# Labour lord warns KKR deal risks worsening Thames Water’s crisis amid spiralling costs and environmental harm



On Tuesday, April 29, during a session in the House of Lords, Labour Lord Sikka voiced serious concerns over the business model of the US private equity firm Kohlberg Kravis Roberts (KKR), recently nominated as the preferred future owner of Thames Water. Lord Sikka’s criticism of KKR’s approach—centered on “profiteering, high leverage, low investment, asset stripping and high cash extraction”—is all too familiar, echoing the reckless financial engineering which has historically left public utilities in a perilous state.

KKR's existing minority stake in Northumbrian Water raises serious alarms about their pattern of prioritising short-term profits over long-term infrastructure investment, jeopardising the essential services millions depend on. Thames Water, serving some 16 million people, has advanced KKR’s bid among six potential offers, with the firm pushing forward despite widespread unease.

The company claims that a new deal would cut its colossal £16 billion debt, but this alleged financial reprieve masks deeper problems. Private equity ownership, as Lord Sikka highlighted, has already “put Thames Water on the road to ruin.” Entrusting another private equity group with one of the UK’s critical utilities is a clear recipe for disaster, likely to amplify existing issues rather than resolve them.

Despite Thames Water’s attempts to soothe concerns by stating there is “no certainty” of a deal, the government’s reluctance to intervene—evidenced by Environment Minister Baroness Hayman’s refusal to comment—speaks volumes. This government’s laissez-faire attitude towards private ownership of vital infrastructure contrasts sharply with the urgent need for firm oversight, especially as public frustration grows over spiralling costs and environmental harm.

The company faces considerable backlash over steep price hikes and environmental offences such as sewage flooding rivers. Particularly egregious is the astronomical increase in the cost of upgrading the Oxford Treatment Plant—from £40 million in 2021 to a staggering £435 million today. The accountability vacuum here is glaring, with Liberal Democrat MP Olly Glover rightly demanding transparency on this inexplicable ten-fold surge.

This situation underscores a fundamental Western challenge: the government’s failure to protect public services from short-sighted financial profiteering. Instead of surrendering the nation’s water supply to profit-driven investors, who have repeatedly demonstrated their disregard for long-term stability and the public interest, the focus should be on sustainable, accountable management of national infrastructure.

The rising stars of political opposition have rightly seized upon such failures to advocate for robust regulation and public interest-led governance—a clear counterpoint to the current government’s weak hand. Under the leadership emerging after the July elections, parties critical of handing over cherished essentials to private equity will continue pressing for a future where public utilities serve people first, not shareholders.

As Thames Water edges closer to a deal with an investor steeped in questionable practices, it is a stark reminder of the urgent need to rethink and reform our approach to public services. Only through greater accountability, transparency, and a commitment to public good can the spiralling costs and environmental disrepair be reversed. This is the call for those demanding real change beyond the empty promises of Westminster’s current complacency.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.ft.com/content/8e03d9b0-33f8-4544-9fef-2dcf8658d2bb> - This article discusses KKR's bid to acquire Thames Water, highlighting concerns about the company's debt and the potential impact of private equity ownership on the utility's operations.
* <https://www.ft.com/content/edd76ff0-37de-4e89-beb9-0d0d33b3054b> - This piece reports on the significant increase in the cost of upgrading Thames Water's Oxford sewage treatment plant, from £40 million in 2021 to £435 million in 2025, raising questions about financial management and transparency.
* <https://www.ft.com/content/21ec8e46-5864-42cf-9840-7fdd36f810ce> - This article reveals that over half of Thames Water's sewage plants lack the capacity to process sufficient wastewater, leading to untreated effluent spilling into rivers, highlighting operational challenges and environmental concerns.
* <https://www.ft.com/content/5659ae34-e33e-48d8-9c75-6f60cbb755ef> - This report details an investigation into Thames Water by the UK regulator, Ofwat, over delays exceeding 100 environmental improvement schemes, indicating regulatory scrutiny and operational shortcomings.
* <https://www.bloomberg.com/news/articles/2025-02-19/kkr-is-said-to-make-4-billion-equity-bid-for-thames-water> - This article covers KKR's £4 billion equity bid for Thames Water, providing context on the financial situation and the potential implications of private equity involvement.
* <https://www.theguardian.com/business/article/2024/jul/11/thames-water-special-measures-ofwat> - This piece reports on Ofwat placing Thames Water into special measures due to significant issues, underscoring the company's financial and operational challenges.
* <https://www.oxfordmail.co.uk/news/25126003.kkrs-thames-water-bid-spotlight-house-lords/?ref=rss> - Please view link - unable to able to access data