


Northern Ireland Water Ltd Annual Information Return 2012

**Part 7 of 10 containing:
Health and Safety - commentary for table 41**

Public Domain Submission
3 December 2012

Table 41 – Health & Safety – Policy & Performance**Commentary by REPORTER****1. Background**

The data collected in this table establishes a set of Health & Safety (H&S) statistics for the appointed business.

2. Key Findings and Recommendations

- The Company improved in 'days lost' rate significantly, while their 'occupational ill health' rate remains stable.
- The Company does not capture data for non appointed business for AIR12.
- The Company believes that all of their activities are core operational activities.
- We recommend NI Water to assess the feasibility of capturing contractors' information.

3. Audit Approach

The audit included reviews of the current Company methodology sheets for data collation, reviews of the data supplied, cross checks between the commentary and the data in the table and comparisons with last year's submission. We also met the Company's representatives from Human Resource (HR) and Health & Safety (H&S) teams.

4. Audit Findings**4.1 General**

NI Water explained that its H&S policy statement and H&S manual were revised and signed by its CEO in January 2011 and March 2012, respectively. The Company has also appointed a senior member of staff as the H&S champion. NI Water explained that the entire suite of Safety procedures and the Manual have been revised and completed by their SHE Team in 2011/12.

The methodology employed by the Company is unchanged from that used in AIR11. The figures reported in Table 41 for AIR11 are from Datix, which the Company introduced in 2009. Lines 1-5 are from Business Objects reports, which retrieve information from the HRIT Oracle system.

Information relating to the PPP contracts is not included in blocks A and B. We challenged the Company whether they include 'non core operational activities' and what their core operational activities are. NI Water confirms that all of their activities are 'core' operational activities. We concur with the Company's view. NI Water explained that they do not have a system to capture data information for non appointed business for AIR purposes and has no plans to do so.

NI Water has included all of the activities listed below:

Industrial	Non-Industrial (back office)
<ul style="list-style-type: none"> • Asset Management • Customer Field Services • Human Resources • Leakage Services • Mechanical & Engineering • Networks Sewerage • Networks Water • Operations Services • Waste Water Services • Water Supply • TMG 	<ul style="list-style-type: none"> • Asset Management • Business Improvement • Chief Executive Office • Corporate Affairs • Customer Field Services • Customer Services • Engineering & Procurement • Finance and Regulation • Human Resources • Information Services • Leakage Services • Mechanical & Engineering • Networks Sewerage • Networks Water • Operations Contract Management Centre • Operations Services • Secretariat • DSCT • Waste Water Services • Water Supply

We confirm the reported data relates to Report Year (April 11 to March 12) and not calendar year.

NI Water had a target of 96.5% attendance estimated in PC10 business plan for 2011/12, which they exceeded in AIR11 by 0.6%. NI Water also had a KPI target of 9 RIDDOR incidents for 2011/12 producing an outturn of 4, which remains stable against their previous performance of 4 incidents in 2010/11.

4.2 Company Methodology

The Company explained the process for recoding absences has not changed since AIR10. On the first day of absence, NI Water employees ring his/her line manager. Line managers advise Human Resources Support Team by completing an SA1 notification of sick absence form. The line manager also records work related accidents on the Datix system. A further SA1 form is completed on the day the employee returns to work to close the sick absence. The line manager emails the SA1 form to the sick absence email address. These emails are picked up by the Human Resources Support Team who enters the absence into Oracle. The employees' line manager holds a return to work interview, completes a return to work form (SA2) and forwards to Human Resources Support Team along with a self certificate (SA3, if required). HR and Safety Advisory Officer (SAO) separately run monthly reports which are reviewed by the NI Water Executive team and Board. We asked the Company whether they check any trends of employees' absence.

They explained that HR reviews all absence cases and has absence targets for all employees. Once attendance targets of 4 separate occasions or a total of 10+ days are hit, these employees would be notified of a possible disciplinary action. There is also a +20 days category which is classified as long term sickness. They also explained that if the employees had occupational ill health or work related accidents, HR treats these cases on an individual basis.

NI Water has reports on Datix since April 2009 for AIR10. NI Water explained that they look at all the incidents reported and to ascertain whether there are any re-occurring incidents. If and when the Company finds such cases, they have a meeting with those employees to find out the reasons. We believe this explanation is reasonable.

The Company has 37 sub-categories for absence (which also include non-work related absences). These sub-categories do not match with the ones specified by the NIAUR. However, NI Water has assumed that 5 of their principal categories cover work-related absences and have reported all absences from these 5 categories in Line 2 (8,510). Note, there were no absences recorded other than in these 5 categories.

4.3 Company data

Line 1 – Employees total

For the data reported in Line 1, the Company has calculated the average annual employee total based on the average monthly numbers of employee. We have checked the Company's system and confirm the total numbers of employees reported. The number of employees is similar to AIR11, following some losses due to restructuring and the Company taking on previously outsourced activities such as metering and meter inspections.

The Company explained that the number reported in Line 1 is the total number of employees. In AIR12, NI Water includes all of its activities in the submission.

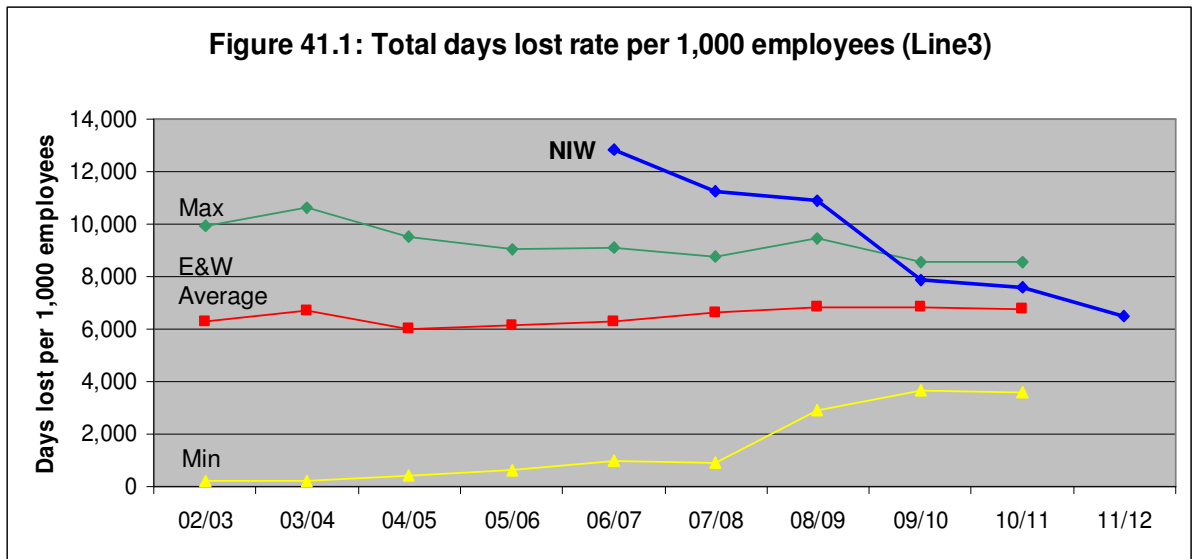
Line 2 – Total days lost due to sickness, accident and occupational ill health

The data for Line 2 is calculated from Oracle which states the start and end date of any employees' absence. The process for reporting sickness is described above. The Company's Executive team reviews the total number of employees and absence records. The implicit assumption is that all days of sickness are correctly reported in Oracle.

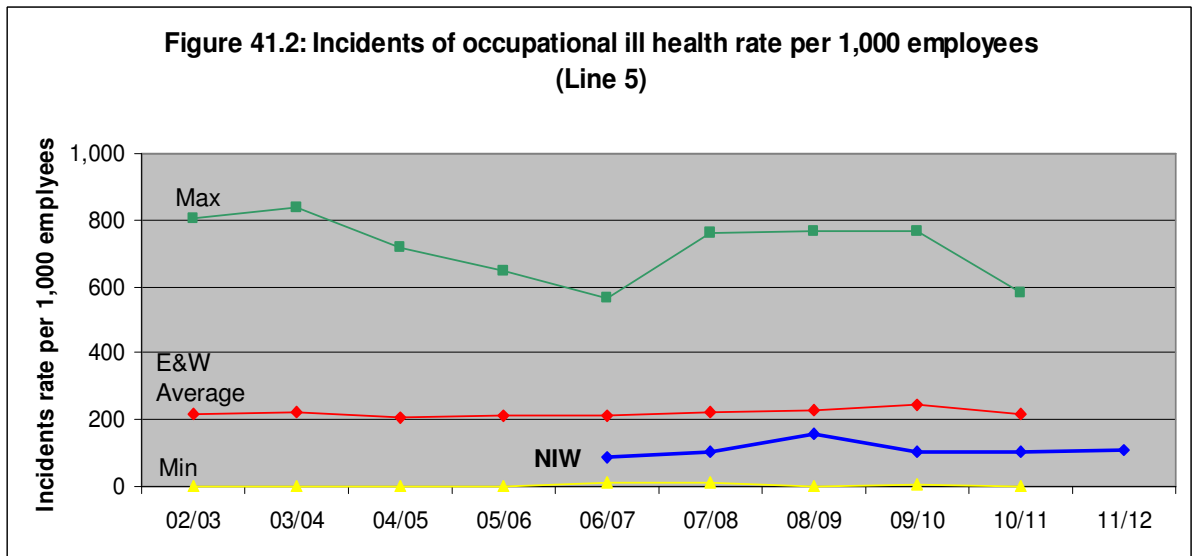
Line 3 – Total days lost rate per 1000 employees

Line 5 – Incidents of occupational ill health rate per 1000 employees

We noted that Line 3 has significantly decreased from AIR11, by 15% (see Figure 41.2 below). NI Water explained that they carried out an extensive effort to reduce long term absences and they believe that these actions helped to improve the figures. NI Water's days lost rate is below the 2010/11 England and Wales average of 6,758.66. We do not have England and Wales's information for 2011/12 as this data is no longer published.



We have also compared the NI Water’s total days lost rate and occupational ill health rate against the E&W companies (Figures 41.3 below). The occupational ill health rate in NI Water has been below the E&W average since 2006/07.



Line 4 – Number of incidents of occupational ill health

The data for Line 4 records the number of incidents where staff were off work with related absences as described in the methodology and commentary report. The Company explained that incidents related to stress have reduced while absences from post operations have been increased in AIR12.

Line 6 – Number of RIDDOR incidents

The number of RIDDOR incidents (Line 6) is held in the online system, Datix. Data is prepared monthly for the NI Water Board and then summed to produce an annual total. These records contain the necessary information concerning accidents, incidents and near misses and thus also provide the necessary data for Lines 8 and 9. At audit we were shown examples of RIDDOR incident forms and the accompanying investigations and actions, where relevant.

Line 8 – 3-day accident rate

The Company's 3-day accident rate remains the same as AIR11. The Company explained that they do ask their employees to see occupational health consultants to ensure the employees are fit for work and this support to employees appears to have reduced the rate. We believe this explanation is reasonable.

4.4 Contractors' data

Data regarding contractors' employee numbers is currently not provided to NI Water. However, the Company has contractors' data on RIDDOR, minor accidents and near misses, which are reported to the Executive team and the Board monthly.

As is common across the water industry in England and Wales, NI Water is confident in the reliability of data relating to its own employees (reported in blocks A and B), but has less confidence in the information provided by its contractors. The Company explained although they take the H&S of their contractors very seriously, the nature of their business would prove very difficult and labour intensive to capture this information.

We queried whether NI Water asks contractors to provide H&S information. The Company explained this is considered at the evaluation stage of the tendering process but such an onerous task would not necessarily add value. They presently did not envisage capturing this data on a monthly basis due to the inherent complexities of the business being carried out.

We had a brief discussion with the Company's Health and Safety champion on this matter. Whilst we acknowledge that NI Water has robust selection and monitoring procedures in place to assess contractors' H&S performance, experience in England and Wales indicates that it is also considered to be good practice if the 'sponsor' company takes strategic interest and incentivises improvements in the health and safety procedures and practice of their supply chain partners.

Line 15 – Total incidents rate

For Line 15, the contractors have access to Captrax to report any RIDDOR incidents and near misses. NI Water's Engineering & Procurement Safety Advisory Officer runs monthly reports from Captrax on the contractors' performances and manually uploads onto Datix every month. We asked the Company if contractors' data is captured and reported accurately. They explained that their contractors have an obligation to report any RIDDOR incidents to the Northern Ireland Health and Safety Executive. The Company also believe that their contractors report all incidents to NI Water as well. We believe this is reasonable.

NI Water's contractors reported 2 RIDDOR incidents in Line 15.

The Company is still in progress of developing interface between Captrax and Datix so the monthly reports of their contractors' performance can be assessed on Datix. The bridge between both systems has not happened in 2011/12. The Company's SHE team currently uplifts the Captrax reports on a monthly basis and manually input these to Datix for reporting to the Board.

5. Company Assumptions

The Company made assumptions as follows:

- Total number of employees includes all of NI Water's operational activities.
- The number of lost days is only reported a full day's absence.

6. Confidence Grades

NI Water has assigned a grade A2 for Block A. The Company explained that all of their activities are assumed as 'core' business, however from our previous audits, there is circa 2% of employees who work for non-core operational activities. The Company's system does not capture their employees hours worked for non-core business therefore we believe a B2 is more appropriate.

We believe that for the same reason (lack of capturing system), Block B also should be B2.

For Line 15 NI Water explains that their contractors' information is manually downloaded from Captrax and uploaded onto Datix, and the Company is working on interfacing these two systems.

For Line 18 the contractors have a legal obligation to report any Major/fatal accident to NIHSE, therefore NI Water is confident of their contractors' information. However the number of contractors' employees is unknown. Although a number of major/fatal accidents was 0, the accident rate is unknown thus CG should be BX.

7. Reporting Requirements

NIAUR Reporting Requirements states that the Reporter should comment on the following areas and our comments are below:

- ***Whether methods used to prepare table 41 are appropriate to meet NIAUR's reporting requirements***
Although we believe that the proportion of non-appointed business is small, the current system that NI Water adopts is not appropriate to robustly report table 41 information.
- ***The reasonableness of the company's definition of 'core operational activity'***
The Company's representatives could not distinguish between non-core and core operational activities. They believe that all of their activities are core

operational activity.

- ***The completeness of the Company's list of core operational activities***
Please see section 4.1.
- ***The consistency of the Company's use of its definition of 'core operational activity' when reporting on its contractors' health and safety information***
For H&S purpose NI Water currently can not provide their information on 'core operational activity' or its contractors' information on core operational activities.
- ***The appropriateness of the confidence grades assigned to the information in table 41***
Please see above section 6.

Date: 25 July 2012
Prepared by: HMS