

Northern Ireland Water Ltd
Annual Information Return 2010
To the
Northern Ireland Authority for Utility Regulation



Public Domain Version

Part 7 of 8 containing:
Health and Safety - commentary for table 41

Reporter's Submission

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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

- NI Water has introduced a new online system for reporting incidents and absence.
- The Company improved in days lost rate and occupational ill health rate significantly.
- The number of employees includes staff working for non appointed business.

3. Audit Approach

The audit included reviews of the current Company methodology sheet 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.

4. Audit Findings**4.1 General**

The methodology employed by the Company is largely unchanged from that used in AIR09. NI Water introduced the online system (Datix) to report incidents last year and the figures reported in Table 41 for AIR10 are from Datix.

Information relating to the PPP contracts is not included in blocks A and B. We asked the Company whether they include non appointed business and what their core operational activities are. NIW explained that Vehicle maintenance and Septic tank functions are non appointed business and for AIR10, all of NIW activities are included as its core operational activities. NIW has included the following operational activities:

Industrial

- Asset Management
- Customer Filed Services
- Human Resources
- Information Services
- Leakage Services
- Mechanical & Engineering
- Networks Sewerage

Non-Industrial

- Asset Management
- Business Improvement
- Chief Executive Office
- Corporate Affairs
- Customer Field Services
- Customer Services
- Engineering & Procurement

- Networks Water
- Operations Services
- Waste Water Services
- Water Supply
- Finance and Regulation
- Human Resources
- Information Services
- Leakage Services
- Mechanical & Engineering
- Networks Sewerage
- Networks Water
- Operations Contract Management Centre
- Operations Services
- Secretariat
- Tactical Asset Management
- Waste Water Services
- Water Supply

We confirm the reported data relates to Report Year (April 09 to March 10) and not calendar year.

NI Water had a target of 95.7% attendance estimated in PC10 business plan for 2009/10, which they achieved in AIR10 by 0.8%. NIW also had a target of 11 RIDDOR incidents for 2009/10 and 10/11, which is now updated to 10 incidents in 2010/11 after the improvements in their current performance.

4.2 Company Methodology

The Company has introduced a new web based format (Datix) in November 2008. NI Water ran both paper forms and Datix for QA purpose until March 2009 and reported figures from paper forms in AIR09. We queried the Company whether they had undertaken internal audits to verify the consistency of 2 (paper based and online) methodologies. They explained that they found more incidents, for example on near misses and it would take a long time and effort to do. The Company also explained that their employees feel the online system is easier to report on. NIW also explained that they look at all the incidents reported and sees whether the same people constantly report anything which will not prevent major incidents. If and when the Company find such cases, they have a meeting with those employees to find out the reasons. We believe this explanation is reasonable.

The Company explained the process for recoding absences as follows (figure 1). On the first day of absence, NI Water employees ring his/her line managers. Line managers advise payroll and complete Datix if the absence is related to a work injury. If not, line managers complete the SA1 notification of sick absence on day 1 of the employees' absence and again on the day the employee returns to work. The line manager emails the sick absence email address. These emails are picked up by Payroll who enters the

absence onto Oracle. The employees' line manager hold a return to work interview, completes a return to work form and forwards to Payroll along with a self certificate (if required). HR and Safety Advisory Officer (SAO) separately run monthly reports which are reviewed by the NI Water Executive team and Board.

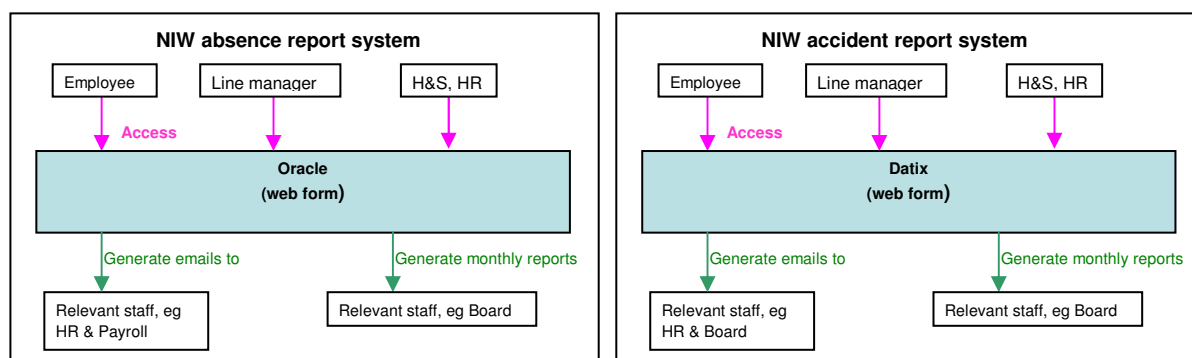


Figure 41.1: Absent/accident notice procedure

The Company has 37 absent categories which include non work related absences. These absent categories do not match with the ones specified by the NIAUR. The Company assumed 5 main reasons to be work related absence and reported absent records from these 5 categories in Line 2. The total days lost for all of 37 categories are 10,873 (Line 2) which means that NIW reports 1.4% of total days lost in Line 2.

The Company's annual targets for RIDDOR statistics are described in figure 2 below. The Company explained that the ratios in the triangle are derived from the industry standards research and experience. NI Water tries to minimise numbers of RIDDOR and minor accidents and increase in a number of near misses, instead, to an expected level of three times number of minor accidents.

PC10 business plan estimated their RIDDOR performance for 2010/11 is to be 11 but actually achieved this figure in 2009/10, a year ahead of forecast. From this NIW sets targets for minor accidents (<45 for 2009/10) and near misses (>100).

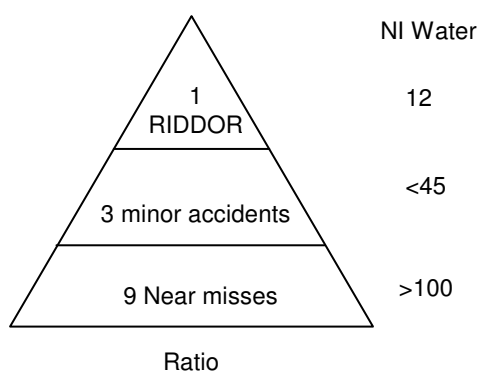


Figure 41.2: RIDDOR NI Water targets

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 the total numbers of employees were consistent with its system. Line 1 shows a continued decrease in the number of employees. This is because the Company is in the process reducing a number of posts and this is expected to continue in the current year (2010-11).

We asked the Company whether this table includes non appointed business. The Company explained that the number reported in Line 1 is a total number of employees and that the employees in Vehicle maintenance and Septic tank functions spend some of their time in a non appointed business activity. We further asked whether the Company can identify the hours spent on non appointed business in order to pro-rate this activity. NI Water answered this is not possible. We found there are 31 employees working both appointed and non appointed businesses, which equates to approximately 2% of total employees. We believe that the Company is having discussions around 'core operational activities'. Therefore we need to see whether all of NIW works should be included in AIR information. In AIR10, NIW includes all of its activities in the submission. Whatever the outcomes are, we do not believe that NIW can capture working hours on non/appointed businesses and the confidence grades should be lower to B. We discuss on the confidence grades in the section 6 below.

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

The data for Line 2 is calculated from Oracle which state 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.

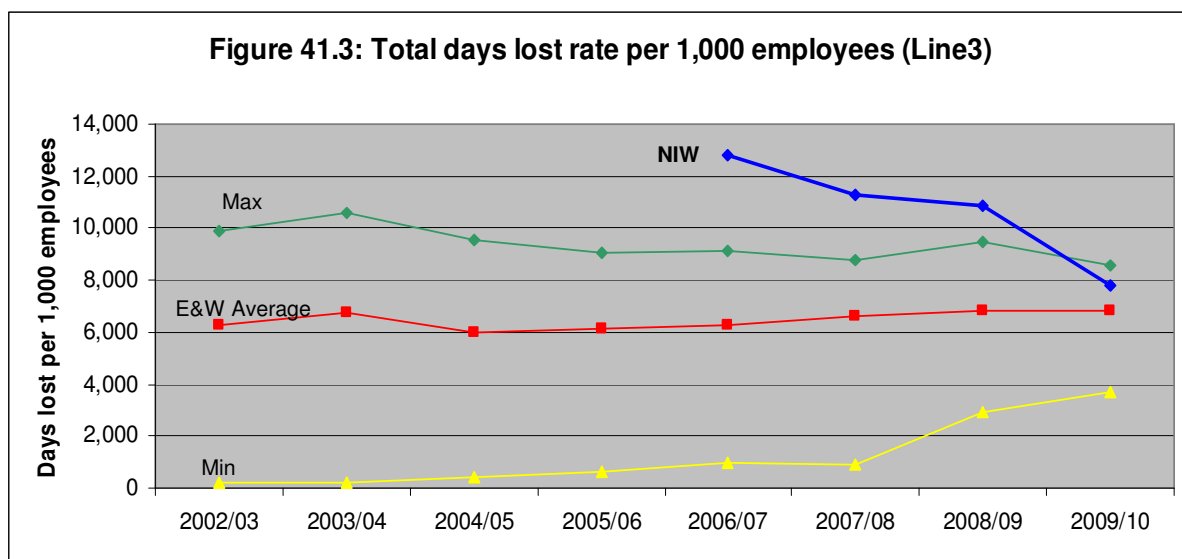
Line 3 – Total days lost rate per 1000 employees

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

We noted significant decreases in Lines 3 (28%) and 5 (33%). NIW explained that they carried out an extensive effort to reducing long term absences and they believe that these actions helped to improve the figures.

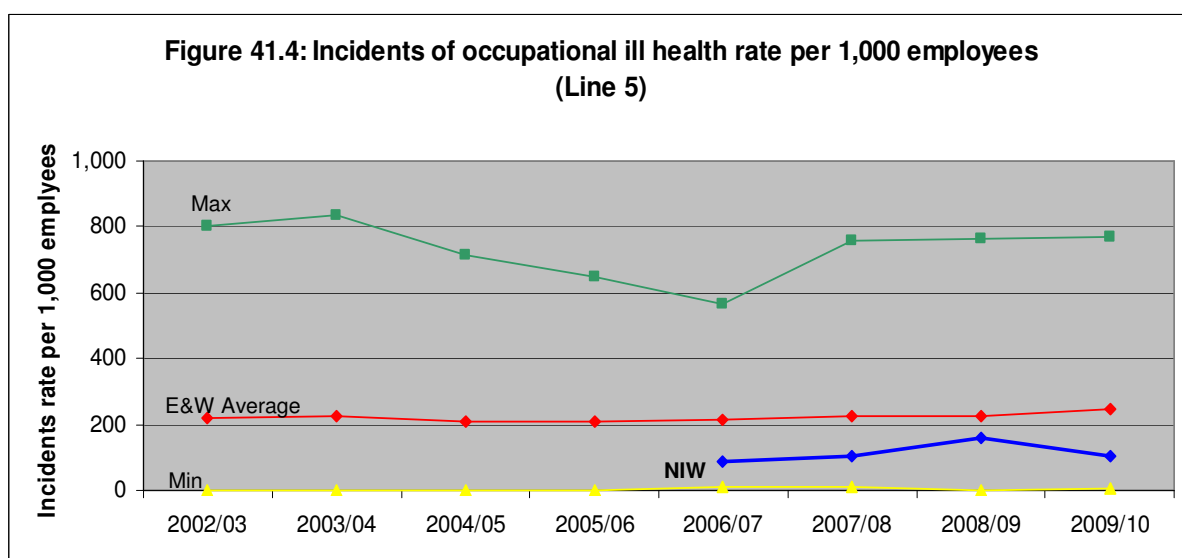
NIW explained that when their employees are on long term sick leave, they attend a series of meetings with line managers, employee support officer, and independent occupational health counsellor (Carecall), to return to work. If necessary, the Company works proactively and transfers these employees internally to other works until they are fit to work at their own jobs. NI Water also explains that they are working together with trades unions who understand that long term absences are not acceptable in some cases and backs up NIW's support and decisions towards the long term sickness.

We compared the NIW's total days lost rate and occupational ill health rate against the E&W companies (Figures 41.3 and 4 below).



Although NIW's days lost rate was above the maximum of E&W in 2008/09, in this year, it is below the maximum of E&W (Figure 41.3).

The occupational ill health rate in NIW 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. We challenged NI Water how the Company would record if the same person went off work soon after s/he came back to work due to the same illness. The Company explained that these illnesses are recorded separately. We believe this is reasonable.

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

We again noted a decrease in 3-day accident rate by 28%. The Company explained that they do ask their employees to see occupational health consultants to ensure the employees are fit for work and these supports to the employees have reduced in the rate. We believe this explanation is reasonable.

4.4 Contractors' data

Data regarding contractors' employee numbers are currently not provided to NIW. 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 explains that they cannot ask their contractors to provide the numbers of employees working for the NI Water monthly. We queried them whether they ask main contractors to provide such information to NIW. The Company explained this is considered at the evaluation stage of the tendering process and such an onerous task would not add value to the H&S arena each month. They presently did not envisage capturing this data on a monthly basis due to the inherent complexities of the business being carried out. .

Line 15 – Total incidents rate

For Line 15, the contractors have access to Captrax to report any RIDDOR incidents and near misses. The NIW manager runs monthly reports from Captrax on the contractors' performances and manually uploads onto Datix every month. We asked whether the Company if the contractors to under report. They explained that their contractors have an obligation to report any RIDDOR incidents to the Northern Ireland Health and Safety Executive. Therefore they believe that their contractors report all incidents to NIW as well. We believe this is reasonable.

NI Water's contractors report 7 RIDDOR incidents and 1 Dangerous Occurrence in Line 15. We asked the Company for clarification of these figures. They explained that 1 Dangerous Occurrence was an accident but not a 3-day accident as RIDDOR specified. We have checked their background information and reports from Datix and found that this was dangerous but not a RIDDOR incident. Therefore we believe this is reasonable.

The Company is in progress of developing interface between Captrax and Datix so the monthly reports of their contractors' performance can be assessed on Datix. We will

review this area next year.

5. Company Assumptions

The Company made assumptions of following:

- Total number of employees includes the employees working for their non appointed business.
- The number of lost days is only reported full day's absence.

6. Confidence Grades

The confidence grades of A2 for lost time and A1 for RIDDOR reports are unchanged from AIR09.

After having a discussion with the Company, we found that the total number of employees in Line 1 includes the non appointed business and they do not have a system to capture their employees' hours worked for non/appointed business. Therefore we do not feel confident on their Confidence Grade of A2 and B2 would be appropriate for Line 1. Lines 3 and 5 are results from calculation using Line 1, and the number of employees who work for both non/appointed business is 31 (2% of total employees). Therefore, the Confidence Grades for Lines 3 and 5 should also be B2.

For Line 15 NIW explains that their contractors' information is manually downloaded from Captrax and uploaded onto Datix, and the Company is working on interfacing these two systems. Therefore we are not confident that the number of RIDDOR incidents reported by the contractors is A2, and B2 would be appropriate.

7. General Issues

None.

Date: 30 July 2010

Prepared by: [x]