



Department
for Environment,
Food & Rural Affairs

Emma Hardy MP
Parliamentary Under Secretary of State

Seacole Building
2 Marsham Street
London
SW1P 4DF

T: +44 (0) 3459 335577
E: correspondence.section@defra.gov.uk
W: gov.uk/defra

Cllr Steve Robinson
Chair of Gloucestershire County Council
laura.powick@gloucestershire.gov.uk

Our ref: PO2025/17188/EG

1 September 2025

Dear Cllr Robinson,

Thank you for your letter of 11 August to the Secretary of State about Motion 959. I am replying as the Minister responsible for this policy area.

We appreciate your concerns about the financial stability of Thames Water, the environmental impact of underinvestment, and the implications for consumers across Gloucestershire and beyond. Please find below the government's response to the key points raised in your resolution:

The government has been clear it has no intention to nationalise water companies. It would cost the taxpayer billions of pounds – diverting money away from the NHS and schools, with estimated costs of up to £30 billion to compensate shareholders and buy out equity, and around £70 billion of debt moving onto the public balance sheet.

It would also take years to untangle the current ownership model. Meanwhile, sewage pollution would only get worse, and bills will continue to rise. The real problem is not ownership – it is weak and contradictory regulation, which is why we have announced we will be creating a new regulator.

Furthermore, The Independent Water Commission's analysis suggests there is no clear, consistent causal link between ownership models and water company performance on a range of metrics. The Commission evaluated the benefits and risks of other forms of ownership models such as the Welsh Water not-for-profit model and Community Interest Companies in cases where transfer can be achieved without the use of public funds.

We acknowledge your call for a review of nationalisation based on independent research. While we do not support nationalisation, we are committed to strengthening the regulatory framework to ensure accountability and resilience in the sector.

There is a high bar for the use of a Special Administration Regime. The current law states that Special Administration can only be initiated if the company becomes insolvent, can no longer fulfil its statutory duties, or breaches an enforcement order.

While Thames Water remains stable, we have stepped up our preparations and stand ready for all eventualities – including applying for Special Administration if necessary.

In October 2024, the UK and Welsh governments launched an independent commission, chaired by Sir Jon Cunliffe, to recommend reforms to reset the water sector's regulatory system. The commission's final report includes recommendations for tighter oversight of water company ownership and governance.

These include new powers for the regulator to block changes in ownership where investors do not prioritise long-term interests. Minimum capital requirements to reduce reliance on debt and improve financial resilience.

These reforms aim to create the conditions for a well-regulated private sector model that attracts the investment needed to upgrade infrastructure and protect the environment.

Thank you again for writing in about this important issue.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Emma Hardy', with a long horizontal flourish extending to the right.

EMMA HARDY MP