

People power really works



Welsh Water focuses on delivering high quality services that are affordable to customers

SINCE 2001 Welsh Water has been owned by Glas Cymru – a 'not for profit' company. Glas Cymru does not have any shareholders, and this means all profits are retained in the business and reinvested for the benefit of Welsh Water's customers.

Having no shareholders, it is also able to pay a 'customer dividend'. This year the dividend is £20, and is paid by reducing the bill for water services by £10, and another £10 is taken off for sewerage services.

The company's top priority is to provide a high quality and reliable service at an affordable price.

Apart from this, Glas Cymru is the same as any other company. It has a Board of Directors and raises money to pay for Welsh Water's very large

capital investment programme (£1.2bn over the five years to 2010) from investors who buy bonds or lend it money. Welsh Water is the only UK water company to be owned and financed in this way, and as such has generated worldwide interest.

In the seven years that Welsh Water has been owned by Glas Cymru, customers have seen many improvements in the performance of their water company.

It has risen from seventh out of 10 companies in England and Wales to be a top quartile performer in the water regulator Ofwat's rating of customer service. At the same time the 'customer dividend' has meant that Welsh Water's bills have moved from second highest down nearer to the industry average.

glas
Glas Cymru Cyfyngedig

DŴr Cymru
Welsh Water

Have you got what it takes?

AS Glas Cymru has no shareholders, the company has a group of around 50 Members who are appointed to serve for not more than three terms of three years.

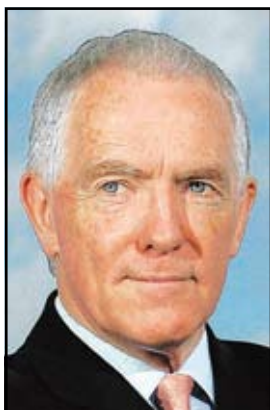
As some Members are due to stand down soon, Glas Cymru is looking to recruit new Members to stand in their place.

Members perform the role that is usually carried out by shareholders in the governance of more conventional companies.

This means Members are responsible for appointing the company's directors, approving the annual report and accounts and ensuring that the company continues to deliver high quality, good value services. They play an important role in making sure the company continues to focus on its sole purpose of delivering the best possible water and sewerage services at an affordable cost to Welsh Water's customers.

Members come from all walks of life. They are people who are interested in the provision of this vital public service, and who have the time and appropriate skills, knowledge and experience to contribute to the task. However, all Members are appointed

Geraint Talfan Davies, a member of Glas Cymru's Membership Selection Panel, asks: Could you be a Glas Cymru Member?



Geraint Talfan Davies

in a personal capacity and do not represent any particular organisation or interest group. They are updated monthly on what is happening in the Welsh Water business, and are asked to attend two meetings a year with the Directors of Glas Cymru.

Special meetings are sometimes held to discuss major issues.

We want to ensure that our Membership is as diverse as possible, and we welcome applications from women and younger people, ethnic minorities and individ-

uals with experience of hardship or disability. We need more Members based in Herefordshire and North Wales.

The Board of Directors can appoint Members only on the recommendation of the selection panel which includes me and a chairman and a third member, who are both independent of the company. The panel assesses all written applications. Members are not paid, but we do reimburse expenses.

More information, including a short film on the role of a Member and an application form, is available on Welsh Water's website at www.dwrcymru.com or by contacting the company secretary at Dwr Cymru Welsh Water, Pentwyn Road, Nelson, Treharris, CF46 6LY.

Or you can email company.secretary@dwrcymru.com. The application deadline for this recruitment round is October 19, but in general applications for Membership can be submitted at any time.



Welsh Water ensures interruptions to supply from burst mains and maintenance are kept as low as possible

Driving up service levels

WELSH Water has already achieved high levels of service and customer satisfaction in recent years, but it needs to do even better in some areas – and it is working to achieve the best all-round standards.

Customers expect not only excellent quality drinking water, but also a reliable supply at the right pressure. To achieve this Welsh Water must plan for the long-term to ensure its water resources are adequate, that leakages are quickly repaired and that interruptions to supply from burst mains and maintenance activities are kept as low as possible. Welsh Water is investing substantial sums to improve performance in all these areas, using new technology to anticipate and

prevent service failures.

Welsh Water looks ahead 25 years or more when planning water resource needs. It is a critical issue, brought into sharper focus by the predicted impacts of climate change. With nearly 17,000 miles of pipes and more than a million connections in its network, some leakage is inevitable, but must be reduced year on year. The company has met the leakage targets set by Ofwat, and repairs around 50 leaks every day. New technology is helping to monitor flows to identify leaks more easily.

Although the performance of the sewer network has significantly improved over the last decade, it is still not good enough in some areas.

Welsh Water is investing heavily so that no one has to suffer the distress of sewers flooding their home. Its goal is to reduce the risk of flooding from sewers.

Advanced information technology is being introduced to increase the efficiency of the service and provide customers with the correct response to queries and problems quickly.

Water companies face the huge challenges posed by higher environmental standards, climate change, population growth and increasing energy costs. The company aims to meet all those challenges in ways that constantly improve its services to customers and benefits the environment.

Keeping it affordable for valued customers

KEEPING water and sewerage bills affordable for customers is a crucial objective of Welsh Water under Glas Cymru's ownership.

Welsh Water's bills were at the higher end of the industry scale for many years.

But Glas Cymru has been determined to give the best value to customers, and is managing to improve price performance relative to other companies – as well as returning an annual 'customer dividend' to customers.

This is made possible by

increasing operational and financial efficiency, and its 'not for profit' structure.

Improving services is expensive – requiring investment of £1.2bn between 2005 and 2010, equivalent to £1,000 per customer.

But the goal is to keep bills stable, where possible, so that in the long-term they'll be amongst the lowest in England and Wales.

Stable bills and improving service means enhanced value for customers.

The aim is that bill increases should not exceed general

inflation after 2010, although this may depend on factors outside the company's control, such as higher energy costs, meeting new environmental requirements, tax changes and government proposals to transfer responsibility for privately-owned pipes and sewers to water companies.

Welsh Water also wants to help those families who have difficulty in paying their water bills to manage their payments more easily, through innovative payment options. The company provides practical advice to disadvantaged customers,

working closely with local authorities and the Citizens' Advice Bureau and, where appropriate, ensures that customers have access to its hardship fund.

Welsh Water also works with local authorities and housing associations to develop partnership arrangements in which they manage the process of collecting water bill payments from customers.

The company is also working with the Assembly Government and Department of Work and Pensions to develop a range of payment methods.

Planning for the long-term future

WELSH Water is planning today for the service customers will receive as far ahead as 2035.

Such planning is needed to ensure that massive investment provides the right long-term assets to meet future needs – the highest quality drinking water supply, improved wastewater treatment and excellent customer services.

This investment must protect public health and also deliver further

environmental improvements.

The planning is ongoing, but Welsh Water has already identified the goals it must achieve. They include:

- Investment in equipment to identify and rectify problems before customers are affected
- Enhanced pollution control – using new technology
- Helping to ensure that rivers sustain good ecological status

- Ensuring water abstraction from rivers does not harm the 'good ecological status' of watercourses

- Investment which continues to benefit beaches, marinas and inland waters – benefiting tourism and recreation
- Ensuring that Sites of Scientific Interest and other protected areas are not adversely affected by its operations, and
- Promoting biodiversity at Welsh Water's works and depots



Glas Cymru is determined to give the best value to customers

Community connection vital



DAVID Clarke (above), previously an administration director for a private company in Cardiff, became a Glas Cymru Member at 57, viewing the role as a unique opportunity to revisit an earlier interest in the water industry.

David, now retired, is a geography graduate with a strong background in business. However, a degree and business acumen are not essential to become a Glas Cymru Member. David says "a connection to the community in which you live and an understanding of the role of Glas Cymru" are equally as important.

The concept of Glas Cymru and the corporate governance role played by its Members appeals to David.

He said: "I have found the process of learning about the business and the wider challenges faced by the industry very rewarding."

"The organisation is an essential utility and a feature of our everyday lives, and yet it is very different to other companies. While Members are there to ensure the directors manage the company in the way intended, we are also invited to give our opinion on different issues from our own viewpoints."

During his time as a Member David has not only been involved in discussions about the company's five-year investment programme, but also its 25-year vision, which is under consideration.

Meeting climate change challenge

THE water industry is vulnerable to the impact of climate change. Although there is uncertainty over the speed and extent of this change over the next 25 years, the potential impact could be significant.

Welsh Water has to ensure it can meet the challenge of long dry spells – such as in the summer of 2006 – to ensure it has enough water to meet customers' needs. Although the last summer has been very wet, no-one can be sure what the future will bring. The company must also ensure its own carbon footprint is minimized. Welsh Water is focusing on three areas:

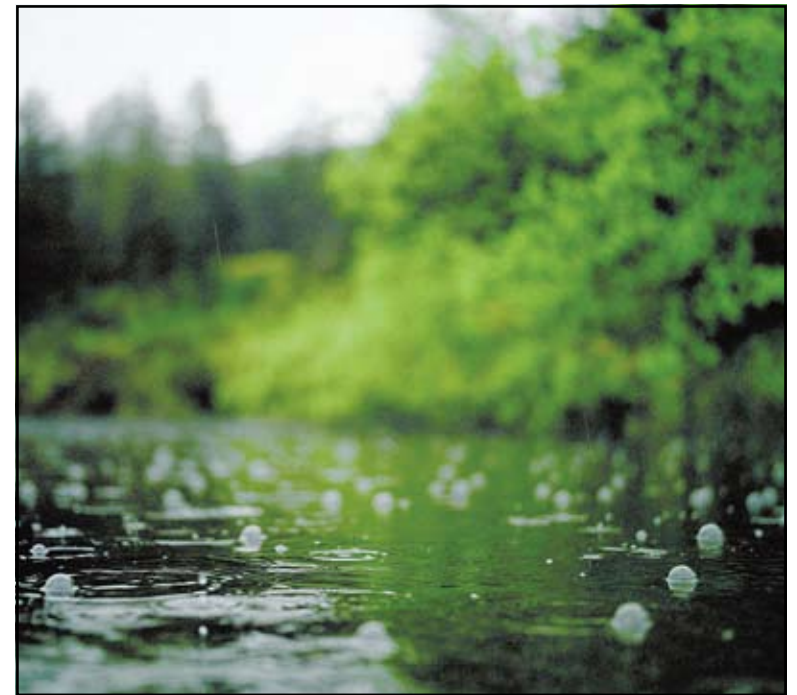
- The removal of surface water and highway drainage from the sewer system to reduce the risk of sewer

flooding during heavy rainfall, such as we have recently experienced.

- Minimising its greenhouse gas emissions from operational activities.

As one of the top 10 energy consumers in Wales, Welsh Water is committed to limiting its impact on the environment. The company has a number of schemes to reduce energy consumption and, where possible, to produce its own renewable energy for use at its works.

- Communicating information on its activities is crucial. The company will give employees, customers and stakeholders information on its carbon emissions performance, as well as continue to encourage its customers to avoid water waste – via the Be Waterwise initiative and other activities.



Welsh Water is dedicated to ensuring it can face any climate change

Diversity brings real benefits

JULIE James (right), formerly a director of personnel for an airline and aircraft engineering company, became a Glas Cymru Member after responding to a newspaper advert.

Having not long moved to Wales, she was impressed by the services delivered by Welsh Water and the make-up of Glas Cymru.

Julie, 52, feels the Glas Cymru structure has "huge benefits" for customers, notably returning profits to customers through the 'customer dividend'.

And the fact that Members instead of shareholders hold the directors to account means Members have access to the Board to ask the questions each of them feel is of importance to the

company's customers.

Members are themselves customers of Welsh Water and come from all walks of life – "from farmers to accountants to union representatives." And of course Julie believes it is vital women too have their say.

Julie believes she brings to the role experience of corporate governance and a "willingness to read the paperwork".

She admits to possessing an open and enquiring mind. She said: "I'm enthusiastic and not afraid to ask questions – I ask lots of them, and I don't get embarrassed when it comes to asking the things that seem silly."

She says people thinking of becoming Members will need to travel to make meetings held across Wales.



● An application form to apply to become a Member is available from The Company Secretary, Dŵr Cymru Welsh Water, Pentwyn Road, Nelson, Treharris CF46 6LY, or e-mail company.secretary@dwrcymru.com. The closing date for applications is October 19.