

Annual Report
Health and Safety
Year ended 31 March 2010



Dŵr Cymru
Welsh Water

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Overview

Dŵr Cymru Welsh Water (Welsh Water)

Welsh Water is responsible for the delivery of water and wastewater services to over three million people in Wales and certain adjoining parts of England. These essential public health and customer services (and the ancillary activities that support them) are delivered by over 4,800 people who work either for Welsh Water or for one of the Company's outsourced service partners. Ensuring the occupational health and safety (OHS) of all our employees and members of the public is our highest priority and a big responsibility. On any working day, construction or engineering work may be being carried out at around 200 individual sites across the Welsh Water region, and up to 4,000 procedures or operational activities are performed at our treatment works or on our network of water and wastewater pipelines.

The financial year ended 31 March 2010 (2009-10) was a significant year for Welsh Water. It was the final year of a five year regulatory period ('AMP4') and in the final quarter of the year we announced a significant restructuring of the business. Under arrangements that commenced in April 2001 we have outsourced the day to day operation and maintenance of our network of water and sewerage assets under competitively let contracts, but in February 2010 we announced that these arrangements would be brought to an end and that the people who deliver these services would transfer to become employees of Welsh Water under The Transfer of Undertakings (Protection of Employment) Regulations ('TUPE'). In 2009-10, only 220 people were directly employed by Welsh Water, but following TUPE transfers on 1 April 2010 and 1 May 2010 Welsh Water has some 1,750 employees.

Safety performance

In 2009-10 we experienced an increase in reportable injuries (up from 34 to 39) and saw a rise in the number of work days lost due to injury, which meant we were unable to maintain the improving trend in performance we had seen earlier in the AMP4 period. As a result, the Accident Incident Rate (AIR - injuries per 100,000 employees) for reportable accidents in 2009-10 increased to 805 (2008-09: 700), although the AIR for non-reportable accidents was lower at 7,289 (2008-09: 7,898).

This all suggests that our OHS performance, which while still relatively good compared to many companies of similar operational complexity, may have reached a plateau. We will continue to expend every effort to improve performance forward into 2010-11.

Health performance

In last year's Health and Safety Report we flagged that we had reviewed our occupational health (OH) strategy and agreed a 'minimum standard' for OH provision and a standardised approach to health screening by Welsh Water and our outsourced service partners.

Our best ever performance was achieved in 2006-07 when just over 21,000 working days (2.05% of the total available working days) were lost to illness - and bettering this is our benchmark for future performance. In 2009-10 we lost 23,419 working days, slightly higher than in 2008-09, which shows there is still work to be done in this area

Our proactive approach to managing OHS

Our proactive strategy has a number of aspects.

Near hit reporting: We firmly believe that improved performance will come from our process of reporting of near hits (or near misses) - i.e. incidents that did not cause personal injury but which had the potential to cause harm.

We encourage the reporting and investigation of these important 'learning events', as a key part of our process of continuous improvement.

In 2009-10, 678 near hits were reported, which is more than double the number of near hits reported five years ago when our proactive reporting initiative commenced.

Business specific OHS plans: This involves the setting of annual OHS objectives for each part of the business. Each outsourced service partner is supported by a programme of staff training and development and a combination of independent and peer audit of performance and compliance with Welsh Water's OH&S management system.

In 2009-10, Welsh Water oversaw the delivery of 171 OHS initiatives to deal with major risks and to maintain management focus on continuous improvement in health and safety. By the end of the year, 98% of all the stated objectives in these plans had been delivered. Welsh Water's oversight of this was achieved through some 20 managers, who have specific responsibility for managing outsourced services and who have demonstrated their competency and achieved the National Examination Board Certificate for Occupational Health & Safety (NEBOSH); 4 of these managers have also completed NEBOSH Construction Certificate training.

OHS audit: Further assurance is provided by Welsh Water's multi tiered OHS audit programme. In 2009-10, this included 45 internal 'cross partner audits', bringing the total number of such audits to 280 under the process we introduced nine years ago. In addition, there were seven independent audit reviews conducted by Welsh Water's insurer (Mitsui Insurance) and six independent compliance audits carried out by Connaught Limited ('Connaught').

Promoting OHS excellence: An important part of our OHS management system is recognising health & safety excellence. In June 2009 we held our third annual conference, which was attended by a cross section of 300 staff from across the business. This Conference, which was sponsored by Mitsui Insurance, received presentations from independent experts in the field of OHS including Dr Sandra Gadd (H&S Laboratories), Ken Woodward (who spoke about life changing injury – he lost his eyesight as well as his sense of taste and smell in a horrifying workplace accident), Nigel Lilley (National Grid) and Caspar Barry (a leading speaker on risk taking and decision making). The conference was also our platform to present annual awards to recognise OHS Excellence.

Further detail on each of the preceding matters is provided in the 2010 Health and Safety Report that follows.

Our behavioural safety challenge

In last year's Health and Safety Report we highlighted that Welsh Water experiences what we consider to be an unacceptable proportion of avoidable accidents – that is accidents that had a human factor or behavioural element as a significant contributory factor, and improving this was a key objective for the year.

Typically, the avoidable accidents that we experienced were caused by slips, trips and falls on the same level, or by handling, lifting and carrying – accidents that should not happen if safe working practice and company procedure is followed and reasonable precaution is taken in adverse weather conditions. These accidents are not good for the health and well being of staff or, as a result of adding to work time lost due to injury, for the operating efficiency of the business. In 2009-10, the proportion of accidents attributable to these causes was 53% (down from 68% two years ago when we first focused on this, and 58% in 2008-09), which remains far too high.

We are determined to improve this performance in the current year (2010-11) and this is a key feature of the arrangements we have put in place following the recent reorganisation of the business. This includes a new programme of intervention based actions for managers and employees, and requires greater senior manager involvement in accident investigation, increased communication on risk assessment and targeted training for managers and employees to heighten personal safety awareness. This will build on our AWARE improvement plan, which in 2009 launched our drive to keep the focus of all our people on personal risk assessment, and the need for greater care before commencing any job - no matter how small

Governance of OHS

In 2009-10, Welsh Water's health and safety management system retained certification to the internationally recognised OHSAS 18001:2007 standard, after successfully passing the required independent audits (conducted by SGS UK Ltd) with no major non conformances. We also use the Institute of Directors and Health & Safety Executive 'Leading Health & Safety' guidelines as a benchmark for the development of OHS strategy and for senior manager leadership actions for health and safety.

OHS performance is detailed in a monthly performance report which is reviewed at each meeting of the Board and the Quality and Environment Committee of the Board ('QEC'). QEC also reviews and, when appropriate, briefs the Board on significant accidents and near-miss reports and matters arising from the regular updates QEC receives on key OHS issues, developments and legislation. Under our management system each tier of OHS management (e.g. the Board, executive directors, and Welsh Water's OHS steering group and consultative committee) has a defined responsibility to encourage a positive culture in the business.

We place great emphasis on monitoring contract partner performance and oversight of procedures that promote and share good practice across the wider Welsh Water business. This is reflected in the following Health and Safety Report, which covers the performance of Welsh Water and its outsourced service providers (or partners), of which there were 19 in 2009-10. This is achieved without detracting from the legal responsibility of each outsourced service partner to have its

own governance arrangements and to manage and monitor its own OH&S performance and obligations. We encourage continuous improvement in the performance of all partners via a business support team comprising OHS specialists that meets every two months. Through this arrangement we share information right across the business, issue safety-alerts and generally oversee the management of OHS to a consistently high standard across all activities undertaken by or on behalf of Welsh Water.

Having brought outsourced operational activities in-house, and re-let the asset investment contracts for the AMP5 period, we adopted an additional level of governance for the first quarter of 2010-11 as the Board was aware that during a period of change and reorganisation there was heightened risk of loss of management and individual employee focus which could result in a decline in health and safety performance. To mitigate this risk we adopted a transition management process comprising a series of work streams, and sub work streams, within each of which there would be a series of tasks – each of specific duration and priority, and allocated to a responsible manager and which has been reviewed by senior management on a weekly basis



Peter Perry
Operations Director

Review of performance 2009-10

This report details the performance of Welsh Water, its major contract partners and their main subcontractors in the twelve month period that ended on 31 March 2010. The report covers the following activities:

- » Asset Operation and Maintenance (all reservoirs, sewage/water treatment works and pumping stations, water and sewerage network systems including; mechanical/electrical/instrumentation work/CCTV surveys);
- » Asset Investment (ownership/design/construction/refurbishment);
- » Sampling Services (water and sewage);
- » Customer Services (including billing & income, credit management, call centre management and meter reading);
- » Meter Installations; and
- » Provision and Maintenance of IT Systems.

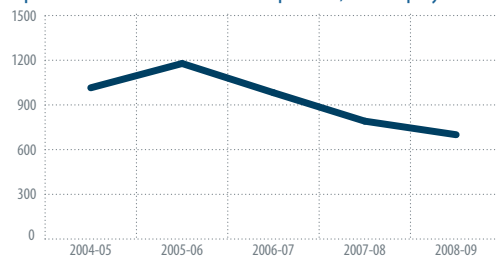
Performance data

2009-10 was a disappointing year as health and safety performance appeared to reach a plateau, as is shown in the table below. We saw a rise in the number of reportable injuries (up from 34 to 39) and a large rise in the number of work days lost due to injury, which reversed the improving trend of the previous four years. The number of non-reportable injuries fell from 384 to 353.

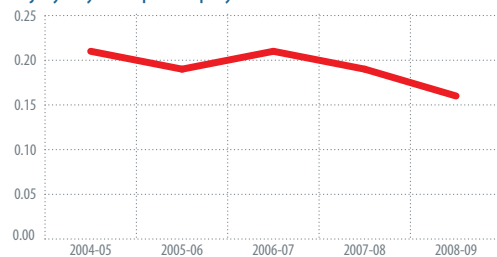
The average number of employees and the total number of hours worked were broadly the same as the prior year.

The Accident Incident Rate (AIR – injuries per 100,000 employees) for 2009-10 was 805 for reportable accidents (2008/09: 700) and 7289 for non-reportable accidents (2008-09:7898). The number of work days lost to injury per employee was 0.25 (2008-09: 0.16). 79% of total accidents did not result in any lost time (2008-09: 78%).

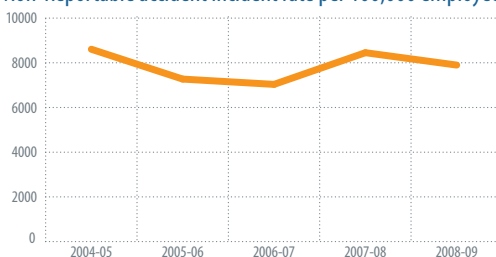
Reportable accident incident rate per 100,000 employees



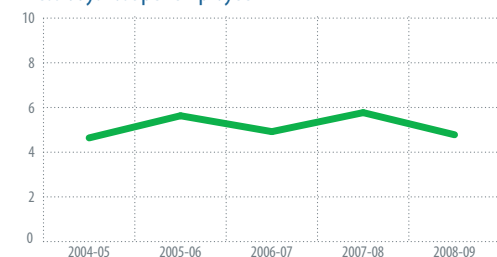
Injury days lost per employee



Non-Reportable accident incident rate per 100,000 employees



Illness days lost per employee



Incident Category	2005-06	2006-07	2007-08	2008-09	2009-10
Reportable	46	42	35	34	39
Non reportable	284	301	374	384	353
Dangerous occurrence	0	1	4	0	2
Near hit/miss	306	378	537	761	678
Reportable diseases	0	0	3	1	2
Enforcement action	0	0	0	0	0
Days lost due to accidents	748	898	827	799	1,225
Days lost due to all illness	21,995	21,059	25,941	23,281	23,419
Average no. employees (FTE)	3,906	4,279	4,425	4,869	4,843
Total Hours worked this year	7,599,229	8,292,064	8,638,506	9,600,997	9,785,275

In our 2009 report we highlighted the emphasis we have applied (and continue to apply) to bringing down the number of accidents caused by slips, trips and falls on the same level, and handling, lifting and carrying. Such accidents are in part, and in some case wholly, attributable to individual behaviours – by individuals not following safe working practice and/or taking reasonable precautions in adverse weather conditions – and we regard these as avoidable. Reducing the number of these accidents will benefit the health and well being of employees and, consequentially by reducing work time lost due to injury, improve the operating efficiency of the business. In 2007-08 the proportion of accidents attributable to these causes was 68%. In 2008-09 this reduced to 58% and in 2009-10 this fell to 53%, which leaves plenty of scope for further improvement.

Further analysis on the cause of accidents and information on our AWARE improvement programme can be found on [page **](#).

Major reportable accidents

Major reportable injuries are defined in RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995) and are mainly concerned with fractures, dislocations, loss of sight, chemical burns, electrical shock or burn, or loss of consciousness.

In 2009-10, ten of the 39 reportable accidents resulted in major injuries, of which three were caused by slips trips and falls and five as a result of from being stuck by a moving object or machinery. Six of the major injuries involved a bone fracture – two to feet or legs, and four arms or hands. A total of 572 days were lost due to these major injuries, which equates to 47% of the total time lost due to injury. The remaining 29 reportable accidents were classed as ‘reportable’ as they resulted in lost time exceeding three days.

Dangerous occurrences

There were two dangerous occurrences recorded during 2009-10 (2008-09: 0), neither of which resulted in personal injury. The first occurred when a forklift was manoeuvring into position to carry out a lift, and the overturned on a slope – the Operator was rescued from the cab by his work colleagues, but was uninjured. The second happened when a tracked excavator was being used to grade stone to form a temporary hardcore road when a hydraulic ram broke away and the dipper arm of the excavator failed – there was no injury and the machine was taken out of service.

Near hit reporting

A Near hit is an event or incident that had the potential to cause harm, without actually doing so. Near hit (or near miss) reporting is positive and is encouraged, as each near hit is investigated and the resulting information is used to notify others of potential risks and to revise safe working processes and procedures. In 2009-10, 678 near hits were reported (2008-09: 761), which is more than double the number of near hits reported five years ago, when our proactive reporting initiative commenced.

Reportable diseases

There were two incidents of reportable disease recorded in 2009-10 (2008-09: one). Both were identified as a result of regular and routine Hand Arm Vibration Syndrome (HAVS) surveillance. In one case the HAVS was the result of exposure to vibration in work undertaken for a previous employer, and the employee was transferred to duties that did not involve the use of vibrating tools with no work days lost. In the second case, an employee who presented with symptoms of HAVS in 2007 was diagnosed with stage-2 HAVS after routine follow up occupational health surveillance at the end of 2009.

Enforcement actions

No enforcement action (HSE prosecution, prohibition notices or improvement notice) has been initiated against Welsh Water in any of the past ten years. Proceedings have been brought by the HSE and are continuing against one party in connection with a fatality at Prioress Mill Pumping Station in May 2006.

Monitoring days lost due to illness

Welsh Water records ill health absence in line with the Clearwater 2010 programme, which was established in 2000. Clearwater 2010 is supported by all of the UK's water companies to improve the occupational health of the 240,000 direct and indirect workers in the water industry. It is designed to demonstrate that water companies are responsible employers through a ten year commitment to improving industry performance against seven monitored risks, five of which are specifically work related.

The seven monitored risks are: repetitive strain injury related absences, back related injuries, other muscular skeletal disorder related absences, HAVS related absences, gastro intestinal infections, stress related absences and non-work related upper respiratory infection absences.

In 2009-10, 23,419 days were lost as a result of illness amongst the 4,843 AMA employees (2008-09: 23,281 days; 4,869 employees), giving an average days lost per employee of 4.83 (2008-09: 4.78). Of these, over 200 days were lost as a result of an injury to one individual in a major accident.

Conclusion - performance data and future challenges

The performance detailed in this report shows that Welsh Water has reached a plateau, despite the significant attention and resource applied to improve the behavioural aspects of occupation health and safety.

Having brought previously outsourced operational activities in-house and re-let the asset investment contracts for the AMP5 period, for the first quarter of 2010-11 we adopted a process of weekly senior management review of health and safety performance through this period of transition and change. More details of this is provided in Appendix 5.

Our goal for 2011-11 is to resume the improvement trend which we saw in each of the last four years prior to 2009-10 and, in particular, to drive down the number of avoidable accidents where individual behaviour is a major contributory factor. Behavioural safety will, for the third consecutive year, be the main theme for our annual occupational health and safety conference in June 2010.

Causes of Injury



- % 34 Slipped, tripped or fell on same level
- 24 Handling, lifting or carrying
- 16 Other
- 10 Hit by moving object
- 8 Hit by something fixed or stationary
- 3 Exposure/contact with a harmful substance
- 2 Hit by moving vehicle
- 2 Fell from height
- 2 Contact with moving machinery
- Contact with electricity
- physically assaulted
- Injured by an animal

Body part injuries



- % 26 Hand/finger/wrist
- 16 Leg/knee
- 17 Head/neck
- 12 Foot/ankle/toe
- 11 Arm/elbow/shoulder
- 13 Back
- 3 Eyes
- 2 Chest

Recognising excellence and achievements

Health & Safety Conference

In June 2010 Welsh Water will hold its fourth annual health and safety conference. Last year, over 300 individuals, including executive and non-executive directors, senior managers, safety representatives and health and safety specialist from across the business, attended the third conference in June 2009 which was sponsored by insurers Mitsui Sumitomo.

This event built on the 2008 conference, which launched our 'journey to zero' strategy – and our ambition of achieving no reportable accidents, and which concentrated on the behavioural aspects of improving occupational health & safety. Guest speakers explored the significance of unsafe behaviour, talked about real life examples of when things go wrong, showed examples of developing behavioural safety programmes, and explored the reasons why people take risks, and a topic covered at each conference is the importance of strong leadership.

Guest speakers included: Dr Sandra Gadd (H&S Laboratories), Ken Woodward (who spoke about life changing injury – he lost his eyesight as well as his sense of taste and smell in a horrifying workplace accident) Nigel Lilley (National Grid) and Caspar Barry (a leading speaker on risk taking and decision making).

Excellence awards

Introduced in 2007, the Welsh Water Occupational Health and Safety Excellence Awards recognise excellent performance in occupational health and safety by Welsh Water and its contract partners. Each year there are three business awards for health and safety excellence – an overall winner, highly commended (runner up) and commended (2nd runner up) – and an award for individuals and teams nominated to recognise an 'outstanding contribution to health and safety', and 'best innovative idea'.

These five awards are a regular feature of the Welsh Water's annual Health & Safety Conference. Award winners at our 2009 included a foreman with Morrison Construction, who won the award for his Outstanding Contribution to Health and Safety. This individual, who joined the company as a pipe layer, received the award for his role in developing and driving through an innovative solution to access risks associated with placing concrete during manhole chamber construction, by the use of a manhole shutter or shroud. He engaged a fabrication company to build a concrete placement shoot based on his design to place the concrete between the manhole ring and the shroud thereby reducing the need to access the top of the manhole whilst concrete is being placed.

The award for Best Innovative Idea went to Black & Veatch for their BOSS scheme (Behaviour on Safe Sites for Designers), which was specifically developed for design activities with the aim of directly influencing and enhancing safety standards on site through the design process. This was developed using the experience and enthusiasm of chief engineers, lead designers, safety professionals and engineering graduates from across the Black & Veatch business.

The Health and Safety Excellence Award winner was Imtech Process, the highly commended award went to Costain and the commended award to Black & Veatch. The commitment to health and safety best practice that Welsh Water recognised in these awards has also been recognised externally (see over).

Since publication of our 2009 Report a number of Welsh Water's AMA partners have received external recognition for their achievement in health and safety, whilst working for Welsh Water. These include:

BS18001:2007 accreditation:	Black & Veatch and United Utilities Operational Services (UUOS)
RoSPA Dilmun Award:	Costain
RoSPA Gold Medal award:	Imtech, Costain, Black & Veatch, Morrison, Morgan Est, and Hyder Consulting
OHSAS18001 accreditation:	Severn Trent

Partners' achievements

Imtech Process	» 2009 SHP IOSH Award "Best Health and Safety Achievement in Construction"
Black & Veatch	» Received Mitsui Sumitomo: 'Chris Joplin Award'
UUOS	» Swansea and West Wales 2009 Occupational Safety and Health Group award
MorganSindall (formally MorganEst)	» Shortlisted - National Occupational Health Awards 2009
Capgemini	» ISO14001
ChandlerKBS	» Global Corporate Challenge: 1st and 2nd in UK construction industry
Kelda Water Services	» Finalist in 2009 SHP IOSH award

Occupational health and safety management system and risk

OHSAS 18001:2007

OHSAS 18001 is based on establishing and maintaining a formal occupational health and safety management system to ensure a structured, systematic approach to occupational health, safety and risk. For more detail see Appendix 3.

Welsh Water first obtained the OHSAS 18001:1999 standard in 2007-08, and in February 2009 we satisfied the requirements of the external awarding and accreditation body and was awarded the OHSAS 18001:2007 international health and safety management systems standard. This underpins the management framework for occupational health and safety used throughout the business. Moving to the new standard meant improved alignment to ISO 18001:2004, and a significant increase in scope - particularly in relation to the management of Welsh Water's service partners and the management of risk associated with ill health and the promotion of wellbeing. During 2009-10, Welsh Water's environmental education centres which receive some 14,000 pupils a year were brought within the scope of OHSAS18001 certification.

How we manage OHS risk

Underpinning our management system is an internet-based tool developed for recording and reporting on injuries, incidents, and illnesses. This system has been operational since April 2008 and is used for performance trend analysis and to track progress on the delivery of health & safety action plans ('roadmaps') under the company's continuous improvement programme. The system was further developed in 2009-10 to record details of the internal (cross partner) audits that are carried out each year and to track completion of actions assigned to named individuals arising from these audits. For further information please [see page **](#).

All accidents must be immediately reported via an on-line accident book and are reported to and investigated by relevant line managers. Partner organisations (including their main subcontractors) are required to provide monthly OHS performance data directly to the online

system, and illness and absence records are maintained by the HR departments and include a cause of absence code. In this way the collection of accident and illness data is consistently applied across the business.

Promoting good practice

The following illustrates specific action taken in 2009-10 to mitigate OHS risk.

Health and Safety Handbook: Three years ago our Health and Safety Coordinators distributed a health and safety handbook to each member of staff. This set out clear guidance for staff on how to manage the risks associated with the work they undertake, in addition to setting out the company's Health and Safety Policy and key safety procedures. In 2009-10, we issued a substantially revised fourth version of the handbook.

Driving on company business: Driving is one of the more significant risks faced by Welsh Water employees, and last year, we continued our 18 month programme of risk assessment and of bespoke and externally delivered driver training. This refreshes training provided in 2006. 92% of employees who drive have completed the online risk assessment and, to date, 144 have undertaken a one-day ecological and defensive driver training.

Welsh Water prohibits the use of hand-held and hands-free mobile telephones whilst driving on company business. Every member of staff receives a statement of policy and guidance which sets out the roles and responsibilities of Welsh Water and individual employees, and provides information to help drivers to protect themselves: how to minimise risks to the driver (training, health, fatigue), by planning the journey (route, weather, type of road) and assessing the condition of the vehicle (roadworthiness, servicing).

Safety alerts and bulletins: Over 120 health & safety alerts were issued during 2009-10, covering issues from danger from aerosol can explosions to lifting chain clutch failure. Safety alerts are distributed across the business,

including contract partner organisations, and are used to highlight areas of potential risk to staff occupational health & safety. Alerts can originate from by both internal and external sources. [Insert two examples – one internal, one external origin]

OH&S training

NEBOSH certificate: In 2007-08 we initiated a training programme under which key Welsh Water managers were awarded the NEBOSH general certificate or construction certificate, and this competency based focus has been maintained. At 31 March 2010, 23 employees held the NEBOSH general certificate, including four who also hold a NEBOSH construction certificate.

Office safety training: Although most Welsh Water staff work in an office environment, where most OH&S risk may be considered as benign or low risk, there are still hazards that need to be managed. Induction procedures for new employees and arrangements for OH&S training, which were refreshed and updated in 2008-09, have been incrementally improved. This addresses company procedures in an emergency, and covers such topics as fire and emergency services, first aid provision, display screen equipment, manual handling, safety in the car park, and the risks of lone-working.

Managing violence and aggression at work: In 2008-09 we introduced a programme of training to manage violence and aggression at work for staff identified as potentially at risk. Staff employed by service partners who have direct interface with the public have long understood the need for training for staff to enable them to keep safe: by learning techniques to avoid confrontation, or defuse potentially difficult situations when subjected to aggressive behaviour. Although Welsh Water has fewer employees who have this direct interface, some staff do encounter situations where they may be subject to verbal or physical abuse in the course of their work.

Display screen equipment

Using the latest available technology, Welsh Water operates a bespoke system for risk assessment and online training for those whose work involves the use of display screen equipment.

This is refreshed periodically, and is provided for all new employees.

Training provided by Welsh Water's service partners and contractors

Welsh Water takes this seriously and monitors the OH&S training provided to individuals who (directly or indirectly) deliver services to Welsh Water's customers through our programme of proactive roadmap action plans. In 2009-10 this included, in different combination for each service partner relative to the activities undertaken on behalf of Welsh Water by that business:

- » Control of substances hazardous to health (COSHH)
- » Hazard perception
- » Avoidable accident awareness (for all staff) and Return to work interviews (for managers)
- » Induction training
- » Defensive and ecological driver training and regular checks for high risk drivers
- » Emergency first aid training
- » Stress awareness training
- » Training for emergency drills, procedures and communication
- » Awareness of drug and alcohol risk and issues
- » Crane supervisor training
- » Health & safety co-ordinator training
- » Training in health & safety for team members on site inspection system
- » Manual handling training
- » Fire warden/fire evacuation training
- » Plant safety awareness training
- » Asbestos awareness training
- » Environment site waste management plan training
- » Manual handling training programme to include more specifics relating to chamber covers
- » Display screen equipment training

We have a no tolerance approach to being under the influence of alcohol or drugs whilst at work. Following routine testing, five individuals employed by outsourced service partners have been dismissed or subcontractors removed from site for a breach of this fundamental rule in the past year.

Occupational health & wellbeing

As part of our commitment to improving occupational health and safety within Welsh Water we have secured the services of Connaught (formerly National Britannia) to provide both a proactive and comprehensive occupational health (OH) service to all our employees.

The aim of the service is to:

- » Implement comprehensive occupational health programmes that, as a minimum, meet the requirements of appropriate legislation and recognised best practice.
- » Increase awareness of all employees in general health issues, which in turn will encourage employees to make informed choices about their lifestyles and working practices.
- » Emphasise the fact that Welsh Water care about its employees' health, safety and welfare.
- » Assist Welsh Water in helping employees return to work following illness, accidents or general sickness absence.

Welsh Water receives no information from Connaught in respect of individuals who contact them - unless as the employer we are requested to make adjustments in the workplace to accommodate the circumstances of an individual member of staff, and then only where the individual expressly consents.

OH Handbook: A handbook has been issued to all managers, outlining the role of occupational health together with details of the services provided, arrangements for accessing the service and guidelines regarding the confidentiality of medical information. All new staff received a leaflet outlining the scope and role of our occupational health service - what occupational health can provide for individuals, details of the occupational health team, confidentiality and what to expect when the occupational health team contacts them. This information is also easily available on Infozone (Welsh Water's staff intranet).

First aid: To maximise the effectiveness of the first aiders, a group has been set up to discuss treatment scenarios and practice treatment process to ensure skills are kept refreshed. In addition to preparing for potential injuries, first aiders work with individuals with known medical conditions to create personal care plans. Where needed, first aiders receive additional training so that they are prepared and can recognise the early stages of the onset of an illness, and have the knowledge and skill to help the individuals concerned.

Health and wellbeing campaigns: In Welsh Water we have continued the proactive health and wellbeing campaigns introduced in 2008-09 to educate inform and help maintain staff health. A 'healthy heart' campaign focused on the benefit or the risk of low levels of physical activity, smoking and the benefits of 'healthy eating' and of monitoring blood pressure and cholesterol. The result of such health screening is covered by a confidentiality agreement and each participant was provided with an individual risk profile, together with information that would help them make better lifestyle choices.

Nearly all service partners have access to OH service provisions - based on the assessment of occupational risk by each employer. Activities include: risk based health surveillance, health promotion activities - such as skin cancer, Well man and well woman campaigns, and employee assistance programmes.

Governance

Welsh Water's OHSAS 18001 accredited safety management system defines the processes, policies, legal framework and structures that we have established to manage all aspects of our operation. It provides a 'governance' framework by setting out the responsibilities for the management of OH&S, and ensuring we remain focused on the accountability of individuals and teams within the business - using both reporting structures and formal management systems to identify and control any operational or other business risks.

Good governance also requires us to have proactive, open and transparent reporting relationships with key stakeholders. In this respect, key stakeholders include the community we serve, Welsh Water's regulators, supply chain partners and government, as well as all staff across the business.

Monitoring performance

Our arrangements to review health and safety performance are described in the Organisational Structure chart in Appendix 1. These are continuously reviewed and refined but are largely unchanged from those reported previously.

Health and safety managers and specialists:

Monitoring and review of our overall health and safety performance is undertaken during bi-monthly meetings between Welsh Water's Health and Safety Managers and the Health and Safety Managers of our service partner organisations. This group reviews progress against roadmap action plans, together with details of any reactive events such as accidents and incidents. Audit reports are also reviewed and checks made to ensure that any corrective actions have been closed out within agreed timescales. Any lessons learned from this joint process are shared and best practice within the wider business is discussed and, where appropriate, widely disseminated.

Welsh Water's Health and Safety Committee:

This group meets regularly to review policy and procedure and performance and to consider opportunities for further improvements to our management arrangements. Chaired by a senior manager, the committee reports to the Welsh Water Health and Safety Steering Group, which approves priorities and, where required, the release of resources.

Reporting our performance

A monthly report is prepared for the executive management team, which is also submitted as a standing agenda item to the Board and the Quality and Environment Committee (QEC). In addition to performance, this report addresses key issues of policy and procedure, training and regulatory engagement and communication. QEC also reviews and endorses the annual health and safety report before it is published at the annual general meeting.

Roadmaps - continuous improvement action plan programme

In 2008-09, Welsh Water and its service partners delivered against 171 roadmap initiatives or individual health and safety action plans (2008-09: 157). From April 2008, Welsh Water's incident tracker has been used to record and track the progress of all roadmap initiatives.

Company specific actions are monitored and audited under our OHSAS18001 system.

In 2009-10 these focused on:

Behavioural safety	WITH EMPHASIS ON	Compliance with law/our systems
Staff training and awareness		Control of contractors
Site and works inspections		Managing illness absence
OH&S audit		Reducing injury loss time
Occupational health		Developing a safety culture

At the end of the year the average completion of roadmaps was 98%. All were completed early in 2010-11.

Independent external audit

During 2009-10 a health and safety audit contract was awarded to Corporate Health & Safety Solutions (CHSS), to undertake external verification and audit of our outsourced service partner's main health & safety risks. Last year CHSS completed the audit of six partners and these focused on five risk areas that CHSS identified as being of primary importance on each partner's risk register. All partners are independently audited at least once in every three year period. These audits form an essential part of our corporate governance arrangements and assist in the identification of further learning opportunities and provide an essential independent check and balance to our own audit protocol and process of internal cross auditing.

Cross partner audits

Under Welsh Water's programme of cross partner audits, each partner is periodically audited by two of their AMA peers. In 2009-10, 45 audits were completed, each with some 30 areas of examination. Since 2001, there have been 280 such audits, with each service partner audited up to three times per year. Cross partner audits are viewed as being good practice in multi company delivery alliances and arrangements in Welsh Water have been commended by the HSE in a research report (No. 462).

"The regular auditing of H&S practices on projects is essential and should be aimed at engaging everyone in continuous improvement. Audits are normally carried out by H&S teams from the client or contractor's Head Office or by independent organisations. However, the practice of cross auditing by other members of the Dwr Cymru Welsh Water Alliance appeared particularly effective and worthy of greater use. The recognition of extent to which an individual site shares its H&S best practice with others is innovative and valuable".

Cross audits demonstrate a high level of conformance with Welsh Water policy and procedures, but this is not the main benefit. Through these audits Welsh Water gains a long term view of the health and safety competence of all its partners and, by allowing health and safety professionals to take on the role of auditor,

which gives them an unprecedented view of health and safety procedures and processes in other organisations, there is considerable sharing of good practice and cross fertilisation of ideas.

Insurance audit reviews

Welsh Water takes pride in its close working relationships with its service partners and has extended this good practice to encompass other service providers, like Mitsui Sumitomo, who provide Employers Liability insurance for the business. This working relationship and programme of insurer audits yield benefits for both parties; Mitsui can review Welsh Water and its service partners and their systems to clearly understand the risk in the business, and Welsh Water benefits from Mitsui's work with other clients who might have different procedures for minimising losses. A programme of insurer audit visits is proposed by Mitsui each year having regard to Mitsui's assessment of key risks. In 2009-10, Mitsui completed seven insurer audit reviews.

OHSAS18001 audit

Each year, the OHSAS 18001 health and safety management system is subject to audit every six months by the external accreditation body. In addition, Welsh Water has established a programme of internal audits, which take place every three months and are designed to identify any opportunities for improvement.

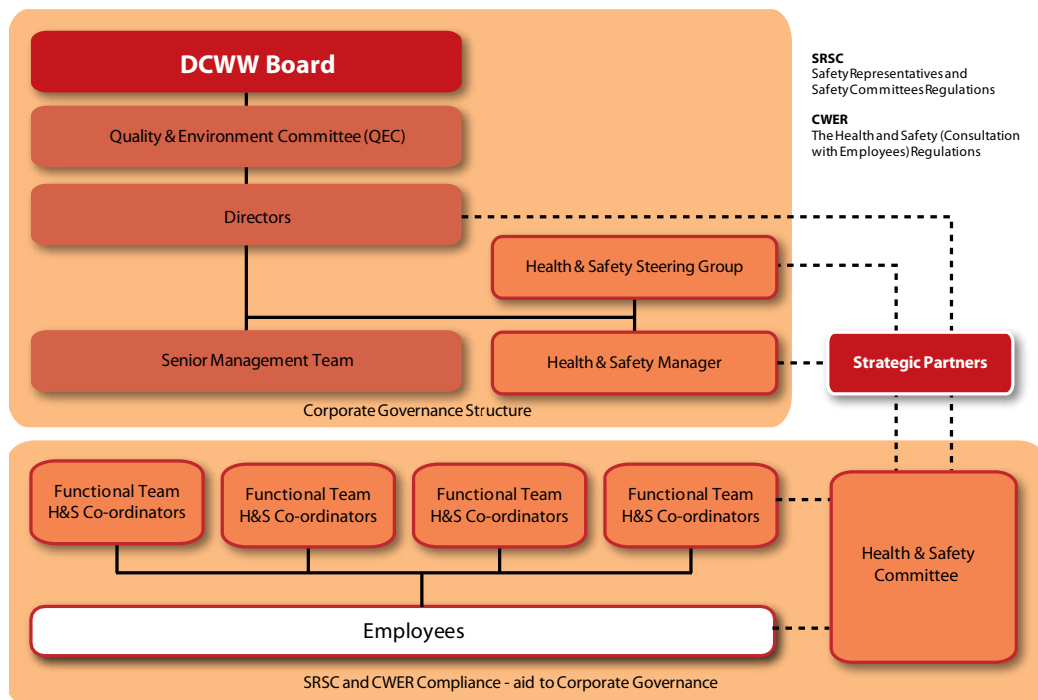
OH&S training for non executive directors

Good OH&S policy and procedure and risk management are led from the top of the organisation. It is appropriate, therefore, that from time to time, Directors of the company receive OH&S training and update on best practice in OH&S governance and performance. During the year, a newly appointed member of QEC attended a bespoke health and safety training course designed to equip him with the knowledge and skills to effectively champion occupational health and safety within the Board room. The course covered aspects of OH&S law, the roles and responsibilities of a Director, and best practice in risk management and reporting systems, and related arrangements in Welsh Water to the best practice guidance published by the Institute of Directors. Other members of QEC had previously received this training in 2008-09.

Appendix 1

Health & safety organisational structure

Our OHSAS 18001 accredited safety management system defines the processes, policies, legal framework and structures that we have established to manage all aspects of our operation. It provides a 'governance' framework by setting out the responsibilities for the management of OH&S, and ensuring we remain focused on the accountability of individuals and teams within the business - using both reporting structures and formal management systems to identify and control risks to the operation of Welsh Water.



Appendix 2

How we manage health & safety in an outsourced service industry

The following is a general description of the health and safety management system developed by Welsh Water. This continues to evolve over time as best practice changes within and beyond Welsh Water.

Selection of contractors

Before any contractor is appointed to work for Welsh Water the health and safety manager or appointed agent will review a pre-qualification questionnaire completed by the contractor. Part of the assessment process may necessitate a visit to the contractor's offices and interviews with their management team and safety representatives.

Setting performance targets

At the earliest opportunity following the appointment of the contractor Welsh Water's Health and Safety manager will meet a contractor and agree a 'roadmap' action plan. This would outline a range of company specific health and safety issues and objectives delivery of which form part of the contract. Roadmaps are based upon a joint assessment of the health and safety risks, and will include both quantitative and qualitative targets. Roadmap action plans are reviewed and updated on an annual basis.

Monitoring performance

Performance monitoring will involve both pro-active and re-active monitoring arrangements.

Pro active

Performance reporting: progress against Roadmap objectives is routinely reported. This involves either monthly or bi-monthly meetings with contractors to ensure focus is maintained on all health and safety matters, and to reinforce Welsh Water's commitment to high standards of health and safety.

Best practice groups: Appointed contractors are required to join a health and safety best practice group (or similar arrangement) and share knowledge and information with other contract partners.

Peer group cross auditing: the best practice group will agree an annual health and safety audit programme and undertake a series of internal cross auditing, whereby one or more contractors audits another in their peer groups and shares lessons learned. This cross audit also forms part of Welsh Water's continuous improvement programme to identify and manage health and safety risks, and the results of the audits will be considered as a performance measure together with the roadmap action plan.

External audits: an approved health and safety specialist is engaged by Welsh Water to undertake independent external audits of contractors at intervals of not less than every three years. The results of these audits are fed back to the contractor.

Problem solving workshops: if the activities of one contractor impacts upon the health and safety performance of another, and issues are not readily resolved, Welsh Water will take the lead and facilitate a problem solving workshop in which all relevant contractors are required to participate and agree a satisfactory solution to the health and safety issues raised.

Reactive performance reporting

Contractors are required to submit, on a monthly basis, details relating to the following:

- » Reportable accidents/diseases
- » Minor accidents
- » Dangerous occurrences
- » Enforcement action/contact from Enforcement agents
- » Near hits
- » Lost time from work related ill health

This information is discussed at routine review meetings and used to assess whether the pro-active measures are having an impact on reducing the accident/incident rates, and assist with trend analysis.

Contract review

Regular feedback from Welsh Water on health and safety performance is included in monthly or bi-monthly meetings, and a formal review of the contractor's health and safety performance is undertaken each year.

Should there be any concern that a contractor is under performing, notice will be served on the contractor requiring improved performance within a specified, but reasonable, timescale. Over and above any contractual remedy available to Welsh Water, should a contractor fail to positively respond then it may be removed from Welsh Water's schedule of approved contractors. This prevents such contractor from qualifying for further work until such time as Welsh Water considers arrangements have been put in place to address those concerns.

In certain extreme circumstances, where it has become evident that the contractor is unable or unwilling to effectively manage the health and safety risks, Welsh Water has reserved powers of "Step In" under which it may take direct management control of any contract.

Major incidents

All major accidents must be reported immediately to Welsh Water's Client Manager and Health and Safety Manager, and our process of accident investigation and reporting followed.

In the event of a major health and safety incident, Welsh Water reserves the right to determine whether to appoint independent specialist investigators to establish the root cause, and conduct a review of existing management systems to prevent or mitigate the risk of similar incidents. All relevant managers and contractors would be required to assist the appointed investigator, and any resulting proposed actions must agreed with Welsh Water.

Appendix 3

OHSAS 18001: 2007

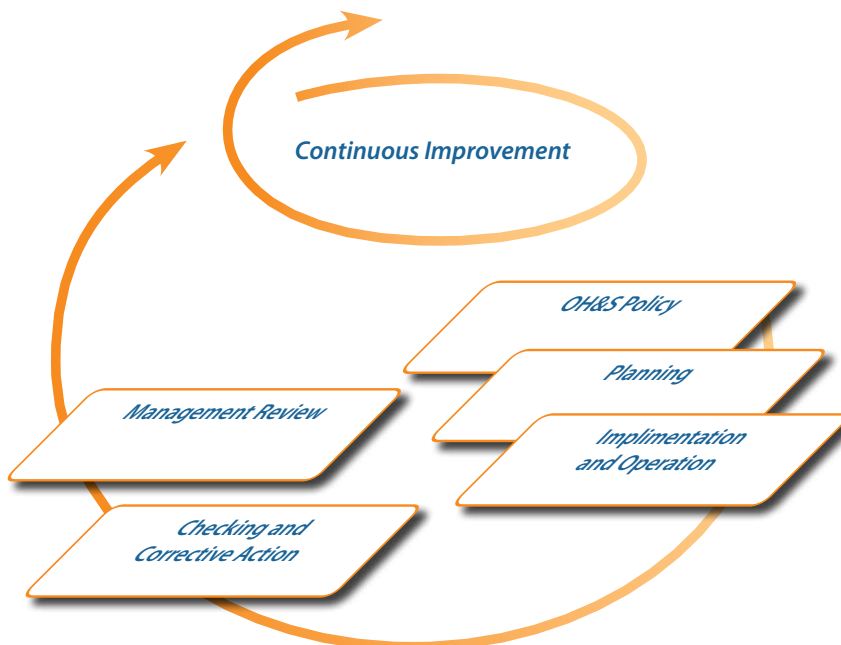
Occupational health and safety assessment Series 18001:2007 (OHSAS) is the assessment specification for the Welsh Water occupational health & safety management system. It is designed to consistently identify and control health and safety hazard and risk, reduce the potential for accidents, aid legislative compliance and improve our overall performance. As with ISO 9000 and ISO 14001, the OHSAS 18001 system uses a cycle of plan, do, check, review and improve as illustrated below.

The following key areas are addressed by OHSAS 18001:

- » Planning for hazard identification, risk assessment and risk control OHSAS management programme Structure and responsibility
- » Training, awareness and competence
- » Consultation and communication
- » Operational control
- » Emergency preparedness and response
- » Performance measuring, monitoring and improvement

This certification process, and subsequent regular compliance audits to maintain the certification, will ensure that we continue to take effective measures and implement the necessary rigorous controls to identify and manage the health and safety risks associated with our business activities.

SGS UK is our independent assessment and accreditation organisation that undertakes the bi-annual audit programme.



Appendix 4

Each year the UK's water companies are required to submit a report to the industry regulator Ofwat on its health and safety performance – and the information in this report conforms to that regulatory report. In addition, Ofwat selects one or more specific topics on which all companies must report.

In 2010 these are:

- (i) Leadership in health and safety, and*
- (ii) Protecting the public.*

These supplementary reports, which cover the topic areas summarised below, are available on request.

Leadership in health and safety

In June 2009 the HSE published a new strategy designed to reduce the number of workplace accidents and take a common sense approach to ensuring that risk management is an enabler for business not a burden. The ten goals of the strategy include:

- » To encourage strong leadership in championing the importance of, and a common-sense approach to, health and safety in the workplace.
- » To motivate focus on the core aims of health and safety and, by doing so, to help risk makers and managers distinguish between real health and safety issues and trivial or ill-informed criticism.

Leadership is all about accountability. A health and safety leader is the person who drives cultural change by winning the hearts and minds of directors, managers, workers and contractors. It requires strong and active leadership from the top, worker involvement and assessment and review. Leadership starts with the Board but must also permeate throughout management and supervisory levels and the workforce.

Companies should include consideration of the following points in their reports:

- » How the workforce is engaged in the promotion and achievement of safe and healthy conditions.
- » Systems for effective downward communication.
- » Systems for effective upward communication.
- » How good H&S management is integrated with business decisions.
- » The quality and systems for provision of training.
- » How H&S risks are identified and managed.
- » How competent advice is accessed and followed.
- » How is performance monitored/reported/reviewed.

Protecting the public

The Water industry has many assets which can present a risk to the general public. Examples are reservoirs and storage of bulk chlorine. The Health and Safety at Work Act, Section 3, places general duties on employers and the self-employed to conduct their undertakings in such a way as to ensure, so far as is reasonably practicable, that persons other than themselves or their employees are not exposed to risks to their health or safety.

This report to Ofwat provides companies with an opportunity to consider their measures for protecting the public. The report should make reference to:

- » Systems for identifying and recording risks to the public.
- » Measures and initiatives taken to reduce risks to the public.
- » Where appropriate, emergency planning and liaison with emergency services, for example in relation to bulk storage of hazardous substances.
- » Systems for reviewing and revising risk reduction measures.

Appendix 5

Our approach to managing health and safety through a period of change and transition

The Board is aware that during a period of change and reorganisation (such as there was in the first quarter of 2010) there is heightened risk of loss of management and individual employee focus which could result in a decline in health and safety performance.

To mitigate this risk we adopted a transition management process comprising a series of work streams, and sub work streams, within each of which there would be a series of tasks – each of specific duration and priority, and allocated to a responsible manager. A work stream would be led by a senior manager in Welsh Water with experience in the subject heading of that work stream, with governance oversight via a weekly steering group, led by the Operations Director. The steering group reported weekly to Welsh Water's Executive Committee, which included a risk register analysis with mitigating actions contained within the transition plan. The overall transition plan and process contained some 16 work streams, 60 sub streams headings and over 350 tasks, was managed by an offline programme management office run by professionals with experience in programme management. This process was subject to compliance and probity oversight by internal audit.

Health and safety was a one work stream, but formed of two transition plans – one for water operations and one for sewerage operations. These were similar in their construction and each contained some 30 tasks overseen by the same senior manager. All tasks were completed, or substantially completed, prior to the transfer of operational employees to Welsh Water.

The health and safety work stream headings we used were (in no order):

- » Stakeholder management
- » Risk mitigation
- » Occupational health
- » CDM regulations
- » H&S road map action plans
- » Maintaining H&S performance
- » Contractor accreditation
- » Training

The transition process was also an important learning opportunity, as the process identified many aspects of continuous improvement which, while not critical to delivery of successful transition, would contribute to future performance improvement. These have been captured these in a separate programme of work, which is also managed under our programme management office arrangements. Progress is monitored under business as usual processes that routinely report to the Operations Director.