER



The Water Crisis

The water industry in England and Wales is rarely out of the media these days with stories of raw sewage spills, financial pressures and increased prices. As with most of the world, the water system in England and Wales faces challenges from population growth, climate stresses and threats from new pollutants such as forever chemicals. However, unlike other countries, England and Wales has a fully privatised water system, and this contributes to the outcomes observed.

Our core conclusion is that waterways are not clean because the profit-oriented water utilities have failed to invest adequately in sewage infrastructure. However, they have found the money to pay £83bn in dividends to shareholders since privatisation (adjusting for inflation) (Plimmer 2025), while building up debts in the sector of nearly £70bn. Water companies have been sweating rather than investing in infrastructure assets. High debt levels have brought the country's largest water utility, Thames Water, to the brink of insolvency, and the regulator is concerned about the financial state of nine other water companies (Ofwat 2024a). Prices are set to increase by 36% by 2030, but based on past performance, up to a third of revenue from bills could be diverted to shareholders and bondholders, rather than being invested directly in water and sewerage infrastructure. While many struggle to pay their bills, company directors are paid in the millions.

Recent investigations have revealed widespread law-breaking by water companies (Environment Agency 2025, Defra 2025). Beyond the water industry, the system is subject to widespread pollution from agriculture and industrial pollutants.

The sector is fully funded by water bills – the public pays for the entire water industry. There is no choice of water provider and people are completely reliant on what comes from the tap. People use natural waterways, care about the environment, and are active citizens in the water system. Many are angry. Public trust is at an all-time low. Over 100 campaign groups have been created in the past five years, largely organised around local sewage discharges, representing a groundswell of concern for the state of the waterways (EFRA 2025). As an active participant in the water system the public has an important role to play beyond being passive customers, taking an active role say in the way that the water system is managed. Public involvement needs to take a step change from customer surveys, if we are to collectively face up to and address the water crisis.

The Need for Radical Reform

A radical reform of the way that water companies are owned is the only way to bring about the lasting change in ethos that is required to provide a transparent, equitable and sustainable water system. At its core is a new relationship with the public as owners, users, and funders. Public ownership of water is normal. Water is publicly owned in 90% of the world and nowhere has copied the privatised model of England and Wales (Lobina and Hall 2008). Rather than a throwback to the nationalised model of the 1980s, not only would public ownership bring us into step with the rest of the modern world, it would give us the capacity to address the emerging and increasingly pressing issues of water security. Public ownership is also common in UK public services, from the NHS to Transport for London.

The solution so far from the Independent Water Commission (2025) (Cunliffe Commission) is to refine the current privatised monopoly model with tighter legislation and regulation, and more customer involvement. The analysis of the People's Commission differs from this. Beyond the arguments over financing, the future for water relies on a water conscious society, where there is collaboration with the public to tackle the upstream causes of water scarcity, water quality and water safety; to decide how best to secure public and environmental value; and to hold the whole system to account.

EFRA (2025) challenges the Cunliffe Commission to consider alternative ownership models, whilst increasing democratisation.



It is our considered opinion that it will not be possible to deliver the sustainable water system needed under a fully privatised ownership model. Water needs to be in public ownership to secure the changes needed in order to establish a democratic, socially accountable water system. Under public ownership, water bills will be fully transparent and water services better value. There will be no incentives to inflate project costs, borrowing costs will be lower (Hall and Gray 2025), surplus revenue will be invested in water infrastructure, and the social interest can be prioritised. The public will have an important role to play. Democratising strategy, planning and oversight brings with it the opportunity to engage the public as responsible water citizens, playing a part in the public stewardship of water resources.

While public ownership is a vital starting point for addressing the enormous challenges the sector is currently facing, this is not a simple panacea. The issues of our water and sewerage systems go beyond the water utilities. A coherent strategy is needed for a democratic public water system that operates fully in the interests of society and the environment, to address the current crises and to serve future generations.

Core Issues

The water system is currently failing in several vital functions and is ill-equipped to deal with future challenges. The core issues are outlined below:

ABSENCE OF STRATEGIC OVERSIGHT AND DIRECTION

The water system is governed by a patchwork of agencies and plans, but there is no overall strategic direction, particularly one that reaches beyond the water industry to address the wider environment and to conserve and protect water for the future.

FAILED SERVICE DELIVERY

The current system has failed to provide an adequate sewage service. The companies themselves have apologised for this but it is not enough. This is not an accidental mistake but a systemic failing.

LACK OF ACCOUNTABILITY

Accountability is absent throughout the system not just for the water companies and regulators but beyond to the water polluters in agriculture, microplastics and other producers of toxic chemicals. Water companies are owned by opaque private investors. Financial flows and activities, performance and environmental impact, and finances are untransparent. There are profound asymmetries of information between the water companies and the regulators and public.

INEFFICIENCY AND SOCIAL INEQUITY

Privatisation is expensive. Privatisation was supposed to create greater efficiency, but financial costs are much higher than they would be under a public model. Inequality has deepened as the ever-increasing financial costs and high bonuses paid to company directors sit alongside increasing water poverty. Efficiency is also compromised by companies underspending on their investment allowances (Ofwat 2024b) and by the regulator failing to ensure that costs are actually reasonable (WASP 2025).

Core Issues

WATER SHORTFALLS

Experts predict that by 2050 there will be a daily shortfall of 5bn litres of water, based on current usage. While extensive investment is required, much more attention is needed to demand reduction. Current consumption is 140 litres per person per day (pppd) but we could live comfortably at 80 litres pppd (CIWEM 2024). People want to conserve water supplies, but cooperation is hindered by the current ownership model and the perception that water is a commodity rather than a vital resource.

LACK OF INNOVATION

Treatment of pollution by water companies is seen as the first step but should be the last. Preventing pollution should be the priority. Chemicals are harming our environment (Boxall 2025). Environmental protection is an opportunity for innovation not a threat. More collaboration is needed for new solutions, learning and spread.



RECOMMENDATIONS

1

A strategic advisory group of experts

for water should be established by the government, to support a cross-sector national crisis committee to determine a long-term strategy for water conservation, protection and water efficiency, to radically reduce pollution.

2

Transition to public ownership of water.

The government should legislate for an orderly process to transfer water companies into public ownership. Thames Water should lose its licence and be placed into 'special administration' (SAR). Following the existing law, its assets should be immediately transferred to a publicly owned company on terms that prevent shareholders and banks taking any more money as a 'bailout'. Thames should be followed by other failing water companies. SAR must not be a route to prepare the company for resale to the private sector. This would risk paving the way for a catastrophic repeat of the mistakes of past privatisation.

3

Governance reform for worker and service-user directors

in all water companies, under the government's new powers (Water (Special Measures) Act 2025). Ofwat should use its current powers to require that at least one-third of the board of all water companies be elected by workers or unions, and up to a half be chosen by service-users or local government, in consultation with environmental and citizen groups. In publicly owned water companies, such as in Scottish Water, or in non-profits, such as in Welsh Water, or all water companies in England that are made public again, the level of public representation on the board should be raised further with stakeholders having the dominant voice, organised through local or regional government, trade unions, and environmental and public interest groups.

4

Those responsible for pollution need to be held accountable

The full environmental costs, such as from forever chemicals need to be identified and allocated to the polluters.

RECOMMENDATIONS

These recommendations are made possible by public ownership:

5

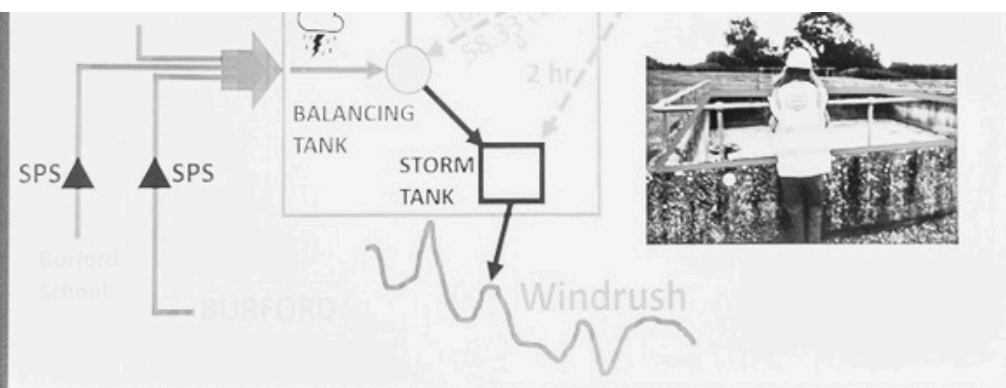
Radically improve democratic oversight and public participation

by establishing regional water bodies (for long-term strategy, planning and accountability), setting up public scrutiny of data and monitoring of water services in catchments (for example through observatories), and facilitating civil society associations (as citizen scientists, as stewards of local waterways and as promoters of water citizenship).

6

Establish a new single regulator for water.

A single specialist water regulator with criminal sanctions would be clearer for citizens, government, company, and regulator. The regulator should require open and transparent data, made possible by public ownership, and collaborate with citizens active in water monitoring and citizen science.



TRANSITION TO PUBLIC OWNERSHIP

Planning for Transition

Public ownership is central to our proposals outlined above. It allows for democratic control, participation, full transparency, lower costs, long term planning and the ability to implement water policy directly without having to second-guess how it needs to work through private sector incentives.

The move to public ownership of water needs to be carefully planned. A catastrophic collapse into special administration is likely to be costly and to create uncertainty which will push up borrowing costs. In addition, a 'quick turnaround' to refinance a water company and relaunch it in the current privatised model is unlikely to address any of the problems identified in this report and will not secure a publicly valuable and sustainable water system.

The experience of other countries in taking water back into public ownership provides useful lessons to inform a transition. Drawing on this experience means that known risks can be planned for and mitigated, innovative mechanisms adopted, and a new public system designed for context.

The transition process needs to develop the capacity to govern a transparent democratised water system that works for the public good. The most appropriate institutional form of public ownership requires careful consideration. Hall and Lobina (2024) propose the establishment of English Water Authorities (EWAs), the membership of which could include representatives of local councils, consumer and environmental groups, trade unions and other stakeholders.

Shadow EWAs (broadly mirroring existing water companies) could be established immediately as learning sites for the future public water system. In the longer term, all companies should move to a public ownership model with sector governance clearly defined from local to national bodies across not just water companies but the whole water system.

Costs

Contrary to some claims, the cost of public ownership is not prohibitive. There are different interpretations of the value of a water company. Estimates vary depending on whether they are based on regulatory capital value or the share price of listed companies. The price would be set on the basis of a legally defined 'appropriate value'. When all company debts are taken into account as well as the funds now needed to compensate for years of underinvestment, the value (and hence the cost of compensation) could be close to zero (McGaughey 2025).

Company Operations

Public ownership would mean that the ownership of water companies is transferred from the current private set of shareholders to a public body, ultimately under the government. This would not affect the day to day running of the company, and the majority of staff and operations would be kept intact. This is the essence of the SAR which applies if a vital public company becomes insolvent, to ensure that the company is able to continue to operate under a government appointed special administrator. Rather than a temporary emergency backstop, SAR could be seen as a first step on a path to a publicly owned set of water utilities. Special Administration has been used before such as in 2001-2002 by the Blair government to take over the failing network company Railtrack, and transfer it to a new company, Network Rail; and for rescuing failed banks after the financial crisis. It is time that it was used to address the failing water system.



CONCLUSION

Radical reform is needed to create a water system that will meet the needs of future generations. Water management in England and Wales requires a fundamental shift in ethos. There needs to be a move away from viewing water as a private commodity, to an understanding that water requires careful stewardship as part of a living eco-system.

Addressing the scope of requirements can only be achieved through collaboration between the public, business, water sector, planners and policy makers; nationally, regionally and locally. Long term planning by public democratic bodies will ensure that investment is well structured while costs are kept down.

Fleshing out details of the long-term vision will require extensive interdisciplinary expertise that is beyond the scope of this report. However, the principles outlined here aim to lay the groundwork for a sustainable equitable water system that will be resilient to withstand the future challenges.

For all supporting information and data please visit
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