Sustainability Indicators 2008/09

Executive Summary

The UK water industry is committed to providing a high-quality, essential service and ensuring its long-term sustainability. This report shows how the industry is performing in carrying out its responsibilities to the environment, communities and society in general. The information has been provided by all twenty three of Water UK's member companies, which are the statutory water and wastewater service providers in England, Wales, Scotland and Northern Ireland.

The indicators provide detail about the industry as a whole, and (in some areas) specific information about companies. For each indicator, information is provided on why it is included, what the information tells us (including comparisons with previous years where appropriate), and the main issues related to performance. Examples of individual company action are also included.

This year's report highlights many areas of significant progress, particularly in those core business functions of primary importance to consumers – providing high quality and reliable services with minimum disruption and inconvenience. Other areas of real improvement include leakage, generation of renewable energy and delivery of obligations related to biodiversity and natural resource protection.

In some areas there is more work to do. Energy use and greenhouse gas emissions are increasing, driven largely by obligations to pump and treat more water to ever higher standards. Recession is holding back some improvements and, with pressure to deliver more for less, will continue to have an impact. The industry's safety record still needs to improve.

Overall, the key theme of this year's report is that water companies cannot deliver long-term sustainable water services alone. They need support from, and partnerships with, regulators, policy makers, customers and communities to build on the progress of recent years. All these groups have a part to play in a truly sustainable water industry.

A number of indicators have been reviewed and several new indicators were included for the first time last year. In some areas, this means we are now able to show trend information. For other indicators, however, where data is still improving, some companies are providing data for the first time. We have noted in the commentary where this makes it difficult to show a year-on-year comparison. Other indicators are still under review and again, we have highlighted where this is the case.

We hope that water companies, regulators, policy makers and others will be able to use the information in this report to help guide future industry-related policy and planning. If you would like to comment on any of the issues raised in this report, please contact info@water.org.uk

How to use this document

At the front of this report is a summary table showing performance of the water industry as a whole against sector indicators for 2008/09.

Each indicator is then presented in turn using a combination of tables and charts. Seven of the 36 indicators are 'Core indicators' where the performance of each individual company is reported.

The booklet is divided into broad sustainability sections, and these are colour coded throughout:

- Customer Experience;
- Climate Change and Energy;
- Natural Resource Protection;
- Sustainable Consumption and Production; and
- Corporate Governance, Management and Performance.

The following information is provided for each indicator:

- Why we are reporting the indicator;
- Data related to the indicator;
- The number of companies reporting [1];
- Highest and lowest industry figures [2];
- Confidence gradings [3];
- Total or average industry figure (where appropriate); and
- Trend performance (where appropriate) [4]

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Notes

1 **The number of companies reporting** –There should be 23 companies reporting on each indicator (12 for wastewater specific indicators). Where this is not the case, this has been highlighted in the text.

The names of the water companies in the Veolia group have changed this year.
• Three Valleys Water is now called Veolia Water Central
• Tendring Hundred Water is now called Veolia Water East
• Folkestone & Dover Water is now called Veolia Water Southeast

2 **High and Low figures** – The data table for each indicator also shows the highest and lowest reported company figure against that indicator. In some cases, these may reflect the relative size of companies rather than absolute performance.

3 **Confidence gradings** – We have provided the levels of confidence that companies have self-assessed for each of the data points provided. We have based the system on Ofwat regulatory reporting requirements. This is scored in terms of the reliability and accuracy of the data on a sliding scale from 'low' to 'high'.

Data that is classed as having 'high' **reliability** is based upon sound textual records, procedures or analysis that has been properly documented, and is recognised as the best method of assessment. Data of 'low' reliability is usually based only upon unconfirmed verbal reports or cursory inspections/analysis.

Data that is classed as having 'high' **accuracy** is that which is considered to be accurate to within +/- 1%. Data of 'low' reliability is usually only considered to have an accuracy of +/- 50%.

4 **Trend performance compared to 2007/08** – For all regulatory data the performance compared to 2007/08 has been provided. A ✔ represents an improvement in performance, a ✘ represents a decline in performance while a ◄► represents no change in performance. There is a degree of subjectivity here, as performance is dependent on a number of (often external) factors and movement in one direction can generally be interpreted in different ways, both positive and negative. However, it does provide a useful, if simplified, indication of progress. More detailed information on progress is provided in the body of the report.

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Table 1 – Summary Table – Water UK Sustainability Indicators 2008/09

NOTES

1. Indicators in **bold** are core indicators reported by company as well as for the industry as a whole.

2. For some indicators, data from Northern Ireland Water (NIW) has been included for the first time. Where this is the case, we have included figures both including and excluding NIW data, so that a proper comparison with 2007/08 can be made. For other indicators, the reporting framework has changed or the level of information provided this year has increased. This means that it is not appropriate to report progress against last year, and we have indicated where this is the case.

Indicator	Measure	Units	Result 08/09	Result 07/08	Progress
Drinking Water quality	Compliance with drinking water standards, England and Wales	percentage	99.96%	99.96%	↔
	Compliance with drinking water standards, Scotland	percentage	99.75%	99.76%	↔
	Compliance with drinking water standards, Northern Ireland	percentage	99.49%	99.34%	✔
Low Pressure Supply	Number of properties in the UK with a low pressure supply	count	15,364 9,594 exc NIW	10,732	✔
Water Supply Interruptions	**Number of properties with interruptions to supply (> 6 hours in duration)**	**count**	**119,061**	**289,190**	✔
Risk of Sewer Flooding	**Number of properties at risk of sewer flooding at least once in every ten years**	**count per 100,000 properties**	**25.2** **22.1 exc NIW**	**26.2**	✔
Incidents of Sewer Flooding	Number of properties actually affected by sewer flooding	count	6,022 6,019 exc NIW	3,847	NA (New reporting framework)
Household Water Affordability	Indicator not yet developed				
Total Energy Use	Energy used for operational purposes	Gigawatt Hours	8,650	8,290	✘
Renewable Energy Generation	Renewable energy generated by water and wastewater companies	Gigawatt Hours	742	530	✔
Renewable Energy Purchased	Renewable energy purchased by water and wastewater companies	Gigawatt Hours	767	384	✔
Greenhouse Gas Emissions	Total greenhouse gas emissions	Million tonnes CO_2e	5.07	4.93	✘
Greenhouse Gas Emissions – water supply	**Greenhouse gas emitted in supplying water**	**tonnes CO_2e/ Megalitre**	**0.30**	**0.28**	✘
Greenhouse Gas Emissions – wastewater treatment	**Greenhouse gas emitted in wastewater treatment**	**tonnes CO_2e/ Megalitre**	**0.75**	**0.69**	✘
Water Abstraction - Total volume relative to licensed quantities	Total annual volume of water within abstraction licences	Megalitre/year	3,594,014	3,693,227	↔
Water Abstraction – Total volume relative to licensed quantities (percentage)	Total annual volume of water within abstraction licenses	percentage	37.7%	38.0%	↔
Water into Supply	Total volume of water put into supply	Megalitre/day	17,380	17,640	✔
Domestic Water Demand	Domestic water demand	litres/head/day	147.4	148.1	✔
Water Saved Through Demand Management Measures	Water saved through demand management measures (households and non-households)	Megalitre/day	61.0	67.5	✘
Total Loss from the Supply Network	Total leakage	Megalitre/day	4,341	4,372	✔

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Indicator	Measure	Units	Result 08/09	Result 07/08	Progress
Relative Loss from the Supply Network	**Total leakage per 100 km of supply main (average)**	**Megalitre/day**	**1.06**	**1.06**	↔
Status of Sites of Special Scientific Interest (SSSIs)	SSSI land in target condition (England only)	percentage	91%	73%	✔
	SSSI features target condition (Scotland only)	percentage	70.3%	71.3%	↔
Company Water Use	Amount of water used, per 1,000 full time employees on water company sites	Megalitre per 1,000 Full Time Employees per annum	9.4	6.2	NA (Indicator still being developed)
Chemical Use in Water Supply	Chemicals used per Ml of water supplied	tonnes/ Megalitre	0.076	0.094	✔
Chemical Use in Wastewater Treatment	Chemicals used per Ml of wastewater treated	tonnes/ Megalitre	0.079	0.047	✘
Use of Aggregates	Aggregates procured from a recycled source	percentage	19.3%	16.4%	✔
Sludge Management	Total wastewater sludge	thousands of tonnes of dried solids	1762	1785	✔
Sludge Use	**Wastewater sludge sent for recycling (agriculture, land reclamation, other)**	**percentage**	**84.3%**	**82.6%**	✔
Non-sludge waste	Other waste recycled	percentage	73.3%	57.8%	✔
Cash Interest Cover	Sector cash interest cover ratio	Ratio	4.7	5.8	✘
Management Systems for Sustainability	Number of companies with certified or non-certified Environmental Management System (EMS) in place across all or part of their operations	count	14	15	✘
	Number of companies with certified or non-certified Quality Management System (QMS) in place across all or part of their operations	count	17	17	↔
	Number of companies with certified or non-certified Health and Safety Management System in place across all or part of their operations	count	19	21	✘
Contracts with Sustainability Criteria	Sustainability criteria and weighting used in contracts for goods and services	percentage (range)	0 – 60%	-	New Indicator
Convictions for environmental and public health offences	**Number of convictions (sector total)**	**count**	**61**	**60**	↔
Reported Accidents	Major/fatal accidents to employees arising whilst undertaking water company related activities	count per 1,000 direct employees	1.36	0.73	✘
Occupational Ill Health	Days lost due to occupational ill health (sector average)	days per direct employee	5.5	5.4	↔
Employee Turnover	Employee Turnover (sector average)	percentage	9.2%	10.4%	✔
Employee Absence	Number of days lost through absence during the reporting year (sector average)	days per direct employee	7.6	7.0	✘
Community Investment	Total value of financial contributions to community during reporting year	£ thousands	10,363	7,767	✔

Drinking Water Quality

Information about drinking water quality is monitored and regulated by the Drinking Water Inspectorate in England and Wales, the Drinking Water Quality Regulator in Scotland, and by the Drinking Water Inspectorate (part of the Northern Ireland Environment Agency) in Northern Ireland. Quality is based upon tests of water and how it performs against strict European Union and national standards, based in turn on World Health Organization (WHO) recommendations for water quality at customers' taps.

Drinking water remains at a consistently high standard overall, with some companies (e.g. Northern Ireland Water, Thames Water) achieving their best ever performance this year.

As compliance gets closer to 100%, more energy/chemical intensive and expensive treatment is required. The challenge for the future is to find more sustainable ways of achieving further improvements in water quality, through source controls and other measures to reduce raw water pollution. These will complement further improvements to water company distribution systems. The quality of tap water is also influenced by the design and condition of consumers' plumbing and water fittings. To improve householder awareness in this area, Water UK recently published a booklet entitled Looking after Water in Your Home.

Table 2 – Compliance with drinking water standards

	% compliance	High	Low	Performance compared to 07/08
Compliance with drinking water standards at customers' taps (%), England and Wales	99.96%	100%	99.89%	↔
Compliance with drinking water standards at customers' taps (%), Scotland	99.75%	NA	NA	↔
Compliance with drinking water standards at customers' taps (%), Northern Ireland	99.49%	NA	NA	✔

Confidence

Reliability: High  Low

Accuracy: High  Low

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Low Pressure in Supply

This indicator refers to the total number of properties in a company water supply area which are likely, on occasion, to receive water at a pressure below the company's reference level. Low water pressure can cause inconvenience, for example during the use of appliances such as modern washing machines.

Northern Ireland Water provided data for the first time this year. Excluding this, the number of properties in the UK with a low pressure supply fell by around 10% this year. Low pressure problems affect roughly one in every 2,000 connected properties.

Despite significant projected household growth, the industry expects the number of customers experiencing low pressure to fall in the future, provided there is adequate investment in the water supply network.

Table 3 – Number of properties in the UK with a low pressure supply

	Total	High	Low	Performance compared to 07/08
The number of properties in the UK with a low pressure supply (excluding Northern Ireland)	9,594	4,147	0	✔
The number of properties in Northern Ireland with a low pressure supply	5,770	NA	NA	NA

Confidence

Reliability: High  Low

Accuracy: High  Low

Water Supply Interruptions

This is a measure of the number of properties (households and non-households) which are affected by unplanned interruptions of more than six hours. Unplanned interruptions to water supply may occur due to emergencies such as burst pipes.

Figure 1 shows the number of properties affected by supply interruptions for individual companies per 100,000 connected properties.

Across the industry, the total number of properties with unplanned interruptions to supply of more than six hours fell by nearly 60% and now affects around 0.8% of all connected properties. This was a return to trend following the exceptional floods in summer 2007, which caused the indicator to jump last year, particularly for Severn Trent Water, whose supply area was worst affected by the flooding. The company is investing in its networks to reduce the risk of future supply interruptions from such events.

The significant increase for Sutton & East Surrey Water this year was predominantly the result of an exceptional series of burst main events. Such events can be caused by a range of factors, such as cold weather, drought or activities of third parties. Whilst these are hard to predict, the expected impacts of climate change and future growth means that continued investment in networks and infrastructure will be required to ensure that interruptions to supply continue to fall overall in future.

Table 4 – Number of properties with interruptions to supply

Core Indicator	Sector Total	High (per 100,000 properties)	Low (per 100,000 properties)	Performance compared to 07/08
The number of properties with interruptions to supply (in excess of 6 hours in duration)	119,061	2,568	22	✔

Confidence

Reliability: High … Low

Accuracy: High … Low

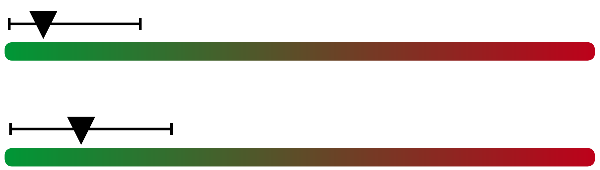
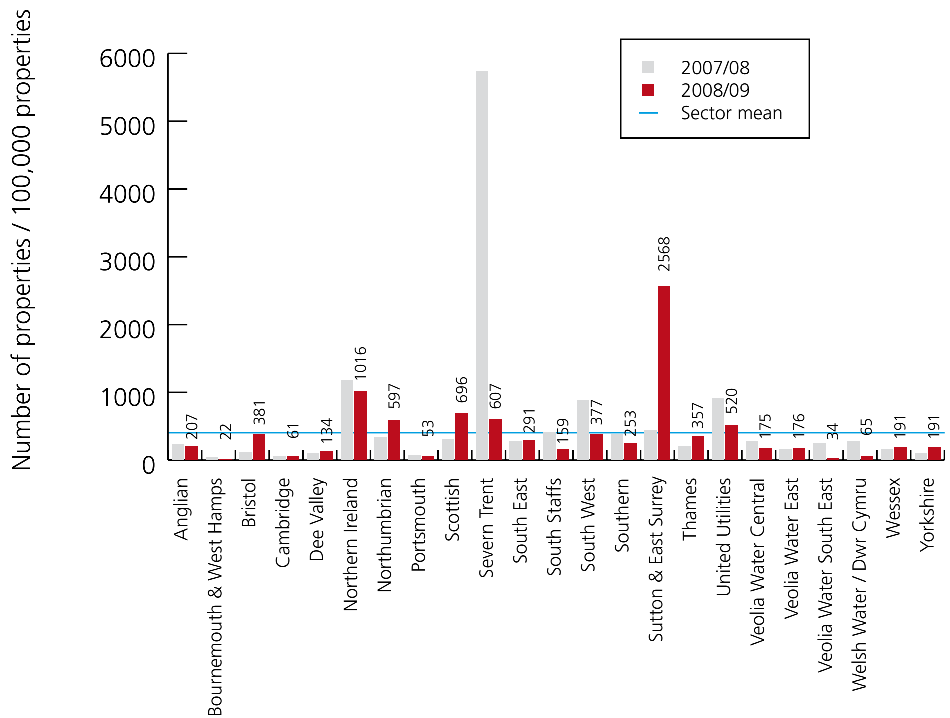


Figure 1 – Number of properties with interruptions to supply (per 100,000 properties)



Risk of Sewer Flooding

This indicator shows the number of properties at risk of internal sewer flooding at least once in every ten years, per 100,000 connected properties.

The total number of UK properties at risk was 6,740 representing 0.025% of total connected properties. This is slightly lower than last year, even with the inclusion for the first time of data from Northern Ireland. Results for individual companies are shown in Figure 2.

These figures include properties on the 1 in 10 and 2 in 10 flood risk registers which companies are directly funded to reduce. Companies can – and do – undertake additional work to reduce internal and external flooding at properties at lower risk than this, but their primary focus is on the highest risk properties, as the industry fully accepts that sewer flooding is amongst the worst service failures that customers can experience.

Continued improvement in this area, which is consistently amongst customers' highest priorities, is dependent on adequate investment. In PR09 Final Business Plans, companies in England and Wales proposed investment of £1.5 bn to reduce sewer flooding. However, this was reduced to £0.9 bn by Ofwat in their Draft Determinations, although this may be changed in the Final Determinations. There are similar plans to reduce the risk of sewer flooding in Scotland and Northern Ireland.

Table 5 – Number of properties with a risk from sewer flooding

Core Indicator	Average	High	Low	Performance compared to 07/08
Properties at risk of sewer flooding at least once in every ten years, per 100,000 connected properties (excluding Northern Ireland)	22.1	46	9	✔
Properties at risk of sewer flooding at least once in every ten years, per 100,000 connected properties (Northern Ireland)	137.8	NA	NA	NA

Southern Water recently completed a £1.75 million scheme to help reduce the risk of sewer flooding to properties in Winchester city centre which could become overloaded during heavy rain. The scheme to upgrade and increase the capacity of the existing sewer network in the city centre included lining the sewer in the high street, and the construction of a small underground pumping station. The completed work has improved the sewerage system to enable it to cope with extra rainwater during storms.

Dwr Cymru Welsh Water, as part of an integrated approach to sustainable urban drainage, has developed a Surface Water Management Strategy to reduce predicted future flooding and pollution incidents. Other benefits include lower energy costs, conservation and recreational opportunities and enhanced adaptation to climate change.

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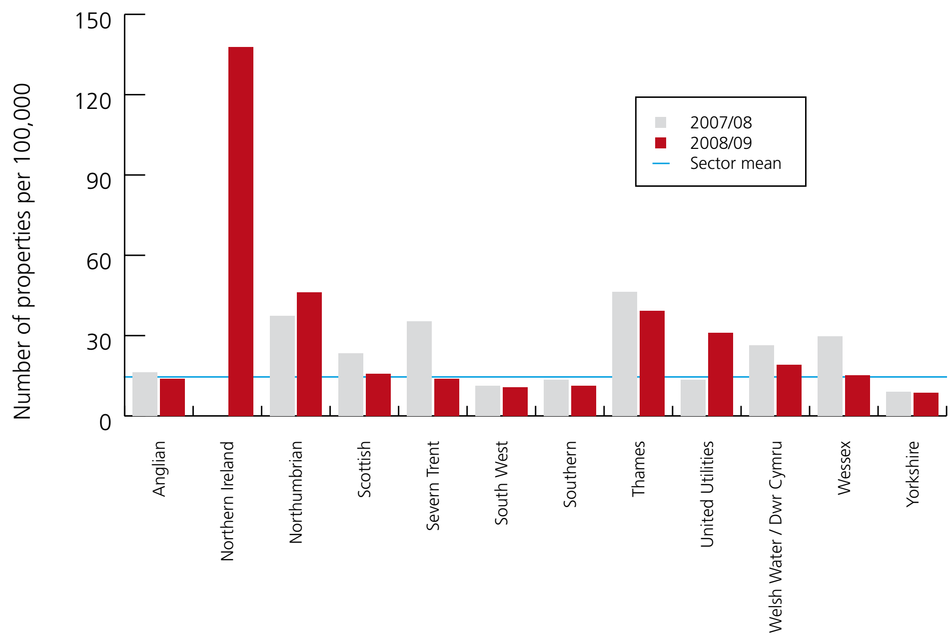
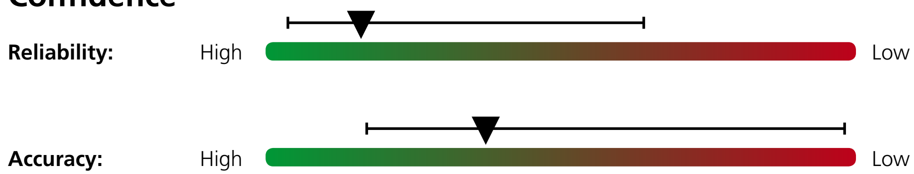
Figure 2 – Number of properties with a risk from sewer flooding, per 100,000 properties



Confidence



Incidents of Sewer Flooding

This indicator shows that the number of properties in the UK that have actually been affected by internal sewer flooding. Companies have recently been reviewing processes for monitoring and reporting this information. In particular, flooding from 'other causes' (i.e. non-hydraulic overload) is now included for the first time. This can be triggered by a range of factors, including damage from tree roots or accumulation of fat from cooking, which can cause blockages in sewer networks.

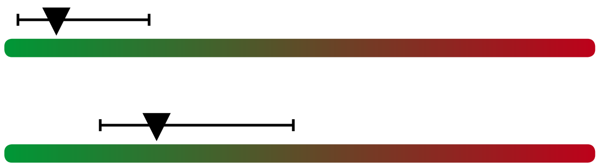
As a result of these changes, this year's data is not comparable to 2007/08. Using the new and more comprehensive reporting framework, the number of properties actually affected in 2008/09 was 6,022, a small fraction of the 27 million or so connected properties. Data for Northern Ireland has also been included for the first time this year.

The industry has a number of projects and programmes to address the problem of sewer flooding, including campaigns to encourage both commercial and household customers to use the wastewater system more responsibly and reduce the volume of fats, oils and grease (FOG) put down drains and sewers. For example, Anglian Water has pioneered a FOG charter and is championing the free collection of waste FOG for conversion into biodiesel. It has also developed the Green Ladle Award, which rewards restaurants, takeaways and other catering establishments for environmentally sound FOG disposal practices. Thames Water clears around 55,000 sewer blockages every year. The majority of these are caused by FOG that congeal to form thick layers around the pipes. As a result, Thames has launched a major new campaign (called "Bin it, don't block it!") to educate people on what should and shouldn't be washed away 'down the drain'.

Table 6 – Number of properties actually affected by sewer flooding

	Total	High	Low	Performance compared to 07/08
Properties affected by internal sewer flooding (excluding Northern Ireland)	6,022	1,302	112	NA
Properties affected by internal sewer flooding (Northern Ireland)	3	NA	NA	NA

Confidence



Reliability: High — Low

Accuracy: High — Low

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Household Water Affordability

Unlike energy, an indicator showing the proportion of customers facing water bills that are high compared to their household income is not yet available. The ongoing Walker Review of Metering and Charging may recommend an indicator in this area which we will consider adopting in future reports.

Projections from the *Cross Government Review of Water Affordability* published in 2004 indicated the proportion of customers who pay more than 3% of their income on water and sewerage was likely to rise from 7.8% in 2004/05 to 10.7% in 2009/10. However, there is currently no means of evaluating these projections and measuring water affordability.

It is likely that the current economic situation means that water affordability is an increasingly pressing issue for many customers. The water industry is playing and will continue to play an active role in helping to tackle affordability through:

- Measures to help the vulnerable and financially disadvantaged struggling to meet their water bills. Examples include flexible payment plans, help with paying bills through Water Direct (Severn Trent Water's Debeo Debt Recovery scheme has successfully signed up 746 customers to Water Direct), variable tariffs, promoting the WaterSure tariff, providing debt advice and debt relief, restart schemes and support through charitable trusts. In Scotland, customers in receipt of benefits and Council Tax relief are entitled to a reduction in water charges of up to 25%. Thames Water has launched a £5 million Trust Fund to help customers in real financial difficulty or hardship. The Trust Fund is a registered charity and has independent external advisors who review applications and allocate the funds. Wessex Water has an Assist tariff that provides a new way to tackle the debt problem. Launched two years ago and recently fully approved as the first water industry social tariff, it offers a lower tariff based on customers' ability to pay. Customers on Assist make a contribution towards the costs of water and sewerage services at a level they can afford and sustain. By engaging positively with this group of customers and directing them towards independent debt advice, Wessex Water has reduced charges by 50% to customers on Assist but at the same time increased the payments received from these customers by 30%.

- Measures to tackle those that can pay but do not pay.

- Lobbying for legislative change to reduce the debt burden and working with consumer bodies to improve help with water affordability.

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Total Energy Use

This indicator shows the amount of energy (GWh) used for operational purposes (water and wastewater pumping and treatment) and for administrative functions (excluding transport). It includes different types of energy (such as electricity and gas), providing an indication of how much energy the industry is using in the provision of core services.

Total energy use across the UK water industry continued to increase last year, up by nearly 5%. Part of this was due to the provision of more complete information from Scottish Water, which had previously only collated and submitted data associated with electricity use. Part of the increase may also be explained by the industry's investment cycles. As we approach the end of the current planning period (2009/10 in England and Wales), new plant commissioned and constructed during the period comes on stream, potentially adding to overall energy use.

Notwithstanding the role these factors may have played, this year's data is consistent with the trend of recent years, which has seen energy use in the industry approximately double in the last twenty years. Recent industry trends in energy use are shown in Figure 3. The dip in 2005/06 is partly explained by the drought, which led to reduced pumping in many areas.

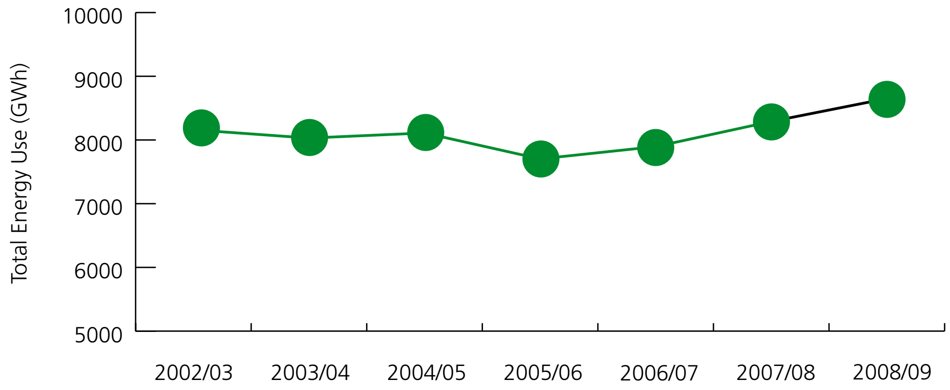
One of the main reasons for the long-term upward trend is certainly the requirement for water companies to deliver and treat more water and wastewater to higher standards. Whilst this has led to significant environmental and water quality improvements, one of the consequences has been increased energy use. It is also closely linked to the quality of raw water in the environment, since polluted or degraded raw water means companies have to pump water from cleaner sources further away or treat to higher standards to achieve the same outcome.

The water industry is committed to increasing energy efficiency and reducing its contribution to climate change through emissions of greenhouse gases. For example, Wessex Water is using innovative approaches for aeration control to optimise levels of oxygen in the wastewater treatment process and maximise efficiency, saving around 20% of energy at activated sludge sites. The industry will be the largest single sector (by energy use) in the Carbon Reduction Commitment Energy Efficiency scheme, which starts in 2010. A number of companies, including Thames Water, have achieved accreditation under the Carbon Trust Standard, a key early action metric for the scheme.

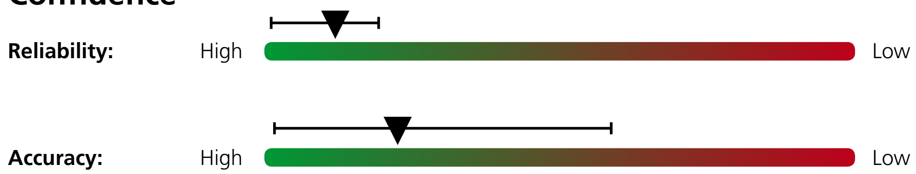
Table 7 – Energy used for operational purposes and administrative functions

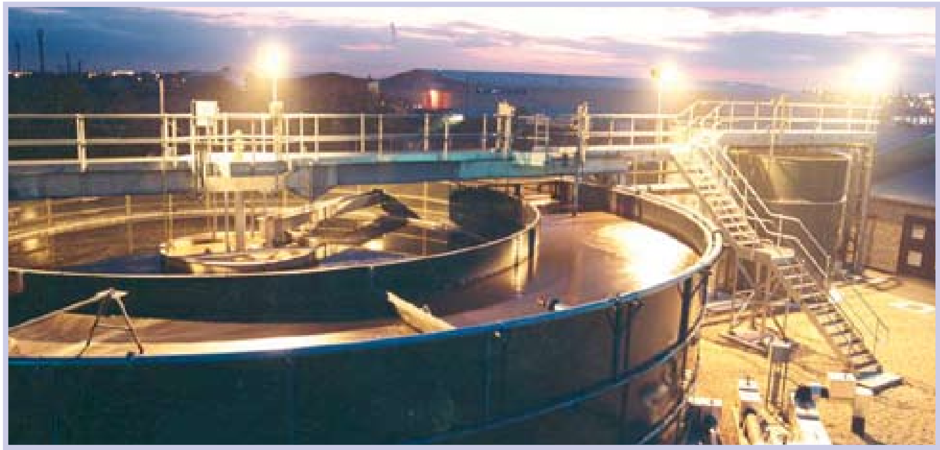
	Total	High	Low	Performance compared to 07/08
Energy used for operational purposes and administrative functions (GWh, annual).	8,650	1,420	6	✘

Figure 3 – Energy used for operational purposes and administrative functions (2002/03 – 2008/09)



Confidence





Renewable Energy Generation

Water industry generation of renewable energy contributes to UK greenhouse gas reduction targets, reduces reliance on fossil fuel energy and helps protect the industry from external energy price shocks.

In 2008/09, the industry generated 742 GWh of energy from renewable sources, a 40% increase on the previous year. This represents over 8.5% of the industry's total energy needs. The increase came from a number of companies installing new plant and capacity, especially from Combined Heat and Power. Thames Water, for example, was able to generate 14% of its own energy needs from renewable sources - by burning sewage sludge and by using biogas created as part of the sewage treatment process.

The water industry continues to explore opportunities to increase renewable energy generation, where these are feasible and economic. For example, Northern Ireland Water is working with partners to use liquid and solid organic wastes to produce renewable energy from biomass.

Further expansion within the regulated business will depend to a significant degree on:

- A supportive regulatory framework that actively encourages renewable energy generation
- Greenhouse gas accounting rules that allow companies to claim the carbon benefit of renewable energy generation
- Appropriate economic incentives being available to water companies, including Renewable Obligation Certificates and Feed-in-Tariffs

Table 8 – Renewable energy generated by water and wastewater companies

	Total	High	Low	Performance compared to 07/08
Renewable energy generated (annual)	742 GWh	307 GWh	0 GWh	✔

Confidence

Reliability: High — Low

Accuracy: High — Low

Renewable Energy Purchased

This indicator shows the amount of accredited (accompanied by Renewable Energy Guarantee of Origin certificate or a Levy Exemption Certificate) renewable energy purchased by the industry from other energy suppliers. In addition to accredited renewable energy, some companies do also purchase grid energy from 'green' or 'low carbon' tariffs, although this is not reported here.

Renewable energy purchased doubled in 2008/09. The water industry believes that purchasing accredited renewable energy has a role in stimulating demand and consequently helping the UK meet its internationally agreed targets.

However, recent changes to government greenhouse gas reporting guidelines state that such energy cannot be used to offset an organisation's greenhouse gas emissions. This will significantly reduce the incentive to purchase energy from accredited renewable sources in the future. The water industry will continue to push for recognition of such energy in reporting for statutory or regulatory purposes.

Table 9 – Renewable energy purchased by water and wastewater companies

	Total	High	Low	Performance compared to 07/08
Renewable energy purchased (annual)	767 GWh	574 GWh	0 GWh	✔

Confidence

Reliability: High — Low

Accuracy: High — Low

Greenhouse Gas Emissions

The provision of water and wastewater services contributes to global climate change through emissions of primarily carbon dioxide, methane and nitrous oxide. Total emissions have been calculated using a standardised industry reporting tool, which covers all six Kyoto greenhouse gases and is the basis of regulatory submissions in this area.[1]

Total industry emissions increased slightly last year to just over five million tonnes (carbon dioxide equivalent), largely due to increased energy use (see 'energy use' indicator). This is around 1% of UK total emissions. Information on greenhouse gas intensity for individual companies is shown in Figure 4. The variation across companies is associated with geographic and operational differences. Absolute and relative industry emissions increased in 2008/09. There were three main reasons for this:

- The Government's conversion factor for grid electricity rose from 0.523 to 0.537 kg CO_2/KWh
- Government reporting guidelines mean that renewable energy purchased has to be reported at the grid average emissions factor, where previously they were zero rated
- More complete information has been provided by several companies, particularly around emissions from contractors

Table 10 – Greenhouse gas emissions

Core Indicator	Total	High	Low	Performance compared to 07/08
Total greenhouse gas emissions (from water supply, wastewater treatment, offices and transport)	5.07 Million tonnes CO_2e	0.85	0.01	✗
Greenhouse gas emissions from supplying water (CO_2e per Ml of water supplied)	0.30 tonnes CO_2e / Ml	0.50	0.15	✗
Greenhouse gas emissions from wastewater treatment* (CO_2e per Ml of wastewater treated)	0.75 tonnes CO_2e / Ml	0.95	0.54	✗

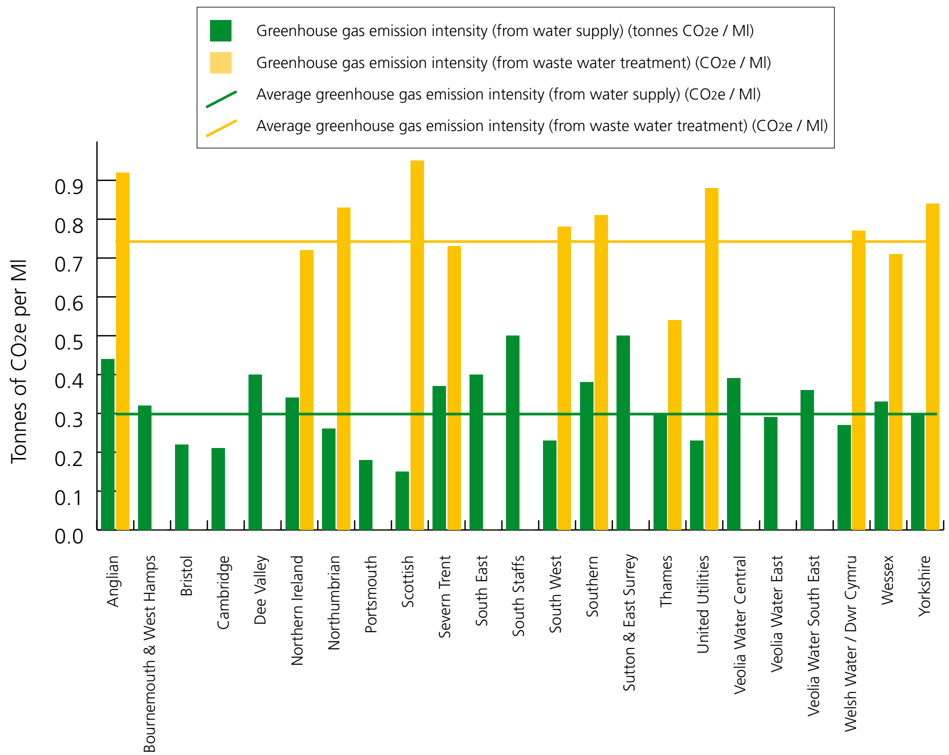
** The volume of wastewater treated is based on information reported to regulators. In reality, water from highways drainage, run off and infiltration also enters the sewerage network and is treated, meaning the reported figure is higher than would the case for wastewater alone.*

The industry is committed to reducing greenhouse gas emissions. For example, Anglian Water opened a new low carbon wastewater treatment plant at Sutton St James earlier this year. The innovative lagoon system has the lowest carbon footprint of all considered alternatives and its sophisticated aeration system is virtually maintenance free, costing just £3 a day to run.

[1] http://www.ukwir.org.uk/ukwirlibrary/92805

Increased water demand and more stringent quality standards are the key drivers for increased energy use and emissions. Companies and regulators will need to work together to make a positive contribution to UK greenhouse gas reduction targets, while also delivering high quality and sustainable water and wastewater services.

Figure 4 – Greenhouse gas emissions – from water supply and wastewater treatment



Confidence

Reliability: High Low

Accuracy: High Low

Water Abstraction

The granting of abstraction licences is based on the ability of the environment to cope with a reduction in surface or groundwater quantities and river flows. Identifying the quantity and severity of over-abstraction helps to indicate whether abstractions are being managed sustainably, and whether there are changes in the potential risks to the environment.

In 2008/09 water company abstraction in England and Wales was well within the licensed total for all companies. This partly reflects reduced demand during that year due to the wetter than average summer.

Total licensed quantity reflects the potential resource needed in any year to ensure that average and peak demands can be met. The headroom provided by the licensed total is essential to maintain security of supply during drier periods, droughts and periods of high demand. It will vary depending on the nature of water sources and regional characteristics.

We are currently reviewing this indicator with a view to ensuring that we report meaningfully, consistently and in a way which relates closely to sustainability. We will take account of the Environment Agency's work on restoring sustainable abstractions and other relevant work. This indicator may therefore change in future reports.

Table 11 – Volume of water abstracted in relation to abstraction licence limits

Core Indicator	Total	High	Low	Performance compared to 07/08
Total annual volume of water within abstraction licences (Ml/year)	3,594,014	555,617	5,048	↔
Total annual volume of water within abstraction licences (%)	37.7%	57.8%	7.7%	↔

Note: Information on this indicator is not currently available in Scotland and Northern Ireland

Confidence

Reliability: High  Low

Accuracy: High  Low

Water into Supply

The supply of water to homes, businesses and industry is the core function of any water company. This UK-wide indicator helps to provide important context to a range of other indicators including abstraction, water demand, loss from the supply network, and total energy and resource use figures.

There was a small decrease in the volume of water supplied for 2008/09 compared to the previous year (17,640 Ml/day was supplied in 2007/08).

The industry plans and works hard to balance supply and demand for water. The amount of water put into supply will be impacted by weather patterns, and pressures to increase supply including population growth and increased consumer demand. However, leakage management, improving water efficiency and investing in infrastructure can help to reduce the total volume of water required for supply.

Table 12 – Total volume of water put into supply

	Total	High	Low	Performance compared to 07/08
Total volume of water put into supply (Ml/day)	17,380	2,574	30	✔

Confidence

Reliability: High  Low

Accuracy: High  Low

Domestic Water Demand

Changes in domestic water demand reflect a range of issues, including trends in behaviour, water use and the results of efforts (by the industry and others) to manage consumer demand and to reduce wastage.

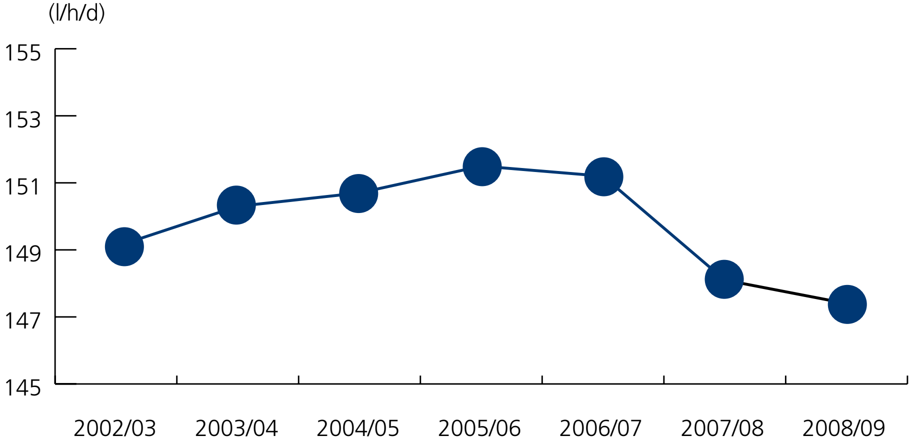
Average domestic water consumption fell for the third year in a row, which partly reflects two wet summers (2007 and 2008) and the drought in the south east in 2005/06. The recession is also having an impact, although this is predominantly on non-households.

Defra's Future Water strategy includes an ambition to reduce consumption to at least 130 litres per head per day (l/h/d) by 2030. The establishment by the industry of Waterwise, an independent NGO, and a range of water efficiency initiatives by companies will help meet this. In England and Wales, Ofwat has set water efficiency targets from 2010. However, like other aspects of resource efficiency, this is a broader societal issue that will require concerted and consistent efforts from a range of sectors and organisations, including consumers themselves.

Table 13 – Domestic water demand

	Average	High	Low	Performance compared to 07/08
Domestic water demand (average, l/h/d)	147.4	171.1	120.2	✔

Figure 5 – Domestic water demand (2002/03- 2008/09)



Sustainability Indicators 2008/09

Confidence

Reliability: High  Low

Accuracy: High  Low

Water Saved Through Demand Management Measures

Managing water demand from domestic and non-domestic customers is one of the ways in which companies can help to reduce the amount of water that they need to abstract.

Total water saved through demand management measures fell from 67.5 Ml/day in 2007/08 to 61 Ml/day in 2008/09. This may be at least partly explained by a 'bounce back' effect from the 2004-06 drought. Ofwat's water efficiency targets, which take effect in 2010, may have an impact on reported savings in future years.

Measuring demand management savings and making an economic case for activity based on uncertain benefits is difficult. This is reflected in the low confidence scores for this indicator. Water companies are working with a range of other organisations to improve the evidence base and collect more robust data for water efficiency activities.

Table 14 – Water saved through demand management measures

	Total	High	Low	Performance compared to 07/08
Water saved through demand management measures (Ml/day)	61	11.5	0.02	✘

Note: There is only very limited information held by Northern Ireland Water and Scottish Water does not yet record this information.

Confidence

Reliability: High ▼ Low

Accuracy: High ▼ Low

Sustainability Indicators 2008/09

Total Loss from the Supply Network

The indicator shows the total amount of water that has been abstracted, treated and lost before reaching the customer.

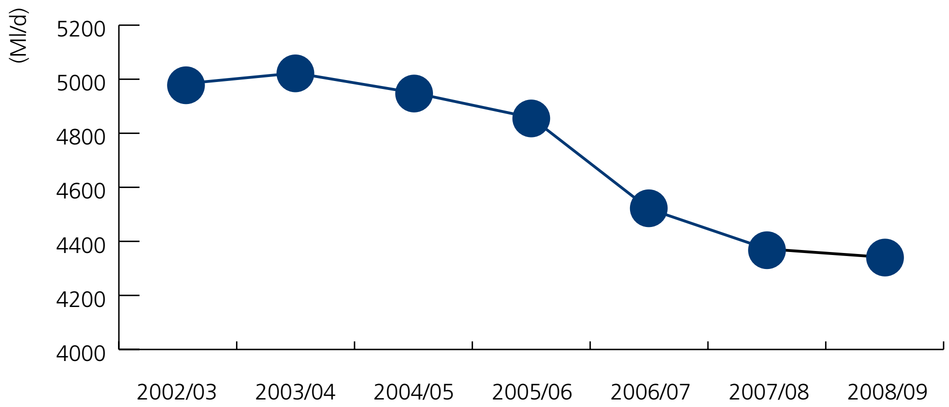
The total volume of water leakage (4,341 Ml/day) is lower than in previous years and reflects significant recent industry investment. Indeed, total leakage has fallen by over one-third in the last ten years. Performance in 2008/09 was particularly notable given the coldest winter in 12 years in many areas, which saw the number of bursts and leaks increase significantly and required additional resources and repair work for companies.

Companies are working to ensure that losses are reduced to the point where the costs of additional leakage management are equal to the costs of obtaining water from an alternative source. This is defined as the sustainable (economic) level of leakage. Leakage over the next few years is expected to fall slightly, though this is dependent on adequate investment in and maintenance of network infrastructure.

Table 15 – Total leakage

	Total	High	Low	Performance compared to 07/08
Total leakage (Ml/day)	4,341	868	5	✔

Figure 6 – Total leakage (2002/03- 2008/09)



Confidence

Reliability: High ▼ Low

Accuracy: High ▼ Low

Relative Loss from the Supply Network

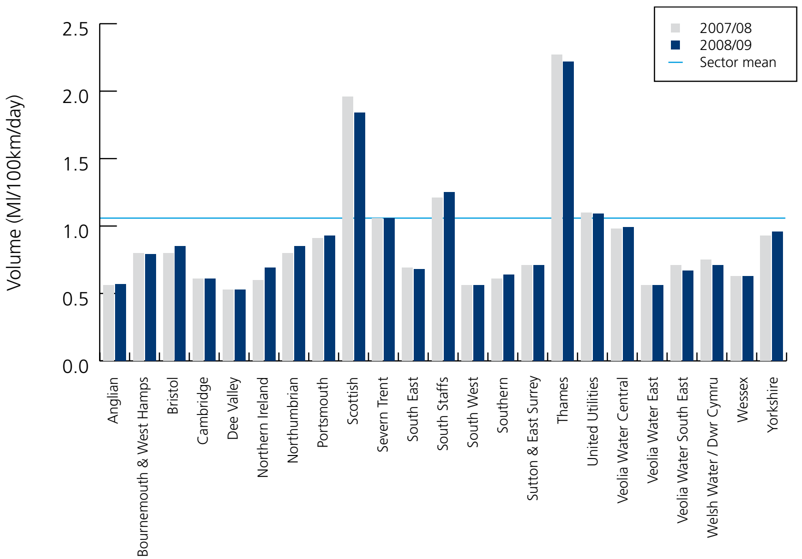
Leakage rates vary depending on factors such as weather conditions, ground conditions, soil types, geography and the condition and age of water mains.

Company leakage rates have been normalised by length of water main (Ml/100km/day). Scottish Water beat its leakage target set by the regulator for 2008/09 and each company in England and Wales also met its individual target. Thames Water is spending an average of £750,000 per day to reduce leakage. By 2010, the company will have replaced more than 1,900km of leaking pipes, much of which has been in use since Victorian times. In 2008/09, Thames beat its leakage target for the third consecutive year meaning that leakage in Thames Water's area is now 26% lower than five years ago.

Table 16 – Total leakage per 100 km of supply main (average)

Core Indicator	Total	High	Low	Performance compared to 07/08
Total leakage per 100 km of supply main (Ml/day)	1.06	2.22	0.53	↔

Figure 7 – Leakage per 100 km of supply main (average)



Confidence

Reliability: High  Low

Accuracy: High  Low

Status of Sites of Special Scientific Interest (SSSIs)

Water industry landholdings contain a significant area of land designated as Sites of Special Scientific Interest (SSSI), which are areas legally protected for their national wildlife and/or geological importance. The condition of SSSIs is measured differently across the UK. In England, condition is measured by Natural England as a percentage of the total SSSI 'area', whereas in Scotland, Wales and Northern Ireland condition is measured by the appropriate agencies based on 'units' or 'features'.

The percentage of SSSIs meeting target status is 91% in England (target status is defined by Natural England as land either in 'favourable' or 'unfavourable recovering' condition). This is a significant improvement on the previous year (73%).

Companies are working with regulators and others to achieve the Government's overall SSSI target of 95% by 2010 by improving the status of land which they own or on which they have a major input. For example, as part of its Biodiversity Strategy, Yorkshire Water has developed an innovative biodiversity risk management system to integrate biodiversity into business decisions and activities. By working in partnership, Yorkshire Water and other water companies have measures in place for 95% of SSSIs to be in target condition during 2010.

Table 17 – Status of Sites of Special Scientific Interest (SSSI)

	Average	High	Low	Performance compared to 07/08
% of SSSIs on water industry landholdings in target condition (England only)*	91%	100%	35%	✔
% of SSSIs on water industry landholdings in target condition (Scotland only)	70.3%	-	-	↔

** Status information does not include data for Welsh Water or Northern Ireland Water. In Wales the Countryside Council for Wales has not yet completed their assessment of SSSI status. The status of SSSIs on Northern Ireland Water landholdings is not yet known.*

Confidence

Reliability: High  Low

Accuracy: High  Low

Note: Confidence levels for this indicator are affected by external factors, e.g. frequency of regulatory condition assessments

Company Water Use

The industry recognises the need to 'practice what you preach' and companies have an important role in demonstrating the efficient use of water throughout their own operations

This indicator is still developing but most companies now have, or are planning to put, systems in place to enable them to monitor and report usage. Nevertheless, there is still some variation in scope, measurement and reporting across the water sector this year, which we expect to reduce in future years. For example, all companies have reported water used in main headquarters but this year some have also been able to include information from other offices and sites such as treatment works and laboratories.

Given the additional areas of water use included and reported by many companies this year, we have not compared performance this year to last. However, we will do so as confidence in and consistency of the data improves.

There are many company examples of innovative ways to use water more efficiently. One of these is at Yorkshire Water, which has designed and installed an innovative rainwater harvesting system at its head office in Bradford, leading to significant cost and carbon savings.

Table 18 – Amount of water used on water company sites

	Average	High	Low	Performance compared to 07/08
Average company water use, per 1,000 FTE employees on reported sites (Ml, annual)	9.4	25.8	0.01	NA

Confidence

Reliability: High  Low

Accuracy: High  Low

Chemical Use in Water Supply

The water industry uses a significant amount of chemicals such as disinfectants, oxidising or reducing agents, coagulants, flocculants or precipitation agents at various stages of the water supply process. These are essential to maintain high quality services, but the industry is aiming to understand its chemical use and to ensure this is as sustainable as possible in the future.

This is a relatively new indicator and there is still variation in the scope of information provided by companies, which we will continue to work to resolve. However, reported chemicals used fell from 0.094 in 2007/08 to 0.076 tonnes/Ml in 2008/09.

The use of chemicals is linked to raw water quality. Water companies are planning a number of catchment management schemes to improve raw water quality, which can be impacted by nitrates, pesticides and diffuse or point source pollution. Such schemes may help to reduce the use of chemicals at the water treatment stage in future.

The industry is committed to reducing chemical use where possible and procuring chemicals from the most sustainable sources, without compromising the quality of water supplied.

Table 19 – Chemicals used for water supply

	Average	High	Low	Performance compared to 07/08
Chemicals used for water supply (tonnes/Ml)	0.076	0.225	0.004	✔

Note: 21 out of 23 companies have been able to report information against this indicator

Confidence

Reliability: High  Low

Accuracy: High  Low

Chemical Use in Wastewater Treatment

This indicator of chemicals associated with wastewater treatment processes is also relatively new. Again, there is variation in the scope of returns from the industry and further refinement is required to provide more comparable results in future years.

Reported chemicals used increased from 0.047 in 2007/08 to 0.079 tonnes/Ml in 2008/09. As is the case for energy use, part of this increase may be explained by new assets and plant coming on stream towards the end of the regulatory cycle. However, it also relates to EU Directives and UK government regulations and policies on wastewater, the implementation of which requires (if focused on end-of pipe solutions) increasingly intensive treatment.

The industry is continuing to explore the reduction and more sustainable use of chemicals where possible, without affecting the quality of final effluent discharged to the environment.

Table 20 – Chemicals used per Ml of water treated

	Average	High	Low	Performance compared to 07/08
Chemicals used per Ml of water treated (tonnes/Ml)	0.079	0.240	0.003	✗

Confidence

Reliability: High  Low

Accuracy: High  Low

Sustainability Indicators 2008/09

Use of Aggregates

Aggregates are used in maintenance work and in many of the new projects undertaken by the water industry, including work to repair and improve networks and construct new assets. Monitoring the use of primary and recycled aggregates helps the industry to improve its use of existing resources, and reduce use of primary materials.

This information is not always available from contractors, but 19 of 23 companies have been able to provide data for this indicator.

The percentage of aggregates procured from a recycled source increased from 16.4% in 2007/08 to 19.3% in 2008/09. In future, companies will be aiming to improve the robustness of data, for example by managing information reported via their supply chain and contractors.

This indicator will become even more important in future as the UK implements the new Waste Framework Directive, which requires all member states to apply the waste hierarchy: prevention, reuse, recycling, recovery (including energy), disposal.

Table 21 – Aggregates procured from a recycled source

	Average	High	Low	Performance compared to 06/07
% of aggregates procured from a recycled source	19.3%	97%	0%	✔

Confidence

Reliability: High  Low

Accuracy: High  Low

Sludge Management

Sludge is a by-product of wastewater treatment, and this indicator shows the total amount produced.

The total amount of sludge requiring recycling or disposal in 2008/09 was slightly lower than the previous year (1,762 compared to 1,785 thousand tonnes of dry solids). The recycling or disposal of sludge in a sustainable manner is a major challenge for the industry, and this indicator provides context to the following indicator on sludge use.

Of course, the industry has a limited impact on the volume of sewage received and amount of sludge produced. There are several factors likely to increase sludge volumes handled by the industry in future, including population increase, increased property connections to the sewer network, the transfer of private sewers to water companies and continued implementation of the European Urban Waste Water Treatment Directive and related legislation.

The water industry is striving to collect and treat sludge more efficiently. For example, the United Utilities Sludge Balanced Asset Programme will reduce its reliance on land application for sludge from approximately 80% to 50% by increasing capacity at an existing digested sludge incineration facility and through the application of advanced anaerobic digestion techniques at Davyhulme wastewater treatment works, which will reduce sludge volumes and increase renewable energy generation.

Table 22 – Total wastewater sludge

	Total	High	Low	Performance compared to 07/08
Total wastewater sludge (thousands of tonnes of dried solids)	1762	425	38	↔

Confidence

Reliability: High  Low

Accuracy: High  Low

Sustainability Indicators 2008/09

Sludge Use

Sludge can be recycled or disposed of in different ways. In general, recycling of sludge to land (for agriculture, reclamation, composting and other uses) is the favoured and most sustainable route as it can reduce the need for artificial fertiliser and has soil improving properties. The choice of routes is related to local circumstances and requirements for transport, energy use, and other resources. Many companies choose a number of different outlets to balance risk.

The industry continues to increase the percentage of sludge beneficially recycled to land (84.3% compared to 82.6% the previous year). The proportion going to landfill has increased slightly from 1.3% but is still low, and in many companies is avoided altogether. Thermal destruction allows energy recovery, and when combined with other materials the efficiency of the combustion process is improved. Technologies such as pyrolysis and gasification are currently being developed to improve renewable energy generation. The amount of sludge treated in this way dropped from 16.1% to 13.6%. No indicator of trend is given here, since thermal destruction has both benefits and costs.

Table 23 – Wastewater sludge routes

Core Indicator	Average	High	Low	Performance compared to 07/08
% wastewater sludge sent for recycling (agriculture, land reclamation, other e.g. composting)	84.3%	100.0%	36.8%	✔
% wastewater sludge sent for thermal destruction[1]	13.6%	48.2%	0%	NA
% wastewater sludge sent to landfill[2]	1.6%	7.6%	0%	✘

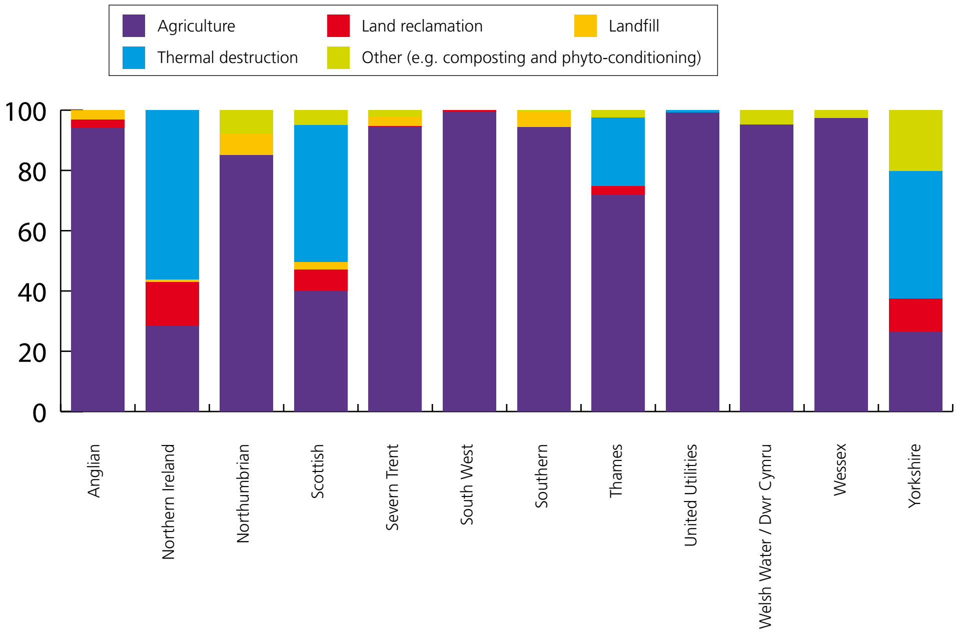
[1]: This includes wastewater sludge that is sent for energy recovery or co-firing with other fuels
[2]: This does not include the grit and screenings component

Confidence

Reliability: High  Low

Accuracy: High  Low

Figure 8 – Wastewater sludge sent for recycling



Sustainability Indicators 2008/09

Non-Sludge Waste

Other (non-sludge) waste arisings are important for evaluating how well water companies are managing their waste, and ensuring that the maximum amount is diverted from landfill. This includes office and administrative waste, grit and screenings from wastewater treatment, sludge produced from raw water treatment, construction waste from construction projects, and excavated material from network projects.

Recycling rates improved significantly in 2008/09, up from under 60% overall in the previous year to over 73% this year. This was a new indicator in 2007/08, but nearly all (21) companies are now able to provide data. However, there is still some variation in the scope of reporting, which we will seek to improve in future years.

Examples of progress include Veolia Water Central, which has recently realised its goal of recycling more than 90% of excavated waste from network repairs and mains laying activity. Severn Trent Water has installed a Grit Separation plant at Coleshill Sewage Treatment Works to recycle waste from outlying sites and other sources, creating a sustainable recycling hub for treating waste that would otherwise go to landfill. Some of the benefits include reducing landfill tipping, reducing carbon emissions and generating a useable product that can be used in-house on capital scheme projects. A number of companies are introducing trenchless technology systems, which avoid wastage of excavated materials arising from repairs, as well as reducing the time taken to undertake repairs and carbon emissions. Thames Water is recycling 100% of the spoil generated by its work to replace Victorian water mains in London. This spoil is being recycled into aggregates or is shipped by barge to help restore Hoo Island, a Site of Special Scientific Interest in the Thames Estuary.

Table 24 – Other waste recycled

	Average	High	Low	Performance compared to 07/08
% of other waste recycled	73.3%	99.7%	14.5%	✔

Confidence

Reliability: High Low

Accuracy: High Low

Cash Interest Cover

Whilst the reporting of this indicator by the water industry for sustainability purposes is relatively new, companies have reported this information to regulators and other financial stakeholders for a number of years.

Cash interest cover is a key financial ratio used by regulators to assess the long term financial viability of utility activities. The indicator assesses the sufficiency of cash flow into a company to pay the interest on its debts. It is a ratio of the number of times gross interest payments are covered by funds from operations. In general the higher the number is above a ratio of one, the better (although this must be balanced against other financial needs). The sector average reflects the long-term debt built-in within the industry, which are sufficiently covered by income.

The ratio fell from 5.8 in 2007/08 to 4.7 in 2008/09. This at least partly reflects the impacts of the recession and the difficulties all sectors are having in ensuring sufficient funds are available to finance debt.

Table 25 – Sector cash interest cover ratio

	Average	Highest company specific ratio	Lowest company specific ratio	Performance compared to 07/08
Sector cash interest cover ratio	4.7	8.1	2.9	✗

Confidence

Reliability: High  Low

Accuracy: High  Low

Sustainability Indicators 2008/09

Management Systems for Sustainability

Independently verified management systems help companies to identify their impacts, improve their processes and comply with legislation. This indicator demonstrates the degree of commitment across the sector to improve performance and sustainable business management.

This indicator has recently been refined to provide clearer definitions of different system types and their coverage. More than half of companies have formal environmental management systems (such as ISO 14001), and even more have formal quality and/or health and safety systems.

The water industry is committed to sustainable management practices and will continue to seek improvements in this area of reporting. We will also consider whether a single, unified indicator, such as compliance with all applicable provisions of the Financial Reporting Council's Combined Code on Corporate Governance, could make an additional contribution in future reporting.

Table 26 – Number of companies with management systems for sustainability in place across all or part of their operations

	Total	Performance compared to 07/08
Number of companies with certified or non-certified Environmental Management System (EMS) in place across all or part of their operations	14	✗
Number of companies with certified or non-certified Quality Management System (QMS) in place across all or part of their operations	17	↔
Number of companies with certified or non-certified Health and Safety Management System in place across all or part of their operations	19	✗

Confidence

Reliability: High  Low

Accuracy: High  Low

Contracts with Sustainability Criteria

Sustainability criteria can be incorporated into suppliers' contracts to set minimum performance standards that suppliers of a particular type must meet, along with further optional criteria which they are encouraged to achieve in this indicator.

The scope of returns for this indicator varies across the industry, although 19 companies now have some form of sustainability criteria written into contracts. For these companies, the weighting given to sustainability criteria varies between about 5% and 60%, with most companies reporting around 10-15%. However, this weighting can vary considerably depending upon the nature and scale of the contract in question, and therefore no single industry average is reported this year.

The standard types of information requested by the majority of water companies from their suppliers include whether they have environmental, sustainability and/or health and safety policies, if there is a certified Environmental Management System in place, questions relating to the financial status of the supplier, fraud and corruption, and ethical trading. A number of companies use the Achilles procurement system to help gather this type of information.

This indicator will be further refined for reporting in future years. This will assist in producing guidance and standards for the water industry in terms of procurement and supply chain management.

Sustainability Indicators 2008/09

Environmental and Public Health Convictions

On rare occasions, water companies receive criminal convictions for environmental and public health offences which arise directly from the carrying out of regulated functions. The indicator includes convictions relating to drinking water quality, emissions to water, and wastewater treatment and disposal. Convictions of contractors engaged in utility activities (such as construction activity or of non-compliance with the Street Works Act) are not included in this indicator, since water companies have very little influence over these.

The number of convictions changes from year to year because of the range of operational and external (e.g. weather) factors that can contribute to incidents and prosecutions. This year, the total number of convictions rose slightly compared to 2007/08 (when there were 60 convictions). The majority of convictions are related to wastewater and therefore water only companies tend to have very few convictions.

Each day the UK water industry abstracts, treats and supplies nearly 19 billion litres of water to domestic and commercial customers, and collects, treats and returns to the environment over 10 billion litres of wastewater. There are 1,700 water treatment works, over 9,000 wastewater treatment works and nearly a million kilometres of water mains or sewers. Given the scale and nature of the industry, the number of convictions is remarkably low, and compliance with water and wastewater regulations remains very high overall.

The industry is working to reduce rates of incidents (and therefore any potential environmental damage and related risk of prosecution and conviction). Most companies now have a target of zero convictions. For example, Dwr Cymru Welsh Water is installing an innovative telemetry solution to manage and reduce the number of pollution incidents across its network

Table 27 – Number of convictions (sector total)

Core Indicator	Total	High	Low	Performance compared to 07/08
Number of Convictions (Sector Total)	61	9	0	↔

Confidence

Reliability: High … Low

Accuracy: High … Low

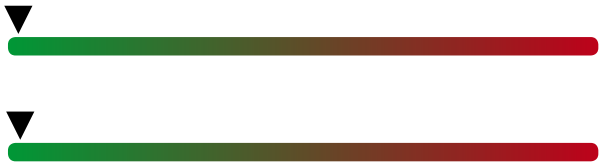
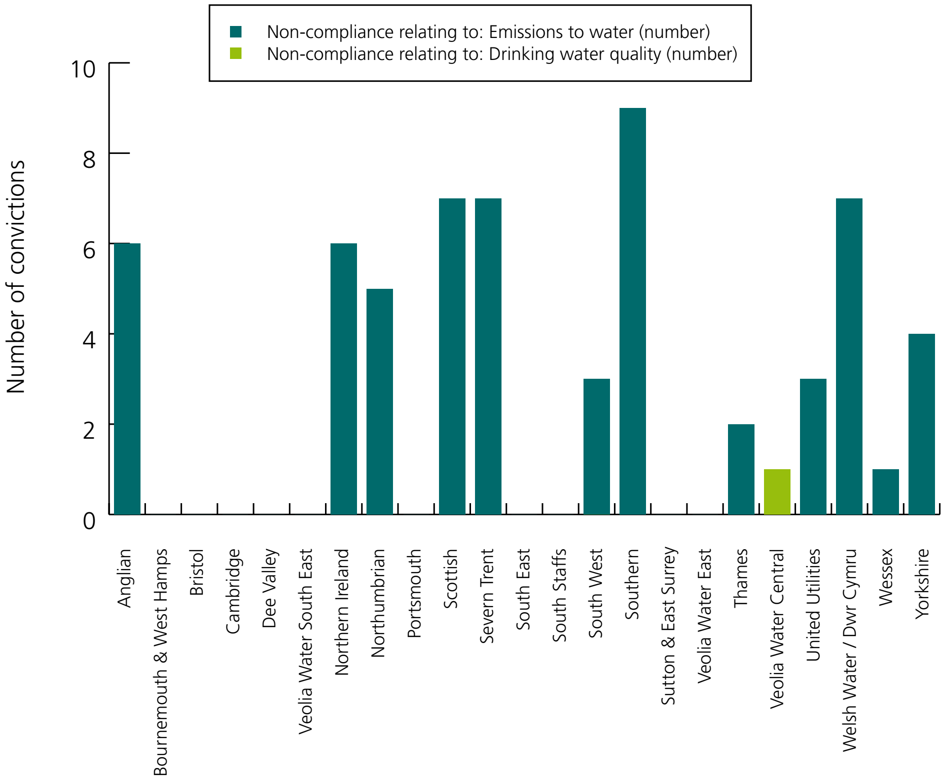


Figure 9 - Total convictions relating to drinking water quality and emissions to water



Reported Accidents

The approach of a business to the protection of its employees is one of the ways it can affect their working environment. This set of indicators shows the number of accidents per 1,000 employees and contractors.

Accidents are by their nature difficult to predict, but all companies have systems in place to improve practice and employee wellbeing and to reduce accidents in their organisations. The industry's commitment to health and safety matters is reflected in the near universal coverage of formal H&S management systems (see Table 26).

The method of reporting this data is relatively new and therefore caution is required in making comparisons with data from previous years. Nevertheless, the number of reported serious accidents increased this year, which is a real concern for the industry. All companies are striving to improve their safety records and minimise the number of accidents in the workplace.

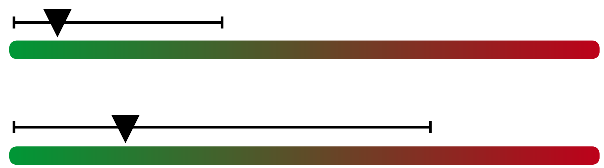
Table 28 – Reported accidents

	Total	High	Low	Performance compared to 07/08
Major/fatal accidents to employees arising whilst undertaking water utility activities (per 1,000 direct employees)	1.36	11.01	0	✗
Major/fatal accidents to contractors arising whilst undertaking water utility activities (per 1,000 contractor employees)	0.45	8.99	0	✗
Reported accidents arising to employees whilst undertaking water utility activities (accidents resulting in over 3 days off work) (per 1,000 direct employees)	8.22	32.00	0	✓
Reported accidents arising to contractors whilst undertaking water utility activities (accidents resulting in over 3 days off work) (per 1,000 contractor employees)	1.58	23.10	0	✓

Confidence

Reliability: High … Low

Accuracy: High … Low



Occupational Ill Health

The number of days lost to occupational ill health is an indicator of employee wellbeing and also morale. Occupational ill health topics are defined as:

- Musculo-skeletal disorders (including work-related upper limb disorders);
- Hand-arm vibration syndrome;
- Stress;
- Work related infections; and
- Noise induced hearing loss.

This indicator broadly reflects how well companies support and protect their employees, although some long term conditions can reflect past management rather than current practice.

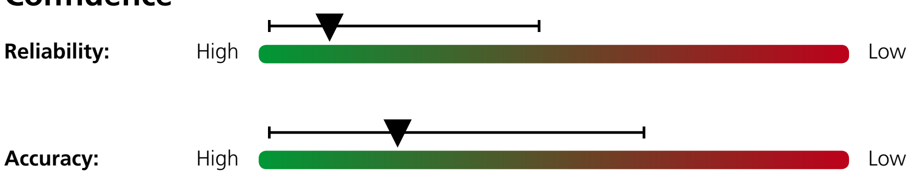
There is a relatively large range between the highest and lowest industry numbers. The sector average (5.5 days/employee) is similar to last year (5.4 days) and is lower than many other public and private sector organisations.

We are continuing to refine this indicator as there remains some concern about how it is reported. In particular, the existing reporting framework makes it is difficult for companies to separate out occupational ill health from broader employee absence (see Table 31 below). As a result, the data currently reported may be an overestimate.

Table 29 – Days lost due to occupational ill health

	Average	High	Low	Performance compared to 07/08
Days lost due to occupational ill health (per direct employee)	5.5	11.1	0.4	↔

Confidence



Employee Turnover

A competent and committed workforce is important for any company to achieve its goals, but all businesses will experience some employee turnover, as people leave for a variety of reasons. However, businesses with high employee turnover regularly lose a high proportion of employees that have training and skills applicable and useful to the business. A company with a higher priority on employee welfare would be expected to better retain trained, skilled employees and be attractive to potential recruits.

The industry average of just over 9% turnover in staff is an improvement on last year (10.4%) and is lower than a recently reported public sector survey average of 13.5% (Chartered Institute of Personnel and Development [CIPD] - Recruitment, retention and turnover survey, 2008). It is also much lower than the overall UK average of 17.3%.

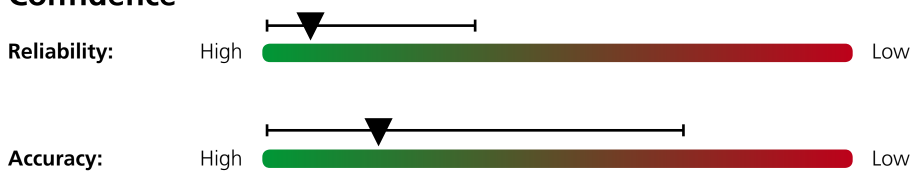
Employee turnover can vary from year to year as organisations go through periodic changes or re-structuring. However, the industry aims to provide a long term secure environment for employees and for business.

Table 30 – Employee Turnover

	Average	High	Low	Performance compared to 07/08
Employee Turnover* (%)	9.2%	17.7%	5.97%	✔

**Turnover refers to the total number of leavers, including people who left due to dismissal, redundancy or retirement. Information regarding this indicator was available from 22 companies.*

Confidence



Employee Absence

This indicator shows the total number of days absence (lost days) per 1,000 water company employees. Although recognised as an imprecise measure because of the large number of factors involved in absence, the indicator is considered relevant in helping to identify employee satisfaction and welfare.

The sector average is 7.3 days, which is a small increase on the previous year and slightly higher than more recent CIPD reports from private sector businesses (about 6 days). However, it is lower than the average of about 9 days for the public sector.

The quality of the workplace environment and staff communications are important factors in managing absence. Companies are working in a range of ways to ensure that staff feel valued and have opportunities to raise issues that may be troubling them at an early stage so that they can be addressed. Effective absence management is also ensuring effective staff engagement and creating work environments which focus on positive attitudes and conditions.

Table 31 – Number of days lost through absence

	Average	High	Low	Performance compared to 07/08
Number of days lost through absence during the reporting year (per direct employee)	7.6	11.4	2.9	✗

Confidence

Reliability: High  Low

Accuracy: High  Low

Community Investment

The support provided by businesses to communities can include employment, training, employees' time or skills, financial contributions, or education. Some of this support has a direct financial value, for example funding for particular community projects. In other cases, the financial value can be estimated, for example where the business provides goods, services or employee time.

The total cash value of community support increased significantly from £7.6 million to over £10 million. In addition, companies have submitted information on staff time for community projects. However, as confidence in this data is lower than for other indicators, and because of variation in data returns, this information has not been converted into a cash equivalent.

As examples of the work undertaken in this area, Severn Trent Water provides educational and work experience opportunities at reservoirs for local disadvantaged children who may not normally have the opportunity to enjoy the countryside. Wessex Water's Business4Life scheme gives young professionals the opportunity to develop their management skills while raising valuable funds for Water Aid.

It is anticipated that companies will improve their internal reporting of staff time inputs to community investment. The sector as a whole remains committed to supporting the communities within which it is based and which it serves.

Table 32 – Total value of financial contributions to community

	Total	High	Low	Performance compared to 07/08
Total value of financial contributions to community during reporting year (£ thousands)	10,363	2,877	0	✔

Note: Information regarding this indicator was available for 22 companies.

Confidence

Reliability: High  Low

Accuracy: High  Low www.water.org.uk

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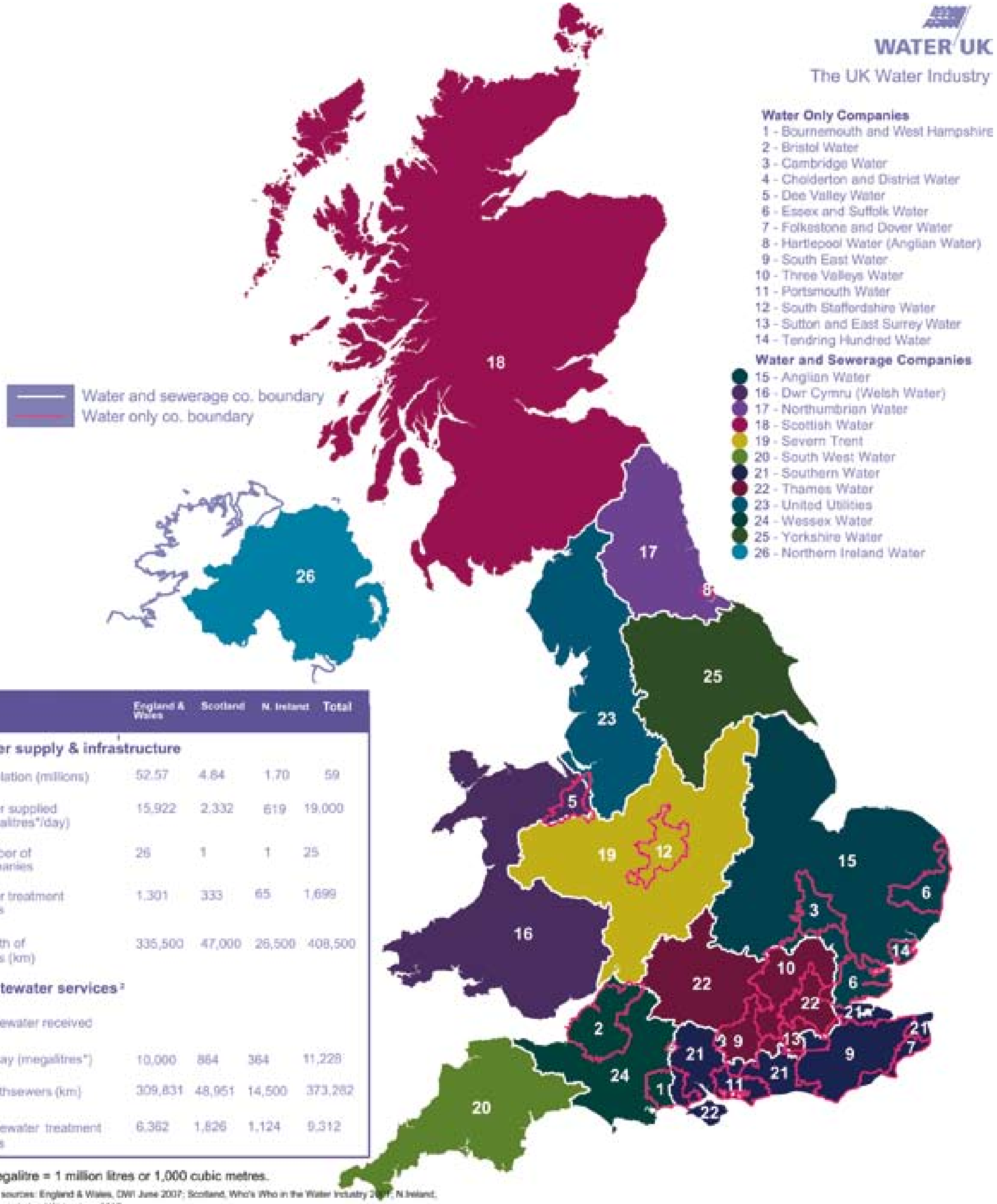

	England & Wales	Scotland	N. Ireland	Total
Water supply & infrastructure				
Population (millions)	52.57	4.84	1.70	59
Water supplied (megalitres*/day)	15,922	2,332	619	19,000
Number of companies	26	1	1	25
Water treatment works	1,301	333	65	1,699
Length of mains (km)	335,500	47,000	26,500	408,500
Wastewater services [2]				
Wastewater received				
per day (megalitres*)	10,000	864	364	11,228
Lengthsewers (km)	309,831	48,951	14,500	373,282
Wastewater treatment works	6,362	1,826	1,124	9,312

* 1 megalitre = 1 million litres or 1,000 cubic metres.

1) Data sources: England & Wales, DWI June 2007; Scotland, Who's Who in the Water Industry 2007; N.Ireland, Northern Ireland Water June 2007.

2) Sources: England & Wales, DWI June 07; Scotland, DWQR August 07; N. Ireland, Environment & Heritage Service December 06.