

Praise for Glas Cymru vision at London awards ceremony.

Dŵr Cymru Welsh Water owner Glas Cymru has won UK-wide recognition for its policy of running the business in the best interests of its 1.3 million customers.

The company, which was created to operate Welsh Water for the benefit of customers, was runner-up in the BT Vision 100 awards for corporate and social responsibility. The company is pledged to cut bills and is re-investing efficiency savings to deliver additional customer benefits.

Judges voted Glas Cymru one of the top ten companies of the 2,500 which were nominated for the awards.

The award was received by Glas Cymru executive director Nigel Annett at a ceremony in London. He said: "We are delighted to see this new way of providing a public service gaining recognition. It is an award for all the people who work in, or on behalf of, Dŵr Cymru Welsh Water. Our focus is what really matters – giving excellent service to customers.

"Despite the turmoil of recent years the people in the company have achieved great success, including delivering some of the best-ever levels of service to our customers. We still have lots to do, but we are in good shape and determined to maintain our customer focus."

Glas Cymru bought Welsh Water in May last year, following a highly successful £1.9 billion bond issue – one of the largest seen in the city of London. The company pledged to provide customers with high quality service at least cost and to invest £1.2 billion to provide improvements in service and to the environment. The company does not have shareholders. Instead, stakeholder interests are represented by members drawn from throughout the company's area.

Mr Annett added that by funding Welsh Water's assets with long term, low risk bonds, Glas Cymru has cut Welsh Water's annual financing costs by around a quarter - worth some £50 million a year. This allows Glas Cymru to build substantial financial reserves and return part of these annual savings to Welsh Water customers in the shape of lower bills. Glas Cymru has announced planned bill rebate targets of £11 million in 2003 and £12 million in 2004.

Its efficiency savings have also produced an additional £41 million which will be ploughed back into the business for customer benefit. Welsh Water will spend the money on a range of schemes to deliver additional high priority customer service improvements. These include reducing the risk of sewage flooding of homes, improving environmental performance of wastewater treatment works, and augmenting water resources in mid and south Ceredigion to assist economic development.

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Notes for editors:

1. Glas Cymru was formed in April 2000 for the sole purpose of acquiring Welsh Water. It is a company limited by guarantee, which makes Glas Cymru the same as any other company except for one important difference – it does not have shareholders. This means that all financial surpluses are retained within the business for the benefit of Welsh Water’s customers. It also means that Welsh Water’s only concern is its responsibilities as a water and sewerage company. Under Glas Cymru’s ownership Welsh Water cannot diversify into new and riskier business activities.
2. The water industry everywhere is very capital intensive. The cost of financing Welsh Water’s assets is its single biggest cost and already absorbs nearly a third of its revenues. With continuing high levels of investment to improve water supply and environmental quality – Welsh Water will invest a further £1,175 million over the current five year regulatory period to March 2005 – the cost of financing assets will continue to rise.
3. Glas Cymru has cut the cost of financing Welsh Water’s assets. In May 2001 Glas Cymru completed one of the largest sterling bond issues ever seen in the UK to finance the change in ownership and to fund Welsh Water’s continuing capital investment programme. The bond issue raised £1,910 million and was 70% over-subscribed. By funding Welsh Water’s assets with long term, low risk bonds, Glas Cymru has cut Welsh Water’s annual financing costs by around a quarter. This is a very significant saving and is worth some £50 million a year. In the first instance these savings will be used to build up financial reserves and protect the company and customers from unforeseen circumstances, such as a major drought, and to also improve Welsh Water’s credit quality so that it can reduce its financing costs still further in the years ahead. Once the financial reserves are well established, part of the annual savings can then be used to pay customer bill rebates.
4. At its first Annual General Meeting in July 2001, Glas Cymru announced a £23 million bill rebate target for Welsh Water customers. It has also identified £41 million in efficiency savings that will be spent, on a discretionary basis, on a range of customer service improvements.
5. Welsh Water is the regulated company that provides water and sewerage services to over three million people living and working in Wales as well as some adjoining parts of England. In all, Welsh Water has 1.2 million household customers and over 100,000 business customers.
6. Glas Cymru is a company limited by guarantee and has members instead of shareholders. Members do not receive dividends and do not have any other financial interest in the company. Members carry out the normal corporate governance role of shareholders at Annual General Meetings and, alongside bond investors, industry regulators and the National Assembly, they have a key role in scrutinising Welsh Water’s performance against financial and other targets as well as water industry benchmarks for quality of service and cost efficiency. The Members of Glas Cymru hold an important position in supporting the Company’s primary objective of providing high quality water and sewerage services at least cost to the communities served by Welsh Water.