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Protecting customer interest on performance related executive pay – consultation response document

Ofwat

About this document

This document sets out a summary of the feedback received to our consultation on proposed guidance relating to the scope and application of the proposed performance related executive pay (PRP) recovery mechanism and sets out our responses to that feedback.

It also sets out the detail of our proposed changes to the PR19 cost reconciliations model to allow us to implement the decisions made through the PRP recovery mechanism. If companies have any comments on the proposed changes to PR19 cost reconciliations model, they should let us know by 28 July by emailing governance@ofwat.gov.uk

The final guidance is being published alongside this document.

Contents

1. Introduction

In March, we consulted on our proposed guidance relating to the scope and application of the performance related executive pay (PRP) recovery mechanism we said that we were considering in the PR24 Final Methodology.

The draft guidance confirmed our intention to introduce this mechanism, subject to respondents' views, to allow us to adjust revenue allowances so that customers do not fund PRP awards if a company is unable to demonstrate that their decisions reflect our expectations. It set out the factors in PRP decision-making that we propose to consider in deciding whether a company's approach to executive pay meets our expectations.

This document sets out our consideration of the matters raised in consultation responses, and the technical details of how we intend to make any adjustments resulting from our decisions under the mechanism through proposed changes to the PR19 cost reconciliations model set out in the PR19 Reconciliation Rulebook which will apply for the remainder of the 2020-25 period. We will consult on the PR24 Reconciliation Rulebook, which will apply to the 2025-30 period, in due course.

We are publishing our final guidance on the scope and application of the PRP recovery mechanism alongside this document.

Subject to comments on our proposed changes to the PR19 cost reconciliations model, this mechanism will apply for the remainder of the 2020-25 period. We will assess decisions made for 2022-23 onwards against the criteria set out in our guidance, and publish the outcome of our assessment each year in order to aid future water company decision making. We note that a number of companies have already decided that customers will not pay for directors' PRP for the 2022-23 financial year and a number of executives have decided to forgo their bonuses. We will calculate adjustments, where appropriate, in relation to decisions made for 2023-24 onwards.

2. Consultation responses

The consultation received 26,974 responses, indicating a significant degree of stakeholder interest in the topic of water company PRP. Of these, 14 were from water companies, two were from e-NGOs, one was from the Consumer Council for Water (CCW), and 26,957 from individuals. Of the individual responses ten were freeform text, whilst 26,947 appear to have been based on a questionnaire pro forma provided by a third party.

Of the 26,947 responses, the overwhelming majority thought CEOs' pay should be related to whether or not the company is doing enough to crack down on sewage pollution; and that ratings from the Environment Agency's Environmental Performance Assessment (EPA) should affect CEO pay. Most but not all (75%) thought that environmental performance should be the main driver of CEO pay, and most favoured an approach to cutting bonuses in response to pollution incidences that was 'mechanistic but fair' (e.g., 1 incident = 1% cut in bonus). We have taken these responses into account where appropriate, although would note that many of the sentiments expressed, including some of the questions, did not directly relate to Ofwat's proposed guidance. Nevertheless, the level of engagement clearly demonstrates the strong public feeling on this issue. We have provided brief further analysis of these responses in annex A.

This section sets out a summary of the issues raised by respondents to our consultation, and our responses to their points. We are grateful to everyone who has taken the time to respond.

2.1 Issue: Ofwat's role with respect to executive remuneration

Respondents' views

Some companies noted that, applied in the right way, the guidance could be a help to remuneration committees and achieve positive outcomes for the sector. Others suggested that Ofwat's proposed guidance aligns with their current approach and proposed future application of their policies.

A number of companies did not think that Ofwat should have any role with respect to directly regulating performance related pay. Companies raised concerns that Ofwat's decisions in this space would be seen as "arbitration", and that subjectivity by Ofwat regarding the decisions taken by an independent remuneration committee could undermine the credibility of remuneration committees, as well as devaluing the concept of performance related pay for executives.

One company suggested that Ofwat should hold 'pre-approval' meetings with remuneration committees to ensure companies' decisions were aligned with Ofwat's objectives for the sector.

Our response

We have been clear that companies are responsible for setting performance related executive pay (PRP) and related policies and the role of independently chaired remuneration committees is an important element of companies' governance arrangements. However, as set out in our consultation, in a context where the performance of the sector continues to be called into question, particularly with regard to environmental performance, we do not consider that all companies have applied PRP in a way that lives up to the standards that we and other stakeholders expect.

The PRP recovery mechanism we noted we were considering in the PR24 Final Methodology aims to address this. We expect it to motivate greater focus and scrutiny in remuneration committee and board decision-making: whether the metrics and targets chosen are appropriate and sufficiently stretching, and how overall performance is recognised.

Whilst this mechanism provides additional protection by enabling us to step in to ensure customers are protected and do not fund PRP where a company does not meet the expectations we have set out, we do not consider that this equates to stepping into the decision-making role. Instead we are providing additional protection for customers and oversight, which we consider is both appropriate and proportionate in circumstances where companies have not met our or wider stakeholder expectations to date. In that vein, we do not think it would be appropriate to "pre-approve" PRP decisions in advance of them being made. However, if it would be helpful, we may provide additional general guidance to all companies in the form of a letter to remuneration committee chairs in the winter, as we did this year, if we consider there are additional or particular matters we consider remuneration committees should have regard to.

We recognise the important role which PRP has to play in incentivising the delivery of better outcomes, which is why we have set out clear expectations as to how it should be applied.

2.2 Issue: detail on the cost recovery mechanism

Respondents' views

The majority of consultation responses raised the issue of limited information on the detail of how the proposed cost recovery mechanism will operate. One company noted that the mechanism is unsuitable as the variable pay costs involved are very small in relation to overall company expenditure.

Our response

As set out in our consultation, the details of the operation of the mechanism will be set out in revisions to PR19 reconciliations, which we are consulting on alongside the response to this consultation (see Section 4) and in our PR24 Reconciliation Rulebook, which we will consult on in due course as part of the PR24 process.

Whilst noting that variable pay costs make up a small percentage of company expenditure, given the importance of PRP to executive incentivisation, and the importance we place on ensuring that customer and environmental outcomes, including overall outcomes, are a key feature of remuneration committee decision making, we consider our intervention through the use of a cost recovery mechanism is appropriate and proportionate. Companies should also be mindful of the importance placed on this issue by stakeholders, and public sentiment, as evidenced in annex A, for example.

2.3 Issue: regulatory certainty

Respondents' views

Respondents raised a number of different points with respect to the application of the proposed mechanism to decisions made in the 2020-25 period.

A number of companies noted that the introduction of a new mechanism during AMP7 would be a retrospective change to the PR19 Final Determination settlement. Many of these respondents noted that this risks undermining the consistency and predictability of the regulatory framework. One company noted that the period for appeal to the CMA in relation to PR19 Final Determinations has expired, and that the proposed approach would damage trust in the stability and predictability of the UK water regulatory regime with likely consequences on financeability and investor appetite.

One company noted that it had already made decisions relating to 2022-23. Another suggested that making changes mid-way through a performance year is inconsistent with regulatory best practice and creates unnecessary uncertainty.

One company noted that the proposals appear to provide for open-ended discretion to claw back unspecified amounts of revenue both annually during the regulatory period and at the end. Another encouraged Ofwat to clarify in the recovery guidance the permanence of the annual assessment, so that the final five-year recovery decision relates only to the cumulative total of annual decisions, rather than introducing further retrospective uncertainty into the process.

Our response

We recognise that the introduction of the recovery mechanism part way through AMP7 constitutes a change to the PR19 Reconciliation Rulebook (see section 4). Nevertheless, we note that this mechanism aims to underscore the policy and approach as set out in the PR19 Final Determination and in the PR19 Final Determinations Risk and Return Technical Appendix. We noted in that Appendix that "evidence of how well companies are delivering on these commitments will only become apparent when they publish their Annual Performance Reports from 2021 onwards". As noted in the forward to our proposed guidance, we have seen that not all companies are applying PRP in a way that lives up to the standards that we all expect. We consider that the recovery mechanism reinforces our policy at PR19 and ensures its effectiveness in a proportionate and targeted way and, taking account of our duties and the regulatory tools available to us, is the most appropriate regulatory intervention at this time. The stakeholder response to this consultation and more generally to the performance issues in the sector, and the associated expectations in relation to PRP, reinforce this and the need to act promptly.

There have been other changes to the PR19 Final Determination settlement, such as the Green Recovery process which has allowed five companies to invest an extra £793 million, on top of their existing five-year PR19 packages, to help the green economic recovery. The introduction of this mechanism should therefore be seen in the context of necessary and appropriate changes and could not be said substantively to undermine the overall predictability of the regime. We therefore do not agree that this is likely to lead to adverse consequences on financeability and investor appetite. As has been observed, the relative financial impact of the proposed new recovery mechanism compared to the overall PR19 settlement is very small.

We recognise that the final guidance regarding the recovery mechanism was not available to companies ahead of decisions being made for the 2022-23 pay round. Nevertheless, we note that the central principles set out are consistent with our feedback on last year's remuneration decisions (see in particular David Black's letter to remuneration committee chairs of 5 December 2022) and the existing disclosure requirements in the Regulatory Accounting Guidelines. In this context, we would expect companies to have taken account of our feedback when making decisions for 2022-23 PRP awards. Indeed, we note, that in many cases, either companies have agreed that customers will not fund any bonuses this year, or the executives themselves have decided to forgo such payments. We will publish our assessment for 2022-23 in the autumn, applying the mechanism itself from 2023-24 onwards.

We note that in the context of the recovery mechanism outlined in Section 4, annual decisions will necessarily be advisory in nature. We envisage that such adjustments would likely only be made to take account of malus and clawback provisions applied by companies, or where subsequent issues have come to light that have not been appropriately addressed through such mechanisms or similar. We continue to believe that such discretion is appropriate and proportionate, particularly in a context where the question is limited to

whether such payments should be funded by customers when we make five yearly price reviews.

2.4 Issue: stretch

Respondents' views

A number of respondents raised questions with respect to "stretching targets". One company said that it did not agree with applying "upper quartile" performance as a default threshold; whilst another noted that this implies that bonus payments would only be payable in a quarter of companies at most, which they believe would make the sector unattractive compared to the market. Another company noted that for a company already at frontier performance, "upper quartile" might not represent a sufficiently stretching target, whereas for a company lagging well behind upper quartile performance, it may be unachievable.

Three non-water company respondents suggested that Ofwat should determine what constitutes 'stretching targets', rather than this being left to companies.

Our response

As set out in our draft guidance, each company will need to consider what is stretching in the context of its own company and the metrics being used. We note that the suggestion of a target which could be considered stretching as being one linked to sector upper quartile performance, is set out as an example only. In this context, it is also relevant that the approach set out in the guidance to assessing overall performance acknowledges that award decisions may reflect stretching short-term improvement targets as part of a longer-term turnaround.

We note other stakeholders' views that Ofwat should have more of a say in determining what constitutes stretching targets. As set out in our consultation, companies are responsible for setting PRP and related policies and are best placed to consider what constitutes stretching in the context of their own circumstances. However we expect companies to clearly explain how the metrics they have chosen are genuinely stretching.

2.5 Issue: factors to take into account

Respondents' views

Respondents had a range of views regarding the factors to be taken into account in assessing overall performance. Although one company agreed with Ofwat that financial measures which are solely for the benefit of investors should not be considered as relating to delivery

for customers, for the purposes of the assessment, a small number of companies noted that financial measures (such as PBIT and RoRE) remain appropriate measures for inclusion within PRP schemes. One company noted that many financial measures undertaken by water companies that benefit investors are vital to the financial resilience of that water company, in particular when considering investability. Another raised a concern about any guidance which contradicts directors' duties as expressed in section 172 of the Companies Act 2006, by explicitly excluding the interests of shareholders from consideration in this context.

Non-water company respondents suggested that the criteria used to consider overall performance should include: the EPA; past underperformance; prosecutions and environmental fines; and use of voluntary enforcement undertakings and other regulatory interventions. 97% of the respondents to the apparent pro forma response document (26,176 respondents) also considered that a company's EPA rating should affect water company directors' pay.

The Consumer Council for Water's (CCW) also suggested we include explicit reference to their "WaterMark" assessment in forming our view, and that we seek CCW's views on how well companies are performing for customers before making any decisions on PRP recovery.

Our response

In our consultation we were clear that the criteria for awarding both the short- and long-term elements of performance related pay in the year should demonstrate a substantial link to stretching delivery for customers and the environment. This expectation is consistent with directors' statutory duty under section 172 of the Companies Act 2006, and our position as set out in the PR19 final determinations. Appendix 10 of our PR24 final methodology notes that appropriate metrics that may be taken into account for these purposes may also include the totex and the outcome delivery incentive components of RoRE where companies have identified RoRE performance as part of their incentive scheme.

Beyond our expectations as to good and best practice set out in the PR19 final determinations risk and return appendix, in terms of the proportion of PRP linked to customer and environmental outcomes, we do not expressly exclude financial metrics from forming part of PRP overall, merely noting that these cannot generally be considered as relating to delivery for customers. Nor do we exclude the interests of shareholders from consideration. We are seeking to draw a reasonable and straightforward distinction by reference to direct customer and environmental outcomes.

We are mindful that there is a range of factors that companies should take into account when considering overall performance. Our draft guidance set out factors which, when taken together or individually, may provide an indication of company overall performance, including companies' EPA rating. It is not intended as a fully exhaustive list and we expect remuneration committees to exercise good judgement in the round.

We have carefully considered the appropriateness of explicitly including CCW's Watermark in our assessment of overall performance. We note that we were not seeking to be exhaustive in our guidance and we will aim to consider a range of relevant factors in determining overall performance when making our assessment. In our view, if a company is underperforming this is likely to show up in multiple indicators including Ofwat's Water Company Performance Report assessment, the Environment Agency's EPA, and CCW's Watermark.

2.6 Issue: discretion, malus & clawback

Respondents' views

Some respondents noted the importance of companies having governance mechanisms such as malus and clawback within their remuneration policies so that committees can take appropriate action on PRP outcomes when required.

One respondent noted that it does not consider that any PRP mechanism should take account of the wider factors proposed. In its view, PRP arrangements will only act as an effective incentive to individuals if the rules to calculate payments are clearly and unambiguously set out in advance of the period to which they apply. The respondent noted that Remuneration Committees are generally vested with step-in rights (which we understand to mean use of discretion), which is properly their responsibility to exercise.

Our response

We agree that malus and clawback provisions are a necessary feature of effective PRP policies. All companies should ensure that malus and clawback provisions are able to be applied in all relevant circumstances, and not unduly constrained.

We recognise the role of clear and unambiguous PRP arrangements, based on rigorously applied metrics, in incentivising executives. However, we are mindful of general corporate governance best practice, including the Financial Reporting Council's guidance on board effectiveness, which states that remuneration committees are expected to exercise judgement when determining remuneration awards; be mindful of the possible monetary outcomes and of external perceptions arising from their decisions; and that remuneration schemes should provide for the use of discretion to override formulaic outcomes. In the context of the water sector, where there is a clear erosion of trust amongst customers and stakeholders when levels of performance are not seen to relate to the awards being received by executives, it is essential for remuneration committees to have the discretion to override formulaic outcomes where appropriate. They must be able to demonstrate that any awards made fairly reflect overall performance delivered for customers, communities and the environment including factors which are wider than the individual metrics used.

2.7 Issue: companies under investigation

Respondents' views

Although companies broadly agreed that PRP decisions should reflect compliance issues, a number of companies raised a concern about timing and when such issues need to be considered. It was noted that it would be unfair to affect the PRP of an executive who was not employed at the time an issue occurred, and that there should be a presumption of innocence before any guilt is proven.

One company stated that enforcement action taken by Ofwat, which may include the imposition of financial penalties, should fully address any detriment that had occurred to customers or the environment. Another noted that the strict liability nature of environmental offences means that management within the industry involves an inherent balance between providing customers with value for money and attempting to meet ever improving environmental and operational standards.

Our response

The approach companies take to ongoing and completed investigations by regulatory bodies is central to sustaining the trust and confidence of all stakeholders. This applies also to the decisions taken by remuneration committees in decisions on PRP. It is an important area where discretion needs to be exercised, taking due account of many of the factors respondents set out, including where relevant, timing and the seriousness of the allegations. However, we would be surprised and concerned about an approach to compliance which rests on trade-offs or value for money considerations. Companies must comply with their legal obligations.

Whilst we note that any enforcement action taken by Ofwat, including the imposition of a financial penalty, may address detriment that has occurred to customers or the environment, companies should also strive to demonstrate that they have learned lessons from any regulatory investigation or adverse findings. Whilst malus and clawback arrangements may be appropriate where these can be and are applied effectively, we understand that this can often be difficult in practice, especially with respect to the clawback of annual bonuses. Deferral may be an appropriate protection in the consumer interest whilst investigations are ongoing.

2.8 Other issues

Respondents raised a number of other discrete points which are addressed here in turn.

Respondents' views and our response

- Several companies raised the concern that the mechanism could impact on PRP in such a way that this would impact on their ability to attract and retain talent in the sector.
  We do not consider it likely that this mechanism will have such an effect. Our proposals still allow for customers to fund appropriate PRP awards for executives where they deliver for customers and the environment.
- Some companies noted that formulaic curbs on variable pay in financial institutions (e.g. Capital Requirements Directive 4 remuneration requirements) typically led to an increase in fixed remuneration for affected individuals. Conversely one non-water company suggested that there should be a cap on bonuses at all times.
  As above, given the nature of the mechanism we intend to introduce, we do not consider that our proposals should have such an impact on PRP because our proposals still allow for customers to fund appropriate PRP awards for executives where they deliver for customers and the environment. However, we are equally mindful of the potential unintended consequences of prescriptive approaches and will keep this under review as our approach is implemented.
- A small number of respondents suggested alternative approaches to regulating PRP, including applying the recovery mechanism to a subset of companies; individual public assessments of companies' remuneration practices instead of applying the mechanism prior to AMP8; working together to identify perceived gaps in existing codes; and Ofwat publishing data on pay and rewards openly, transparently, and accessibly on our website.
  At present we are not minded to pursue any of these approaches as an alternative. It will be important to retain the flexibility to take account of changes in individual company circumstances, and so we do not think it appropriate to say at the outset that this recovery mechanism should apply only to certain companies. We continue to expect the sector to keep pace with wider best practice and address any perceived gaps that they consider to arise. We will consider further whether we might have a useful role in providing greater transparency across the sector, over and above an individual company's publication of their approach to remuneration as set out in their annual performance reports. However, we do not see this as an alternative to the approach set out in this document. We will keep the impact of our approach under review.

3. Our decision

We are not proposing any significant changes to the guidance relating to the scope and application of the PRP recovery mechanism which we consulted on. This is because, as set out above, we do not consider that the feedback we received necessitates any substantive changes.

We are, however, making some minor changes to improve the clarity of the wording. This is reflected in the final guidance which we are publishing alongside this document.

As noted above we will carry out an assessment under the PRP recovery mechanism for 2022-23 in the autumn, indicating companies which do not meet expectations. This will allow companies themselves, and stakeholders to see where improvements and changes may be needed for 2023-24. We will make adjustments, where appropriate, for decisions regarding 2023-24 PRP awards onwards.

4. Proposed changes to PR19 cost reconciliations model

We are proposing to amend the PR19 cost reconciliations model to allow us to implement the decisions made through the PRP recovery mechanism, where we decide that customers should not be paying for PRP awarded to executive directors in a particular year or years.

Under our proposed approach we will remove any adjustment amount for a year, resulting from our decision under the PRP recovery mechanism, from both 'actual net totex' and 'allowed totex' and therefore it will not be subject cost sharing. We will add the total adjustment amount to the 'total adjustment for cost sharing after ex ante allowance'. This approach ensures that any adjustment amount is returned to customers in full.

In order to implement our proposed approach, we will need to make changes to the cost reconciliations model as set out in the PR19 Reconciliation Rulebook.

We will do this through adding a new input into the cost reconciliations model as set out below:

#	Input	Description	Source	Units
30	Performance related pay recovery mechanism	Adjustment resulting from our decision under performance related pay recovery mechanism	Ofwat	£m, nominal prices

We will need to add the following calculations into the cost reconciliations model:

#	Calculation overview	Calculation detail
10	Convert actual performance related pay recovery mechanism adjustment to real prices	Convert actual performance related pay recovery mechanism adjustment from nominal to real prices using CPIH
11	Adjust actual net totex for cost sharing by performance related pay recovery mechanism adjustment	Adjust actual net totex for cost sharing by performance related pay recovery mechanism adjustment

We will need to amend the following calculations in the cost reconciliations model (added text is in **bold**):

#	Calculation overview	Calculation detail
14	Adjust forecast net totex for cost sharing by wage growth variance**, performance related pay recovery mechanism adjustment** and WINEP reconciliation adjustment	Calculate total net totex available for cost sharing by adding the variance to forecast wage linked totex (in step 7 above) and **performance related pay recovery mechanism adjustment (in step 10 above)** to PR19 net totex available for cost sharing.
18	Calculate total cost sharing adjustment after ex ante allowance, over/underfunded wage allowance and **performance related pay recovery mechanism adjustment**	Adjusted the cost sharing adjustment calculated in **16** by any time adjusted ex ante allowance allowed at PR19**, performance related pay recovery mechanism adjustment** and over/underfunded wage related totex.

The cost reconciliations model applies to wholesale price controls[1] only and therefore under our proposed approach, the adjustment will apply to these controls only. Given the materiality of the likely sums involved in any adjustment and the small share which would be attributable to retail price controls, we do not consider the additional complexity needed to apply the adjustment to these controls would be proportionate.

For simplicity, we will apportion the adjustment between wholesale price controls based on the proportion of total base operating expenditure attributable to each price control as reported in line 9 of table 2B in companies' Annual Performance Reports.

If companies have any comments on the proposed changes to PR19 cost reconciliations model, they should let us know by 28 July by emailing governance@ofwat.gov.uk

[1] Water Network Plus, Water Resources, Wastewater Network Plus, Bioresources and Thames Tideway Tunnel price controls.

5. Next steps

As noted above, the final guidance relating to the scope and application of the PRP recovery mechanism, is being published alongside this document.

We will publish the changes to our PR19 Reconciliation Rulebook, making any changes to our proposals necessary having considered companies' comments, as part of our next update to the rulebook which we intend to publish later in summer 2023.

Annex A

This annex contains further summary analysis of the 26,947 consultation responses which appear to have been based on a questionnaire pro forma provided by a third party. Respondents to the questionnaire were asked to reply to six questions:

1. Should water company CEOs' pay be related to whether or not the company is doing enough to crack down on sewage pollution?
2. How much should performance related pay be connected to the environmental impact of the company?
3. In what way should CEOs' pay relate to pollution incidents?
4. Should the Environmental Performance Assessment star rating, conducted annually by the Environment Agency, affect the pay of a water company director – with CEOs of poorly rated companies getting less.
5. How should performance related pay – ie bonuses and awards – change if a company is being investigated or fined?
6. Lastly, is there a message you would like to send Ofwat with any additional thoughts about the action you would like them to take to tackle water pollution?

For some questions it appears that respondents were required to select from one of a set of fixed responses, for other questions they were able to provide freeform text in addition to or instead of a fixed response. One question appeared to ask for freeform text responses only. In all cases it appears respondents were given the option of not responding to the question. A summary breakdown of the responses to each question is set out below.

Q1 Should water company CEOs' pay be related to whether or not the company is doing enough to crack down on sewage pollution?

Yes	25,829
No	340
Not sure	263
No response	515

Q2 How much should performance related pay be connected to the environmental impact of the company?

It should be the main thing	18,971
Not the main thing but should be factored in	6,061
It shouldn't be factored in at all	230
Not sure	137
No response	1,548

Q3 In what way should CEOs pay relate to pollution incidents?

Number of pollution incidents should mean a percentage cut of the pay. For example, every 100 pollution incidents equals a 1% pay cut	16,787
Pay should be cut if water companies breach a maximum level of incidents or number of hours	6,323
Pollution incidents shouldn't have any impact on CEO pay	165
Other freeform text responses	2,127
No response	1,545

Q4 Should the Environmental Performance Assessment star rating, conducted annually by the Environment Agency, affect the pay of a water company director – with CEOs of poorly rated companies getting less.

Yes	16,787
No	6,323
Not sure	165
No response	2,127

Q5 How should performance related pay – ie bonuses and awards – change if a company is being investigated or fined?

Reduction in pay	16,056
No enhancement for that year	8,020
It should not affect it at all	65
Other freeform responses	1,218
Blanks	1,588

Q6 Is there a message you would like to send Ofwat with any additional thoughts about the action you would like them to take to tackle water pollution?

This question appeared to ask for freeform text responses only, of which 10,910 were provided. Responses indicated diverse range of opinions. Some individuals suggested imposing fines, with the severity of the penalty based on factors such as the pollution level and company turnover. Many respondents advocated for the suspension or forfeiture of bonuses and performance-related pay during investigations, emphasising the need for financial consequences. Others propose linking executive pay to environmental performance to incentivise positive outcomes. A small number of respondents call for nationalisation or stricter regulation, expressing concerns about private ownership and profit motives. Holding individuals accountable, both through personal responsibility and potential criminal charges, was also emphasised.

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales.

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