

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 paper presents the results of our annual investor survey which was open from 16 December through to 20 January. Our previous survey was published in [March 2022](#).

2. Our annual survey

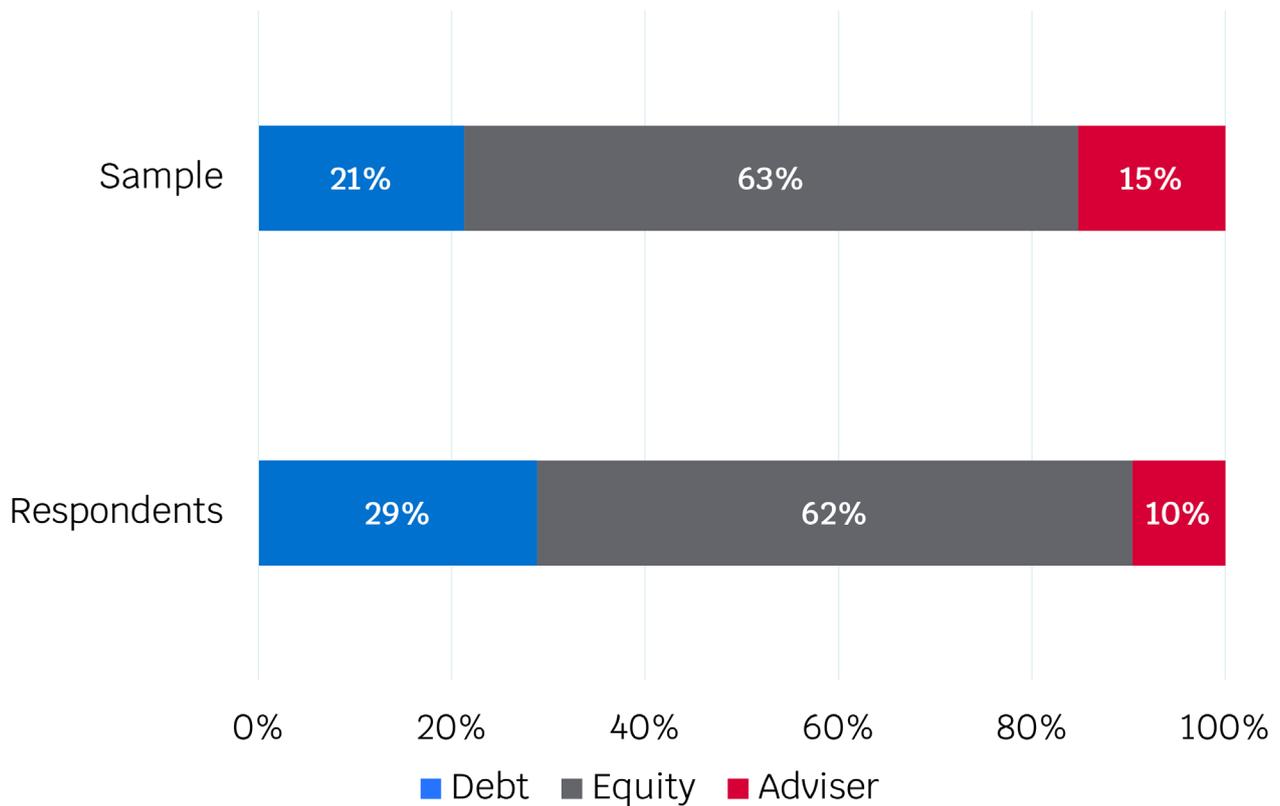
Our latest survey included the same questions as previous years to enable us to measure changes in investors' views over time. We asked a mixture of set and free-text questions. For seven statements, respondents were required to answer strongly agree, agree, neither agree or disagree, disagree or strongly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

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

3. Respondents

We sent the survey via our investor relations distribution list to 479 investors. We received 52 responses – an 11% response rate (the prior year response rate was 7%). Figure 1 compares the composition of survey respondents and our distribution list.

Figure 1 – Respondents compared to our sample

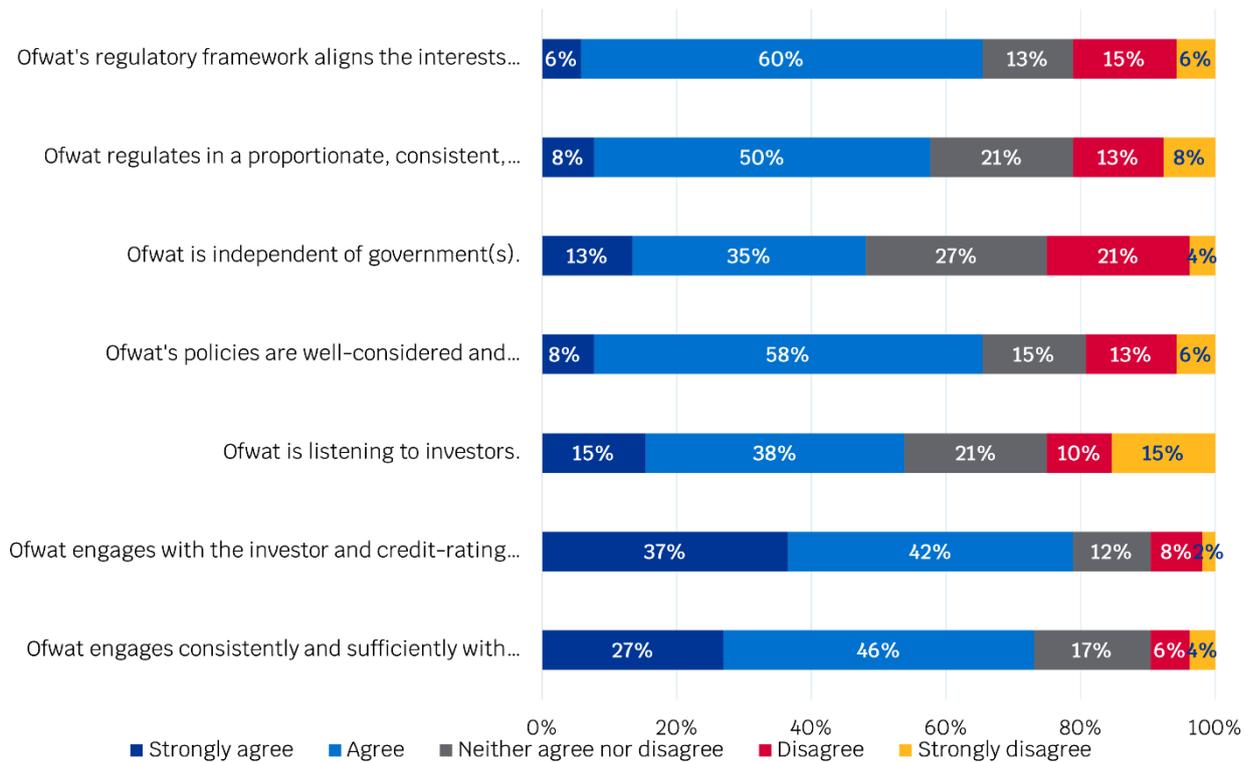


4. Survey results

4.1 Overall results

The overall results for our survey are shown in Figure 2. For each 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 questions covering our investor engagement activities, our well-considered and consistent policy-making, and our regulatory framework aligning the interests of regulated companies and their investors with those of customers over the long term (questions one, four, six and seven).

Figure 2 – Overall results over the last year



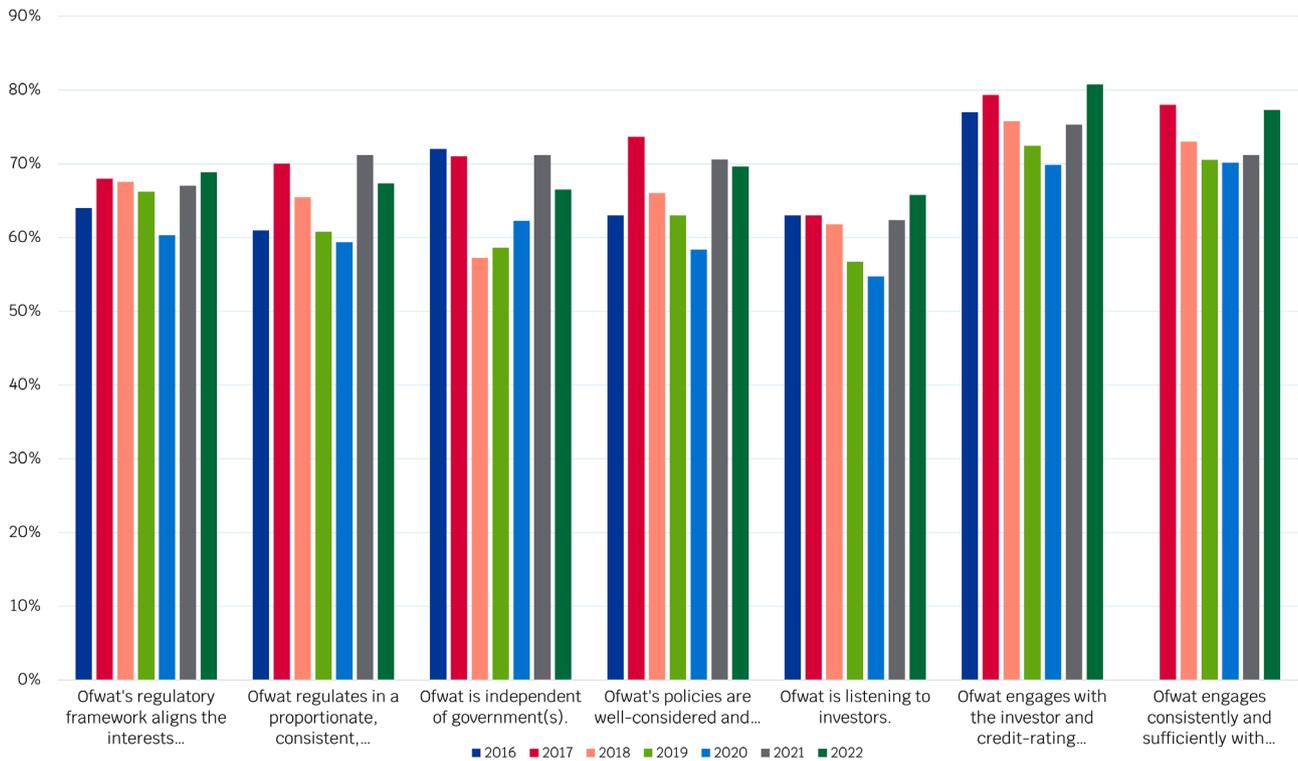
4.2 Questions

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

4.3 Comparative results

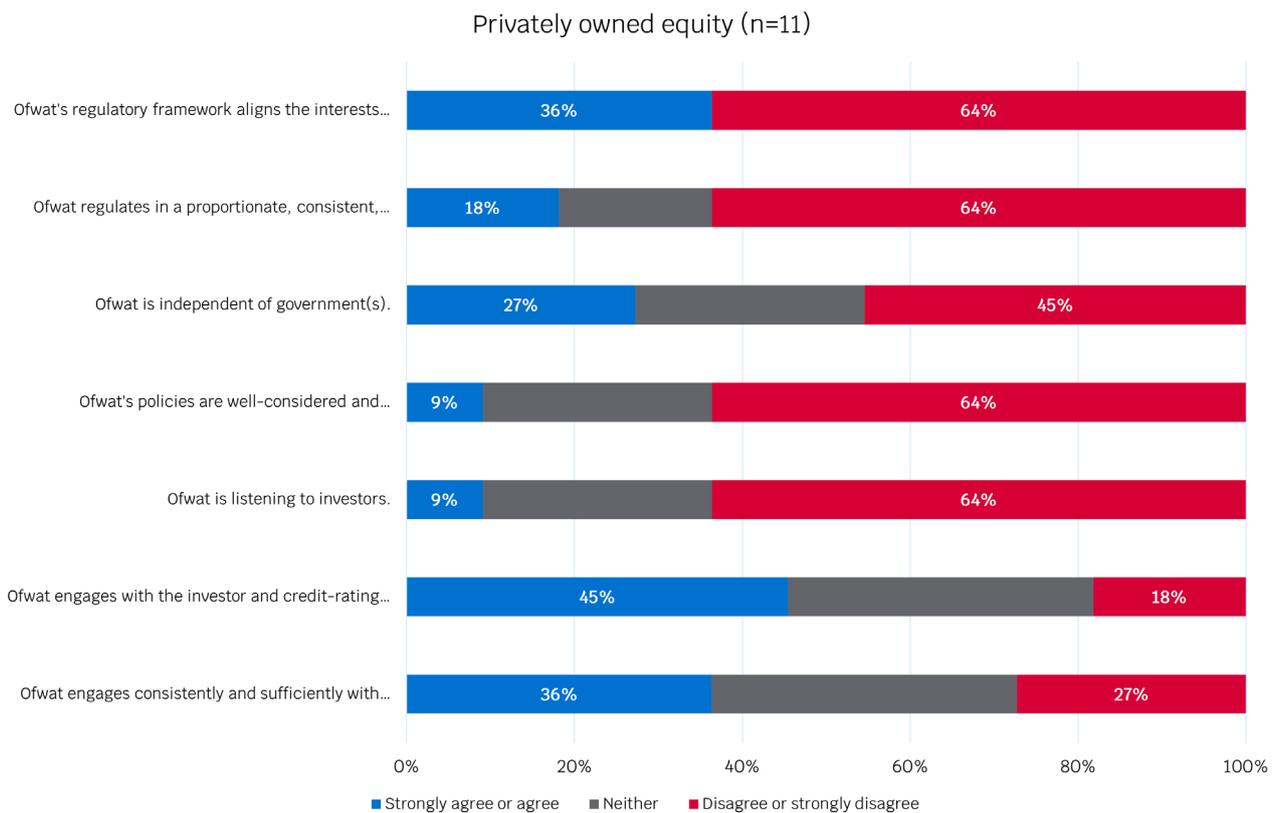
We can compare the results with previous years by allocating each answer with a score (from strongly agree = 5 to strongly disagree = 1) and presenting the overall score as a proportion of the maximum possible (if every respondent strongly agreed with every statement). Figure 3 shows how last year compares 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. Questions one, five, and six recorded their highest score since the survey began (our regulatory framework aligning interests, listening to investors and our investor engagement). The two questions covering our investor engagement activities had the biggest rise compared to the prior year, while perceptions of Ofwat's independence from government(s) saw the most significant fall from last year (albeit to a level that is significantly higher than the low in 2018).

Figure 3 – results as a proportion of maximum score by year (proportion of maximum score – Likert scale)

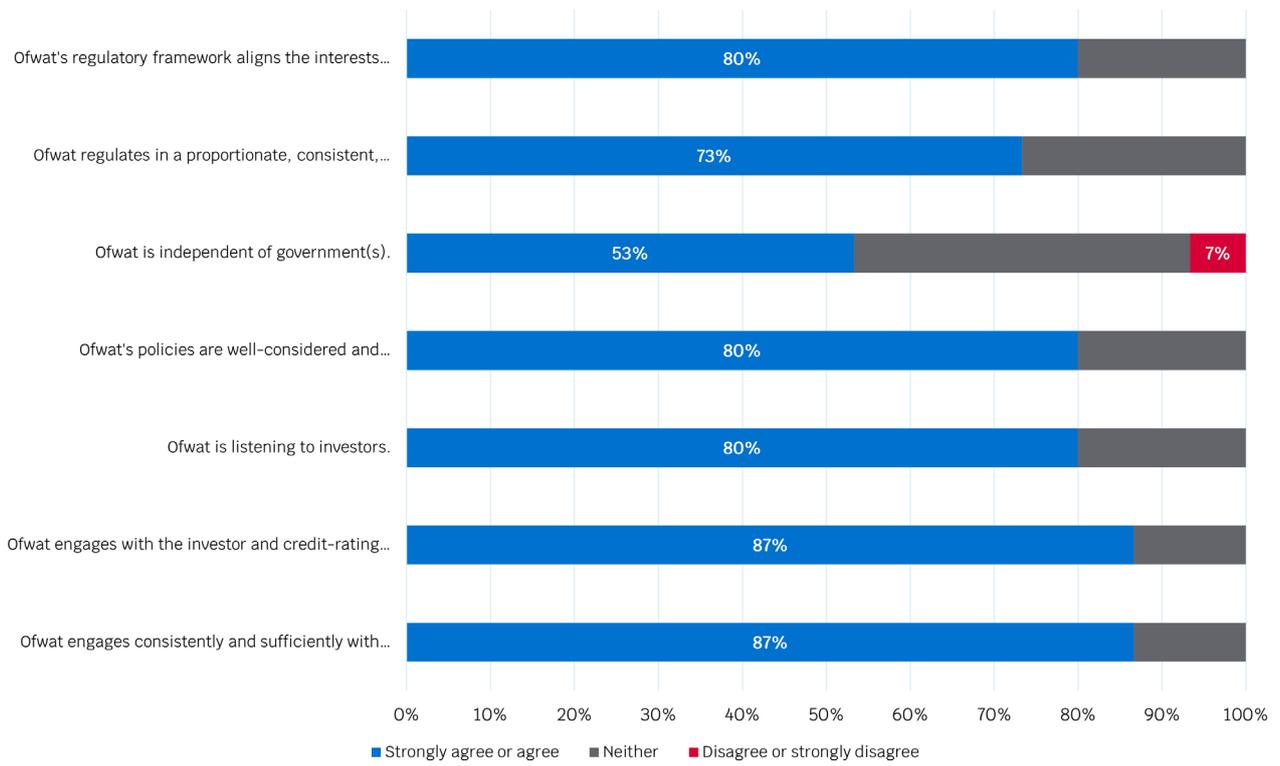


4.4 Results by investor type

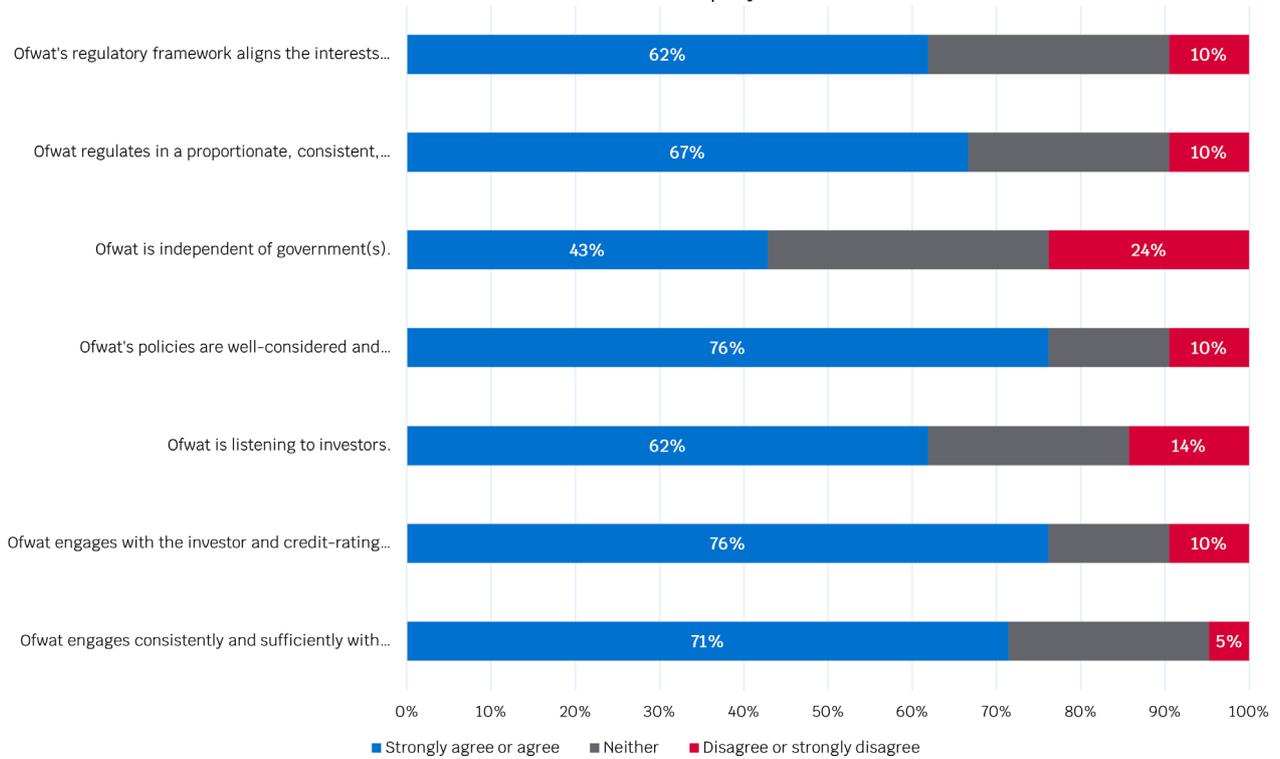
The following three figures show the responses for the largest three investor types – equity investors in privately owned assets, debt investors and equity investors in listed assets. Responses to our seven set questions vary significantly across the three investor groupings. For equity investors in listed assets the percentage of strongly agree or agree across the seven set questions ranged from 43% to 76% while the same range for equity investors in privately owned assets was 9% to 45%. For debt investors the percentage of strongly agree or agree across the seven set questions ranged from 53% to 87%



Debt (n=15)



Listed equity (n=21)



4.5 Survey responses

In total 34 respondents (65% of all respondents) provided written feedback to us.

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

Engagement	Timely emails and responses to queries PR24 conference calls, roundtables, participation in investor conferences
Conversations, discussion papers and consultations	Discussion papers on more difficult subjects before formal consultation, PR24 methodology consultation, opening-up the conversation about storm water and talking about leveraged equity returns from inflation
Benchmarking reports	Consistently communicate data

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

More discussion about how longer-term priorities will be met and what that means for regulation	Environmental requirements are pressing and require a different approach
Data and clarity	Keep improving access to data on your website in a simple to understand format. Produce clearer summaries in your publications – many of your reports tend to be very detailed and difficult to digest

Our responses to your feedback

More discussion about how long-term priorities will be met and what that means for regulation

We are keen to ensure that there is a clearer focus on the long-term needs of customers and the environment and better decision making on how those needs are met. We have worked with the Environment Agency and Natural Resources Wales to enable a more outcomes-based approach to the English Water Industry National Environment Programme (WINEP) and the Welsh Environment Programme (NEP), and we are engaging extensively with companies on their planning processes for WINEP/NEP, drainage and wastewater management plans and water resources management plans. For PR24, we are requiring companies to set their five-year business plan in the context of a 25-year long-term delivery strategy. Companies need to plan over the long term and we expect them to take account of our feedback and use adaptive planning to identify what needs to be done in 2025 to 2030 and what decisions should be scheduled in future periods when there will be greater certainty.

Data and clarity

Having information that is easy to understand and navigate allows customers, and other stakeholders to challenge companies' performance – and encourages them to deliver better services. One of the ways we support this process is through our benchmarking reports covering company performance and financial resilience.