

Employees

We thank our employees for their work. In a challenging year, we fully appreciate the dedication and diligence shown.

Career development, recruitment, salary structures and employee benefits were all aspects of the Human Resources Integrated Framework (HRIF) initiative rolled out in April 2005. This was a large project and it is important we understand what went well and also identify areas for future development.

Key Performance

- We gained external recognition through winning a Best Employee Benefits Programme award, Motivation Awards 2005
- We ran our first pre-retirement course for employees in 2004
- New employee training opportunities were introduced through Open Learning

We completed the elements of Human Resources Integrated Framework (HRIF) career development and recruitment over the last year and confirmed the revised salary structure. Whenever there is a change to the business we utilise the most effective means of communication, including Business Involvement Groups (BIGs), trade union meetings and employee presentations. We continued to introduce employee benefits. From 2005-2006 we will make financial advice available to employees. We ran our first pre-retirement course in November 2004. We advised attendees on a variety of issues including pension entitlement, state benefits, inheritance tax and how to adapt to a different lifestyle.

We continued with our Business Involvement Groups (BIGs) process over 2004-2005 and provided additional support to employee representatives participating in BIGs through training.

We set out general career development pathways on our intranet site for employees. Our new job family matrix allows individuals to consider skills matches and plan career moves using the competencies identified against role types. We published examples of career development moves by intranet announcements over 2004-2005.

Total of 2,026 fixed term and permanent employees at March 2005

Average employee turnover rate was 7.7% for 2004-2005 compared to 6.8% for the previous year

Business Involvement Groups continued to meet over 2004-2005

Case Study

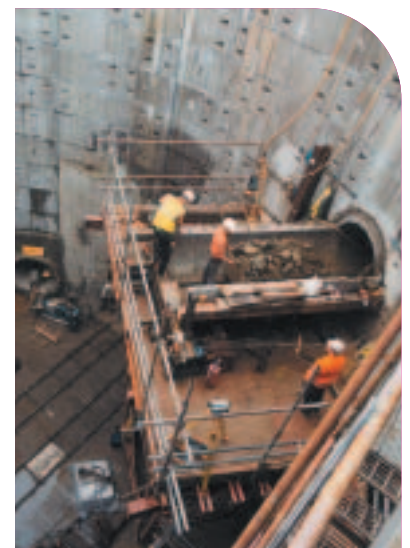
New Ways of Working

We have a demanding capital investment delivery programme planned for 2005-2010. We will deliver much of this programme via a single entity contract. In 2004-2005 we reviewed delivery mechanisms over the last year to define this new model of capital delivery. This single entity model is a special company established in a joint venture between leading companies in the industry.

Early in 2005, we transferred many employees within our asset and project delivery functions who had previously partnered with our delivery contractors, to this new delivery entity. This will help to ensure continuity in delivery between our 2005-2010 and 2000-2005 programmes.

We kept employees informed of the transfer process throughout 2004-2005 via a series of presentations, feedback through our Business Involvement Groups (BIGs) and via our intranet site.

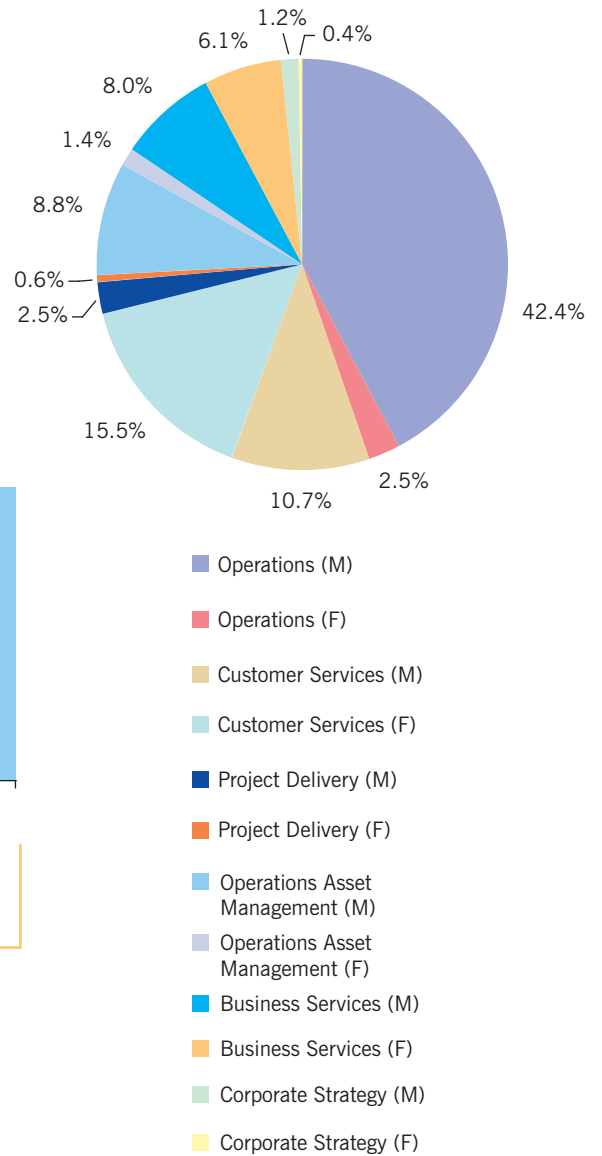
We regularly consulted with employee BIG representatives in the two-month period prior to the transfer. We published employee questions with answers on our intranet site throughout the process, to ensure availability of information to all and provide as much transparency as possible regarding this key business change.



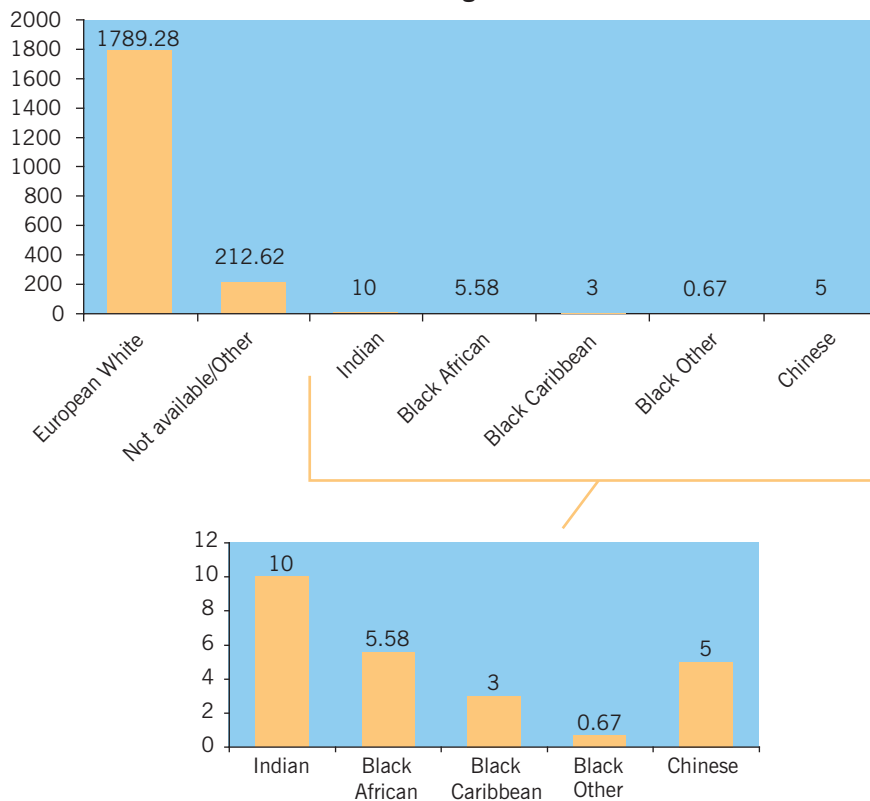
Our major environmental improvement schemes for 2005-2010 will be delivered through a single entity contract.

Open Learning provided training for employees over 2004-2005. Open Learning advisors prepared individually tailored training course plans matching to training needs identified through employee personal development plans. Over the last year, Open Learning developed trainer-led courses for soft skills like persuading and influencing. We produced basic environmental management training for delivery through Open Learning. We also continued to communicate our environmental ethics to new employees through induction training.

Workforce by Function and Gender



Ethnic Origin of Staff



2004-2005 Target	2004-2005 Progress	2005-2006 Target
------------------	--------------------	------------------

Employees		
Maintain Business Involvement Groups process.	Target met.	Maintain Business Involvement Groups process.
Continue to implement the Human Resources Integrated Framework for employees.	Target met.	Carry out full employee welfare opinion census and review results.

KEY: Target met In progress Target not met

Links: www.hse.gov.uk | www.workstress.net | www.yournutrition.co.uk | www.nhsdirect.nhs.uk | www.acas.org.uk
www.inlandrevenue.gov.uk | www.dss.gov.uk | www.unison.org.uk | www.sustainableworkplace.co.uk

Key Performance

- We were awarded our first gold medal from the Royal Society for the Prevention of Accidents
- We gained a 32% reduction in employer's liability insurance premium due in part to our health and safety strategy
- We achieved a 43% reduction in the number of (non-reportable) lost time accidents and a 73% reduction in the number of days lost through workplace incidents compared to 2003-2004
- We produced Safe Use of Chemicals as our 2004-2005 health and safety video

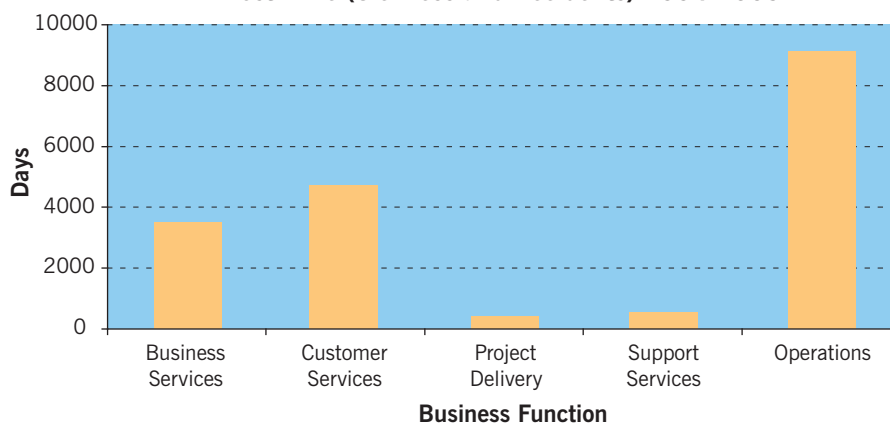
Health and Safety

We continued to review and develop our Health and Safety Management System over the year. Our participation in the European Week of Health and Safety was once again recognised by the Health and Safety Commission. We also supported Water UK and the Health and Safety Executive (HSE) to produce industry standards for working in confined spaces and basic safety awareness training for the utilities sector.

We continued to deliver formal health and safety training to employees as assessed by line managers. We commenced work with Open Learning in 2004 to develop computer-based training where appropriate.

We continued with our stress awareness programme over 2004-2005. Our Stress Awareness Group comprises an informal group of employees and management. It assists in the promotion of policies, processes and mechanisms to help reduce work-related stress. Unison conducted a stress survey of our business and reported results to employees via our intranet and to our Stress Awareness Group. Our senior management team was directly involved with a series of initiatives over 2004-2005 directed to support employees, encourage the work/life balance and focus on improving the working environment generally. Our complimentary occupational health service is available to all our employees.

Lost Time (Sickness and Accidents) 2004-2005



Employee time lost through sickness was significantly greater than through any accident-related events

The key services we offered over 2004-2005 were eye testing, health surveillance, counselling, physiotherapy and health advice on both individual and company levels. We also conducted a trial of complimentary employee wellness screening.

2004-2005 Target	2004-2005 Progress	2005-2006 Target
100% site safety/workplace inspections of total planned by department manager.	100%	100% site safety/workplace inspections of total planned by department manager.
100% Training delivered as a percentage of training identified in the Annual Training Plan.	92.5%	90% of training delivered as a percentage of formal training identified in the Annual Training Plan.
95% Training attended as a percentage of total delegates proposed to attend.	95% highest attendance rate. 91% average attendance rate.	90% of training attended as a percentage of the total number of delegates expected.

KEY: Target met In progress Target not met