

Northern Ireland Water Ltd
Annual Information Return 2011
To the
Northern Ireland Authority for Utility Regulation



Public Domain Version

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

Reporter's Submission

By

**CWJ Turner
Halcrow Management Sciences Ltd**

Halcrow

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 and occupational ill health rate significantly.
- The Company does not capture data for non appointed business for AIR11.
- The Company believes that all of their activities are core operational activities.
- We recommend NI Water to assess the feasibility of capturing contractors' information, perhaps by targeting larger contractors first.

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 HR and 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 2011, respectively. The Company has also appointed a senior member of staff as a new H&S champion. NI Water is currently updating procedures (PRs) of its H&S manual, which will be completed by the end of this year.

The methodology employed by the Company is largely unchanged from that used in AIR10. 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 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 • Information Services • Leakage Services • Mechanical & Engineering • Networks Sewerage • Networks Water • Operations Services • Waste Water Services • Water Supply 	<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 10 to March 11) and not calendar year.

NI Water had a target of 96.5% attendance estimated in PC10 business plan for 2010/11, which they achieved in AIR11 by 0.1%. NIW also had a KPI target of 12 RIDDOR incidents for 2009/10 producing an outturn of 11, which was updated to 10 incidents in 2010/11 after the improvements in their previous performance.

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 payroll 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 Payroll who enters the absence onto Oracle. The employees' line manager holds 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.

We asked the Company whether they check any trends of employees' absence. They explained that they do check all these cases and absence targets for all employees. 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 ran reports on Datix since April 2009 and in AIR10. NI Water explained that they look at all the incidents reported and to ascertain whether there are any occurring 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 has 37 absent categories which also 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 9,953 (Line 2).

The Company's annual targets for RIDDOR statistics are described in figure 1 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 as 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).

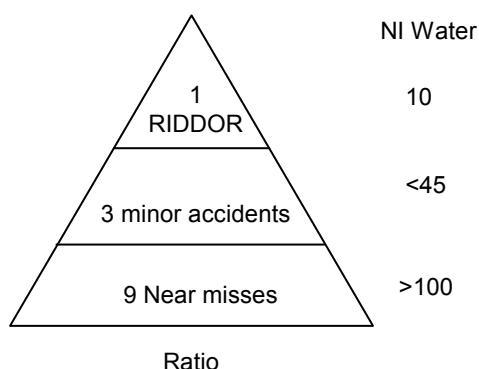


Figure 41.1: RIDDOR NI Water targets

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, despite the Company taking on staff from outsourced activities, Echo, AON and

Northgate.

We asked the Company whether this table includes non appointed business. The Company explained that the number reported in Line 1 is the total number of employees. During AIR10 NI Water explained that the employees in vehicle maintenance and septic tank functions spend some of their time in a non appointed business activity, and we presume that this is the case in AIR11. We queried whether the Company can identify the hours spent on non appointed business in order to pro-rate this activity. NI Water answered that it is possible for the field team but for others this is not possible. During the audit we suggested that the Company should consult on the definitions of 'appointed business' and 'core operational activities'. In AIR11, NI Water includes all of its activities in the submission.

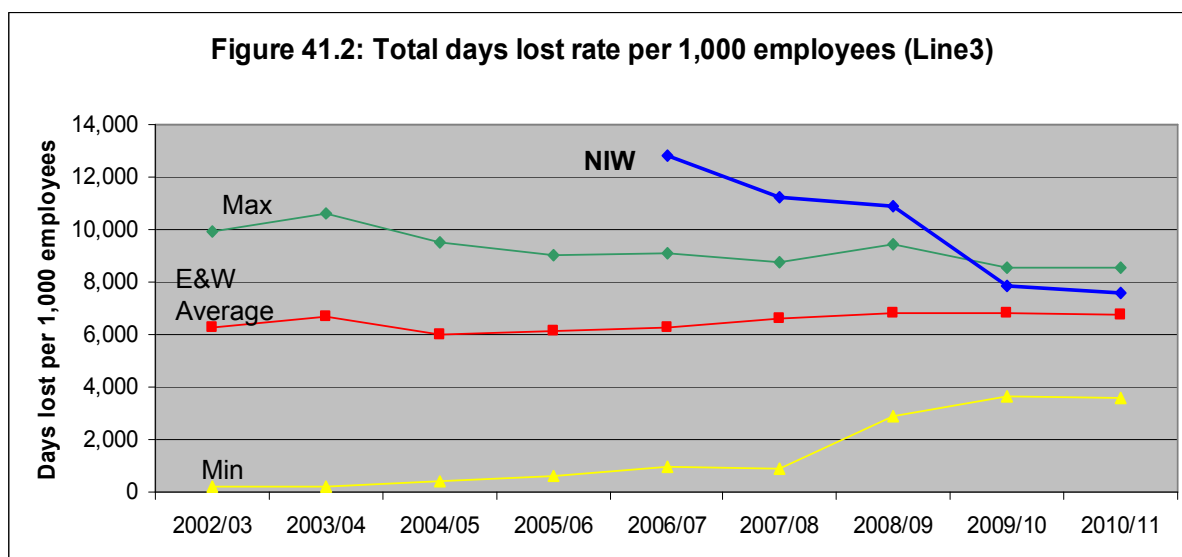
Line 2 – Total days lost due to sickness, accident and occupational ill health

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.

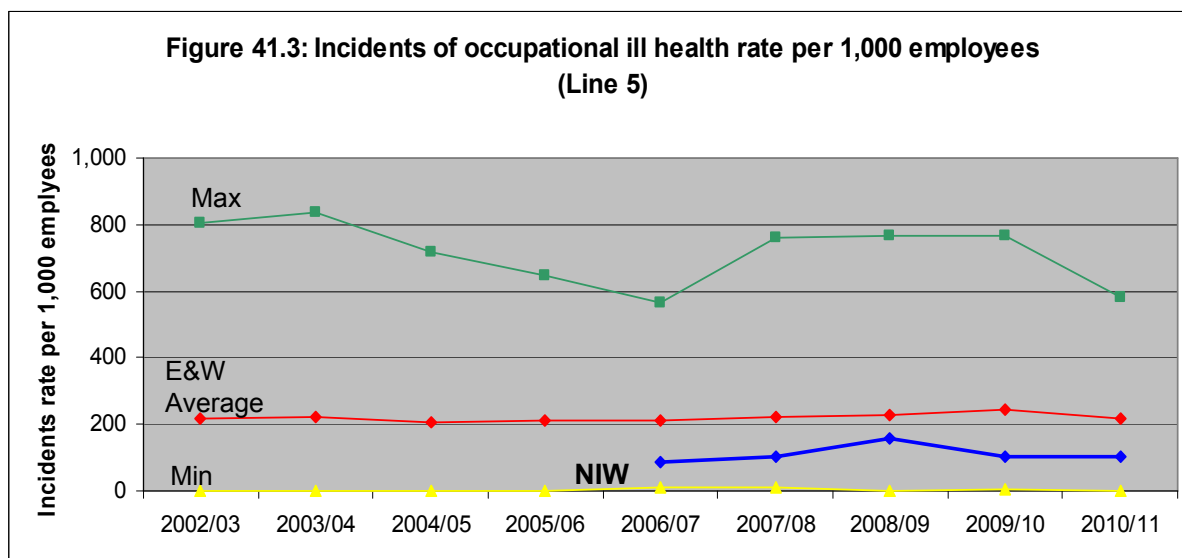
Line 3 – Total days lost rate per 1000 employees

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

We noted Lines 3 and 5 are continuously decreasing (see Figure 41.2 below). NI Water explained that they carried out an extensive effort to reducing long term absences and they believe that these actions helped to improve the figures. NI Water's days lost rate is still higher than the E&W average.



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 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 as to 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 61%. 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 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 ask 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.

Line 15 – Total incidents rate

For Line 15, the contractors have access to Captrax to report any RIDDOR incidents and near misses. The NI Water 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. Therefore they believe that their contractors report all incidents to NI Water as well. We believe this is reasonable.

NI Water's contractors report 7 RIDDOR incidents and 2 Dangerous Occurrences in Line 15. We asked the Company for clarification of these figures. They explained that 2 Dangerous Occurrences were incidents and not accidents covered by RIDDOR. We have checked background information and reports from Datix for these and found that this was dangerous occurrence and not RIDDOR incidents. Therefore we believe this is reasonable.

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. We will review this area next year.

5. Company Assumptions

The Company made assumptions of following:

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

6. Confidence Grades

NIW has assigned a grade A2 for Block A. However during our audit we had a discussion with the Company's HR, and agreed that the CG should be B2 for the Block A as they currently do not have a system (except field staff) to capture their employees' hours worked for non appointed business. According to AIR10 information the number of employees who works for non core operational activities is 2% of total employees. Therefore, we believe a B2 should be 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 legal obligation to report any Major/fatal accident to NIHSE, therefore NI Water is confident with 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 AX.

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 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. During our audit we have suggested that the HR and H&S teams should discuss core/non core activities and appointed/non appointed business with the Regulation team.
- ***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 NIW 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: 29 July 2011
Prepared by: HMS