

# Thames Water shareholders blame Ofwat as they pull funding

Shareholders in troubled Thames Water have blamed Ofwat for not giving the “regulatory support” needed to help the company’s turnaround plan.

The nine shareholders said they had been in talks with Thames Water and the regulator to try and find a way through the “complex challenges” facing the company.

But in a statement, they said: “After more than a year of negotiations, Ofwat has not been prepared to provide the necessary regulatory support for a business plan which ultimately addresses the issues that Thames Water faces.

“As a result, shareholders are not in a position to provide further funding to Thames Water.”

The water company serves nearly a quarter of the UK’s population, but it has been drowning in more than £15bn of debt and the huge interest payments required to service it.

Shareholders, including the Universities Superannuation Scheme (USS) and China’s sovereign wealth fund, had agreed to give it £750m in new equity funding, the first £500m of which was anticipated by the end of this month.

But on Thursday morning, Thames Water announced the shareholders would not be injecting the first £500m as regulatory arrangements made the company’s business plan “uninvestable”.

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The utility company had been seeking concessions including a 40% rise in consumers' water bills, an easing of capital spending requirements and leniency on forthcoming regulatory penalties.

Thames Water chief executive Chris Weston insisted on Thursday that it was "business as usual", adding: "Our 8,000 staff remain committed to working with our partners in the supply chain to provide our services for the benefit of our

customers, communities and the environment.”

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Last summer, Sky News revealed that Whitehall officials had started drawing up [contingency plans for Thames Water's collapse](#) amid fears that it might not survive.

Ofwat said: “Today’s update from Thames Water means the company must now pursue all options to seek further equity for the business to turn around the performance of the company for customers”.

Thames Water said it was in talks with Ofwat to secure regulations that are “affordable for customers, deliverable and financeable for Thames Water, as well as investible for equity investors”.

It said once the new regulatory plan is agreed with Ofwat, it “intends to pursue all options to secure the required equity investment from new or existing shareholders”.

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It comes after Sky News [City editor Mark Kleinman reported](#) on Wednesday night that the company’s board was in crunch talks, with the company’s survival in doubt.

Thames Water has come under intense pressure in recent years because of its poor record on leaks, sewage contamination, executive pay and shareholder dividends.

It is facing multiple fines and regulatory investigations, including into the payment of dividends to Kemble Water, its parent company.

The company has also been beset by management turmoil, with Sarah Bentley, its chief executive for the last three years,

resigning last summer to be replaced by Mr Weston, the former Aggreko chief.

Nearly £1.4bn of the company's bonds mature by the end of this year, with Ofwat price controls meaning water companies have little scope to generate additional income.

In total, tens of billions of pounds have been handed to shareholders in water utilities across Britain since privatisation, stoking public and political anger given the industry's frequent mismanagement.