

December 2018

Trust in water

Investors' survey 2018 – 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 2018 investors' survey which was open from 15 October to 15 November 2018. It builds on [last year's summary of results](#) which we published in December 2017.

1.1 Our 2018 survey

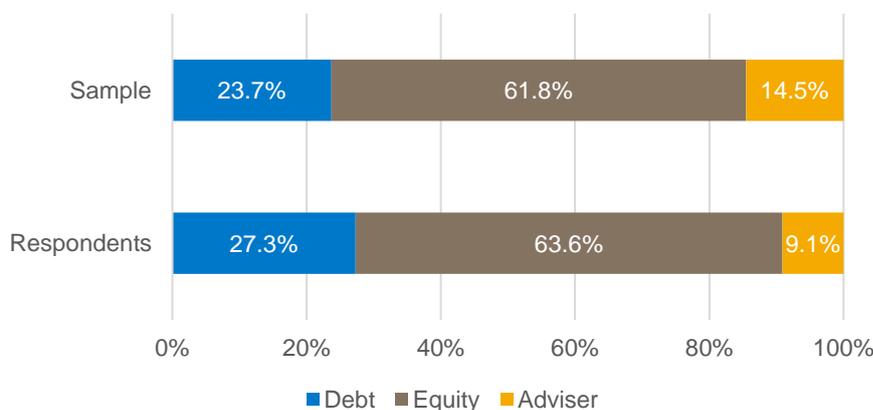
This year's survey included the same questions as previous years to enable us to measure changes in investors' views over time. We asked a mixture of set and free-text questions. For six statements, respondents were required to answer strongly agree, agree, neither agree or disagree, disagree or strongly 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 507 investors. We received 66 responses – a 13% response rate, slightly above last year (11%). Figure 1 shows the composition of survey respondents is mostly in line with our sample.

Figure 1 – Respondents compared to our sample

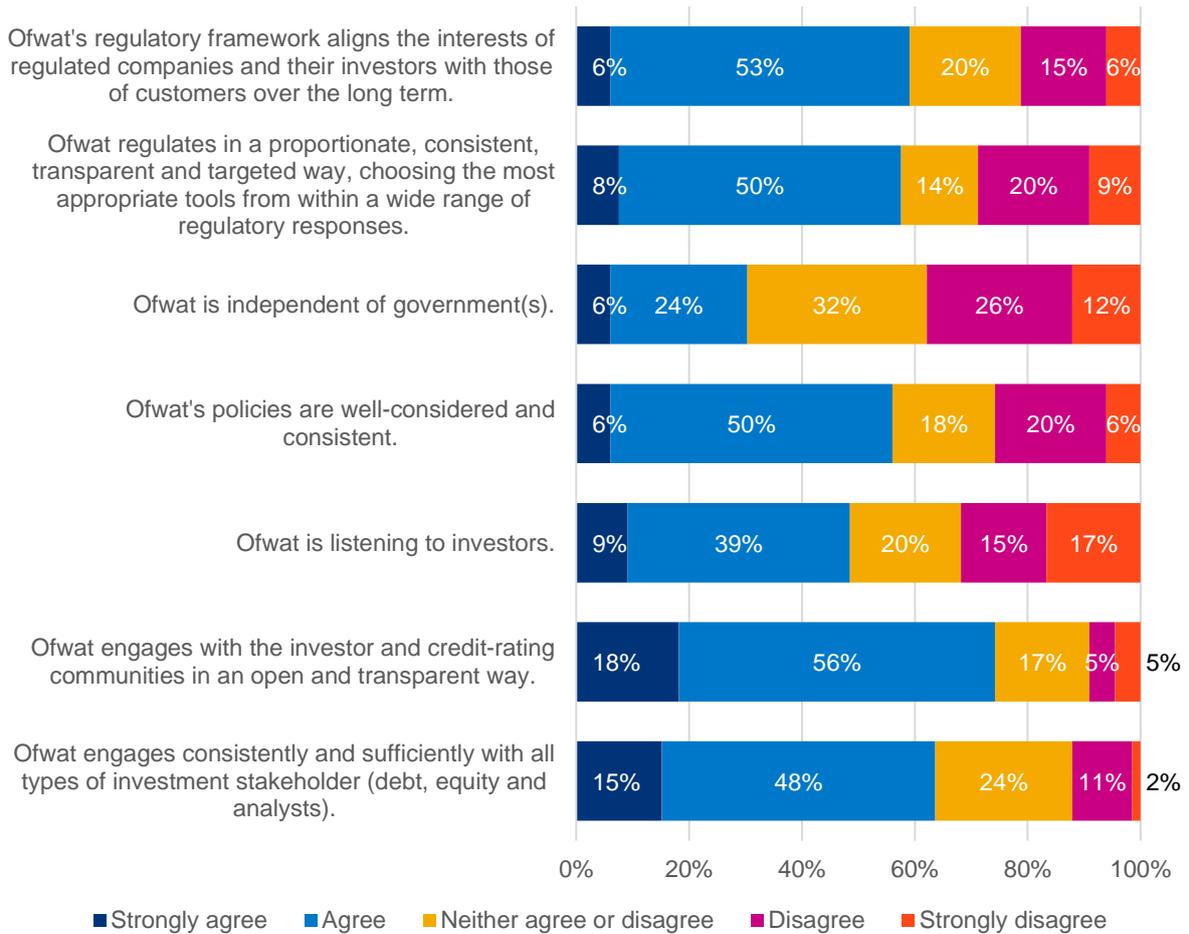


2. Survey results

2.1 Overall results

The overall results for our 2018 survey are shown in figure 2.

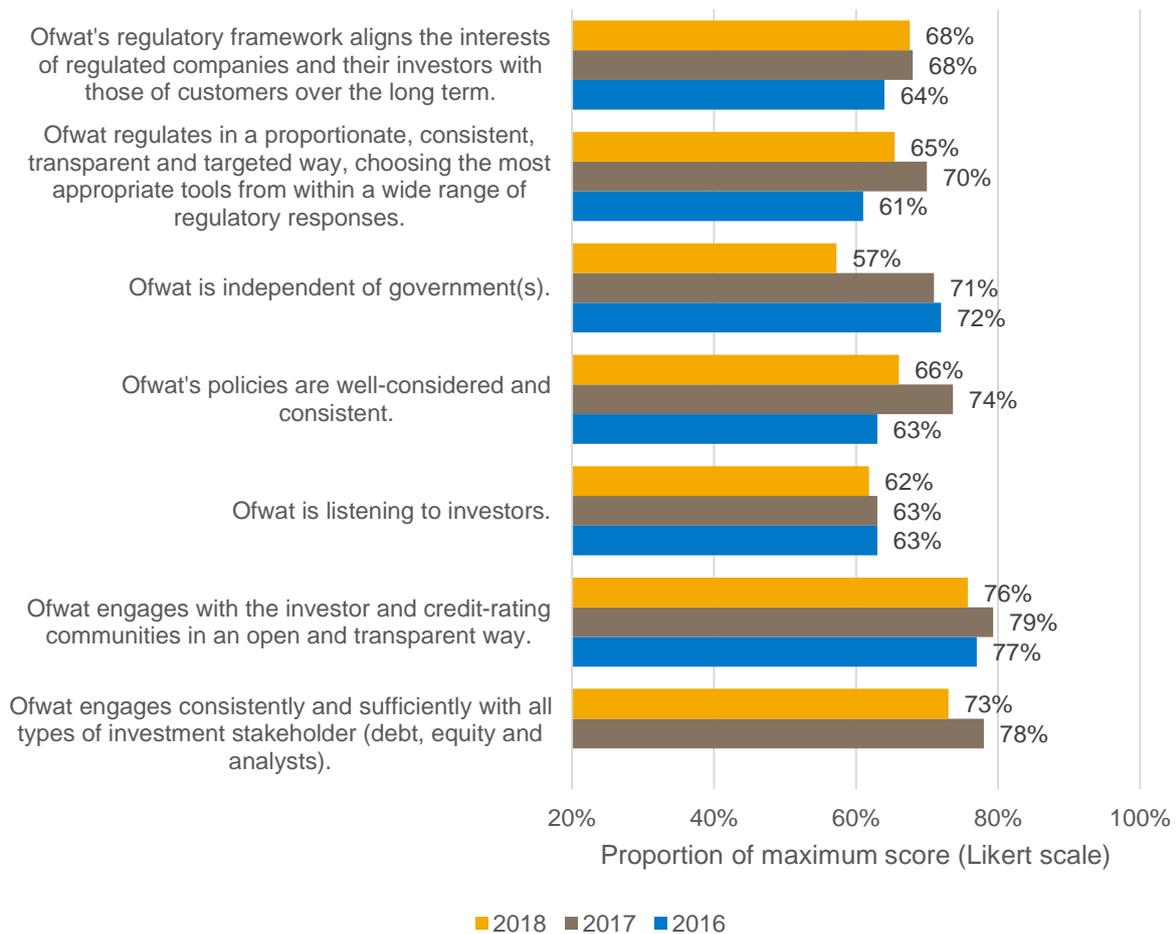
Figure 2 – overall results in 2018



2.2 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 2018 compares to 2017 and 2016. 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.

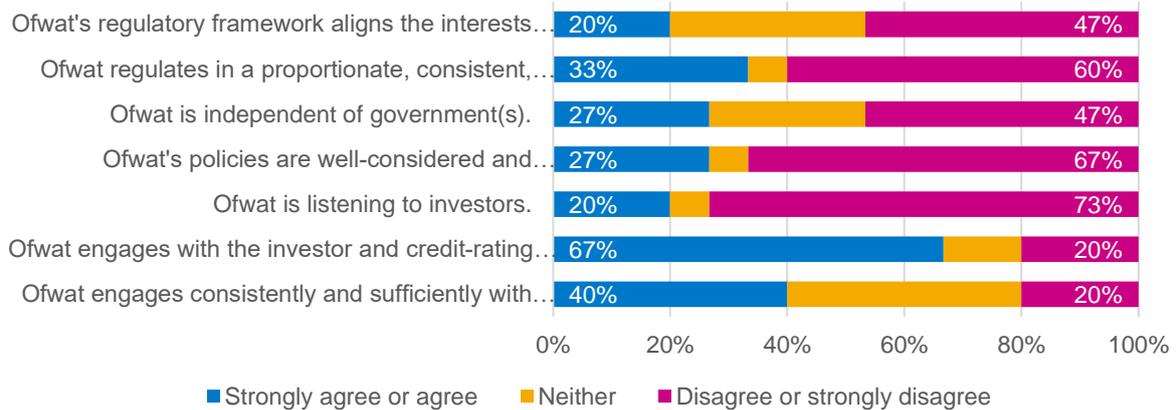
Figure 3 – results as a proportion of maximum score by year



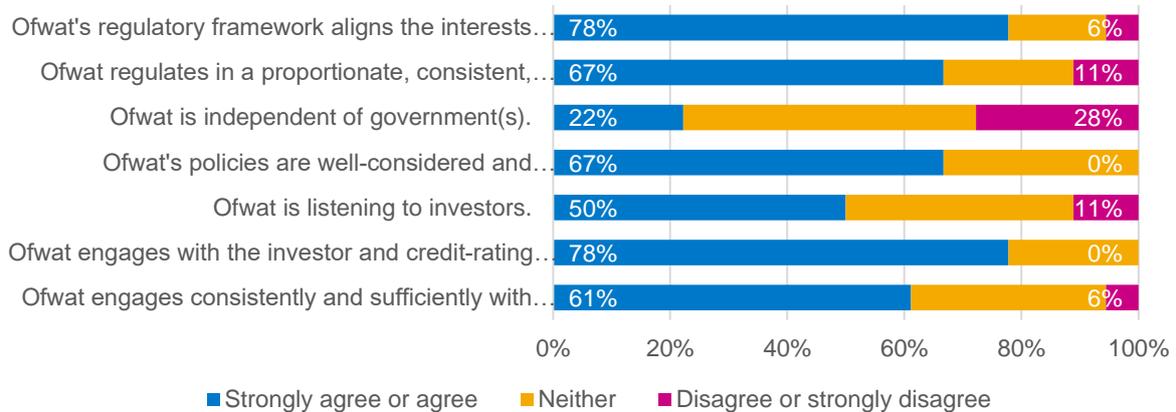
2.3 Results by investor type

The following three figures show the responses for the largest three investor types – privately owned equity investors, debt investors and listed equity investors.

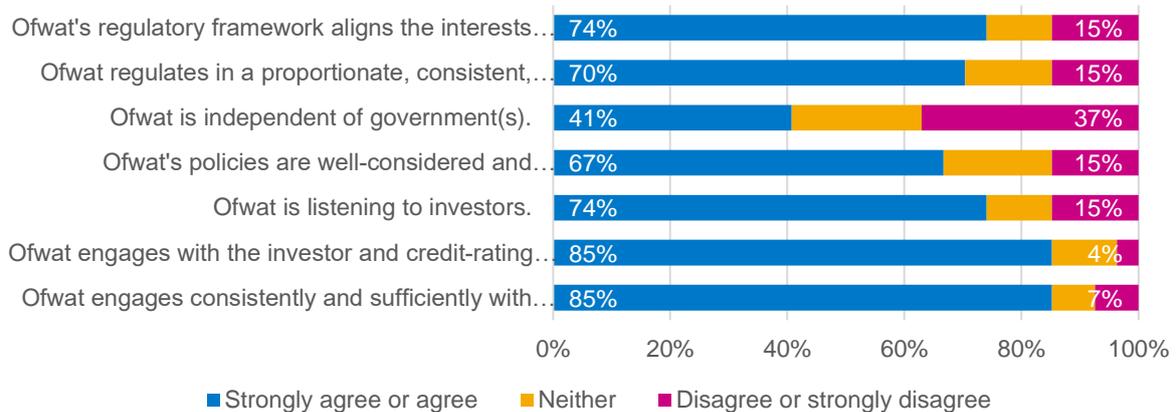
Privately owned equity (n=15)



Debt (n=18)



Listed equity (n=27)



3. Survey responses

In total 38 respondents (58% of all respondents) provided written feedback to us.

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

Engagement	<ul style="list-style-type: none"> • Regular updates • Conference calls, one-to-one meetings and roundtables • Seen as listening to investors
PR19	<ul style="list-style-type: none"> • Early engagement on the PR19 methodology and in advance of business plan submissions
Vision	<ul style="list-style-type: none"> • Starting a discussion about a new vision for the sector • Engaging stakeholders including investors to understand their views

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

Access to information	<ul style="list-style-type: none"> • Better access to key information on Ofwat's website and in larger documents
Investor meetings	<ul style="list-style-type: none"> • Continued and more frequent meetings with investors • Greater access to Ofwat's senior leaders
Legitimacy	<ul style="list-style-type: none"> • Be seen to be more independent from government • Make statements that are less provocative • Make fewer policy changes

Our responses to your feedback

Access to information	<p>We currently highlight relevant information in our regular updates by email and on the investors' page of our website. Investors can also use this page to ask to be added to our investor relations distribution list.</p>
Investor meetings	<p>Investors can easily request a one-to-one meeting with Ofwat through a form on the investors' page of our website. We also hold roundtable meetings typically every quarter. We will consider further opportunities for engagement while maintaining the right balance with our whole range of stakeholders, particularly customer representatives.</p>
Legitimacy	<p>In 2018 we continued the programme of work we have had underway for over 5 years to improve the sector's legitimacy. Addressing the widespread concerns about the priorities and motivations of those who own and run the water companies is an important part of our role as an independent regulator. This will take time and investors should not underestimate the scale of change required. We make every effort to engage with investors, and look to signal potential changes to our regulatory regime in advance. We recognise the important role investors have in the sector and the value to them of regulatory predictability. However, investors should not expect a static regulatory environment and should recognise that we, like them, need to respond to lessons learned, present needs and future challenges.</p>

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales. Our vision is to be a trusted and respected regulator, working at the leading edge, challenging ourselves and others to build trust and confidence in water.

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