

# Corporate Responsibility Summary Report 2014



## The year that was

Our 2014 Corporate Responsibility Report provides a summary of some of the key achievements and challenges from the past 12 months, with an emphasis on ethical and responsible business practice.

We are particularly proud of a number of aspects of our performance in 2013/14. Our service to customers continued to improve and we are now 7<sup>th</sup> in the regulator's comparison of water company performance, up from 21<sup>st</sup> three years ago. We also retained 'world class' status in the Dow Jones Sustainability Index for the seventh consecutive year and for the first time we became industry leaders. And we maintained our 'Platinum Big Tick' status in Business in the Community's Corporate Responsibility Index.

Our commitment to training and employment opportunities caught the attention of the Prime Minister, who visited our Warrington HQ earlier this year. He met with some of our apprentices and gave his support to the Energy Efficiency Industrial Partnership, a cross utility company initiative we are proud to lead that is targeting those not in education, employment and training into utility apprenticeships.

2014 was a year that saw us get our own TV programme. Our BBC2 documentary "The Watermen: A Dirty Business" ran for six episodes earlier this year. Featuring our front line and call centre employees, each programme was watched by an average 2.4m viewers and offered insight into what goes on behind the scenes in running a water company. We have been delighted with the feedback from customers and industry colleagues alike.

Elsewhere, our wastewater pollution performance showed reductions in category 2 and 3 incidents and no category 1 incidents – which are the most serious. And last year we generated more renewable energy than ever before, providing us with 17% of our total energy needs.

In preparation for water competition coming to England in 2017, with non-domestic customers able to choose their provider, we launched United Utilities Scotland to compete north of the border, where competition is already in full swing. We are pleased with our progress so far - we are already the second largest supplier in Scotland securing 5% of the market in 12 months.

Beyond the water industry, 2013/14 continued to present a challenging environment for UK businesses, with ongoing debate over issues of trust, reputation and tax, as well as political focus on customer bills in the wider utility sector. We have strong governance around the CR agenda, reflecting our commitment to act responsibly.

Recognising that difficult economic conditions remain in the region, we continued to expand the range of financial support services available to customers struggling to pay their bills, and continued to act in an ethical and supportive manner towards our suppliers.

## Customers

Delivering a great service to our customers is our number one priority.

Over the past four years, we've moved from 21<sup>st</sup> place to 7<sup>th</sup> in the Ofwat league table for customer satisfaction – great progress, but evidence that there's still more to do.

We've been heading in the right direction over the past 12 months by:

**Making it easier to get in touch:** we've expanded and improved our range of customer channels, by, for example, improving our email service, and changing our phone numbers to a mix of 0800 and 0345 numbers, providing more cost effective calls from mobiles and landlines. More than 350,000 customers are now registered for our My Account service, which enables customers to manage their water account online.

**Gathering feedback:** we've introduced a new customer feedback service called Rant n' Rave, which lets people provide instant opinions about our service via text message – positive or negative – so that we can respond quickly.

**Investing in our staff:** staff training has been improved, with an ongoing mentoring programme, to make sure every colleague who answers a phone, email, or web chat request is equipped to deliver a high quality service.

**Improving complaint and issues resolution:** some customer enquiries are more complex than others, require input from other parts of the business and take time to resolve. We've launched a major review of the way we handle complex complaints and enquiries. The process has seen us examine more than 50 common scenarios (from billing queries to leak investigation) to see where we can speed up resolution and improve the overall customer experience.

**Expanding financial support:** a significant number of our customers continue to feel the financial pinch. We've expanded our range of financial support services, so that our water bills don't lead to sleepless nights. For example, we placed an additional £2 million into the United Utilities Trust Fund, swelling its total for the year to £7million, to support those in severe financial hardship.

## Environment

Keeping the North West flowing is an energy and resource intensive process, but we work hard to minimise our environmental impact, and to enhance wildlife and biodiversity.

We're committed to reducing our carbon emissions by 21% by 2015, by designing out waste from our operations, and generating our own energy.

Key achievements in 2013/14 included:

**Renewable energy:** we generated more renewable electricity than ever before -133GWh, or 17% of our total electricity consumption. Our new advanced sludge digestion facility at Davyhulme Wastewater Treatment Works in Manchester was pivotal to these outputs. The project won the Institution of Chemical Engineers Energy Award last year – evidence of the high regard this project enjoys within the industry.

**Putting waste to work:** we managed to divert 90% of excavated material from landfill and reused 172,000 tonnes of waste for backfill or landscaping on our sites.

**Hen harriers back in Bowland:** our Bowland Estate saw the return of breeding hen harriers after an absence of two years. Two out of only three nests in the whole of England were established on our catchment land and received around the clock attention from RSPB staff and volunteers.

**Keeping wildlife wet and wonderful:** some of the water we supply to our customers comes from naturally-occurring sources, such as lakes and rivers. It's vital that we don't over-abtract from these sources, to ensure there is enough water for indigenous wildlife to thrive. In 2013/14, we continued to reduce abstraction in sensitive aquatic environments, or to cease abstraction entirely. We revoked 22 of our abstraction licences for unused sources.

**West Cumbria:** west Cumbria is an environmentally sensitive area, and in 2013/14 we continued to work hard to minimise our impact on this special place by reducing the amount of water abstracted from Ennerdale Lake. We also launched a major leakage reduction programme, combined with a bespoke water efficiency campaign in the area. Meanwhile, we explored alternative, long-term water supply options for the area and launched a major consultation campaign to discuss the options.

**Leakage:** We maintained an extensive programme of leakage control actions and outperformed the Ofwat leakage target by 11.3 megalitres a day or Ml/d (2.4%) for 2013/14. This is the eighth consecutive year we have met or exceeded the target.

**Working with our contractors:** we recently appointed four construction partners and an engineering service provider to help us deliver our investment programme to 2020, and possibly beyond. Sustainability was a key element of the tender process, and our new partners have been challenged to divert at least 95% of waste from landfill, through innovative design solutions and by entering into partnerships with specialist third party recycling contractors.

**Working with our partners:** to make our budgets stretch further, and to achieve substantial results, we rely heavily on partnership working – teaming up with a diverse range of organisations who share our passion for protecting and enhancing the environment. In 2013/14, key partners included the RSPB, Canal and Rivers Trust,

Moors for the Future and Beachcare – a consortium with Keep Britain Tidy, the Environment Agency and local volunteers to improve our coastlines.

**Tackling flooding:** we helped to reduce the number of sewer flooding incidents – which are messy, distressing experiences for our customers – by continuing to invest in our sewer network, and by using more sophisticated techniques to manage and monitor our sewer pipes.

**Bathing water:** with strict new bathing water standards due to take effect in 2015, we continued to work with partners to improve the quality of coastal waters, and give the public real time information on bathing water quality.

## Communities

We're not just about pipes. We're also about people.

We're a highly visible service provider in the North West, working in the heart of local communities. We try to be a good neighbour, and give something back whenever we can.

Key ways in which we helped to strengthen local communities in 2013/14 included:

**Volunteering:** employees delivered more than 15,000 hours of voluntary work – from litter picking and tree planting to staffing our customer roadshows.

**Community partnerships:** Our Community Fund provides grants of between £500 and £1000 (depending on the size of the project) to voluntary organisations and charities in communities where we are carrying out engineering work. This fund helped 101 separate groups get projects off the ground in 2013/14. Beneficiaries ranged from church groups to hospices, sports clubs to Morris Dancing troupes, with investment taking place across the region.

**Education:** our schools programme delivered hundreds of workshops, to get students thinking about the water cycle, how water is treated and delivered, and the perils of flushing the wrong things down the loo!

**Charity fundraising:** we raised around £200,000 for our official charity partner, the North West Air Ambulance, through a wide range of fundraising activities – from cake sales to ballroom dancing.

**Reservoir safety:** many thousands of customers made use of the land around our reservoirs, for walks and recreation. To keep the public safe, we continued with a hard-hitting campaign to dissuade people from swimming in our reservoirs.

**Restoring historic gardens:** working with our partners, we took an important step towards restoring the historic Rivington Terraced Gardens in Lancashire, which in their heyday, were one of the wonders of the region.

## Employees

As a major regional service provider, we need to recruit the right people to keep our network flowing – from engineers to customer service specialists; scientists to financial experts.

We run our recruitment programme in a way that supports the region's jobs and training agenda.

Once colleagues have joined us, we look after them, by providing an energetic and supportive working environment, with many opportunities for personal development and career advancement.

Key achievements and developments in 2013/14 included:

**PM backed initiative:** Our commitment to training and employment opportunities caught the attention of the Prime Minister, who visited our Warrington HQ earlier this year. He met with some of our apprentices and gave his support to the Energy Efficiency Industrial Partnership, a cross utility company initiative we are proud to lead that is targeting those not in education, employment and training into utility apprenticeships.

**Apprentices and graduates:** we are committed to providing apprenticeships and graduate places, with 31 apprentices and 22 graduates joining us in September 2014. All have embarked on development programmes which will provide a fantastic launch pad for a lifelong career in our industry.

**Training:** the opportunity for colleagues to learn new skills and progress their careers is essential for employee retention and great customer service, and in 2013/14, we delivered more than 22,000 days of training. We also laid the foundations for a new in-house technical training centre, due to open at the end of 2014.

**Online learning zone:** we have an average of 2,500 visits per month to our online learning zone – a portal on the company's intranet available for all employees to find support and guidance to aid their development and career. This year we have added 70 new modules to our existing catalogue of 400 e-learning courses.

**Listening and responding:** we want colleagues to enjoy coming to work, by feeling valued, supported and respected. We source feedback from colleagues on all aspects of working life, and created company wide and local action plans in response to the findings. The latest surveys reveal high levels of engagement - at 79 per cent - which is a five per cent improvement on the previous year. We also had a healthy overall response rate of 82 per cent.

**Health and safety:** while we all do an important job, nothing we do is worth getting hurt for, which is why we continued our intensive focus on health and safety in 2013/14. We launched the 'Managers' Guide', which highlights leadership responsibilities towards teams and sites and ran a Behavioural Management Techniques training course, primarily with the management team in wastewater services. We saw improvements in our performance when reporting near-misses, hazards and incidents, more than doubling the number of reports, in comparison to the previous year.

**Staff benefits:** 2013/14 saw us extend our private healthcare coverage to almost all employees; increase the maximum savings limit under our employee share scheme; award bonuses for good performance and provide a staff discount scheme on a range of goods and services.

## Suppliers and shareholders

We have an annual procurement budget of more than £1 billion, over 5,000 regional, national and international suppliers and more than 100,000 shareholders around the world.

As such, there is a lot riding on the investment decisions we make.

We are committed to striking the right balance between an attractive rate of return for shareholders, and investing in the service improvements that our customers want to see.

We are always keen to hear the views of our shareholders and investors and have an active investor relations programme. Similarly, we work very closely with our supply chain, in a spirit of partnership.

Key commitments and activities in 2013/14 included:

**Supply chain charter:** Treating our supply chain fairly and ethically, through prompt payments and adequate guidance and support, is something we are fully committed to. We, in turn, expect suppliers to uphold high environmental and ethical standards – the tenets of which are described in a supply chain charter. More than three quarters of our total spend in 2013/14 was with suppliers who have signed up to the charter.

**Investor relations:** We are always keen to hear the views of our shareholders and investors and have an active investor relations programme. Our CEO and CFO met with around 100 major shareholders in 2013/14. Our investor relations team, meanwhile, continued with its busy all year round programme of investor meetings, spanning the UK, Europe, North America and Asia/Pacific region.

**Relations with other providers of capital:** we are heavily reliant on successfully acquiring long-term funding from banks and debt capital markets to fund network improvements.

The European Investment Bank (EIB), which is the financing arm of the European Union, is our single biggest lender, currently providing circa £1.5 billion of term funding used to support our capital investment programme. This funding goes towards projects such as our flagship thermal hydrolysis plant at Davyhulme wastewater treatment works in Manchester. Jonathan Taylor, vice-president of the European Investment Bank, officially opened the facility earlier in the year.