

Our business model

Key resources

Natural resources ■

Our 'Instrument of Appointment' or Licence is essential for us to utilise the natural environment in the North West to create value for our business.

Raw water

Rainfall in the North West is greater than in other parts of the country, and therefore water supply is not as constrained. Nonetheless, it is in everyone's interest to make the most of this precious resource. We continuously encourage our customers to use water more efficiently and have increased the number of households fitted with meters. Our water-saving initiatives can save our customers money on their bills as well as preserving this vital resource. We have a regulatory annual leakage target, based on the sustainable economic level of leakage, and we have consistently met or outperformed this target.

Catchment land

We own over 56,000 hectares of land around our reservoirs. Our sustainable catchment management programme (SCAMP) has shown that we can effectively manage these catchments to protect and enhance water quality, and to provide other benefits such as an improved natural environment. Our Catchment Wise project is looking at working with others to improve the lakes, rivers and coastal waters where we return wastewater in the North West.

Bioresources

Another key resource is waste. Bioresources from wastewater can be processed to generate renewable energy, helping to save power costs and providing an ongoing opportunity to reduce carbon emissions. Our advanced digestion facility at Davyhulme is one of the largest works of its type and we now inject biogas from Davyhulme's wastewater treatment into the national gas network. We recycle waste by supplying treated bio solids to agriculture, which provides a valuable resource for farmers.



Pictured: Our advanced digestion facility in Davyhulme, Manchester.

People ■■■

Our employees play a critical role in increasing long-term value generation. Fundamental to the decisions we take, and the operational performance we deliver, is a skilled, engaged and motivated team.

Wages and long-term incentives

Our employees are paid a competitive base salary along with a staff benefits offering and the opportunity to join both the employee healthcare scheme and our share incentive plan. Independent studies have shown that this enhances the quality of work, increases employee retention and reduces absenteeism, in addition to providing societal benefits. Management has a range of incentives which focus on performance over a number of years, rather than just the current year, to encourage the delivery of benefits over the longer term.

Human resources policies

Our policies on maternity, paternity, adoption, personal and special leave go beyond the minimum required by law. For disabled applicants, and existing employees, we are committed to fulfilling our obligations in accordance with the relevant legislation. Applicants with disabilities are given equal consideration in the application process, and disabled colleagues have equipment and working practices modified for them, as far as possible, wherever it is safe and practical to do so. We have procedures and policies in place to ensure we act in accordance with the Universal Declaration of Human Rights.

Diverse workforce

We value diversity, providing equality of opportunity and recruiting and promoting employees on the basis of merit, which we believe provides the benefit of a more comprehensive and balanced skills-set. Despite being a highly engineering-based organisation, women are represented at all levels of our company. One-third of our combined board and executive team is female, as the chart below shows.

Gender diversity across our business



Male		No.	%
■	Group board	6	75%
■	Executive team*	4	57%
■	Senior managers	40	85%
■	Wider employees	3,404	63%
Female			
■	Group board	2	25%
■	Executive team*	3	43%
■	Senior managers	7	15%
■	Wider employees	1,973	37%

* Figures exclude CEO and CFO, who are included in the group board figures

As at 31 March 2017, there were 15 male (88 per cent) and 2 female (12 per cent) employees who were appointed as statutory directors of subsidiary group companies but who do not fulfil the Companies Act 2006 definition of 'senior managers'.

Key:

■ The best service to customers ■ At the lowest sustainable cost ■ In a responsible manner

Health and safety

The health and safety of our employees is fundamental, both for their welfare and to the reputation and performance of our company. This continues to be a significant area of focus as we strive for continuous improvement. We have implemented a number of initiatives over recent years to improve health and safety conditions for our employees, and have been awarded the UK Workplace Wellbeing Charter.

Supply chain relationships

Our suppliers and contractors provide us with essential services which we rely on to deliver our strategy, and we work with those whose business principles, conduct and standards align with our own. Our key suppliers have committed to our Sustainable Supply Chain Charter, further supporting the delivery of these benefits. Our suppliers are contributing significantly towards the c£9 billion forecast contribution we are making to the regional economy over the 2015-20 period.

Employee training and development

We place a strong emphasis on providing comprehensive training and development opportunities for our employees, which helps to improve our internal skills-base as well as create a more engaged workforce.

We strive to enhance our understanding of best business practices in other companies and sectors around the world and, by bringing this learning back to our business, we have increased our organisational knowledge and capability. This has been integral to developing our Systems Thinking approach to operating our business.

Our award-winning apprentice scheme, coupled with our graduate recruitment programme, is helping to ensure we can continue to attract and train a high calibre of engineers, in a profession which has seen declining numbers in the UK in recent years.

Business insight

Developing our workforce for the future

We recognise that there is a wealth of unlocked potential within the diverse communities in which we operate. We invest and support these communities through a range of early careers activities and structured training programmes. These include our Apprentice, Degree apprentice and Graduate programmes, the Youth Employment Programme – NEET (not in employment education or training) and STEM (science, technology, engineering and mathematics) Careers Support.

We have found it increasingly difficult to find and attract experienced individuals with specific cyber capabilities. There is a relatively low availability of these skills in the North West, and in the UK as a whole, but an increase in demand for these capabilities.

Our cyber apprentice programme, begun in September 2014, has helped us with this challenge and we completed our first apprenticeship transition to a permanent role in September 2016. We are now almost half-way through our second cyber apprentice programme, with plans for a third to start in September 2018.

We will be exploring how we widen cyber training to include more industry and government collaboration and are liaising with Defra and the National Cyber Security Centre (NCSC) about such opportunities and to see how this training fits in with the wider government apprenticeship agenda.

The opportunity to have secondments outside of our business, and to offer secondments to the NCSC, will prove invaluable as we collectively face the cyber challenge across the water sector.

Our Operational Capability Review highlighted a potential business risk for telemetry/instrumentation control and

automation (ICA) roles. Historically, we have found these roles difficult to fill so we took the decision, based on success in other areas, to grow our own talent in this field.

We've worked nationally to develop a new apprentice standard for this role, and have expanded our own Technical Training Centre in Bolton to include a Telemetry/ICA section.

Funds have been invested in resourcing kit and the latest industry standards. A technical trainer has been recruited to deliver and develop a full, tailored curriculum to enable us to grow the best talent for the job.

Our first batch of eight telemetry/ICA apprentices began in September 2016. They are the first step in enabling us to meet our long-term business needs and grow the workforce of the future.

Pictured: Apprentices Alex Ward (left) and Kensy Hodgson.

