



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: TO/LGRRS/05469/26

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16 July 2026

Dear [REDACTED]

Thank you for your correspondence of 7 July to Rhun ap Iorwerth, Prif Weinidog, regarding the recent comments from Roch Cheroux of Dŵr Cymru. The Welsh Government's Water Branch has been asked to respond.

We recognise your concerns about rising water bills, company performance and executive pay. The water companies are an essential public service, funded by customer's water bills. It is therefore important that performance-related pay is awarded only where it reflects genuinely exceptional performance and is subject to robust scrutiny and regulation.

Ofwat is the economic regulator of the water industry in Wales and England and we welcome Ofwat's independent scrutiny of water company performance payments and recognise the issues they raise. The Water (Special Measures) Act 2025 has strengthened regulatory powers, including enabling Ofwat to introduce rules prohibiting performance-related payments where water companies fail to meet relevant environmental, customer or financial resilience standards.

While Welsh Ministers do not have a formal role in determining executive pay for Wales's water companies, the Welsh Government do closely monitor both company performance and executive pay.

We expect water companies to reflect carefully on their performance and delivery, particularly in the context of the significant operational, environmental and customer service challenges currently facing the water sector. Executive reward arrangements should reflect clear and demonstrable progress in addressing these challenges and delivering positive outcomes for customers and the environment. However, we do not control these payments as water companies are privately owned companies.

The Welsh Government has committed to significant reform of the water sector in Wales to ensure that the interests of customers, communities and the environment are placed at the heart of decision-making. This includes establishing a new Welsh water regulator with powers to set Wales-specific price controls, limit excessive water company bonuses and

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

direct investment towards environmental improvements. The Welsh Government has also committed to exploring and setting out potential pathways for the nationalisation of water companies in Wales. We need a water system in Wales that is accountable, transparent and focused on delivering long-term value for the people of Wales, while ensuring that essential water services operate in the public interest.

Thank you for writing to us and we hope that you find this response helpful.

Yours sincerely,

Water Policy Branch
Climate Change and Rural Affairs Group
Welsh Government