

May 2021

Investors' survey 2020 – summary of results

1. Introduction

Investors play an important role in directly challenging management and holding them to account – but they can only do this effectively if they understand our policies and trust information from water companies. We have surveyed investors to assess their understanding and views of our regulatory framework since 2016.

This document presents the results of our 2020 investors' survey which was conducted in November last year. Our [previous survey](#) was published in March 2020.

1.1 Our 2020 survey

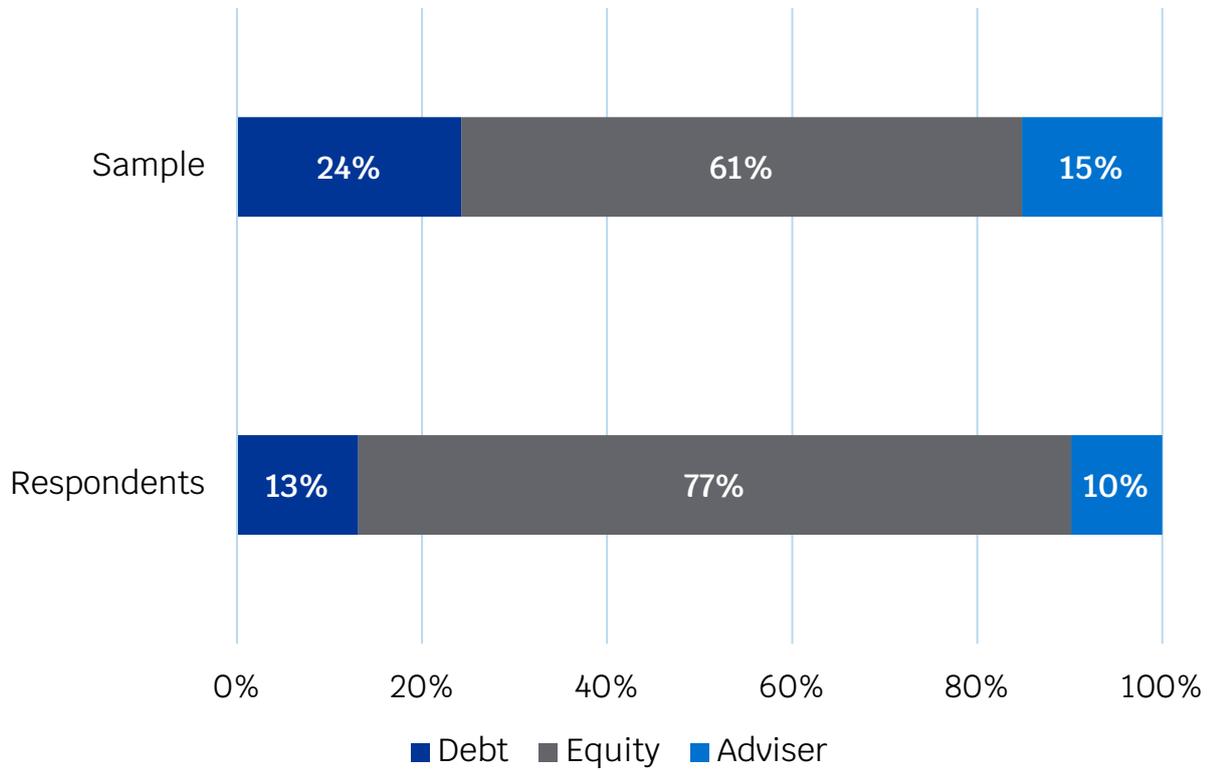
Our 2020 survey included the same questions as previous years to enable us to measure changes in investors' views over time. We asked a mixture of set and free-text questions. For seven statements, respondents were required to answer strongly agree, agree, neither agree or disagree, disagree or strongly disagree.

We also gave investors the opportunity to comment on our engagement with them and to categorise themselves to help our analysis.

1.2 Respondents

We sent the survey via our investor relations distribution list to 462 investors. We received 61 responses – a 13% response rate (the prior year response rate was 16%). Figure 1 compares the composition of survey respondents and our distribution list - equity respondents had a higher weight in the survey.

Figure 1 – Respondents compared to our sample



2. Survey results

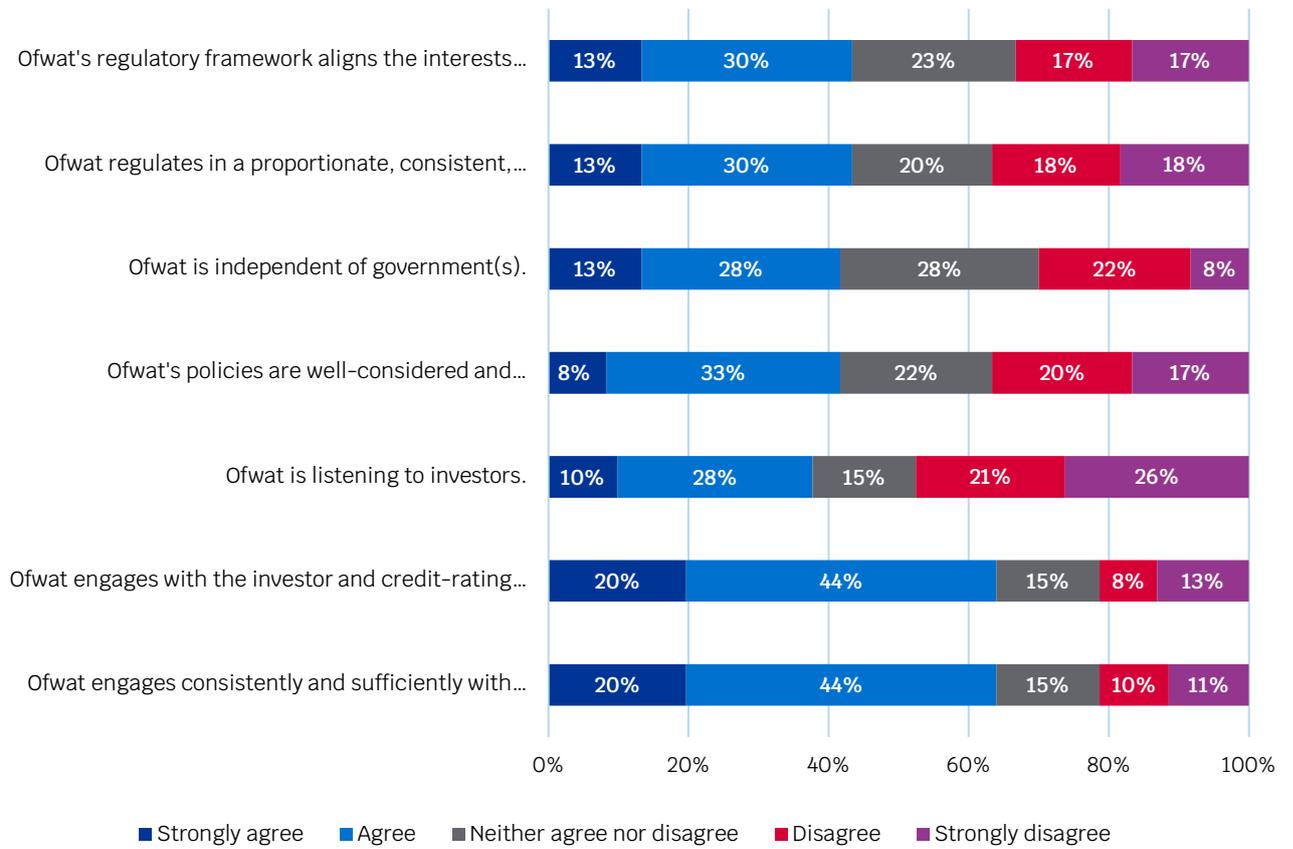
2.1 Overall results

The overall results for our survey are shown in figure 2. For six of the seven set questions more investors either strongly agreed or agreed than disagreed or strongly disagreed with the highest positive balance coming from the two questions on the quality of our investor engagement activities. The one question with a negative balance on this basis was for “Ofwat listens to investors” (38% strongly agreed or agreed compared to 48% that disagreed or strongly disagreed).

2.2 Questions

- Ofwat’s regulatory framework aligns the interests of regulated companies and their investors with those of customers over the long term.
- Ofwat regulates in a proportionate, consistent, transparent and targeted way, choosing the most appropriate tools from within a wide range of regulatory responses.
- Ofwat is independent of government(s).
- Ofwat’s policies are well-considered and consistent.
- Ofwat is listening to investors.
- Ofwat engages with the investor and credit-rating communities in an open and transparent way.
- Ofwat engages consistently and sufficiently with all types of investment stakeholder (debt, equity and analysts).

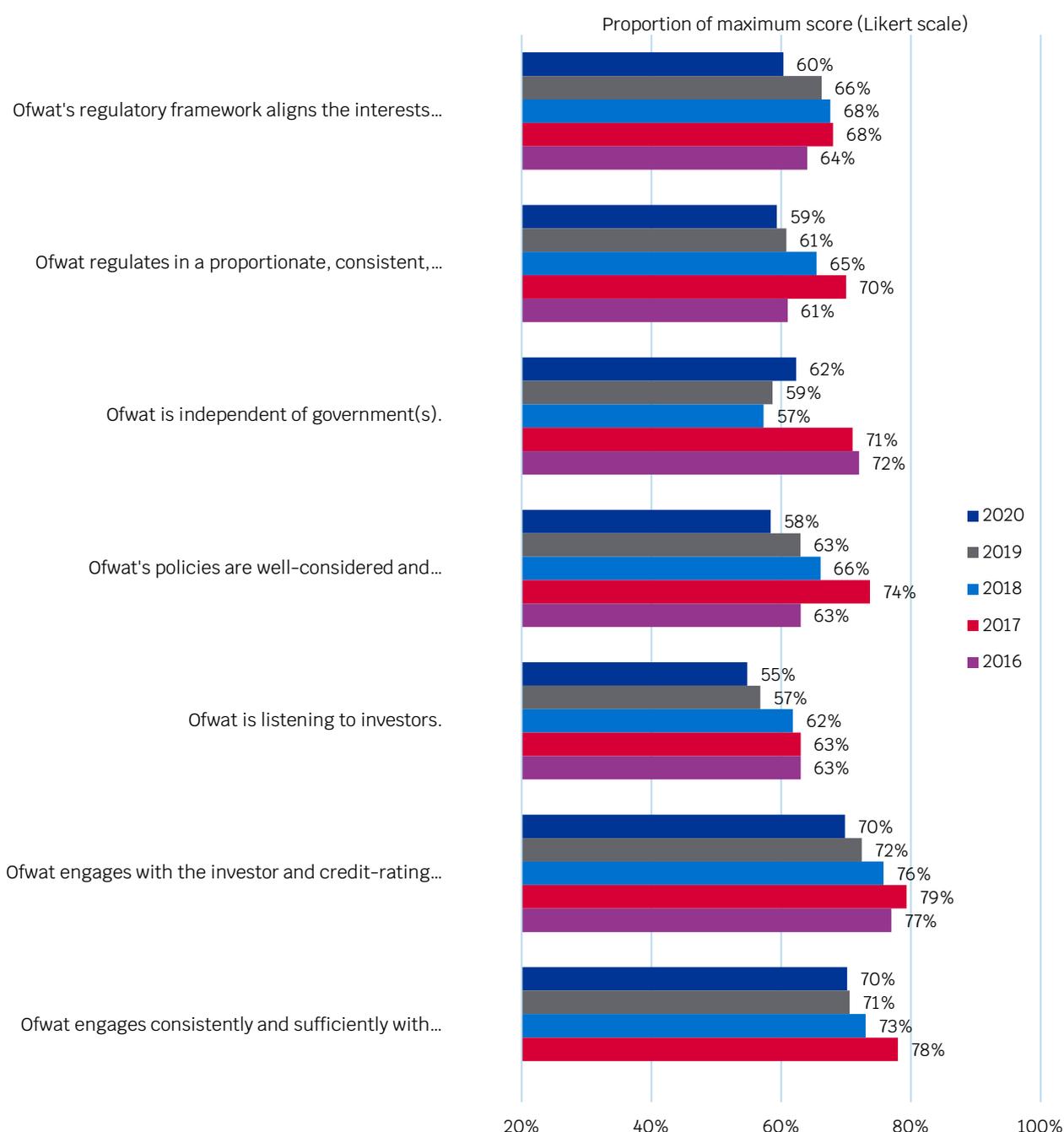
Figure 2 – overall results in 2020



2.3 Comparative results

We can compare the results with previous years by allocating each answer with a score (from strongly agree = 5 to strongly disagree = 1) and presenting the overall score as a proportion of the maximum possible (if every respondent strongly agreed with every statement). Figure 3 shows how 2020 compares to previous years. Note that with this method the minimum possible score is 20% and a 60% score would result if there was an equal weight on each of the five available responses. Six of the seven set questions had a lower score compared to the prior year; the improvement from 2019 was for “Ofwat is independent of government(s)”

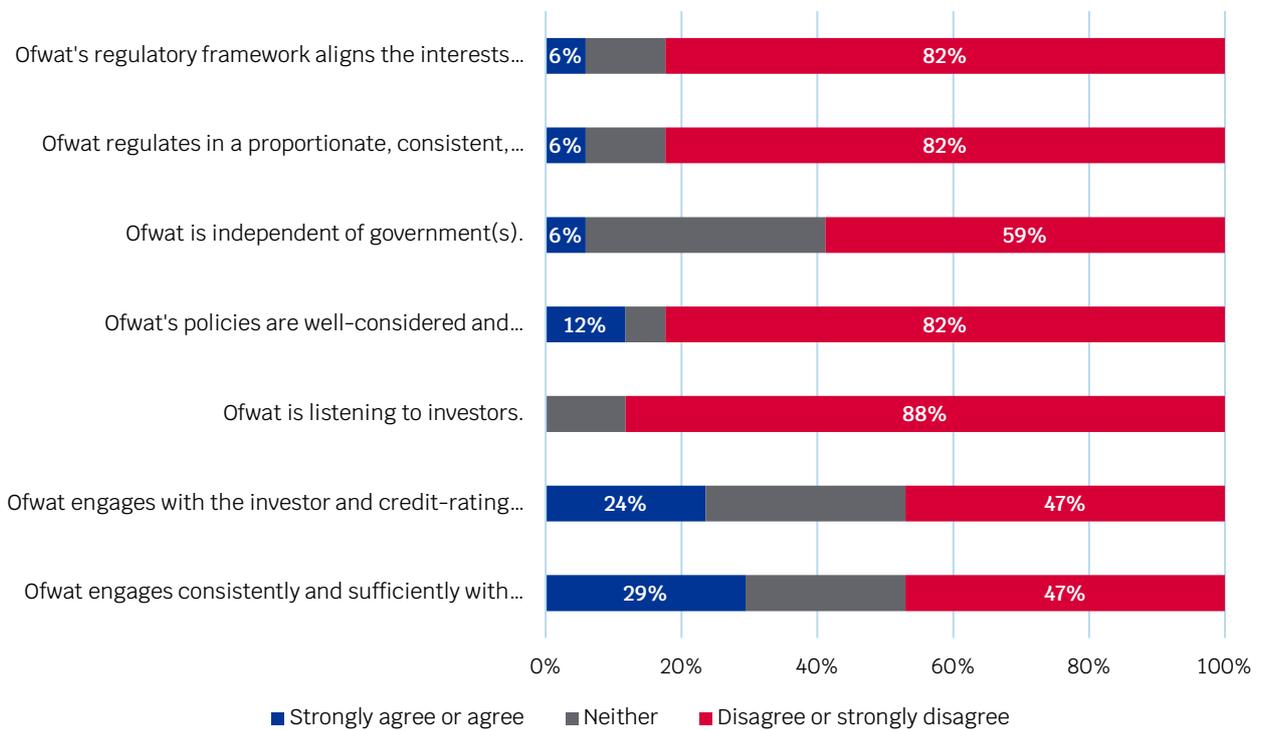
Figure 3 – results as a proportion of maximum score by year



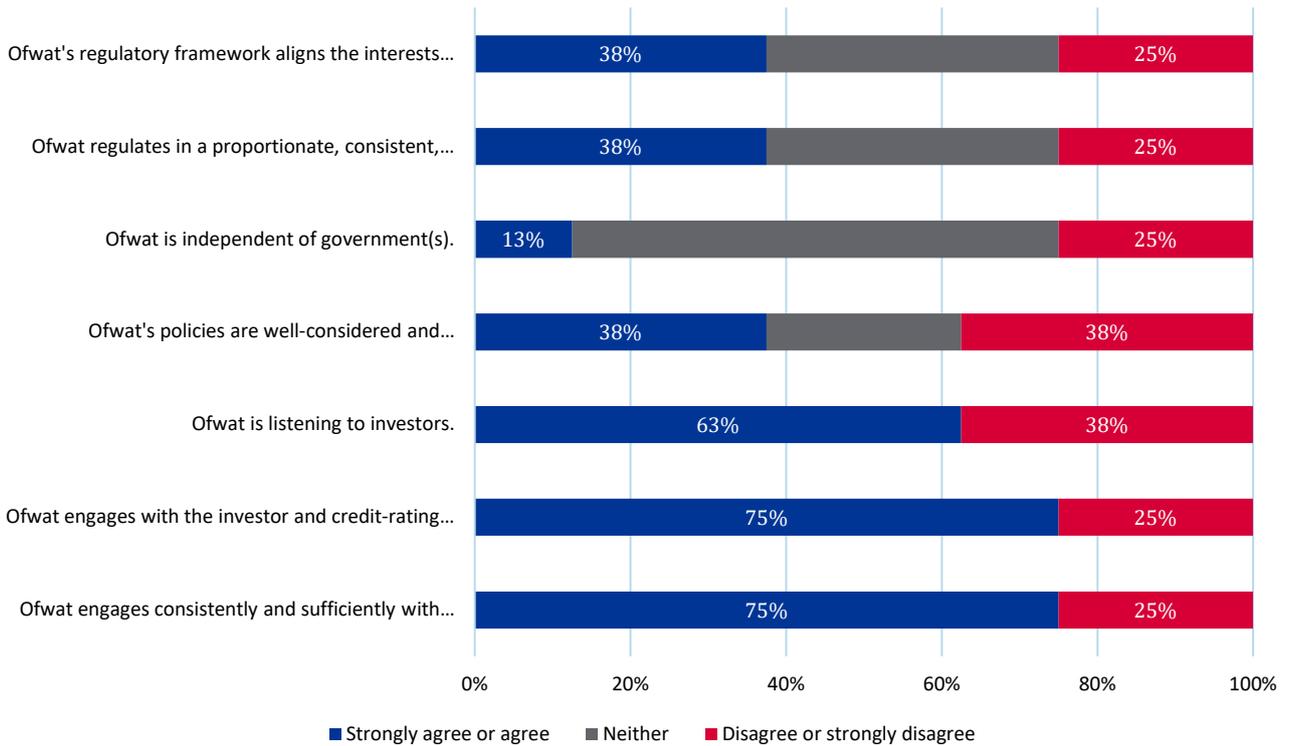
2.4 Results by investor type

The following three figures show the responses for the largest three investor types – equity investors in privately owned assets, debt investors and equity investors in listed assets. Responses to our seven set questions vary significantly across the three investor groupings. For equity investors in listed assets the percentage of strongly agree or agree across the seven set questions ranged from 57% to 87% while the same range for equity investors in privately owned investors was 0% to 29%.

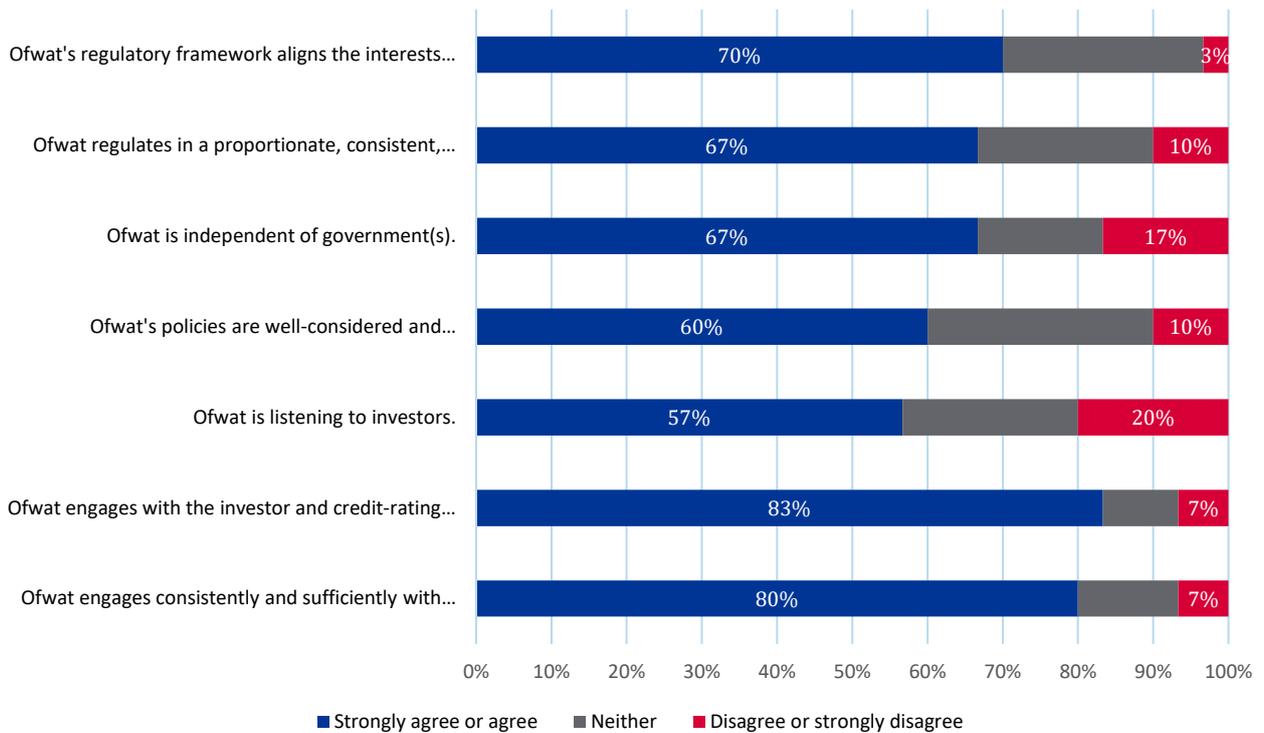
Privately owned equity (n=17)



Debt (n=8)



Listed equity (n=30)



2.5 Survey responses

In total 36 respondents (59% of all respondents) provided written feedback to us.

What we did well in terms of our engagement over the last year

Engagement	Timely investor emails and responses to queries City Briefings and series of roundtables 1-2-1s
PR19	A well-run process with good engagement throughout
Covid-19	Updates on how Ofwat is working with water companies to assess the impact of Covid-19

What we could improve on in terms of our engagement over the next year

Access to information	Make water company performance data more accessible and comparable Draw out details within methodology documents and decision documents in more concise summaries Make the publications list on the website easier to access
Personnel	Offer more access to senior leadership team Offer more access to those working on resilience
Listening	Listen with an open mind and take into account investor views

Our responses to your feedback

<p>Access to information</p>	<p>Improving data and insights are key strands of our strategy, 'Time to Act, Together'. We continue to look at water company performance data and how that is presented. In the 2019–2020 Service Delivery Report, we looked closely at the comparative data and how it was presented, leading to the publication of the key highlights from the report alongside the full report and data.</p> <p>In the current price control period, 2020–25, companies have a set of common performance commitments with consistent definitions. With more comparative performance information becoming available, we will look at how we report performance.</p> <p>We are taking steps to improve the search functionality of our website and are reviewing the design of the publications and consultation area later in 2021.</p>
<p>Personnel</p>	<p>We will continue to look to provide opportunities for the investor community to engage with both our senior leadership team and those with subject specific expertise.</p> <p>We also seek out the views of stakeholders on a number of issues via consultations and discussion documents, such as the Future Ideas Lab for PR24 and on topics such as public value. We would value the input from the investor community on these.</p>
<p>Listening</p>	<p>As well as seeking the views of the investor community on a number of key consultations and discussion documents, we want to ensure that we have open conversations with investors in both 1-2-1 and group settings going forward. We are always open to hearing of new ways to engage with investors, and will build them into our engagement plans as we look to achieve the best outcomes possible for customers and the environment.</p>

**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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