



ANNUAL REPORT 2007

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INTRODUCTION BY MINISTER, PUBLIC SERVICES DEPARTMENT



Drinking water supplied by Guernsey Water is now of the highest quality ever. The quality is at least as good as, if not better, than anywhere in the United Kingdom and Europe. This success has been accomplished during the year under review.

This can only have been achieved by the dedication of the Director of Water Services and his team. On behalf of the Public Services Board and the whole community, I thank them all.

This annual report will be my last opportunity to comment on the activities of Guernsey Water. I have always encouraged the management to operate in a businesslike and commercially minded fashion. The recent Wales Audit Office Report confirmed that the Director and his staff are providing an excellent value-for-money service to the community.

My role as Minister has been, in many ways, one of protecting Guernsey Water from political interference and allowing them to operate as a commercial enterprise.

My one regret is that I and my Board have failed to facilitate the development of the St Andrew's Quarry site for a Business Unit Park. This proposal is an outstanding opportunity to make full use of a valuable asset and provide Guernsey Water with an income stream and a much needed site for private businesses. My Board has for the last four years, been in negotiation with the Environment Department, regrettably without success.

This report clearly identifies the many successes of Guernsey Water during 2007, which include the following:

- The level of water in the reservoirs was maintained at a very high level, ensuring that there was no need for hosepipe restrictions.
- The policy of extending the number of customers on meters has been successful, with the number of metered customers now outnumbering those unmetered.
- When my Board came into office in 2004, Guernsey Water had a sizeable overdraft. That has been paid off and now the organisation has substantial reserves. Guernsey Water continues to generate sufficient income for its ongoing capital needs.

It has been a privilege to have been Public Services Minister for the last four years and to have been associated with such a successful undertaking as Guernsey Water. Congratulations to all concerned. Very well done.

William M Bell
Minister, Public Services Department

P.S. One question remains. With our quality of water, why do we need bottled water in Guernsey?

FOREWORD

2007 has been a very interesting and challenging year for us. The wet summer may have been disappointing to those who enjoy sunbathing, but in terms of water resources, it has been very welcome! Major projects at Longue Hougue and sliplining the Northern Ring Main have all progressed well, and 2008 will see these works complete.



Perhaps the biggest achievement of 2007 was the fact that Guernsey Water reached new heights in terms of water quality - 99.7% of water compliance samples met the UK and European standards for drinkable water - this beats even 2006's outstanding figures, and gives us a new target to try to surpass in future years. This means that you can be sure that the water you drink is of the highest possible quality, and makes us the envy of the water industry throughout the UK and Europe.

A number of challenges have arisen in 2007, and these will continue to have an effect into 2008. The new rules on Tax on Rateable Property has created a fair bit of work to integrate into our water billing system, as will the introduction of waste water billing; a function that is being undertaken on behalf of the Public Services Department. These changes will represent a challenge, but I am confident that Guernsey Water staff can rise to the occasion.

The Public Services Department's commitment to universal metering led to the number of metered customers outnumbering the unmetered customers for the first time in Guernsey in 2006. This trend is set to rise even further as customers realise that they could be saving money by becoming metered, and being charged for the water they actually use rather than their domicile's rateable value. The push for metering will continue into 2008 and beyond, so if you have not had a meter installed yet, contact Guernsey Water to learn more!

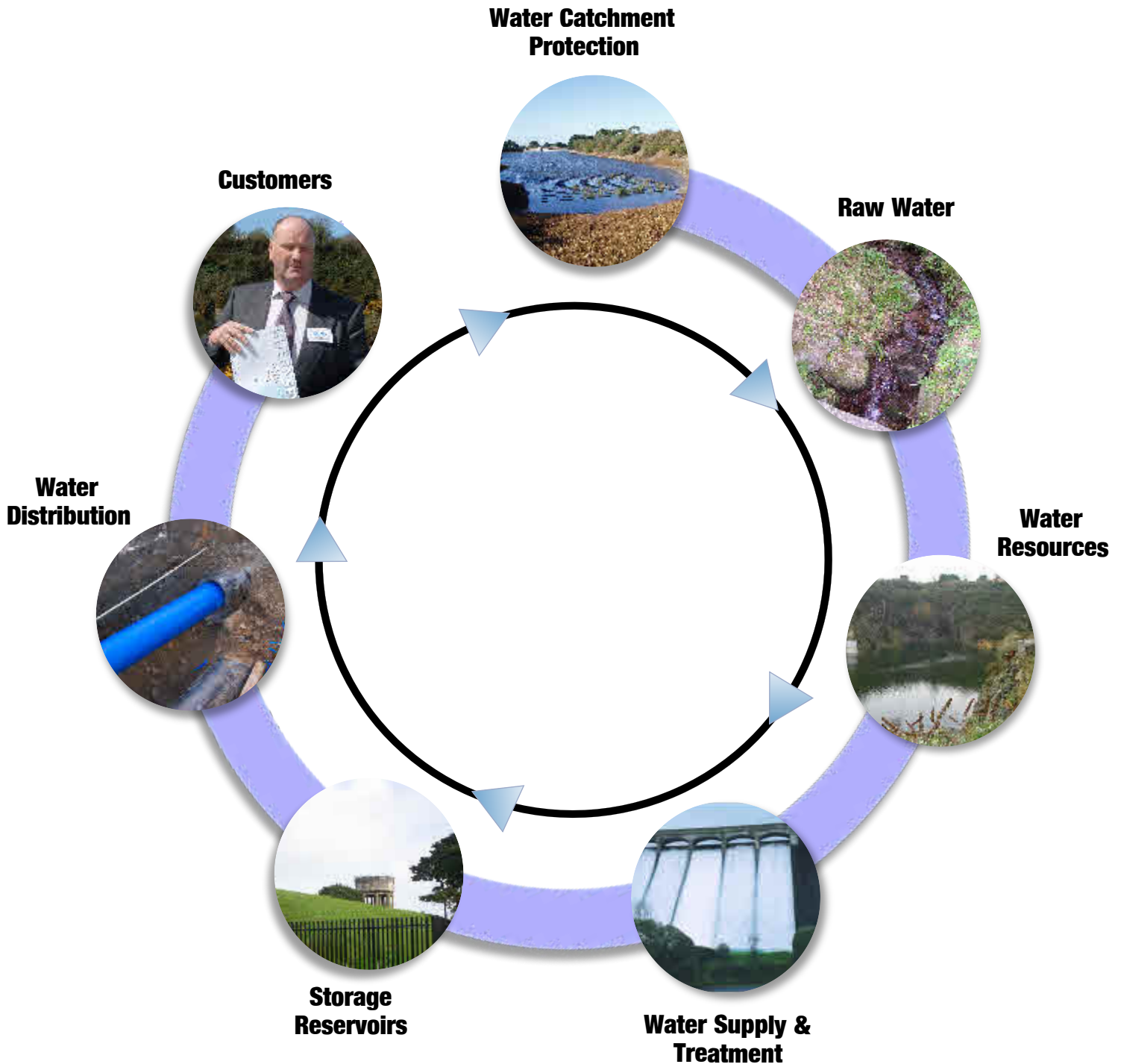
A recent meeting with representatives from the Jersey and Isle of Man water authorities provided a great opportunity to share information and working methods, and learn from one another. Something that I picked up from the meeting was that Guernsey, Jersey and Isle of Man all have a strong infrastructure where water is concerned, and the constant improvement ethic that we all will subscribe to will only help to ensure that the public water supply remains clean and sufficient for people's needs.

I hope you enjoy reading this report, and that you find it interesting and useful. If you have any queries or comments on the report, or anything related to water, please contact us at our South Esplanade office (Tel: 724552), and we will be happy to assist you.

Andrew Redhead
Director of Water Services

THE WATER TREATMENT CYCLE

The water cycle depicts the various parts of the business which combine to bring customers a reliable supply of high quality drinking water.



VISION & KEY POLICIES

Guernsey Water's vision continues to be fundamental to its operations:

"To deliver to its customers a reliable supply of high quality drinking water in sufficient quantities that satisfies normal daily demand at lowest cost consistent with meeting a high level of customer service and confidence."

In order to support this vision, a number of Key Policies have been adopted:

1 - Water Resources

In order to meet reasonable demand, water must be collected when available and operational plant equipment must be effective and reliable. Storage reservoirs must be kept as full as possible.

2 - Water Catchment Protection

Ensure that, by rigorous enforcement of catchment protection, all streams are capable of being used for the public water supply. As custodians of the Island's freshwater aquatic environment, Guernsey Water has a responsibility to ensure that it conserves and enhances the natural environment within the Catchment Area.

3 - Water Production/Treatment

Water Treatment Works (WTW) must be capable of producing consistently good quality drinking water in sufficient quantities that meet demand with the forecast growth in consumption (plus 1% per annum). Guernsey Water must ensure that stored water, once treated, is kept at the same high quality by mixing, using booster chlorination, and cleaning the reservoirs regularly.

4 - Water Distribution

To ensure that 409km of potable (drinkable) water main is in a suitable condition to transfer water to customers while retaining it at the highest standards possible. Leakage will be reduced and maintained at an economically viable level by proactive monitoring.

5 - Customers

Guernsey Water believes it is crucial to ensure that our customers consider that they are in receipt of a good "value-for-money" water service. Guernsey Water is always pleased to receive feedback on its service.

6 - Management & General

People are our most important asset. Staff at all levels are encouraged to participate in business improvement initiatives and are appreciated for their contributions.

A number of objectives that cascade from these six Key Policies were carried out during 2007 and are reviewed in this report. This review allows Guernsey Water to assess each individual objective set out in the previous Business Plan, to measure progress against the allotted timeframe and financial resources. This gives a simple 'at a glance' view of exactly how Guernsey Water is progressing as a business unit against its objectives.

This following icons are used to demonstrate the progress of each objective:

Progress:



This action has been completed or is very close to completion



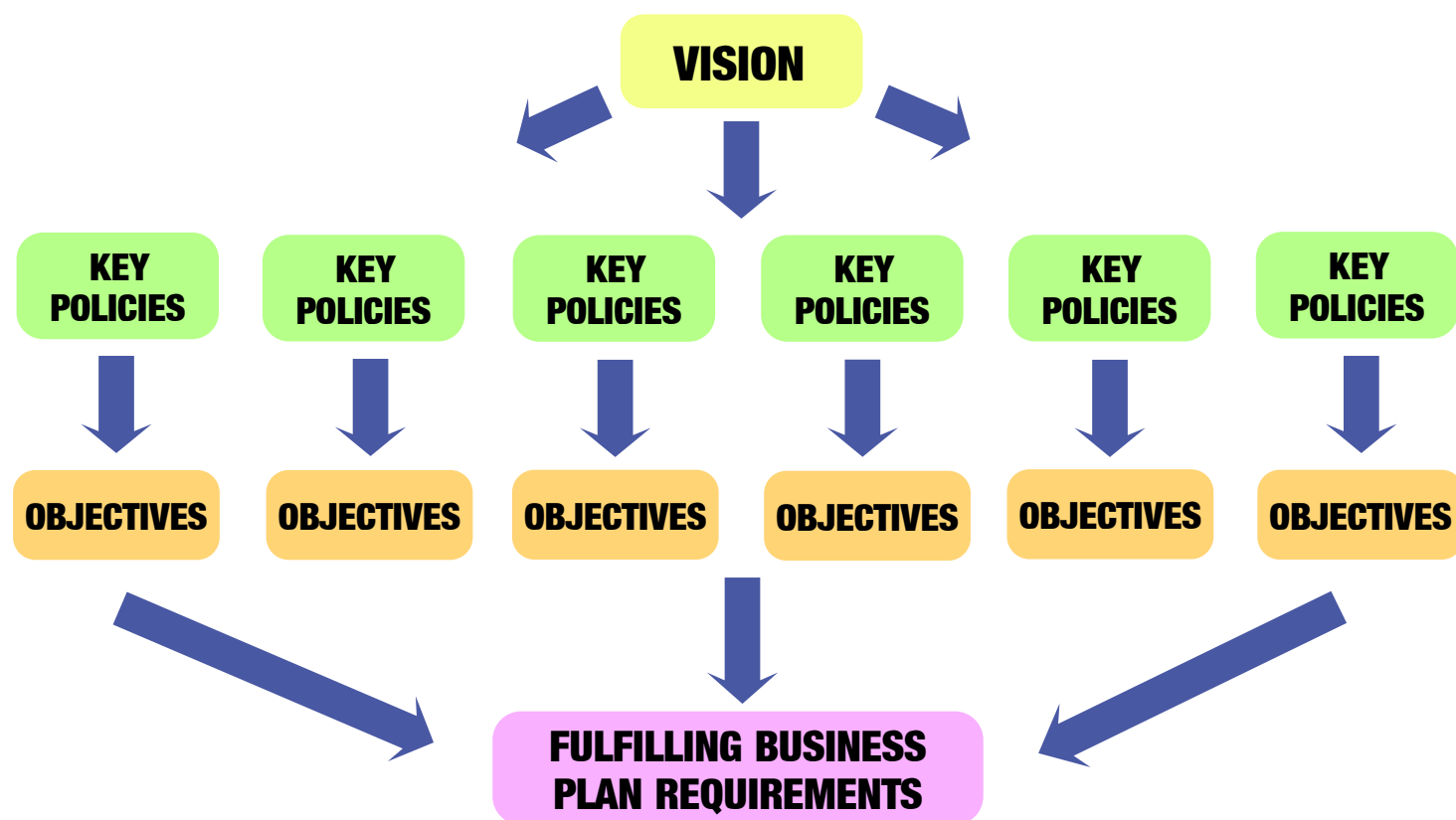
The action will not meet the set timeframe/resources, but will be completed in due course



The action will not be completed within the timeframe/resources and needs to be reconsidered

Guernsey Water considers all of its objectives to be SMART-compliant (Specific Measurable Achievable Realistic Time-based). There is a large amount of hard data available to Guernsey Water that can be gathered, monitored and reported through mediums such as this document. The philosophy of Guernsey Water is to 'measure what can be measured', rather than using soft, anecdotal data, which can be entirely subjective.

The flowchart below demonstrates the relationship between the Key Policies and the objectives that stem from them:



2007 REVIEW

A review of the objectives from 2007 can be found overleaf, split into the six Key Policies. Each policy has an introduction of the type of work carried out by that section, a general review of 2007 including a Key Event from that year, and a detailed list of the objectives that were carried out and whether they were achieved or not.

KEY POLICY 1 - WATER RESOURCES

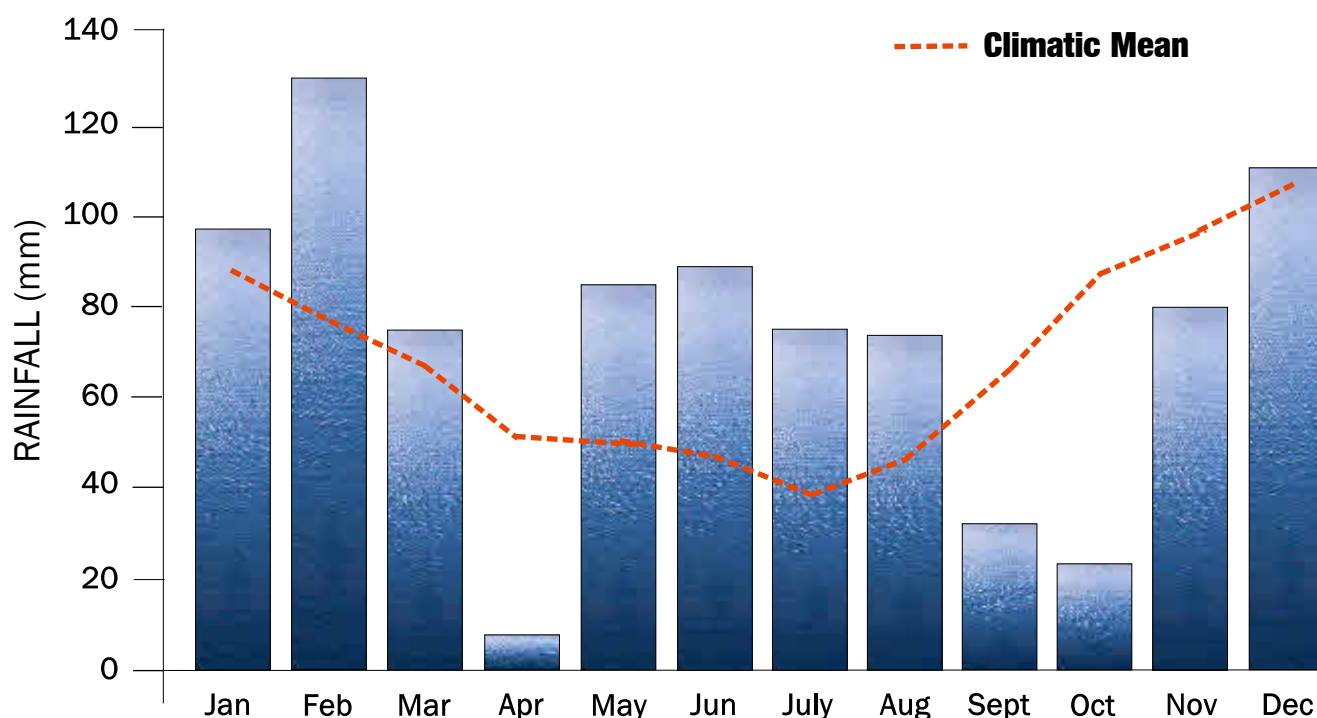
"In order to meet reasonable demand, water must be collected when available and operational plant equipment must be effective and reliable. Storage reservoirs must be kept as full as possible."

Guernsey Water, on behalf of the States of Guernsey, oversees a total of 15 quarries and water storage reservoirs (see page 30 for locations), together holding a capacity of 4425 megalitres (ML) of water which represents about 10 months of normal usage. Although there are no prescribed standards for the amount of storage that a water company should have, the simple principle is that the more one has, the better one is protected from the risk of severe shortage and drought.

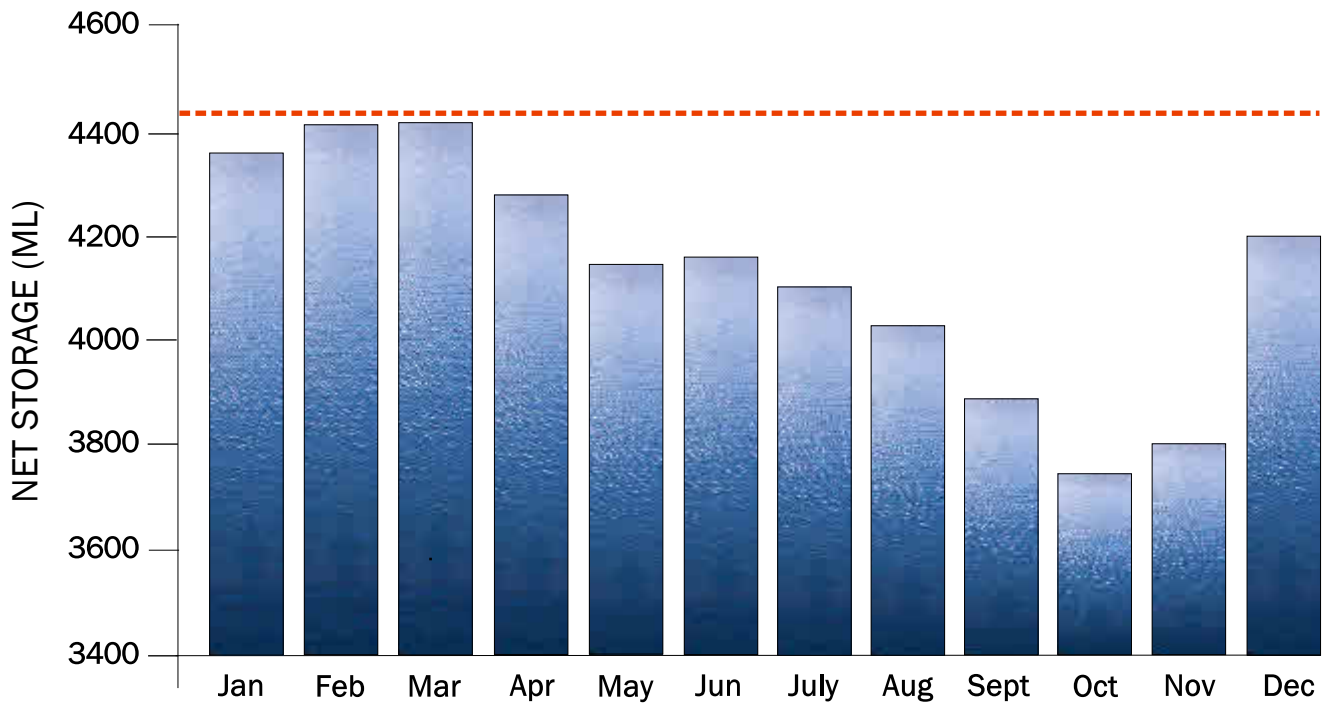
With virtually no underground sources, Guernsey is almost totally reliant upon the water stored in its reservoirs, although this capacity compares favourably to similar jurisdictions such as Jersey, who only have a few months storage.

Key Event in 2007 - A piece of land at Douit du Moulin purchased for £3,000 as the site for a new Pumping Station on the west coast will enable the Water Catchment Area to be increased.

Despite a very dry April, a wet summer meant that our water resources were always strong, and there was little danger of demand outstripping supply. A total of 868.7 millimetres (mm) of rainfall were recorded in 2007 which was 5.5% above the climatic mean, as demonstrated in the graph below.



Reserves of water fell to their lowest level in the year during October to 3,749ML, which represents 84.7% of the total capacity that Guernsey Water can store. By the end of the year however, staff had managed to fill raw water reservoirs to 4,200ML (95% of maximum capacity). The graph overleaf demonstrates the peaks and troughs of Guernsey's water storage capacity during 2007.



The downward trend as the year progressed represents the lower rainfall as spring and summer approaches, before autumn and winter come in from November onwards and the supplies begin to be replenished. As the graph shows, the net storage peaked in February and March as the winter rainfall reached its peak, and the maximum capacity was virtually reached (represented by the red dotted line).

Objectives

Objective	Timescale	Responsibility	Progress
To keep raw water storage reservoirs as full as possible each year (<u>Aim: 95% storage, result: 97%</u>).	1 April 07	Operations	
To introduce a programme of streamflow monitoring that will assist water resources planning.	2007	Operations	
To carry out a feasibility study of new water pumping stations at Les Arquets and Le Catillon, St Peters.	End of 2006	Operations	
To produce a schedule for remedial works to ensure the satisfactory performance of quarry reservoirs.	End of 2006	Operations	
To extend the previously completed slope stabilisation works at Juas Quarry to alleviate the effects of erosion and prevent damage to neighbouring properties.	2007	Operations	

KEY POLICY 2 - CATCHMENT PROTECTION

“Ensure that, by rigorous enforcement of catchment protection, all streams are capable of being used for the public water supply. As custodians of the Island’s freshwater aquatic environment, Guernsey Water has a responsibility to ensure that it conserves and enhances the natural environment within the Catchment Area.”

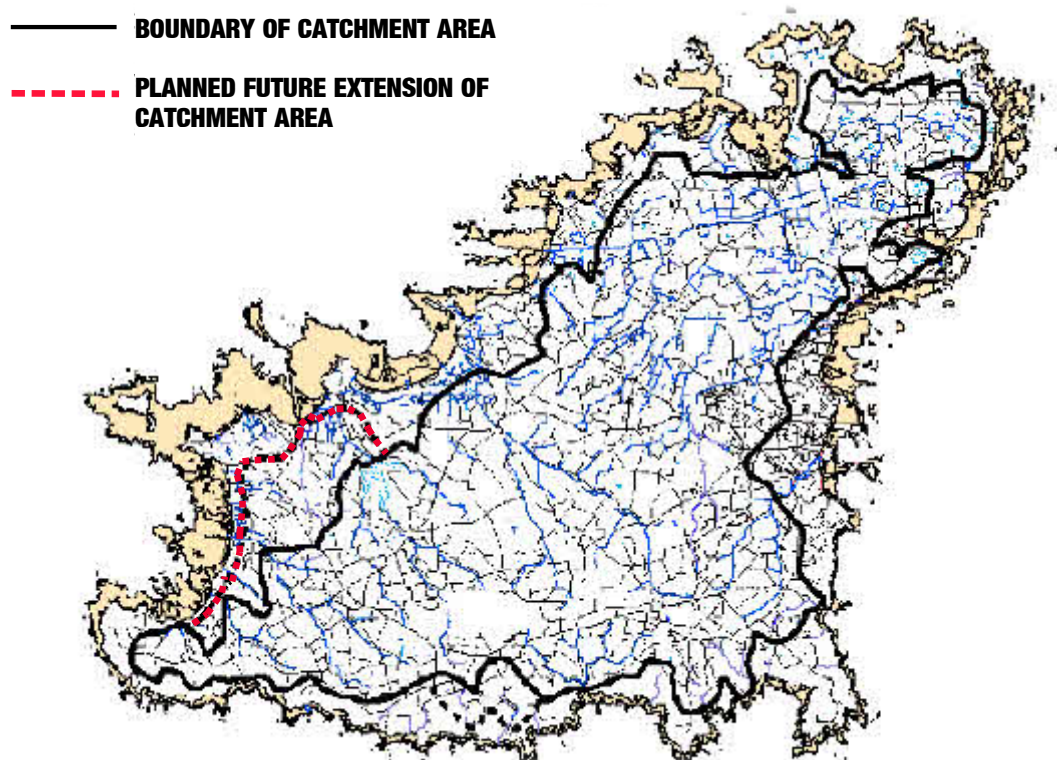
Guernsey’s Water Catchment Area covers the majority of the island, and acts as the first stage in the collection and treatment of potable water for Guernsey people. As the first stage in the process, it is vital that Guernsey Water staff work with the community to ensure that pollutants such as herbicides, pesticides and contaminated effluents do not enter the catchment area in any significant quantity. Unlike the UK, Guernsey Water does not consent to discharge any potentially polluting substances to streams or surface water drainage systems.

The Prevention of Pollution (Guernsey) Law, 1989, states that ‘*No person shall cause or permit the occurrence of pollution, or cause or permit a risk of pollution to arise*’. In order to ensure compliance with this law, Guernsey Water advises that potential pollutants should not be applied to high risk areas such as stream banks, ponds, wet meadows, marshy areas, douits and drainage ditches within the Catchment Area.

As a requirement of the law, Guernsey Water issues permits for developments such as oil installations, swimming/spa pools, industrial, commercial and residential developments. Professional and amateur pesticides and herbicides are also monitored through regular sampling of streams/reservoirs, and the issuing of licenses for professional products in liaison with the Health and Safety Executive.

Regular audits are carried out with organisations that use potential water pollutants such as farms, vineries and industrial units, to ensure that the law is being adhered to, and to instigate legal proceedings where appropriate.

Key Event in 2007 - Catchment Protection staff investigated and solved over 70 raw water incidents in 2007, a third of which were as a result of potential sewage pollution.















Statistics in 2007 show that raw water quality was generally good in the Island with no streams showing any significant deterioration in water quality from previous years and some showing improvements. This could in part be due to a reduction in potential pollution sources in the catchment areas of these streams. Work has started on the extension of the water catchment area which will include the west coast area shown on the previous map.

In 2007, streamflow monitoring facilities were installed at Marais Stream, La Vrangue and Les Nicolles stream intakes. These allow staff to check the amount of water being collected within the Catchment Area, and to ensure that as much water as possible is transported into the storage reservoirs and quarries. Several pollution audits were carried out at Braye Road and Pitronnerie Road Industrial Estates, Oatlands, St Clair and La Lande vineries, a number of island garages and supermarkets, and some industrial units near the Airport.

There were a couple of incidents involving the flytipping of paints and chemicals at Hougue Ricart quarry, and some vandalism of Sausmarez Tank. Unfortunately, the Police were unable to apprehend those responsible.

Objectives

Objective	Timescale	Responsibility	Progress
To determine nutrient loadings of island streams by using streamflow monitoring data.	Ongoing	Compliance	
To carry out a biannual survey to monitor fresh water invertebrates in a range of streams within the Water Catchment Area.	Biannual	Compliance	
To revise the Water Catchment Area on Digimap.	2007	Compliance	
To carry out market garden and poultry farm inspections.	On Hold	Compliance	 †
To visit all derelict vinery sites using rockwool, and inform growers of any problems.	Annual	Compliance	
To continue to have old, redundant or defective oil installations upgraded or emptied.	Ongoing	Compliance	
To produce oil installation guidance and 'police' unsatisfactory installations.	Ongoing	Compliance	
To carry out a review of drainage systems and cesspools in the Water Catchment Area.	On Hold	Compliance	
To identify inadequate private sewers and pumping stations.	On Hold	Compliance	 *
To continue to promote the safe use of pesticides.	Ongoing	Compliance	
To visit all sites as scheduled according to Water Catchment Assessment audits.	Ongoing	Compliance	
To monitor the effect on water quality as a result of reed bed installation at St Saviours Reservoir, and report findings to Board.	2006	Compliance	

† On hold pending Health & Safety Executive * On hold until data is put onto new system in 2009

KEY POLICY 3 - WATER PRODUCTION/TREATMENT

“Water Treatment Works (WTW) must be capable of producing consistently good quality drinking water in sufficient quantities that meet demand with the forecast growth in consumption (plus 1% per annum).”

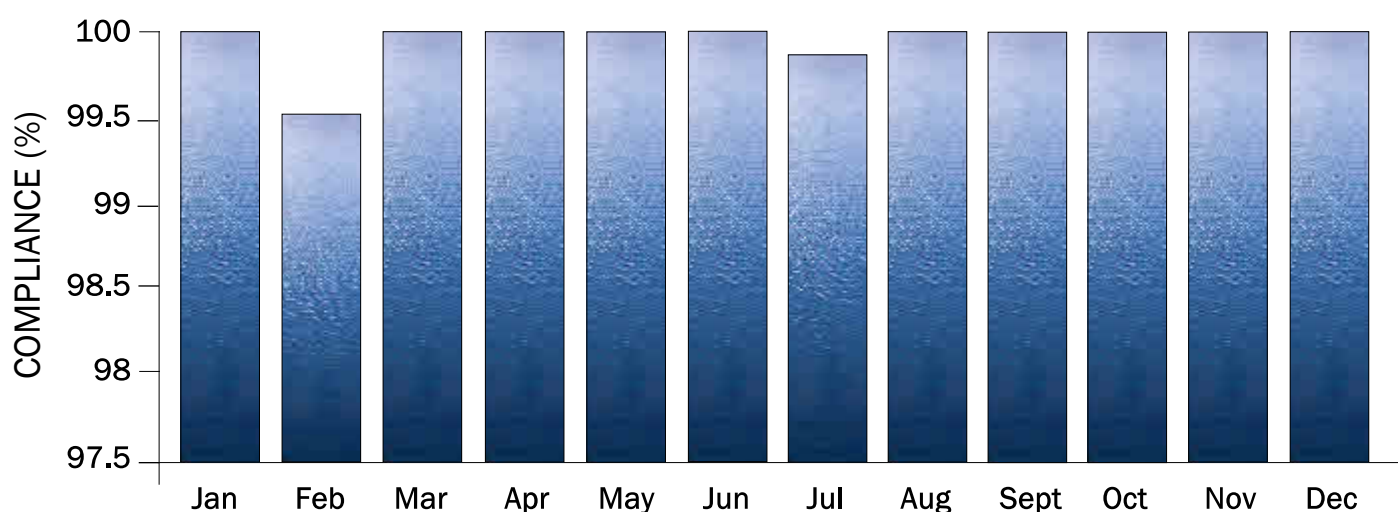
Guernsey Water presently operates three WTW's in the Island, at St Saviours, Kings Mills and Juas (see page 30 for locations). In addition to this, the Longue Hougue reservoir site is also being developed into a new WTW, which will take over from Juas WTW once completed. The new Longue Hougue WTW will use the same pioneering membrane technology as St Saviours WTW, which cleanses the water more efficiently than other more traditional methods.

Once the water brought into the WTW's has been treated, it is distributed through a series of underground pipes to a number of service reservoirs around the island, where it is held until it is required by customers.

Key Event in 2007 - The WTW achieved a water quality rating of 99.9% in 2007; service reservoirs achieved 99.6%. Both of these excellent figures represent the highest on record for Guernsey Water.

Several projects were carried out in 2007 regarding water treatment, including the installation of a new wash water recovery system and replacement highlift pumps at St Saviours WTW, and the copper-sulphating of Juas WTW to improve the water quality by reducing the amount of algae building within the quarry. The development of a new WTW at Longue Hougue is running to schedule and budget and should be completed by July 2008.

The graph below shows the water quality results for WTW's during 2007. This demonstrates the consistency and high standards that Guernsey Water have set for themselves, and this is borne out by the overall compliance figure of 99.9% for WTW's.



The usage of water has changed in recent times due to the change in lifestyle that people have enjoyed, and with more and more pressure being put on this limited resource, it is essential that Guernsey Water ensure that they are in a good position to provide enough water to meet demand. Water conservation continues to be an important part of looking after the Island's most important asset. Water is essential for life and yet is too often taken for granted. Everyone can play their part in minimising wastage of this precious resource by taking measures to use less water where possible.

Guernsey Water is committed to encouraging its customers to save water by making them aware of waste-prevention methods such as:

IN THE KITCHEN

- Mend that leaky tap! (A tap that drips once a second wastes 33 litres per day)
- Never leave a tap running - use a bowl to wash vegetables or to wash and rinse cutlery and dishes
- Use the leftover water to water your plants (providing it's not too soapy)
- Only use your washing machine on a full load - half loads are neither water nor energy efficient
- Store drinking water in a jug in the fridge rather than waiting for the tap to run cold - this could save litres of water.










IN THE BATHROOM

- When buying a new toilet, consider a dual-flush cistern - this enables you to choose a short flush most of the time
- Taking a quick shower uses a lot less water than a bath
- Don't keep the tap running while cleaning your teeth - use a mug of water. You could waste up to 10 litres of water in the time it takes to clean your teeth
- Put the plug in the basin and only run as much water as you need
- Check taps for leaks and drips - adding a simple washer may save you litres of water.

IN THE GARDEN

- Use a water butt to collect rain-water from your roof, and use this for watering plants. You can buy these from garden centres
- Use a watering can to water your garden - hosepipes & sprinklers waste large amounts of water
- If you must use a hosepipe, then fit a trigger nozzle at the end so you can control the flow of water
- Check the weather forecast before watering - it might rain!
- Water your plants when it is cool (early morning or during late evening) so that less water is lost through evaporation.

Objectives

Objective	Timescale	Responsibility	Progress
To achieve 99% compliance for Maximum Admissible Concentrations (MAC) for Water Treatment Works (Result: 99.9%) .	Ongoing	Operations	
To achieve 98% compliance for MAC for service reservoirs. (Result: 99.6%) .	Ongoing	Operations	
To produce water quality reports.	Monthly, Quarterly & Annually	Compliance	
To maintain a treatment works output capability of 5,200ML per year, and a peak of 23ML per day.	Ongoing	Operations	
To continue to monitor the taste problem at Juas WTW.	Ongoing	Operations	
To build a new 15ML per day WTW at the Longue Hougue storage quarry site.	End of 2007	Operations	
To install an additional wash water recovery system at St Saviours Reservoir.	End of 2006	Operations	
To optimise St Saviours WTW.	2007	Operations	
To carry out an energy efficiency audit of water production.	2006	Operations	

KEY POLICY 4 - WATER DISTRIBUTION

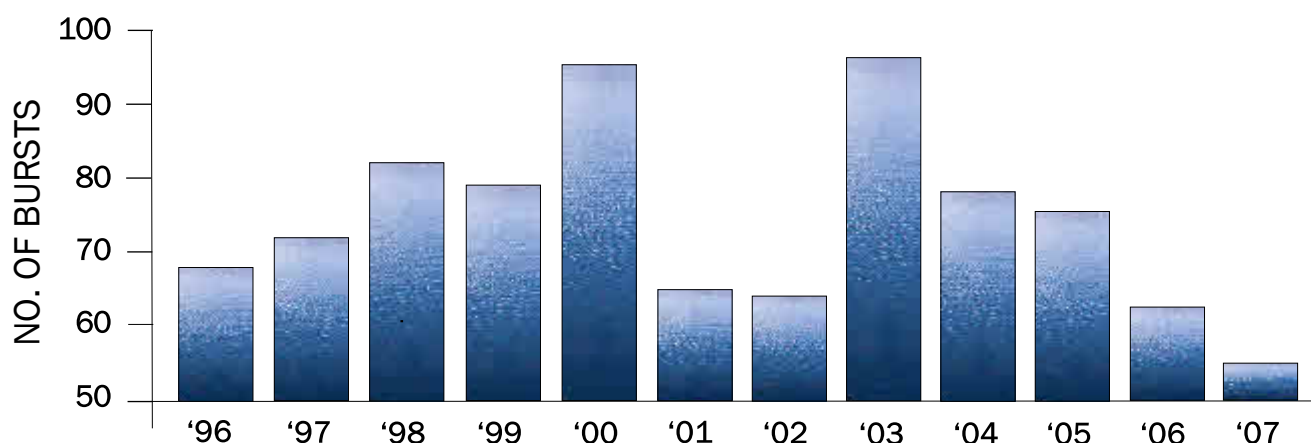
“To ensure that 409km of potable water main is in a suitable condition to transfer water to customers while retaining it at the highest standards possible. Leakage will be reduced and maintained at an economically viable level by proactive monitoring.”

Guernsey Water oversees over 400kms of potable water distribution main, and it is the function of these pipes to transfer treated water from service reservoirs and WTW's to customers' homes. Due to the scale of the pipe network, a constant programme of maintenance is needed, as the pipes vary in material, age and reliability.

Guernsey Water invested over £500k in 2007 to upgrade the water distribution network. This investment ensures that water from service reservoirs retains its high quality when transferred to customers' taps. It also reduces the amount of leakage and main bursts, which ultimately increases efficiency and saves money.

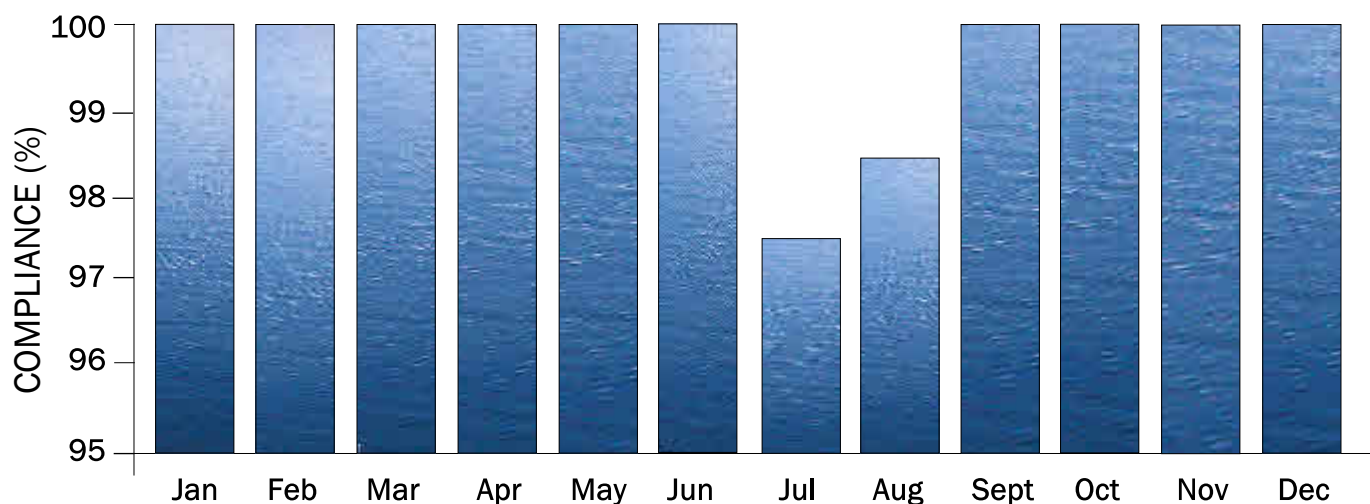
Key Event in 2007 - Guernsey Water has once again achieved its target of less than 700ML leakage during 2007 (final figure: 638ML). This compares most favourably to other UK water companies.

The use of sliplining (slipping a new pipe inside an old one) has allowed Guernsey Water to improve the water distribution network much more cost- and time-effectively than by replacing pipes. In 2007 alone, 3.5kms of mains pipe were sliplined, and 1.2km of pipe were replaced, relined or extended. The sliplining figure above does not include the major Northern Ring Main project, which involves the rehabilitation of 9kms of distribution pipes serving the north of the Island from Frie Plaidy service reservoir. This work is due to be completed by the middle of 2008.



As the rehabilitation of distribution mains continues, the amount of leakage and bursts should decrease. This is borne out by the graph above, which shows the decline in the number of main bursts experienced within the distribution network over the last few years. Given the general trend over the last ten years of between 60 - 80 burst mains per year, 2000 and 2003 stand out as being exceptional years. However, the work being done on the distribution system has improved matters dramatically.

The graph overleaf shows the results from the water quality samples taken during 2007 of the Island's service reservoirs. Water in the service reservoirs has been treated at the WTW and is mixed carefully in order to maintain its quality before being distributed to customers through the pipe network. As the graph shows, generally the compliance results were excellent. The slight dips in July and August are a result of the warmer weather, which creates a slight increase in microbiological growth. However, even the lowest results are above the required standards and are perfectly safe and clean.



Objectives

Objective	Timescale	Responsibility	Progress
To monitor and reduce the number of discolouration complaints.	Ongoing	Operations	
To continue to expand the water distribution network.	Ongoing	Operations	
To cleanse the distribution system commensurate with achieving good water quality standards at customer taps.	Ongoing	Operations	
To ensure that rechargeable works at least break even.	Ongoing	Operations	
To assess water quality through regular analysis of outputs of a sample group of customer taps in line with UK regulations.	Ongoing	Operations	
To proactively monitor leakage, reducing 'unaccounted for' water to below the target of 700ML per annum.	Ongoing	Operations	
To slipline the existing Northern Ring Main, which has become life-expired and is causing operational problems.	2007	Operations	
To replace failing raw water transfer mains over the next 15 - 25 years.	Ongoing	Operations	
To replace 55km of failing asbestos cement mains over the next 15 - 25 years.	Ongoing	Operations	
To replace/slipline the 450mm uPVC potable water main in Rue du Friquet.	2008	Operations	
To evaluate the need for pressure reduction valves, to reduce network leakage (once network is renovated).	2007	Operations	
To maintain asset management system in an integrated fashion.	Ongoing	Operations	
To continue to ensure that best practice standards of project management are employed in all projects.	Ongoing	Operations	
To achieve 90% compliance with scheduled Water Byelaw inspections.	Ongoing	Customer Service	

KEY POLICY 5 - CUSTOMERS

"Guernsey Water believes it is crucial to ensure that customers consider that they are in receipt of a good 'value for money' water service. Guernsey Water is always pleased to receive feedback on its service."

Guernsey Water has over 25,000 customers, split between metered and unmetered customers. These customers are all of those with water mains connections within the Island. 2006 saw the number of metered customers overtake unmetered customers for the first time in Guernsey - this trend has continued in 2007.

Guernsey Water believes that strong customer service is at the centre of all of its operations and processes, and are always looking for new and improved ways of communicating and serving customers. The appointment of a dedicated Customer Services Manager during 2007 has allowed Guernsey Water to concentrate more of its time and resources on the service it provides to its customers.

Key Event in 2007 - Guernsey Water has been officially recognised as providing a good, value-for-money service to its customers by the Public Accounts Committee (see below).

In 2006, the States' Public Accounts Committee commissioned the Wales Audit Office to carry out an investigation into Guernsey Water, to ascertain whether or not the organisation offered a good value-for-money service. When the Committee reported their findings in 2007, the outcome was that Guernsey Water was indeed providing a very good service which represented good value for customers when compared to similar jurisdictions. This positive testimonial highlighted the good work that has been carried out at Guernsey Water over the last few years, and this is reflected in the customer comments in the speech bubbles, taken from letters sent in to Guernsey Water during 2007.

Guernsey Water are always working hard to find new and improved ways of communicating with the customer, and providing the best possible level of service.

"Many thanks for your prompt and efficient attention under trying circumstances...."









These include the setting-up of a customer services e-mail address through which enquiries can be made (customer.service@water.gg), the creation of a Guernsey Water Customer Charter, which details what customers can expect in terms of service from the organisation, and the restructuring of front-office staff within the organisation, which will allow better service, and staff being able to cover a number of positions in the event of sickness or holiday leave.

In addition to this, work has started on a new relevant and informative website, which will allow customers to find out everything they need to know about Guernsey Water through one site. It is anticipated that the site will be up and running in the spring of 2008.

A Guernsey Water Public Relations (PR) Strategy has also been put together which will shape exactly how the organisation will communicate with customers in order to exchange information and feedback. As part of this process, Guernsey Water is seeking to engage the views of the public regarding water and environment issues, as well as gathering feedback about the the service that the organisation provides to its customers.

"I am so grateful for the courteous and helpful way I was treated by all staff at your offices."

Objectives

Objective	Timescale	Responsibility	Progress
To ensure that the 'customer service' ethos is developed in all staff, and specialist training is given where appropriate.	Ongoing	Customer Services	
To ensure that a manager with responsibility for customer service will ensure performance compliance is monitored and any remedial actions expedited.	Ongoing	Management	
To develop a new customer contact system.	2007	Customer Services	
To develop a customer charter.	2007	Customer Services	
To review customer perception of Guernsey Water's service.	2007	Management	
To efficiently and consistently deliver high quality customer service procedures and introduce IT systems to ensure information is utilised throughout the business.	2007	Customer Services	
To enable easy access to Guernsey Water - this will mean that contact can be made 365 days a year, 24 hours a day.	2007	Customer Services	
To ensure that, outside of normal working hours, telephone calls will be received at the Operational Control Room, from where appropriate actions will be directed.	2007	Operations	

KEY POLICY 6 - MANAGEMENT & GENERAL

“People are our most important asset. Staff at all levels are encouraged to participate in business improvement initiatives and are appreciated for their contributions.”

i). People

Guernsey Water currently employ 75 staff, split between 37 FTE's (Full Time Established staff), and 38 PSE's (Public Service Employees). This is actually 11 staff less than back in 2000, despite a higher workload and more customers! All staff play a vital part in the operation of the organisation, and Guernsey Water is very keen to ensure that it's staff have job satisfaction, are challenged and stimulated by their jobs.

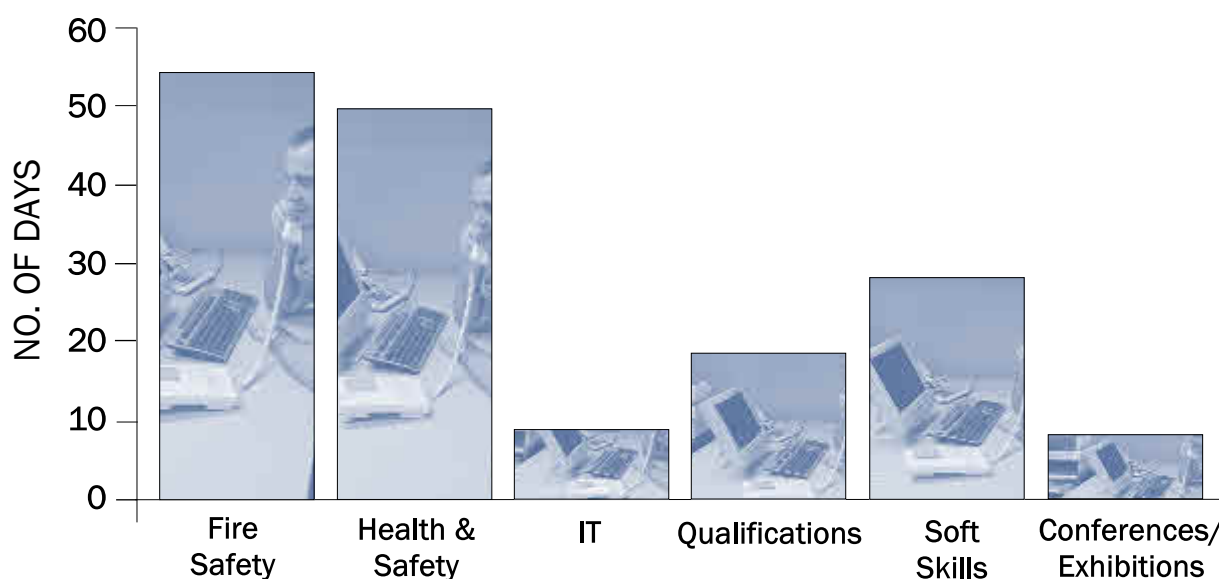


There have been some recent staff restructuring (as mentioned on page 16), and further changes will be taking place in the near future, which will streamline Guernsey Water's processes, and also offer a greater degree of succession planning and multi-skilling.

The biggest change on the horizon is the development of a new operational building at the St Andrews Reservoir site. This will bring all staff together into one purpose-built workplace, reduce overheads and maintenance, and will greatly improve communications between staff and teams.

Key Event in 2007 - Sickness absence figures have declined substantially in 2007. Excluding long-term sickness, overall sickness per employee was down 12.7% on 2006.

Guernsey Water is always looking to improve it's performance through the development of its staff, and as such is eager to invest time and money into training courses and qualifications. In 2007 alone, staff enjoyed 174 training and development days, and the graph below shows the breakdown of these days by training type.



2007 saw a fairly high turnover of staff - this was largely due to the retirement of staff in key positions, and some slight structural changes. In all, four new members of staff joined Guernsey Water, four retired, three resigned, and one left by mutual agreement. Two temporary staff joined to cover some of the resignations/retirements.

Objectives

Objective	Timescale	Responsibility	Progress
To review and revise if necessary the current staff structure to meet changing needs.	Ongoing	Management	
To re-evaluate any post which falls vacant to determine whether or not it needs to be re-filled.	Ongoing	Management	
To maintain the formal system of staff appraisal for all Established Staff.	Ongoing	Management	
To provide comprehensive training and development programmes for all staff.	Ongoing	Management	
To ensure that Health and Safety training is provided to all staff.	Ongoing	Management	
To achieve the national quality standard of Investors in People.	2007	Management	
To develop a rolling strategy to identify vacancies/replacement for staff leaving two years ahead and provide a succession plan.	2007	Management	
To offer the formal appraisal system to all Public Service Employees on a voluntary basis.	2007	Management	
To update the formal induction programme for all staff joining the unit which puts particular emphasis on Guernsey Water's customer service systems.	2007	Management	
To continue with apprenticeship schemes working in conjunction with other States Departments where appropriate.	Ongoing	Management	
To review the functions of the finance section commensurate with the capabilities of the Navision system and the States corporate finance system (SAP).	Ongoing	Customer Services	
To maintain the business continuity plans for Guernsey Water.	Ongoing	Management	
To develop business continuity plans for key operational sites.	2007	Operations	
To measure sickness levels within Guernsey Water and use as an indicator of morale in certain cases.	Ongoing	Management	
To measure accident statistics in accordance with industry standard criterion.	Ongoing	Compliance	

ii). Information Technology

Guernsey Water oversees a number of specialist information technology systems, such as 'Supervisory Control And Data Acquisition (SCADA)', and Navision, as well as general systems like Digimap and Microsoft Office. Given the role that information technology plays in the everyday operations at Guernsey Water, it is vital that the hardware and software provide a reliable and user-friendly platform.






Operations such as water quality testing and storage monitoring are very reliant on technology, and as such, Guernsey Water places a large emphasis on the continuity and safety of its systems, and will continue to do so in the future as technological development continues apace.

Key Event in 2007 - The SCADA system was upgraded to ensure better performance and resilience.

Guernsey Water staff have worked hard during 2007 in preparing systems and resources for the forthcoming large-scale changes, including the forthcoming migration to the SQL server in 2009, and the decommissioning of Juas WTW and commissioning in its place of the Longue Hougue WTW. Another major initiative is the incorporation of waste water tariffs into Guernsey Water's bills. This function is being transferred from the central section of the Public Services Department, and the changes have necessitated the need for careful preparation regarding staff structure, finance and computer systems (see page 22 for further information).

Objectives

Objective	Timescale	Responsibility	Progress
To maintain the IT systems sufficiently to support the standard of business service required.	Ongoing	Management	
To extend SCADA.	2007	Operations	
To develop the use of Digimap to map the Water Catchment Area and streams.	2007	Operations	

iii). Property

Guernsey Water owns or oversees over 40 properties and areas of land, ranging from quarries, WTW's and service reservoirs to wells, pumping stations and operational/office buildings. In all, Guernsey Water's combined assets are worth more than £300 million at today's prices, and provide the basic infrastructure for collecting, treating and distributing potable water to the people of Guernsey.



Guernsey Water also contracts La Societe Guernesiaise to take care of the Millennium Walk at St Saviours Reservoir, which is an attractive area containing a wide variety of animal and plant life. Two wardens care for and report on the Walk, hired from Environment Guernsey (an arm of La Societe), and this allows Guernsey Water to measure the impact of water storage levels and weather on the indigenous wildlife. Members of the public can also enjoy the tranquil setting of the reservoir.

Key Event in 2007 - In 2007, plans were put forward to develop a number of industrial units on the St Andrews Reservoir site. This would bring in a steady income stream, promote local businesses, and pave the way for the development of Guernsey Water's new operational building.

High winds have damaged some operational sites and this has highlighted the need for tree management plans and increased security measures to protect the water supply and the public. These were particularly relevant at the Forest Road storage reservoir and No.1 Well where tree condition surveys were carried out in preparation for management plans. Further work remains at other sites including Kings Mills.

Repairs and redecoration were planned and carried out at a number of properties and areas including Baubigny storage reservoir, Les Clercs pumping station and Frie Plaidy service reservoir. Repairs were also planned for the roof at Brickfield House at St Andrews Reservoir - these works will be carried out in 2008.

Objectives

Objective	Timescale	Responsibility	Progress
To review the use of a disaster recovery/training/meeting room at Saviours Reservoir site.	2007	Management	
To review the tree management plan for the Millennium Walk at St Saviours Reservoir.	2007	Operations	



iv). Legislation

Guernsey's water supply is protected by pieces of legislation such as the Water Supply Law (1927) and the States Water Supply (Prevention of Pollution) Ordinance. Guernsey Water works hard within the community to ensure that those who use potential pollutants such as herbicides and pesticides do so within the boundaries of good practice and commonsense (see Catchment Protection section on page 10).



In this respect, Guernsey Water is proactive in ensuring that the legislation is adhered to, but through the medium of public goodwill rather than instigating legal proceedings wherever possible.

Objectives

Objective	Timescale	Responsibility	Progress
To keep under review the Water Supply Law (1927) and promote changes when necessary.	Ongoing	Management	
To revise the 'States Water Supply (Prevention of Pollution)' Ordinance and accompanying guidelines.	2007	Management	

v). Finance

Guernsey Water is funded entirely from water charges which are kept separate from the States' general revenue. The intention is to keep water charges as low as possible whilst achieving appropriate international water standards. In terms of water charges, from 2007 onwards, Guernsey Water has and will only increase water charges by up to the Retail Price Index (RPI). The Capital Development Programme (CDP) identifies the need for major investment over the next 10 years to ensure the performance and resilience of Guernsey's water infrastructure.



Regarding the CDP, Guernsey Water has developed a system of capital project evaluation and prioritisation that ensures that the limited resources are targeted to achieve the greatest business benefit. The CDP is reviewed and updated annually by senior management, and each new project is weighed up in terms of potential negative and positive impact to the public (see page 27 for further information). Each item has PSD Board approval prior to it going ahead.

As a business unit of PSD, Guernsey Water acts as commercially as it can within the boundaries of the Department's mandate. The recent review by the Public Accounts Committee (see page 16 for further information) painted a very positive picture of Guernsey Water, and the conclusion of the report was that the unit offers good value-for-money for the customer.














Key Event in 2007 - Guernsey Water joined the Midland Water Companies Purchasing Consortium - this allows them to purchase plant equipment at cheaper prices than usual suppliers. The benefits have already been felt, with over £250,000 having been saved in 2007.

The forthcoming change from Rateable Value (RV) to Tax on Rateable Property (TRP) has created new challenges.

The new TRP system incorporates not only domestic dwellings, but also outbuildings such as sheds and greenhouses, Guernsey Water felt that this system would need amending for water billing, as they deemed it fairer for customers to only pay a standing charge on domestic property. Using just the TRP of the domestic dwelling area simplifies the system, which will be introduced in 2009. Much of Guernsey Water's work for 2007 revolved around the forthcoming incorporation of waste water billing into the current billing system, and the impact this would have on staff and processes.

Guernsey Water's push for universal metering has increased the numbers on a measured supply to the point where there are now more than those on an unmetered supply. Metering is the most equitable form of charging, as you pay for exactly what you use. In a large proportion of cases, metering will also reduce customers' bills.

Objectives

Objective	Timescale	Responsibility	Progress
To ensure that cash flow forecasts are produced, managed and targets achieved.	Ongoing	Management	
To minimise Guernsey Water's total bad debts to below £5,000.	2007	Customer Services	
To regularly review the debtor payment.	Ongoing	Customer Services	
To ensure that water charges are equitable and demonstrable with a single unit cost per cubic metre for all properties metered.	Ongoing	Customer Services	
To review the number of creditor payment days and set targets for 2007 and beyond.	Ongoing	Customer Services	
To review and where possible reduce the number of disconnections made.	Ongoing	Customer Services	
To continue to review the efficiency of Guernsey Water and implement appropriate cost savings measures.	Ongoing	Management	
Automation of States' property data from Treasury & Resources Department.	2008	Management	
To implement changes to Guernsey Water's customer bills as a result of the changes to the Tax on RV system.	2008 (Awaiting T&R)	Customer Services	
To include waste water billing on the water bill.	2008 (Awaiting T&R)	Management	
To monitor metered customer numbers and establish effects on income stream using various scenarios.	Ongoing	Customer Services	
To introduce hand held meter reading technology.	March 2007	Customer Services	
To continue to separate common supplies as part of the commitment to universal metering.	Ongoing	Customer Services	

vi). Monitoring & Reporting

Guernsey Water places a lot of importance on its Business Planning and Annual Reporting process, and a large part of this process is the monitoring and reporting that takes place on a regular basis i.e. not just annually. It is imperative that objectives set are adhered to, and that regular meetings between management identify actions that may be faltering for whatever reason.








The Monitoring and Reporting section also covers the CDP, key performance indicators, risk registers and internal procedures. It also oversees the PR approach by Guernsey Water, and how the organisation communicates with its customers, staff and the media. Given the significant role that the media plays in contributing to public opinion, it is vital that Guernsey Water works closely with the media to ensure that the correct information is communicated to customers.

Key Event in 2007 - Guernsey Water hosted the annual Inter-Island Water Forum, in which they were joined by Jersey Water and Isle of Man Water. Ideas and best practice methods were discussed and plans were put in place to develop a set of mutual key performance indicators.

Guernsey Water are looking to work with a commercial sponsor on its 'reusable water bottle' initiative, which involves the distribution of plastic water bottles to all schoolchildren in the Island, so that they can fill them up with tap water and use them everyday for school. The initiative is intended to promote the many benefits of tap water e.g. physical and mental health benefits, stringent quality tests for tap water, substantially cheaper and more environmentally friendly than bottled water (production and disposal of bottles uses lots of energy). The foundation of the project is now in place, and talks have begun with a potential sponsor.

A draft PR Strategy has now been drawn up, and this will shape the way that the organisation communicates with its customers and the media. Liaison will take place between Guernsey Water and the Public Service Department's PR company, Orchard PR, to ensure that both companies' aims are aligned in the same direction.

Objectives

Objective	Timescale	Responsibility	Progress
To produce an Annual Report.	Annual	Management	
To review the Guernsey Water Business Plan.	Annual	Management	
To review the Capital Development Programme on an annual basis.	Annual	Management	
To continue to review benchmarks with other island jurisdictions, and where applicable, the UK and Europe.	Ongoing	Management	
To co-ordinate a review of Guernsey Water's risk register on a regular basis.	Ongoing	Management	

vii). Health & Safety

The implementation of strict but sensible health and safety procedures is particularly relevant for an organisation like Guernsey Water, where staff are dealing with dangerous chemicals, automated machinery and outside working in all weather conditions. Guernsey Water has a responsibility to protect and care for its staff, and this is a responsibility that is taken very seriously.



Key Event in 2007 - In 2007 the Guernsey Water Health & Safety Handbook was substantially improved, updated and distributed to all staff. Specific training was given to staff with more onerous responsibilities.

2007 saw a review of the Lone Working guidelines for Guernsey Water, and the introduction of Hygiene Guidelines, which puts Guernsey in line with best practice in the UK when dealing with working on 'restricted operations'. In terms of accidents and near-misses in the workplace, fortunately there were very few - only 10 accidents (9 of which resulted in injury and 1 near miss).

Injuries from the accidents were all minor, ranging from bruising and small lacerations to ligament damage, and the incidents often occurred when staff did not follow the correct health and safety procedures, for example when lifting heavy items. Talks and training after the event were given to ensure that the incidents were not repeated.

The number of health and safety accidents reported each year are showing a general improvement - in 2005 there were 21, in 2006 there were 16, and as mentioned before this has dropped to 10 for 2007.

Objectives

Health and Safety objectives from previous annual reports have historically been split between other sections of the report (e.g. water production and distribution), so they are dealt with in these sections for 2007. However, from 2008 onwards, Health and Safety will have its own section for laying out its objectives and measuring progress.

APPENDIX 1 - FINANCIAL STATEMENTS

	Probable Outturn 2007		Accounts 2006	
INCOME - Water Supplies				
Unmeasured	£3,516,000		£3,611,192	
Measured	£4,805,000		£4,395,620	
Total		£8,321,000		£8,006,812
Surplus on other trading activities (before management expenses and depreciation)		£251,000		£367,682
Total Operating Income -		£8,572,000		£8,374,494
EXPENDITURE - Operating Expenses				
Water Production	£1,680,000		£1,411,916	
Water Distribution	£617,000		£698,730	
Property Maintenance	£160,000		£128,646	
Total		£2,457,000		£2,239,292
Management Expenses -				
General/Financial Management	£435,000		£406,623	
Income Collection	£565,000		£329,677	
Technical Services	£162,000		£187,197	
Support Services	£731,000		£611,248	
Total		£1,893,000		£1,534,745
Total Expenditure -		£4,350,000		£3,774,037
OPERATING SURPLUS BEFORE DEPRECIATION		£4,222,000		£4,600,457
Depreciation -		(£1,500,000)		(£1,441,160)
OPERATING SURPLUS		£2,722,000		£3,159,297
Net Interest Receivable (Payable) -		£190,000		£60,664
Surplus on Sale of Fixed Assets -		£624,000		£65,646
SURPLUS		£3,536,000		£3,285,607
Transfer to Reserves for Renewal of Assets -		(£5,000)		(£69,717)
RETAINED SURPLUS, TRANSFERRED TO RESERVES		£3,531,000		£3,215,890

APPENDIX 2 - CAPITAL DEVELOPMENT PROGRAMME

The CDP controls how Guernsey Water spends its money in terms of large-scale projects, and equipment/systems that will add value to the business. Much of the work carried out on the CDP is to improve efficiency and reliability of the Island's water infrastructure, through the creation or enhancement of pumping stations, treatment works and mains systems.



A number of important projects started in 2007, including the development of the new WTW at Longue Hougue, and the sliplining of the Northern Ring Main. Other projects that had started previously, but continued through 2007, include the replacement of failing watermain in the raw water and distribution systems, and the installation of security measures around certain sites through the use of fencing and access controls. There are also a number of general capital projects which focus on the maintenance of Guernsey Water's assets, such as updating the SCADA system, maintenance and upkeep of buildings and the purchasing of IT equipment, furniture and other necessary tools.

The table below details the capital expenditure for Guernsey Water in terms of the 2006 accounts and the estimated expenditure in 2007. The major contribution to capital income in 2007 was the proceeds from the transfer of La Hure Mare workshop and yard to the States Works Department.

	Probable Outturn 2007	Actual 2006
Water Resources	£248,000	£289,379
Water Treatment	£4,233,000	£575,465
Water Distribution	£1,377,000	£624,047
General	£393,000	£195,328
GROSS CAPITAL INVESTMENT	£6,251,000	£1,684,219
Customer Contributions & Asset Sales	(£661,000)	(£141,448)
NET CAPITAL INVESTMENT	£5,590,000	£1,542,771

In 2007, the Meter Reading Section was transferred from the Water Distribution section to Income Collection. There is a continuing change over of water services from unmeasured to metered and therefore the net interest receivable has increased because of the increase in funds held ready for use in the CDP.

The chart overleaf details the extent of the CDP, and all of the projects which have been approved and prioritised by Guernsey Water. The coloured blocks demonstrate the duration of each project between 2007 - 2014. The different colours represent the amount of planned expenditure in that particular year:

0 - £10k ■ £11k - £50k ■ £51k - £100k ■ £101k - £500k ■ £501k - £1m ■ £1m + ■

A priority score measuring the importance and urgency of each project is formulated, and from this a priority list is created (as shown overleaf). The CDP is an organic piece of work which is updated on a regular basis - it is often the case that changing circumstances can affect the criteria which determines the priority of each project.

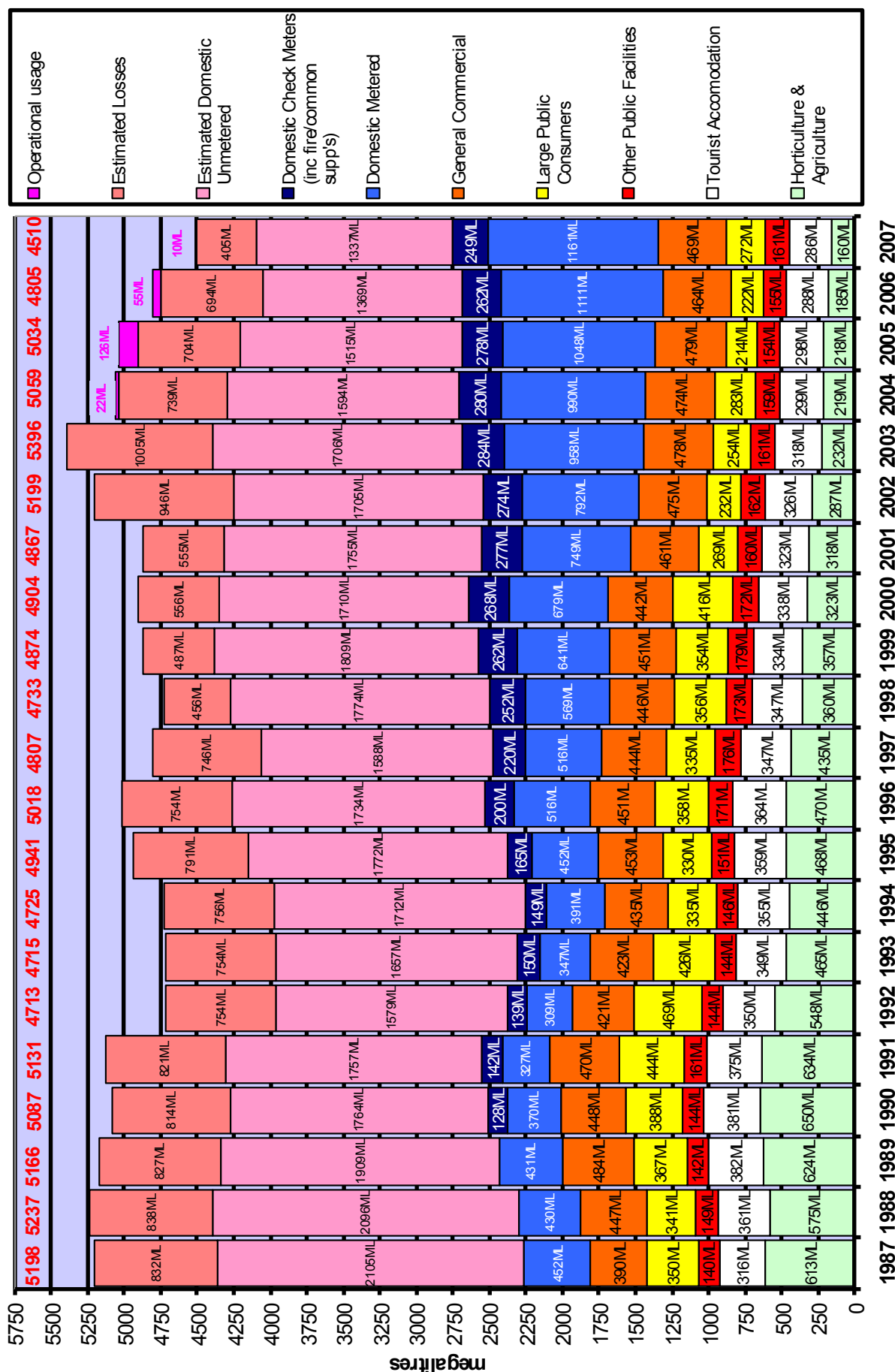
At the end of 2007, the projects were set out as below:

0 - £10k ■ £11k - £50k ■ £51k - £100k ■ £101k - £500k ■ £501k - £1m ■ £1m + ■

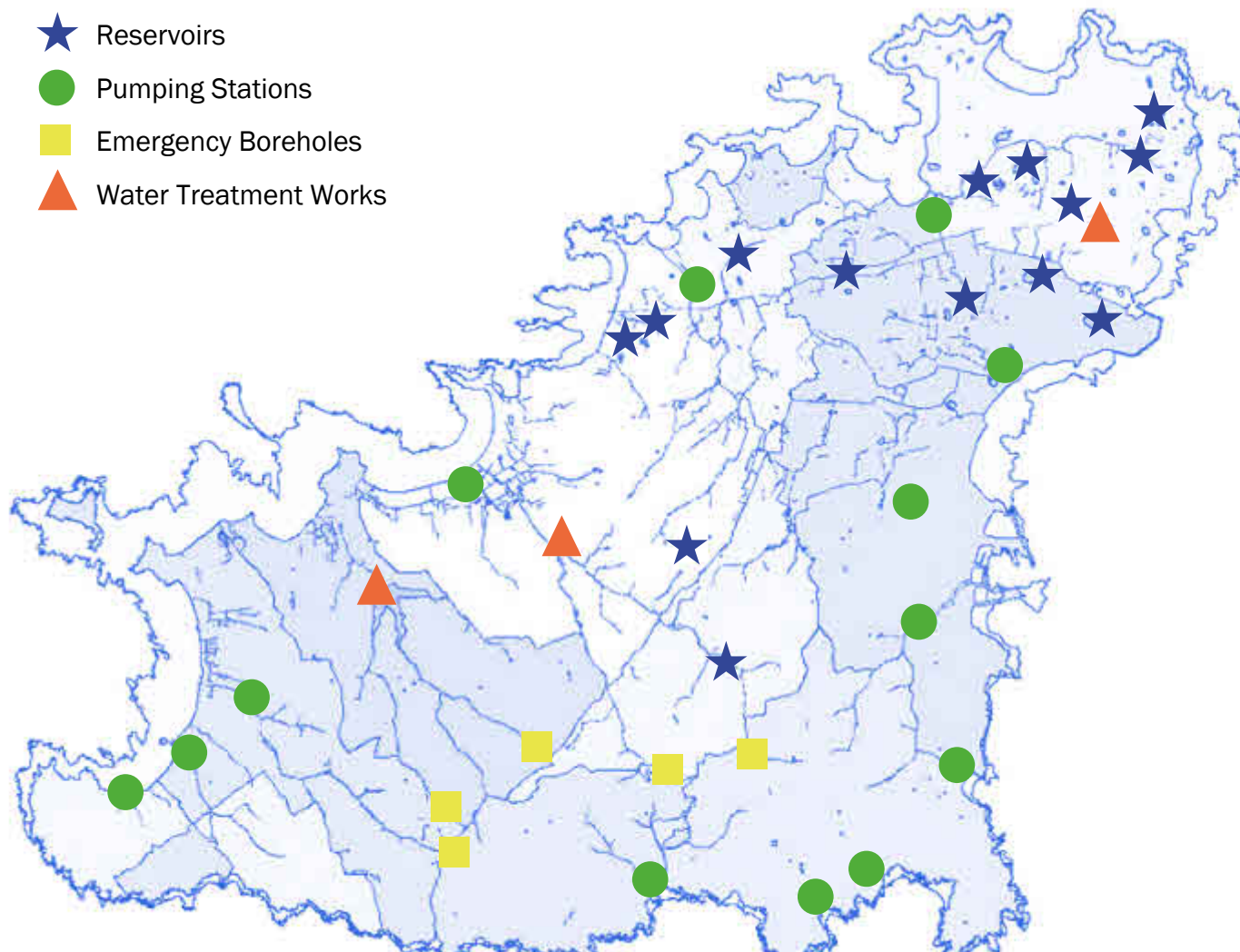
Project	2007	2008	2009	2010	2011	2012	2013	2014
Security for High-Risk Sites (Fencing)	■	■						
Security for High-Risk Sites (Access)	■	■						
Quarry Stabilisation Works	■	■	■	■	■			
Decommission Juas Water Treatment Works			■					
Document Mgmt/Customer Record Systems		■	■					
St Andrews - New Operational Building	■	■	■	■				
St Andrews - New Water Treatment Works			■		■	■		
New Water Treatment Works - Longue Hougue	■	■						
Replace Membrane at St Saviours Reservoir					■			
Enhance Vale Pond Pumping Station		■						
Enhance La Mare de Carteret Pumping Station		■	■					
Replace Failing Watermains	■	■	■	■	■	■	■	■
Development of Computers/Network	■	■		■	■	■	■	■
Replacement Review of Fleet Vehicles	■	■	■	■	■	■	■	■
Enhance Marais Stream Pumping Station	■	■	■	■	■			
Convert Kings Mills into a Pumping Station		■	■			■	■	
District Metering (Leak identification)				■				
New Pumping Stations at Les Arquets	■	■	■					
New Business Continuity Facility at St Saviours				■				
Software/Navision Upgrades		■	■					
Replace Mobile Plant/Tools/Equipment	■	■	■	■	■	■	■	■
Contribution Towards Requisitioned Mains	■	■	■	■	■	■	■	■
Northern Ring Main/Rue du Friquet Sliplining	■	■						
Nitrate/Streamflow Monitoring Equipment		■	■	■	■	■	■	■
Universal Metering	■	■	■	■	■	■	■	■
Upgrade/Replace Failing Raw Watermains				■	■	■	■	
Upgrade/Replace Frie Plaidy - St Martin Main				■	■			
Water Production Minor Capital	■	■	■	■	■	■	■	■
Purchase P.E. Welding Equipment				■				
Upgrade SCADA/Instrumentation	■	■		■	■	■	■	■
Purchase Furniture/Office Equipment	■	■	■	■	■	■	■	■
Purchase GPS System (for Recording Pipes)	■			■				
Raw Water Pumping Station Improvements				■	■			
Review Reed Beds at St Saviours Reservoir		■						
Replace Raw Main (Kings Mills - St Andrews)				■				
Improve St Saviours Catchment Protection		■						
Enhance Fermain Pumping Station			■					
Develop Sludge Disposal Strategy		■						
Enhance Frie Plaidy Service Reservoir		■						
Enhance Forest Road Service Reservoir		■						
Install Chlorine Generator (St Saviours Res.)		■						
Create Industrial Development at St Andrews		■	■					
Upgrade Building at St Saviours Reservoir	■							
Maintain Dam Wall at St Saviours Reservoir		■	■	■	■	■	■	■
Separate Common Supplies (for Metering)	■	■	■	■	■	■	■	■
Carry out Distribution Watermain Extensions		■	■	■	■	■	■	■
General Building Maintenance/Upkeep	■	■	■	■	■	■	■	■

APPENDIX 3 - WATER CONSUMPTION

TOTAL PUT INTO SUPPLY IN MEGALITRES (ML)



APPENDIX 4 - GUERNSEY WATER OPERATIONAL SITES



APPENDIX 5 - ACKNOWLEDGEMENTS

As always, I am indebted to the hard work and dedication of the Guernsey Water staff, many of whom have to put up with working in difficult situations during antisocial hours in order to ensure that a continuous supply of good quality water is delivered to our customers. Guernsey Water would not have been able to achieve the successes that it did during 2007 without the commitment and skills shown by the staff, so I am very grateful to them, and hope for a successful 2008!

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Director of Water Services

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