# Thames Water chair defends executive bonuses amid pollution scandals and debt crisis



Sir Adrian Montague, chair of Thames Water, recently faced significant backlash over his support for a controversial bonus structure while admitting to the company’s failures in managing water pollution and service interruptions. Appearing before the Environment, Food and Rural Affairs (Efra) select committee, he expressed regret for the company’s shortcomings, acknowledging the distress caused by ongoing issues, such as pollution incidents and service outages. He stated, “We realise there is a vast amount to be done to bring performance up to scratch. We know we are letting customers down.”

Thames Water has been entangled in a series of scandals, including complaints regarding rising customer bills alongside widespread water pollution concerns. For instance, the Oxford Sewage Treatment Works, the largest in the county, has reportedly discharged untreated waste into a nearby river for 12 minutes every hour over the last six months. Other treatment works, such as the one in Wheatley, have faced similar criticisms. Compounding these issues are growing concerns about exorbitant costs for necessary upgrades, with the price to modernise the Oxford plant soaring tenfold, raising alarm among local residents and activists.

Despite these challenges, Montague dismissed the idea that Thames Water is failing, describing it instead as a “company in recovery” that is making progress. He believes that to retain talent in a competitive market, the company must offer attractive compensation packages, reinforcing this stance even amid criticism that those very packages could lead senior executives to earn bonuses as high as £1 million.

This issue has drawn ire from advocacy groups like Windrush Against Sewage Pollution (WASP). Its founder, Ash Smith, condemned the bonus structure as “ridiculous,” arguing that it fails to align with the company’s operational failures. Smith believes Montague should resign, claiming, “The owners of that company are extracting cash in obscene ways.” He called for more rigorous government intervention, stating that state oversight is necessary to ensure accountability and better outcomes for the public.

The dilemma over executive pay is compounded by the fact that Thames Water has been allowed to take on an additional high-cost loan of up to £3 billion amidst difficulties servicing its existing £19 billion debt. This precarious financial situation only underscores the tension between operational failings and executive compensation. Montague described the company as being in a “beggars-can’t-be-choosers situation,” urgently needing to attract investment while managing its overwhelming debt.

Interestingly, while Thames Water’s executive team has faced scrutiny, some, such as chief executive Sarah Bentley and CFO Alastair Cochran, took the initiative to forgo their own bonuses due to the company’s poor performance, citing unprecedented challenges from rising energy costs and severe weather events. However, bonuses for other board members have still escalated, with reports indicating a rise in total bonus payments across English and Welsh water companies to £9.1 million in the last financial year. This increase has occurred despite public uproar over record pollution discharges and ongoing financial struggles.

As Efra committee chairman Alistair Carmichael noted, there are “real concerns about the company’s commitment to transparency and accountability to its customers.” The various criticisms levied against Thames Water not only reflect widespread dissatisfaction among the public but also highlight a systemic issue within the water management sector that demands urgent reform.

In this climate of increased scrutiny and community activism, it remains to be seen whether Thames Water can navigate its myriad challenges and restore public trust, or if structural changes will be necessary to address the underlying concerns about governance and accountability within the industry.

### Reference Map

1. Paragraph 1: [[1]](https://www.oxfordmail.co.uk/news/25160925.thames-water-sir-adrian-apologises-backing-bonuses/?ref=rss)
2. Paragraph 2: [[1]](https://www.oxfordmail.co.uk/news/25160925.thames-water-sir-adrian-apologises-backing-bonuses/?ref=rss)
3. Paragraph 3: [[1]](https://www.oxfordmail.co.uk/news/25160925.thames-water-sir-adrian-apologises-backing-bonuses/?ref=rss)
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5. Paragraph 5: [[1]](https://www.oxfordmail.co.uk/news/25160925.thames-water-sir-adrian-apologises-backing-bonuses/?ref=rss)
6. Paragraph 6: [[4]](https://news.sky.com/story/bonus-payments-to-water-company-bosses-rise-to-16391m-amid-sewage-scandal-13238158)
7. Paragraph 7: [[2]](https://www.ft.com/content/81b521ae-bb50-496a-8652-b5a67c16933f), [[3]](https://www.bbc.com/news/articles/crg33l5rpp3o)
8. Paragraph 8: [[7]](https://www.bbc.com/news/articles/cg4zklxgwwwo)

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* <https://www.ft.com/content/81b521ae-bb50-496a-8652-b5a67c16933f> - Sir Adrian Montague resigned as chair of Thames Water's parent company, Kemble Water, amid a regulatory investigation into a £37.5 million dividend payment. He cited personal reasons for his departure but will remain chair of Thames Water Utility Limited. The company faces financial challenges due to rising interest rates impacting its £18 billion debt. The regulator, Ofwat, is examining whether the dividend payment violated its licence conditions. ([ft.com](https://www.ft.com/content/81b521ae-bb50-496a-8652-b5a67c16933f?utm_source=openai))
* <https://www.bbc.com/news/articles/crg33l5rpp3o> - Thames Water's chief executive, Sarah Bentley, and chief finance officer, Alastair Cochran, decided to forgo their annual bonuses due to the company's poor performance. Bentley had previously received £496,000 in performance-related bonuses in 2022. The company cited 'extraordinary energy costs' and 'two severe weather events' as factors affecting customer service and environmental performance. ([bbc.com](https://www.bbc.com/news/articles/crg33l5rpp3o?utm_source=openai))
* <https://news.sky.com/story/bonus-payments-to-water-company-bosses-rise-to-16391m-amid-sewage-scandal-13238158> - Bonus payments to water company bosses increased to £9.1 million in the 2023/2024 financial year, despite record sewage discharges and financial woes at some utilities. Executives from English and Welsh water firms received a total of £9,126,858, up from £9,012,777 the previous year. Pension contributions also rose to £1.68 million from £1.55 million. ([news.sky.com](https://news.sky.com/story/bonus-payments-to-water-company-bosses-rise-to-16391m-amid-sewage-scandal-13238158?utm_source=openai))
* <https://www.itv.com/news/meridian/2023-06-29/thames-water-appoints-new-chairman-as-questions-swirl-about-its-future> - Thames Water appointed Sir Adrian Montague as chairman amid questions about its future. Montague, who has held various chairman roles, including at Anglian Water Group Limited and Aviva plc, will join the board on 10 July 2023, succeeding Ian Marchant. His appointment comes as the company faces financial challenges and scrutiny over its performance. ([itv.com](https://www.itv.com/news/meridian/2023-06-29/thames-water-appoints-new-chairman-as-questions-swirl-about-its-future?utm_source=openai))
* <https://smartwatermagazine.com/news/thames-water/thames-water-ceo-forgo-annual-bonus-and-ltip-payments> - Thames Water's CEO, Sarah Bentley, and CFO, Alastair Cochran, decided to forgo their annual bonuses and long-term incentive plan payments for the financial year 2022-2023. Bentley cited significant headwinds from extraordinary energy costs and severe weather events affecting customer and environmental performance. The company is in the second year of an eight-year turnaround plan to address ageing infrastructure and poor performance. ([smartwatermagazine.com](https://smartwatermagazine.com/news/thames-water/thames-water-ceo-forgo-annual-bonus-and-ltip-payments?utm_source=openai))
* <https://www.bbc.com/news/articles/cg4zklxgwwwo> - Thames Water's CEO, Chris Weston, defended executive bonuses amid calls for a hike in customer bills to ensure the company's survival. Weston stated that the company needed to offer 'competitive packages' to attract talent. The company reported a 40% increase in pollution incidents in the six months to 30 September, as its debts continued to swell. ([bbc.com](https://www.bbc.com/news/articles/cg4zklxgwwwo?utm_source=openai))