November 2024

Protecting customer interests on performance-related executive pay: 2023-24 assessment

Ofwat

About this document

This document sets out our assessment of how companies have met our expectations for their decisions on performance related executive pay outcomes for 2023-24. It explains where we will be making adjustments, using our performance related pay recovery mechanism, to protect customers from paying for performance related executive pay outcomes which are based on decisions that do not meet our expectations. It covers the 16 largest water companies in England and Wales.

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1. Introduction

Performance related executive pay (PRP) can be a valuable tool which companies are able to use to help drive the right behaviours and standards from their executive directors, and companies must recognise their responsibility to incentivise these. It is vital that water company executive directors are substantially incentivised to deliver stretching performance for both customers and the environment, and equally are not rewarded for poor performance. Aligning incentives and outcomes in this way is vital to sustaining the trust of, and accountability to, customers, regulators and wider society, and will help deliver better outcomes for customers and the environment. Our expectations for companies' PRP decisions are designed to drive companies to meet this aim. The PRP recovery mechanism[1] means that customers do not pay for outcomes based on decisions which do not meet those expectations. A summary of our expectations, which are set out in our PRP recovery mechanism, is set out below.

Alignment to delivery for customers and the environment: the criteria for awarding both the short- and long- term elements of PRP in the year should demonstrate a substantial link to stretching delivery for customers and the environment.

Stretching targets: award decisions for the year should be based on stretching targets.

Overall performance: award decisions for the year should take into account overall performance delivered for customers, communities and the environment, and not reward poor performance.

This document sets out our assessment of how companies have met each of these expectations for the financial year 2023-24. We explain where companies have fallen short and, if so, where we will be using our mechanism to make a cost adjustment so that customers do not pay for PRP outcomes. In some cases, executive directors decided to forgo elements of their PRP for the year and in other cases companies explained that PRP was being funded by their parent company and not being borne by the regulated water company itself. In these cases, no cost adjustment is necessary where companies do not meet our expectations because customers are not paying for PRP outcomes.

We published our final guidance in relation to the PRP recovery mechanism in June 2023 ('recovery mechanism guidance') and we published our first report into how companies' decisions were meeting our expectations in November 2023[2] – this set out our assessment of 2022-23 PRP outcomes. We did not make any adjustments in relation to 2022-23 – the November 2023 report allowed companies and other stakeholders to better understand our

[1] Protecting customer interest on performance related executive pay – recovery mechanism guidance, Ofwat, June 2023

[2] Protecting customer interests on performance-related executive pay: 2022-23 assessment, Ofwat, November 2023

approach, and was designed to help companies improve their alignment to our guidance and so prepare for the full application of the mechanism for 2023-24. This is therefore the first year where we will be making adjustments using our recovery mechanism.

2. Key messages

In total, **£6.8m of PRP payments were assessed not to meet our expectations** under the recovery mechanism and which we therefore judged as not being justified as being funded by customers.

We are **making adjustments totalling £1.5m in relation to three companies** where our expectations on decisions on PRP outcomes have not been met, so that customers do not pay for those outcomes. We would be making adjustments totalling £5.2m in relation to a further six companies where our expectations were not met, but those companies have stated that the costs of PRP are not borne by the regulated company.

Alignment to delivery for customers and the environment generally meets our expectations – we identified two companies where the criteria for awarding PRP were not substantially linked to delivery for customers and the environment. However, in most cases across the sector, we were pleased to see that companies are taking or have taken action to address issues we highlighted in our November 2023 report and we welcome the ongoing progress in this respect.

Poor performance is not always being appropriately recognised – we identified several instances where significant indicators of poor performance were present for 2023-24 but companies had not provided sufficient justification as to why any PRP payments at all were justified in these instances.

Companies need to do more to explain how the targets they use are stretching – we identified last year that companies need to provide better explanations in this context. We note that a small number of companies have taken action and welcome the examples of good practice they have provided. However, overall there has been little improvement in this area from the previous year.

Appendix A1 contains a summary of PRP payments and our decisions.

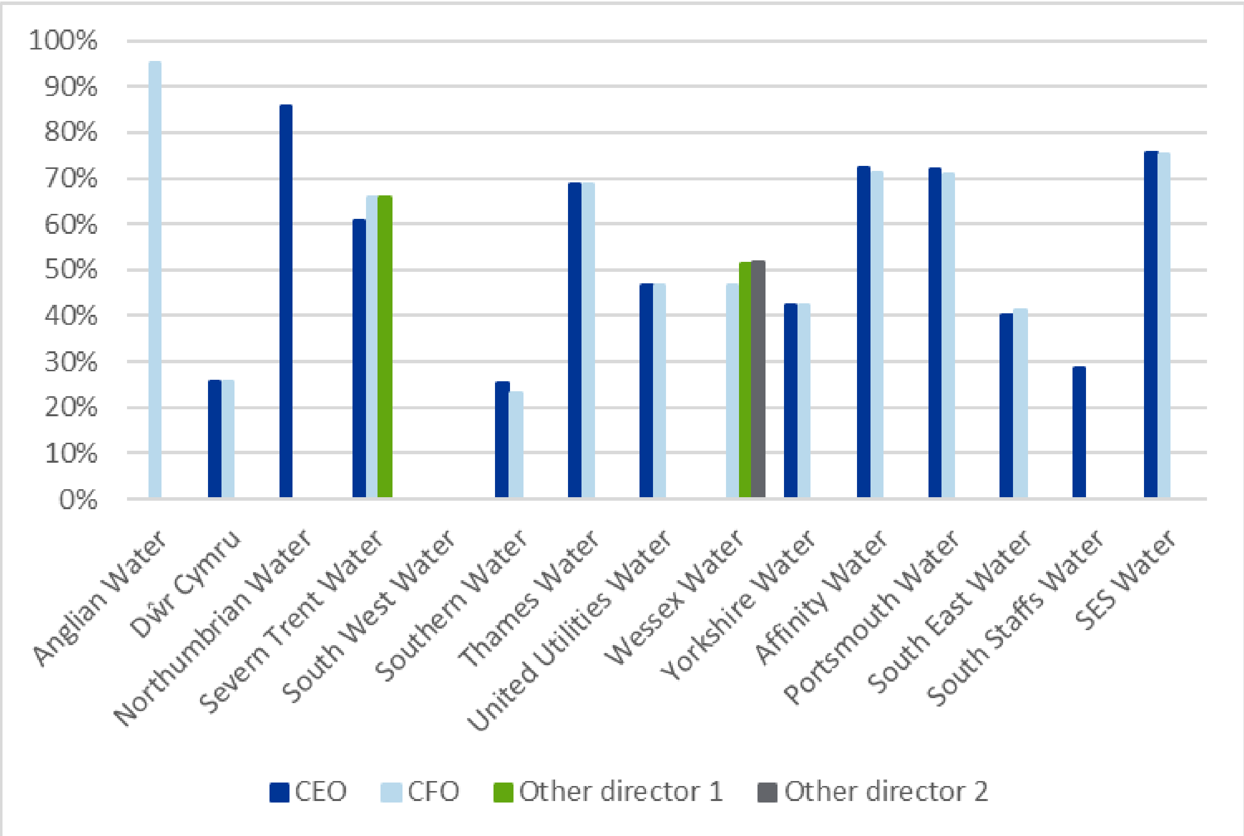
3. Overview of 2023-24 PRP outcomes

Companies reported in their 2023-24 annual reporting that executive directors received a total of £9.3m for both the short- and long-term elements of PRP. Some companies only have short-term elements of PRP, applying to performance in one year (often known as annual bonuses), sometimes with part of the payment deferred until future years. In other cases, companies may also have long-term elements, which apply to performance across multiple years, but these may not have been due for payment in 2023-24.

In some cases individual chief executives decided to not to take up their PRP payments in relation to 2023-24 or the remuneration committee decided that no payment would be made for an element of PRP. This was the case for the chief executives at Anglian Water and Wessex Water and for all executive directors at South West Water (for the annual bonus only).

The percentage of maximum awarded for each executive director at each company is shown below.

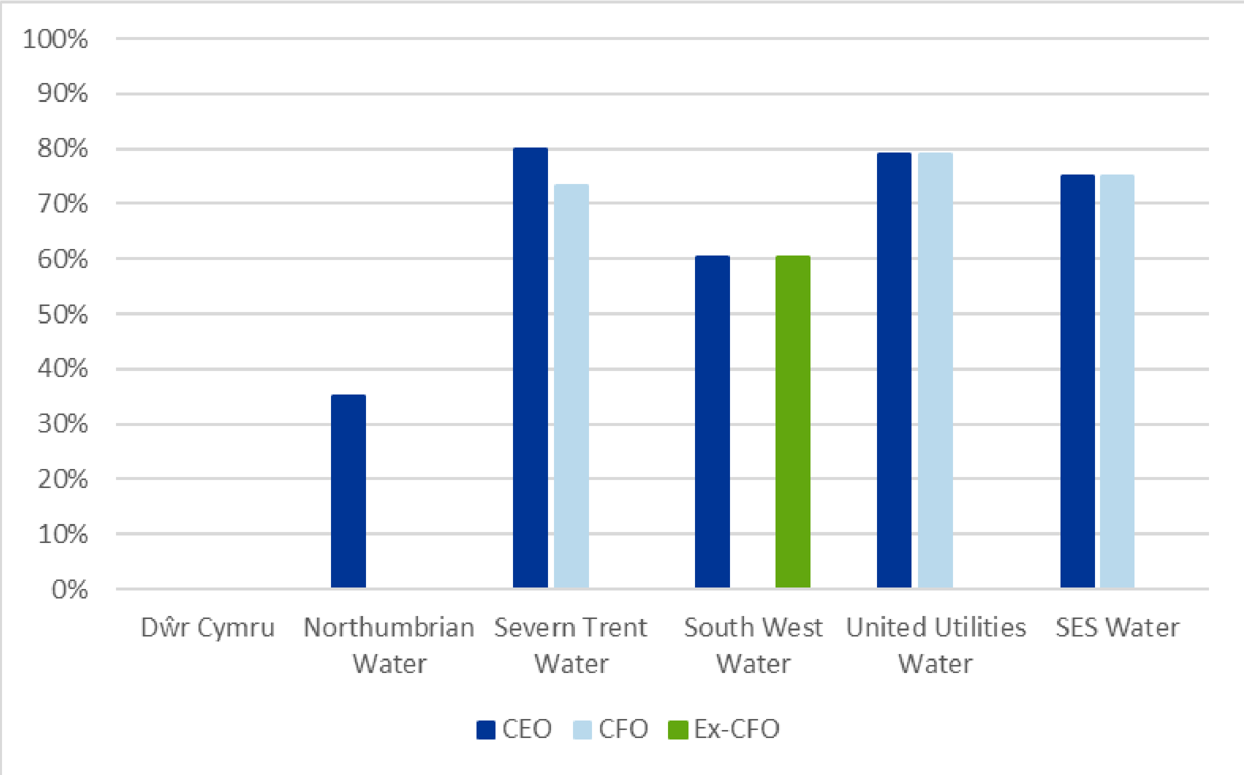
Figure 1: Executive director annual bonus payments as percentage of maximum



Note: Hafren Dyfrdwy is not included on the chart above because the company did not include the information in its annual reporting.

The chart below shows those companies where there was long-term incentive which was due for payment. Most companies did not have long-term incentives which were due for payment – either because they do not operate these schemes or because they relate to a performance period which has not yet ended. Dŵr Cymru's scheme provides for the annual interim payments but performance against the measures used by the scheme did not reach the threshold target for the year and therefore no payment was made.

Figure 2: Executive director long-term incentive payments as percentage of maximum



4. Alignment to delivery for customers and the environment

We expect the criteria for awarding both the short- and long- term elements of PRP in the year to demonstrate a substantial link to delivery for customers and the environment.

If PRP is substantially linked to delivery for customers and the environment this will help to incentivise executive directors to prioritise these areas.

All companies use a basket of weighted individual measures for both their short-, and where applicable, long-term elements of PRP. We assessed the mix of measures used for PRP payments made for 2023-24 to determine the total weighting of measures which related to delivery for customers and the environment. Examples of some of the measures used include the customer measure of experience (C-MeX), leakage, water supply interruptions and pollution incidents.

Short-term elements of PRP

Our assessment showed that the measures used for the short-term elements of PRP at all but two companies were substantially linked to delivery for customers and the environment. At South West Water, less than half, by weighting of the measures, used were linked to delivery for customers and the environment. As we have set out previously, where this is the case, it is difficult to conclude that there is a substantial link and therefore we do not consider that our expectation is met. The company states in its annual reporting that there is a 70% link to delivery for customers and the environment, however this does not take into account measures linked to the performance of other group companies. The use of those measures means that less than half of measures, by weighting, are linked to delivery for customers and the environment. This means in turn that directors of the water company, who are also directors of the group company, are not primarily incentivised to deliver for customers of the water company or the environment.

Given that our expectation has not been met, we need to determine whether it is appropriate to use the mechanism to make sure that customers of South West Water do not pay for PRP which does meet our expectations. South West Water did not however pay any annual bonuses for 2023-24 and, furthermore, the company states that PRP is funded by its parent company (Pennon Group plc) and not recharged to South West Water itself. However, were it not for these two factors, we would have used the mechanism to make an adjustment.

We consider that the measures used for Anglian Water's executive annual bonus as set out in its annual reporting met our expectation of being substantially aligned to delivery for customers and the environment. However, the company explained in its annual reporting that it had appointed an interim chief financial officer (CFO) in November 2023 and that his bonus for the remainder of 2023-24 was based on a series of personal targets (which are not provided). Our expectations apply to all executive directors who served on the board during the year regardless of their tenure. The measures used for the bonus of the interim CFO role do not meet our expectations regarding alignment to delivery for customers and the environment, given only personal targets are used. We also have concerns about how overall performance has been take into account for the PRP outcome for this executive director. The approach we are taking in relation to Anglian Water is explained in section 6 below.

We note that Portsmouth Water, which we highlighted in our November 2023 report as not meeting our expectations on alignment for 2022-23 for its annual bonus, made changes for 2023-24. We welcome this change which means that customers of that company can see that its executives are being primarily incentivised to deliver for them and the environment.

Long-term elements of PRP

In the case of the long-term elements of PRP (long-term incentive plans (LTIPs) or similar), of those companies that had long-term schemes which vested in 2023-24, the measures used for all but two companies were substantially linked to delivery for customers and the environment. In the case of Severn Trent Water and South West Water, less than half, by weighting of the measures used were linked to delivery for customers and the environment.

We are aware that for LTIPs which are now in place at both of those companies – from 2023-24 onwards in the case of South West Water and from 2024-25 onwards in the case of Severn Trent Water – the measures being used are substantially linked to delivery for customers and the environment. We acknowledge that in the case of LTIPs, it can take some time to make changes because they relate to a multi-year performance period. In the case of these two companies the performance period is three years and measures are therefore set well ahead of them being used to calculate any payments. We also note that in both of these cases, the companies state that the payments are funded at the group level rather than by the water company. Given these two factors, we therefore do not consider it is necessary to use the mechanism in relation to the LTIP payments at either of these two companies.

5. Stretching targets

We expect that PRP award decisions are based on stretching targets.

The use of stretching targets for the measures which are used to calculate PRP payments means that such payments should only reward performance which clearly leads to improvements for customers and the environment. This helps make sure that executive directors are incentivised to drive performance which results in better outcomes.

What constitutes a stretching target may vary from company to company and will depend on the particular context of the company. We therefore expect each company to provide a clear explanation as to how it has determined that the target used for each measure is stretching.

We explained in our November 2023 report that companies need to do more to explain how targets which they have used are stretching. We reviewed the targets used for each individual measure which determined PRP payments for the year and looked for accompanying explanations of how the particular target chosen was stretching.

It is disappointing that once again companies, with the exception of a small number, failed to provide explanations of how each measure used was stretching. As for 2022-23, most companies relied on general, high level statements that measures were stretching but they did not provide any measure-by-measure explanation.

Northumbrian Water and Yorkshire Water, while taking different approaches, both provided examples of good practice in this area. Northumbrian Water used tables setting out the measures, weightings and performance for both the short- and long-term elements of PRP to set out why the target used for each measure was stretching. It explained whether a target was, for example, upper quartile with reference to the sector or at the PR19 performance commitment level. Yorkshire Water provided a narrative for each measure used for its PRP which put the target for each measure in context and set out why it considered it was stretching. Both approaches are helpful in stakeholders understanding why the targets chosen are stretching for the particular company.

We expect other companies to show a clear improvement in setting out how the targets used for each individual measure are stretching rather than just high level, non-measure specific explanations. Companies should address this issue for 2024-25 reporting onwards so that stakeholders can be clear that executive directors are being incentivised to deliver stretching performance for customers and the environment. We may use our recovery mechanism in future years, to protect customers, where we there is evidence that companies have not used stretching targets.

6. Taking into account overall performance

We expect that in addition to reflecting performance against individual measures, PRP decisions also reflect overall performance delivered for customers and the environment.

Decisions on PRP outcomes should not be restricted to assessing performance against the criteria which form part of the scheme and whether or not this has met the targets set out; it is important that decisions also take account of the wider overall performance of the company. If this does not happen, PRP outcomes may not be properly reflective of significant issues which impact the company in the year and this reduces the trust and confidence which stakeholders have in overall PRP outcomes. It may also appear to stakeholders that executive directors are insufficiently accountable for the performance of their company. These things can undermine trust in the company and also means executives may not be properly incentivised to consider issues which are not specifically measured as part of PRP schemes but nevertheless have a significant impact on a company's customers or the environment.

We explained in our November 2023 report, that companies need to go further in explaining how overall performance has been taken into account when making PRP decisions. Most have improved the quality of their explanations, with some providing good explanations, but more work is needed at many companies. In some cases companies set out the frameworks that they used to assess overall performance but then did not go on to explain how they had applied that framework to actual performance in 2023-24. In other cases, companies once again provided relatively high level statements that PRP outcomes were reflective of overall performance but did not explain the process which remuneration committees had been through to reach this decision.

In our recovery mechanism guidance, we set out factors which individually, or taken together, could be indicators of overall company performance. These include reputational issues, financial resilience, compliance issues and performance as reflected in our Water Company Performance Report (WCPR)[3] and/or the Environment Agency's Environmental Performance Assessment (EPA)[4]. We explained that award decisions should demonstrate that poor performance overall has not been rewarded.

In the context of these factors, we have assessed that issues which can reasonably be considered to indicate poor performance overall in 2023-24 include, for example, where a company has been the subject of a criminal conviction or an EPA rating of less than three star. For any company where we found there to be one or more issues we considered indicate poor performance overall, we reviewed its annual reporting to assess how the company had

[3] See, for example, Water Company Performance Report 2023-24, Ofwat, October 2024
[4] See, for example, Water and sewerage companies in England: environmental performance report 2023, Environment Agency, July 2024

taken overall performance into account in reaching its final PRP decisions. We only considered events which were relevant for 2023-24. For some companies there may have been relevant events which occurred after year end; these were not considered because they fell outside the relevant period for 2023-24 PRP outcomes but these could have an impact when we are considering 2024-25 outcomes next year.

We identified nine companies, as set out below, where we considered that there were clear indicators of poor performance during 2023-24 but that these were not sufficiently reflected in their decisions on PRP outcomes. We expect that, where there are clear indicators of poor performance, the company provides a clear and persuasive justification as to why it is nonetheless appropriate to pay any PRP for the year. We consider that in most cases where there are either multiple indicators of poor performance or very serious single indicators of poor performance it will very difficult for a company to justify any PRP award for the year. As set out in the recovery mechanism guidance, where we make an adjustment, except in exceptional circumstances, we will do so based on the whole PRP payment in relation to the year.

Anglian Water

Anglian Water received a criminal conviction as a result of an Environment Agency (EA) prosecution, had an EPA rating of two stars (company requiring improvement) for 2023 and was in the lagging category in our 2023-24 WCPR.

The company explained in its annual reporting that the chief executive informed the board that he would not accept any bonus payment for the year, if one was awarded[5], given the number of serious pollution incidents. While the rationale did not also refer to the events referred to above, we nevertheless welcome this outcome as it recognised that, in the case of serious events occurring in year, any PRP payments may not be justified.

The company also explained that an interim CFO had been appointed in the year and that he achieved 95% of his maximum bonus, which was based on personal targets which were not disclosed or discussed in the company's annual reporting.

The company has noted the interim nature of the CFO appointment and that it happened part way through the year. As we explained in section 4 above, it is important to note that our expectations apply to all executive directors appointed to the board of the water company – regardless of when they were appointed in the year or the nature of their tenure. The company has not justified the PRP payment in the context of the poor performance of the company as indicated by the events highlighted above, nor has it set out any exceptional circumstances, in relation to those events, which might justify the payment in this instance.

[5] The CEO received £347,000 for a deferred bonus which related to the previous year, not 2023-24, and is therefore out of scope for our assessment for 2023-24. The company also reported that this payment was not paid for from customer bills.

We explained in section 4, that given the use of personal targets only, the measures used for the bonus payment to the interim CFO did not meet our expectations on alignment to delivery for customers and the environment. Given this and the issue highlighted above, we would have used the recovery mechanism to ensure that customers did not pay for the interim CFO's bonus payment of £95,000[6] for 2023-24. However, in this case the company explained in its annual reporting that this payment was not paid for out of income from customer bills and no adjustment using our mechanism is therefore needed.

Dŵr Cymru

Dŵr Cymru was the subject of a provisional enforcement decision from Ofwat which found the company had breached its licence[7], had a two-star rating (company requiring improvement) in its Natural Resources Wales 2023 performance report[8] and was in the lagging category in our 2023-24 WCPR. The chief executive officer (CEO) and CFO of Dŵr Cymru both received an annual bonus of 26% of the maximum, although there was no LTIP payment because performance in the year did not meet the threshold target.

The remuneration committee set out the various factors which it took into account when reaching a decision that it did not need to make an adjustment to the bonus percentage outturn for the year. The percentage of maximum awarded for the annual bonuses was relatively low, at 26%, showing that there was reflection of underperformance in some areas. In addition, there was no LTIP payment in the year because performance against the measures used did not meet the target required. However, despite the explanation provided and the relatively low proportion of award, we did not consider that sufficient justification was provided of why any award at all was appropriate in the context of the events highlighted above.

We will therefore use the recovery mechanism so that Dŵr Cymru will not be able to recover the costs of the CEO's and CFO's bonus payments, which totalled £163,000, for 2023-24.

Severn Trent Water

Severn Trent Water received a criminal conviction as a result of an EA prosecution. The CFO and outgoing CFO both received bonus awards of 66%; the CEO's award was reduced by five percentage points to 61% to take account of the company's criminal conviction. The CEO and

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[6] All figures in this section are presented to the nearest £1000.
[7] See: [Notice of Ofwat's proposal to impose a financial penalty on Dŵr Cymru / Welsh Water ('Welsh Water')](), Ofwat, March 2024
[8] This uses a the same standardised measures as the EPA. See [Annual environmental performance report for Dŵr Cymru Welsh Water 2023](), Natural Resources Wales, July 2024

CFO also had LTIPs which vested at 80% and 73%[9] of maximum respectively and the remuneration committee did not exercise any discretion in relation to this element of PRP.

Given the serious nature of a criminal conviction, we believe that this alone warrants consideration as to whether any PRP payments for the year are justified – both for short and long-term elements. We do not consider that the company has justified why only a five percentage point reduction in the CEO's bonus is sufficient to take account of the criminal conviction which the company received in the year – there was not sufficient explanation to justify why any PRP payments should be made despite the conviction.

The company explained in its annual performance report that PRP for executive directors is paid for by the parent company (Severn Trent plc) and is not recharged to the regulated water company. Had this not been the case we would be making an adjustment using the mechanism of £2,618,000[10], which is the total of all annual bonus and LTIP payments received by executive directors in relation to 2023-24 or, in the case of the LTIP, partly in relation to 2023-24.

South West Water

South West Water received a criminal conviction as a result of an EA prosecution and an EPA rating of two stars (company requiring improvement) for 2023. The remuneration committee decided that the executive directors would not receive any bonus for the year. However both of the CEO and outgoing CFO had LTIPs which vested at 60% of maximum. The remuneration committee explained that the factors which it took into account in deciding the vesting outcome were reflective of performance over the three year period of the LTIP.

However, there was no discussion of why any PRP payment at all relating to 2023-24 was justified despite the criminal conviction. As explained in section 4 above, the PRP was funded by its parent company and not recharged to South West Water itself. Had this not been the case, we would be making an adjustment using the mechanism of £470,000, which is the total of the LTIP payments received by executive directors partly in relation 2023-24.

Southern Water

Southern Water received a criminal conviction as a result of an EA prosecution, received an EPA score of two stars (company requiring improvement) for 2023 and was in the lagging category in our 2023-24 WCPR. The remuneration committee exercised downward discretion

[9] The vesting proportion for both the CEO and CFO could increase to 100% if the performance on one of the measures used is upper quartile for the sector. However, the company is only able to carry out this assessment after the publication of its 2023-24 annual reporting and the outcome will be reported in the following year's report.

[10] The CEO and outgoing CFO received additional LTIP payments of £690,000 which related to the previous year, not 2023-24, and are therefore out of scope for our assessment for 2023-24

of ten percentage points on the bonus award as result of serious pollution incidents in the year, leading to awards of 26% and 23% of maximum for the CEO and CFO respectively.

However, the company did not explain why, in the context of the issues set out above, any PRP award at all was justified. It states in its annual reporting that the bonus will funded by shareholders and not paid for from customers' bills. Had this not been the case, we would be making an adjustment of £312,000, which is the total amount received in bonus payments by the executive directors in relation to 2023-24.

Thames Water

Thames Water received a criminal conviction as a result of an EA prosecution, had an EPA rating of two stars (company requiring improvement) for 2023 and had significant issues with its financial resilience. The CEO and CFO both received a bonus award of 69% of maximum. This was reduced from the original outcome of 79% because of the exercise of downward discretion by the remuneration committee to reduce the award by ten percentage points as result of serious pollution incidents which occurred in the year.

The company's annual reporting did not contain an explanation of how any PRP award at all was justified given the serious issues highlighted above. We will therefore apply the recovery mechanism to protect customers from paying for the CEO's and CFO's bonus payments, which total £770,000[11] for 2023-24.

United Utilities Water

United Utilities Water received a criminal conviction as a result of an EA prosecution. The remuneration committee used its discretion to make a five percentage point reduction as a result of an unrelated incident at one of the company's wastewater treatment works, which reduced the bonus award for the CEO and CFO to 47% of maximum. The two executive directors also had LTIPs which vested at 79% of maximum for both directors.

There was no explanation provided of why, given the criminal conviction in the year, any PRP award in relation to 2023-24 was justified. The company stated in its annual reporting that PRP payments were funded by the parent company, United Utilities Group plc. If the PRP payments had not been funded in this way, we would be making an adjustment of £1,366,000, which is the total of all annual bonus and LTIP payments received by executive directors in relation to 2023-24 or, in the case of the LTIP, partly in relation to 2023-24.

[11] This figure includes £129,000 which is the first of two transition payments relating to withdrawal of the 2021-24 LTIP due to introduction of new PRP arrangements in 2023-24 and the and the fact that the 2022-25 was not granted pending a review of remunerations arrangements. However we have decided to include this payment in the adjustment being made because it relates to 2023-24 given it was paid in lieu of LTIP schemes covering that year.

Wessex Water

Wessex Water received a criminal conviction as a result of a Drinking Water Inspectorate prosecution. The CEO did not receive a bonus but three other executive directors (CFO, Chief Operating Officer and Chief Commercial Officer) all received between 47% and 52% of the maximum bonus.

We note that the CEO did not receive a bonus but the company did not explain why, despite the criminal conviction, it was justifiable to make any PRP award at all to the other executive directors. The company stated in its annual reporting that the bonuses were paid for by the shareholder with no costs borne by customers. Had this not been the case we would be making an adjustment of £387,000, which is the total of all annual bonus and LTIP payments received by executive directors.

Yorkshire Water

Yorkshire Water had an EPA rating of two stars and the CEO and CFO both received a bonus of 42% of the maximum.

The company reduced the bonus award by a net figure of 19 percentage points to reflect five serious pollution incidents and weather related incidents. We welcome this use of discretion but the company did not provide sufficient justification of why any PRP award at all was appropriate given its low EPA score. We will therefore apply the recovery mechanism to protect customers from paying for the CEO's and CFO's bonus payments, which total £616,000 for 2023-24.

Other companies

In relation to the remaining companies not mentioned above, we did not identify any significant indicators of poor performance for the purposes of the application of the recovery mechanism. As noted above, there may be some of these companies where such events have occurred, but after the end of 2023-24, and these events could have an impact when we are reviewing 2024-25 PRP outcomes next year.

7. Conclusion and next steps

The application of our recovery mechanism for 2023-24 PRP has primarily been necessary because companies have not adequately taken into account overall performance. In particular they have not met the high evidential bar for making any PRP payments where there are clear indicators of poor performance. While companies often recognised this poor performance, which is welcome, in all cases there was some element of PRP payment for which sufficient justification was not provided. It is not enough for companies to just acknowledge events which clearly indicate poor performance, they need to be clear how any payment at all is justified in the light of these events. We look to companies to recognise this when considering what PRP payments to make in future years and to make sure that PRP payments are only made when they can be clearly justified. We will engage with companies on the specific areas for improvement identified in this report.

We will make the adjustments explained in section 6 above and confirmed in Appendix A1 below. As set out in our PR19 Reconciliation Rulebook guidance[12], these adjustments will be made through the cost reconciliations mechanism. They will mean that for the three companies identified above, the amount which companies can recover overall from customers will be reduced by the equivalent of the relevant PRP payments. Given the timing of us making a final decision on these adjustments and its proximity to our PR24 final determination, they will be made as part of our 'blind year' process next year rather than the final determination. The adjustments will still have the effect as if they had been made as part of our final determination.

[12] PR19 Reconciliation Rulebook: Guidance Document, Ofwat, August 2023

A1 Summary of payments and Ofwat decisions

Company	Total PRP payment (£000)[1]	Paid for by regulated company[2]	Ofwat decision	Executive directors covered by assessment[3,4]	Notes
Water and Wastewater companies					
Anglian Water	95	No	Adjustment would be made if regulated company had paid	CEO, CFO, ex-CFO	CEO did not receive any annual bonus payment
Dŵr Cymru	163	Yes	Adjustment made	CEO, CFO	Performance did not meet the threshold target and the executive directors did not receive an LTIP payment
Northumbrian Water	315	No	No adjustment necessary	CEO	
Severn Trent Water	2,618	No	Adjustment would be made if regulated company had paid	CEO, CFO, ex-CFO	
South West Water	470	No	Adjustment would be made if regulated company had paid	CEO, CFO, COO, ex-CFO,	Executive directors did not receive any annual bonus payment in year
Southern Water	312	No	Adjustment would be made if regulated company had paid	CEO, CFO	
Thames Water	770	Yes	Adjustment made	CEO, CFO	
United Utilities Water	1,366	No	Adjustment would be made if regulated company had paid	CEO, CFO	
Wessex Water	387	No	Adjustment would be made if regulated company had paid	CEO, CFO, COO, CCO	CEO did not receive any annual bonus payment
Yorkshire Water	616	Yes	Adjustment made	CEO, CFO	
Water only companies					
Affinity Water	395	Yes	No adjustment necessary	CEO, CFO	
Portsmouth Water	100	Yes	No adjustment necessary	CEO, CFO	
South East Water	187	Yes	No adjustment necessary	CEO, CFO	
South Staffs Water	49	Yes	No adjustment necessary	CEO	
SES Water	386	Yes	No adjustment necessary	CEO, CFO	

Notes to table

1. This column sets out all PRP payments which relate in full or in part to 2023-24. Executive directors may have received other PRP payments which relate to previous years.
2. A 'No' in this column indicates that the company has reported that regulated company did not fund PRP payments and the cost of the payments should therefore not be borne by customers.
3. These are the executive directors who served on the company's board at some point during 2023-24. It excludes any director who both stepped down during the year and was ineligible for PRP.
4. Terms used are as follows: CEO – chief executive officer; CFO – chief financial officer; COO – chief operating officer; CCO – chief commercial officer' ex-CFO – CFO who stepped down during the year.

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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