



ANNUAL REPORT

2015

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1). Executive Summary

2015 was another successful year for Guernsey Water; it has also been a year of change and a year of forward planning. Towards the end of 2014 we began work on bringing together our previously separate water and wastewater business plans. By the end of the year we had prepared a draft 10 year combined water and wastewater plan which will be published in the spring of 2016.



During the last quarter of the year we restructured our business in preparation for business plan delivery. Our reorganisation will enable us to fully integrate wastewater services into Guernsey Water; it will also enable us to put our customers at the heart of our business. Our new structure is shown in **Appendix 1**.

Tight budgetary control throughout the year has meant that we have been able to maintain the same level of expenditure as in 2014. Excluding costs for inflation, income remained largely steady in the year, though we achieved a marginal increase in our income; this has ensured a £5m surplus which is a marginal increase on last year's surplus before depreciation (**Appendix 2**).

Our capital expenditure for the year was £24m; in addition to the States' capital reserve funded work for the Belle Greve sea outfall replacement project we invested a further £5.4m in our assets, which required a planned draw down from our cash reserves. This draw down of our reserves is expected to continue as we invest in reversing the deterioration of our wastewater infrastructure.

During the year we supplied 4,527 megalitres of water, enough to fill 1,811 Olympic sized swimming pools (see **Appendix 3**). Whilst our leakage levels increased slightly they still remain very low and losses made up less than 10% of the water we supplied. The shift from non-metered to metered consumption continues to increase gradually. During 2016 we will be preparing a long term water resource and drought management plan that will inform our demand management strategy and whether we invest in accelerating the uptake of water meters.

Overall 2015 was a dry year with 17% less rainfall recorded than the average for the previous decade. Despite this our water resources team worked hard to keep our storage levels healthy. Due to stream capture our water resource levels only fell to 82% during October and had recovered to 91% of maximum capacity by the end of the year.

Our water quality performance was also good, with overall compliance of 99.84% we continue to provide water that compares well with UK standards. However with over 200 water quality related customer complaints (164 as a result of taste/odour), we recognise that we need to focus on providing drinking water that is not only safe but also good for our customers to drink. This will be an important feature in our business plan. Further detail on our water quality can be found in our 2015 compliance report, which is published separately but alongside this report and is available from our website.

The nature of our work can be hazardous, so I am pleased with the progress we have made with our 'WorkSafe HomeSafe' initiative this year. Although we have seen an increase in reported accidents, I am pleased that we have also seen a significant increase in near miss reporting, which has improved considerably. This self-reporting shows that the health and safety of ourselves, our colleagues and the public is 'front of mind' for us during our day-to-day activities.

STEPHEN LANGLOIS

GENERAL MANAGER, GUERNSEY WATER

2). Introduction

Up until the end of April 2016, Guernsey Water is a business unit within the Public Services Department (PSD), and provides water and wastewater services to the population of Guernsey. Although part of the States of Guernsey, Guernsey Water acts as a separate 'trading entity' in that its day to day operations and asset management are self-funded.



Guernsey Water employs around 85 staff within its operational depot at Brickfield House in St Andrews, and owns over 100 key assets including an impounding dam, water treatment works, the water tower, a wastewater centre, pumping stations (raw, waste and surface water), water storage reservoirs (raw water), service reservoirs (treated water) and a number of other properties and areas of land. We have 25,000 customers and our total annual operating income in 2015 was £15.7m.

From May 2016, Guernsey Water will become part of the States Trading Supervisory Board (STSB), one of the new States bodies formed in the recent public sector reform process. This Board will represent the interests of the States in each of the trading entities that it has invested in, of which Guernsey Water is one.



At Guernsey Water we value greatly our responsibilities as stewards of our island community's water. This means we take great care to ensure the water keeps flowing from our source waters, through treatment and the supply of drinking water to our taps, and finally through the collection and safe return of our customers' used water to our surrounding sea.

Through these processes we provide water for the everyday lives and leisure activities of all our customers, we provide and collect water from businesses, and we carefully manage our water environment. This really does put what we do right at the heart of our island community.

VISION

"Customers always value the quality of our drinking water and the safe return of our waste water to the environment"

During our business planning in 2015 we refocused our vision on our customers and the core services within our business. Ensuring a consistently high quality of both water and wastewater services is vital for public health and environmental protection, hence this is also very important for the protection of quality of life for islanders. Our customers include both households and businesses and the quality of our water and wastewater services is important for both, so we also provide essential support for Guernsey's economic future.

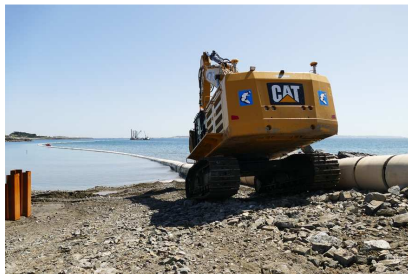
3). Review of 2015

CAPITAL DELIVERY PROGRAMME

In 2015, Guernsey Water invested £24million in its capital infrastructure in order to maintain or improve our clean and wastewater assets.

Wastewater Services

The most significant project carried out during 2015 was the **replacement of the Belle Greve long and short sea outfall pipes** which were over 45 and 100 years old respectively and in a very poor state of repair. This was necessary to safely and efficiently discharge the island's wastewater, which includes rainfall and stormwater flows as well as sewage, into the receiving waters of the Little Russel. The new pipes were constructed in Norway by Pipeline, and were transported via tug through the North Sea and English Channel down to Belle Greve Bay.

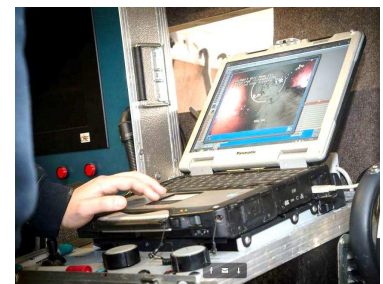


Contractor Van Oord oversaw the installation of the new pipes (*left*), while their sub-contractor Geomarine managed the connection of the new pipes to the Belle Greve Waste Water Centre, which involved crossing Les Banques under temporary traffic lights for a period of 2 weeks.

The project overall is expected to come in at c. £900k under the budget of £19.9m, and was completed within the set timeframe successfully. It also marks the final phase in a portfolio of capital works to improve the way that Guernsey deals with its wastewater, which has cost around £35million over a decade.

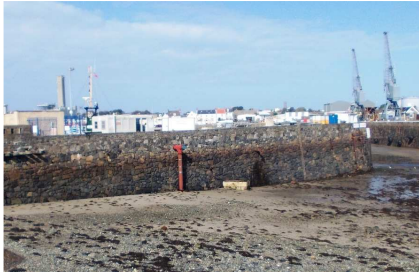
2015 also saw the completion of the £2m **Route du Longfrie sewerage network extension project**, which not only made provision for the connection of 103 properties to the public sewer, but also allowed the Airport's storm attenuation tanks to be connected to the foul sewer, reducing the risk of flooding on the runway. As part of the latter project, **the Bas Courtils pumping station was also refurbished** so that it was capable of dealing with the increased flows.

Contractor's Environmental Techniques carried out three tranches of **sewer relining** during 2015, improving the resilience of certain sewers that had been identified as being in poor condition following survey work (*right*). In total, 4.1km of sewer was relined during the year and 10 patch repairs carried out, with improvements at around 30 locations. Due to poor condition and high risk of service failure, **refurbishment works were completed at two of our foul water pumping stations; Les Goubey's and Les Nicolle's.**



During 2015, the delivery of a £626k **replacement of our wastewater monitoring SCADA** (Supervisory Control and Data Acquisition) system commenced. This system will allow us to monitor and control the performance of our wastewater pumping stations and Belle Greve Wastewater Centre remotely from our control centre at Brickfield House, around the clock. It will enable more efficient operation of our assets, and effective deployment of resources to deal with

operational alarms that are set to prevent flooding and pollution. As of the end of 2015, all 66 pumping stations were switched over to the new system, and software updates were next on the agenda for 2016.



Investigation works were carried out during the latter part of 2015 in the **HSS (Harbour St Sampson)** area (*left*), in order to find solutions to a number of service issues that were causing problems within the catchment, including wastewater flooding. Hydraulic modelling of the system upstream from the HSS pumping station was undertaken in order to evidence options for enhancement works.

Before the end of the year, pressure tests were carried out to assess the integrity of the bypass main along Bulwer Avenue, and it revealed that a 100m section of the sewer needed replacing – this was programmed in for early 2016.

Surface Water Drainage

Improvements were carried out to the **Mare de Carteret Surface Water pumping station** in the final quarter of the year.

Water Resources

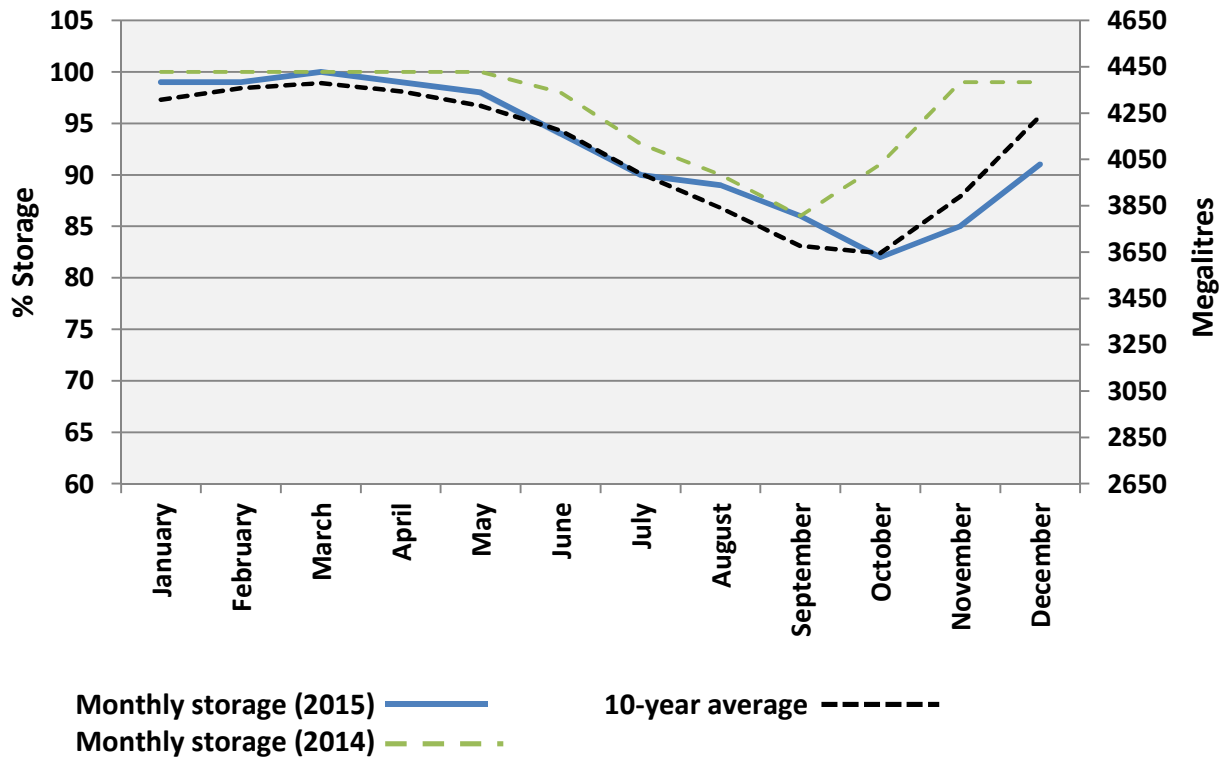
Further progress was made on the **installation of a new raw water transfer main between La Mare De Carteret and Les Capelles storage reservoirs** during 2015. This scheme improves the resilience of our untreated water storage, enabling us to draw upon different sources and ensure we are able to meet the changing demand for water throughout the year. The section from La Mare de Carteret to Rue Mainguy (incorporating some of the fields at the Scouts HQ) was completed in 2015, and the final section will run from Route du Camp du Roi to Capelles Quarry.

Refurbishment of Petit Bot (*right*) and Moulin Huet raw water pumping stations was completed during 2015. These schemes provide automatic screening of stream flows, which makes our water resources more resilient to climate change by maximising collection from more intense rainfall events; manual screens tend to block preventing water from being collected.

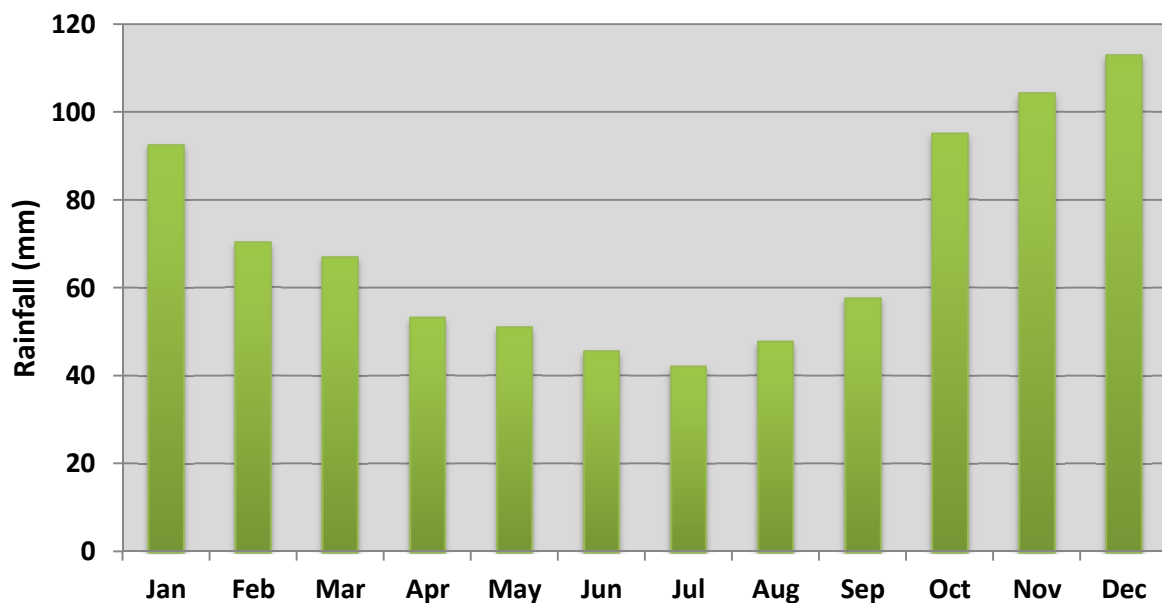


RAINFALL & WATER STORAGE

Our water resource profile throughout the year demonstrates effective capture of water from our streams and good management of our resources. Storage levels only fell below 85% for one month (October), and for 8 months of the year they were 90% or above. As a result we were able to supply our customers for another year without any usage restrictions:



2015 was generally a dry year for Guernsey, with a total of 838.7mm falling over the course of the 12 months - this is nearly 200mm less than 2014's total. The graph below shows when this precipitation fell during 2015:



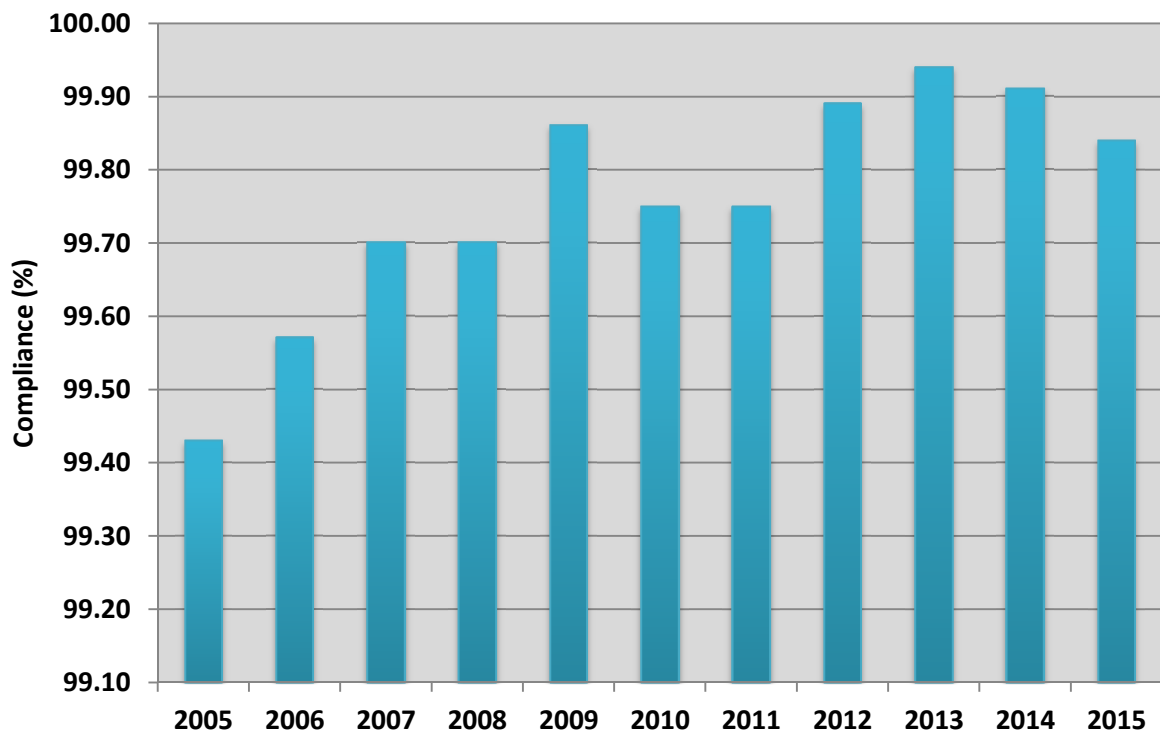
Despite the healthy picture at the end of this year, work is progressing on a long-term Water Resource Management Plan and Drought Plan for Guernsey Water. Both documents are a statutory requirement under UK legislation and they are considered to be essential good practice.

The first of these plans will look ahead to consider the supply and demand needs of our island community in 25 years' time. Population growth and climate change will be important considerations. In particular, climate change will have implications for the stream flows that we have so successfully used to augment our resources in recent years, the implications of this needs to be better understood.

WATER QUALITY

Having a drinking water supply that is safe and good to drink is vital to the public health and wellbeing of our island community. Providing this will become increasingly challenging in the face of climate change, which will affect the quality as well as the availability of water. Therefore, it is vital that Guernsey Water continues to invest in meeting the high water quality standards that our customers expect in the future. In 2016 we will be considering further improvements to our water treatment infrastructure to ensure that water supplied to islanders continues to be safe and good to drink.

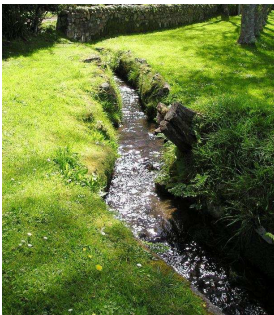
Overall compliance with standards set out in the UK Water Supply (Quality) Regulations remains at a very high level, with 99.84% of all samples taken (6,293) meeting the strict criteria set by the UK's Drinking Water Inspectorate. Breaking down these results showed that both WTW's and Service Reservoirs were 100% compliant – only the second time that this has happened. Our water quality compliance record is comparable to the high standards attained across Europe, which proves that our drinking water is safe and of the highest quality. The graph below shows how the 2015 result compares to previous years:



In 2015 we received a total of 223 customer complaints related to water quality, 74% of which related to taste and odour. While these complaints do not affect our compliance as they relate solely to the aesthetics of taste and odour, we take them very seriously as this is obviously of concern to our customers. Our focus going forward will be to deal with the seasonal “earthy” taste issues our customers experience following the die off of algae in our reservoirs.

POLLUTION INCIDENTS

One of Guernsey Water’s key responsibilities is to manage the island’s water catchment area (which covers the majority of the island) so that our raw water is not polluted or contaminated in any way. A lot of this work is proactively carried out through a close working relationship with farmers, growers and industrial companies; but occasionally we also need to respond when a potential pollution incident is reported.



During 2015 there were 16 potential pollution incidents reported to us. We responded to all of these, attending site and assessing whether there was any threat to our water supply.

However, none of these incidents resulted in any actual pollution to a water course, which was pleasing. However, we always encourage the public to be vigilant with potential pollution, and to call us if they have any doubt about what they might have seen.

The protection of the raw water supply is very important for any water company, so if you ever suspect a pollution incident, no matter how small, please contact our customer services team. Someone will be available 24 hours a day on 239500.

INTERRUPTION TO SUPPLY/BURST MAINS

Guernsey Water understands the importance of providing a consistent supply of high quality drinking water, but occasionally the supply can be interrupted in the event of a burst or damaged main. When this happens, we are generally able to operate our network of valves to ‘re-zone’ an area in order to provide water from a different pipe. We measure these interruptions against Ofwat (the regulator for UK water and wastewater companies) methodologies, to see how we compare against their set standards. The banding for measuring this indicator is:

Good: <0.5%

Acceptable: 0.5 - 2.0%

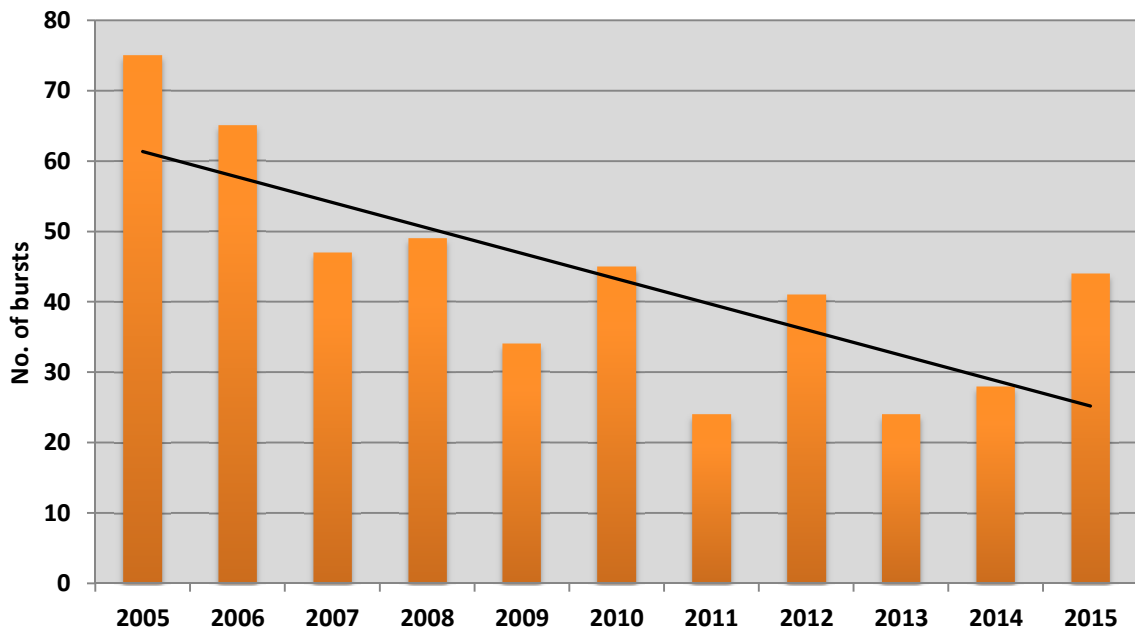
Needs Improvement: >2.0%

During 2015 we were able to record an overall supply interruption figure of 0.20%, which is comfortably within the ‘Good’ range.

There were 44 burst mains experienced during 2015, which is the highest number recorded since 2010. The main reasons for this higher number were low temperatures and high levels of rainfall in the early months of the year, which lead to high levels of ground movement; this in turn can cause the water mains in the ground to move, sometimes leading to damage and bursts.

However, the graph below/overleaf clearly demonstrates the general ongoing reduction in water main bursts over the last decade or so. This is due to the capital investment of an ongoing mains rehabilitation programme, where mains are replaced if they are either at the end of their service

life, or if they have failed a number of times. Most of the older cast iron and asbestos cement mains have been replaced by the more modern and resilient MDPE (Medium Density Polyethylene) and HDPE (High Density Polyethylene) pipes.



CUSTOMER SERVICE

2015 has been a year of planning and change in Customer Services, Guernsey Water's reorganisation saw the most significant changes in the structure of the Customer Service Team. Some of the team have moved on to pastures new and there will be new members joining in early 2016.

The changes mainly surround the setting up of a Customer Liaison Team, this team will provide a dedicated customer care team for all aspects of Guernsey Water and whilst they will be reactive in terms of the service we offer, more importantly they will be proactive in their work, seeking to understand what our customers want and need, what's important to them, this will go on to inform how we operate as a business and the service we offer. 2015 has been the year to prepare, 2016 will be an exciting year of delivery.

HEALTH & SAFETY

2015 was the first year of our 'WorkSafe HomeSafe' initiative; this two year programme will review all our health and safety policies to ensure they align with legislation and best practice. Hand in hand with this we have focused on health and safety communication and adopted a collaborative approach with our staff to the development and rollout of health and safety policy.

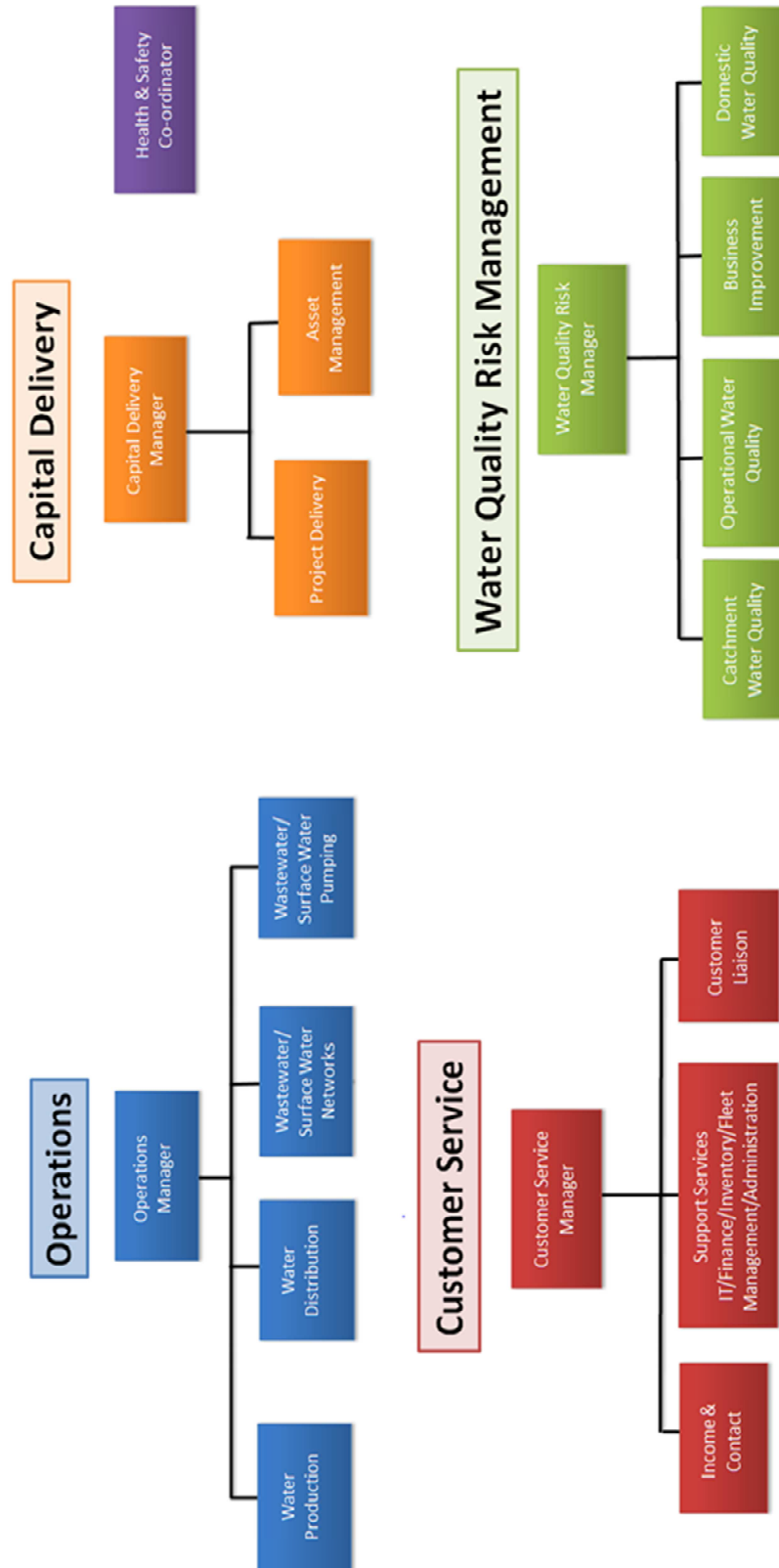
A concerted effort to promote and improve near-miss reporting was commenced in August 2014. The initiative involved a complete renewal of our near-miss reporting process. During 2014 only seven near-misses were reported, during 2015 there were 70 near-miss reports. Throughout 2015, employee awareness for near-miss reporting was maintained through safety alerts, reminder e-mails and updates to the reporting system, which has helped to keep health and safety at the front of our minds.

We also conducted our first ever safety climate survey, which has helped us to better understand the health and safety culture within Guernsey Water. 41% of our staff completed the survey and a resulting action plan is being delivered to address the issues raised. The survey will be repeated on an annual basis to measure staff satisfaction with our health and safety performance.

In total 20 accidents and 70 near misses were reported during 2015, with 3 of the accidents reported to the Health & Safety Executive as RIDDOR events. 9.5 days were lost due to injury, this related to a single employee incident in March 2015. This compares with 12 accidents and 7 near misses in 2014. Encouragement of self-reporting may have increased our number of reported accidents when compared with 2014, but irrespective of this each accident has been investigated with a view to reducing the risk of a repeat incident.

4). Appendices

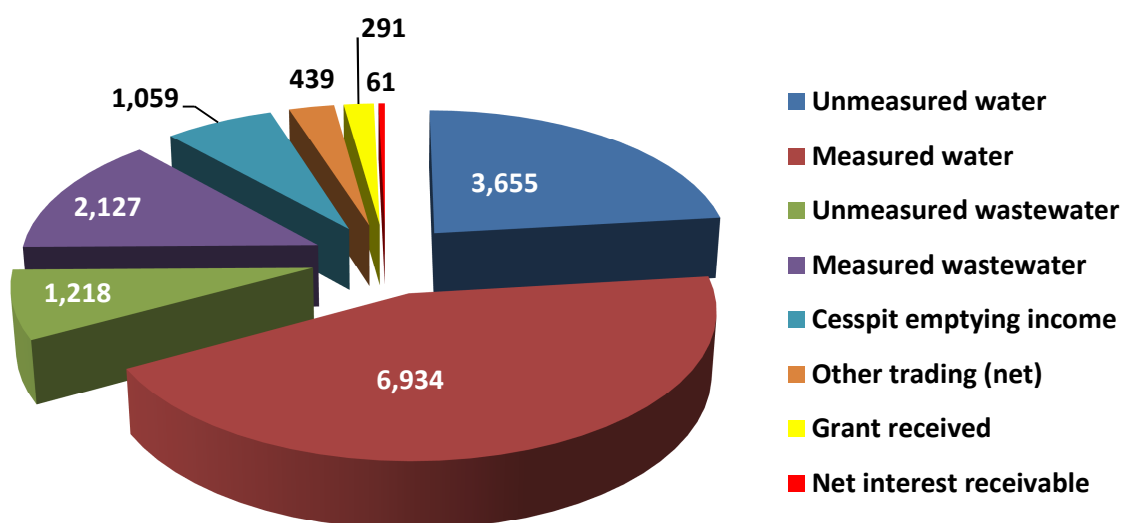
Appendix 1 – Organogram



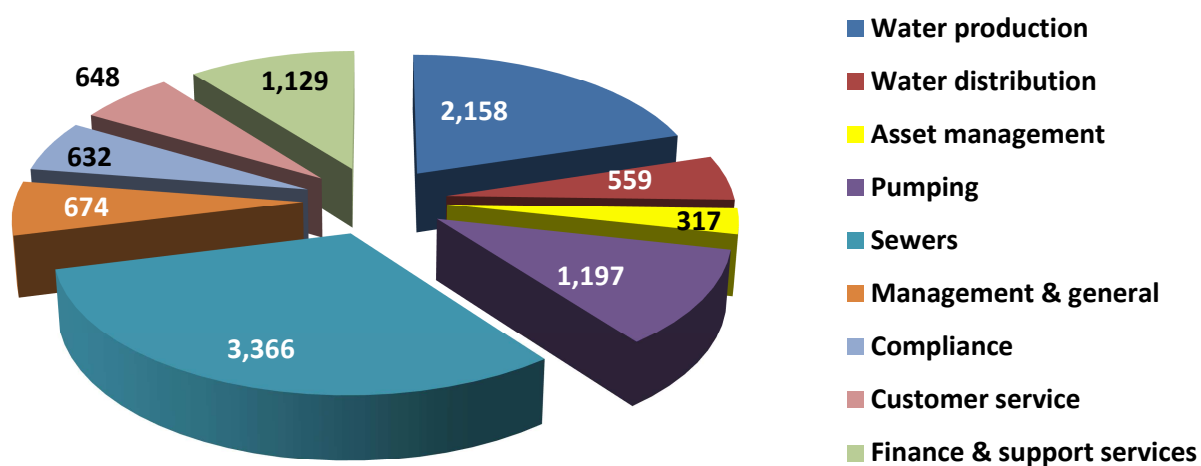
Appendix 2 – Profit & Loss Account for the period ended 31 Dec 2015

	2015	2014 (As restated)	Change
	£'000	£'000	%
INCOME			
Unmeasured water	3,655	3,664	(-0.2)
Measured water	6,934	6,823	+1.6
Unmeasured wastewater	1,218	1,175	+3.7
Measured wastewater	2,127	2,091	+1.7
Cesspit emptying income	1,059	1,115	(-5.0)
Other trading (net)	439	319	+37.6
Grant received	291	289	+0.7
Net interest receivable	61	388	(-84.3)
Total operating income	15,784	15,864	(-0.5)
EXPENDITURE			
Operating Expenses			
Water production	2,158	2,123	(-1.6)
Water distribution	559	487	(-14.8)
Asset management	317	346	+8.4
Pumping	1,197	1,224	+2.2
Sewers	3,366	3,377	+0.3
Total operating expenditure	7,597	7,557	(-0.5)
Management Expenses			
Management & general	674	641	(-5.1)
Compliance	632	670	+5.7
Customer service	648	809	+19.9
Finance & support services	1,129	1,023	(-10.4)
Total management expenditure	3,083	3,143	+1.9
TOTAL EXPENDITURE	10,680	10,700	+0.2
SURPLUS FOR THE YEAR (before depreciation)	5,104	5,164	(-1.2)

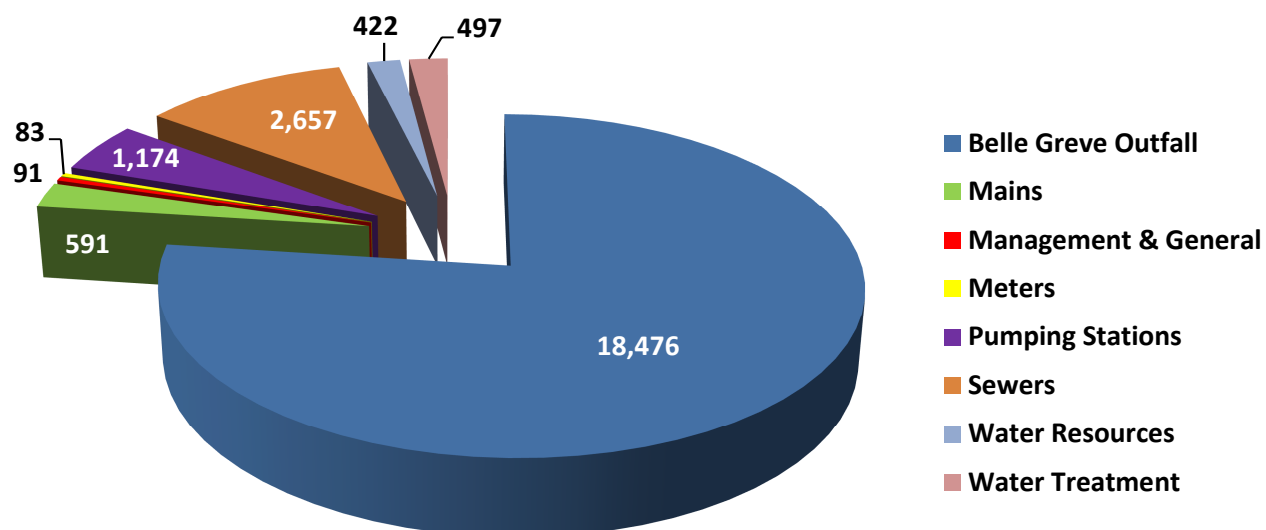
INCOME BREAKDOWN

TOTAL INCOME: £15,785,000*Figures below in £000's*

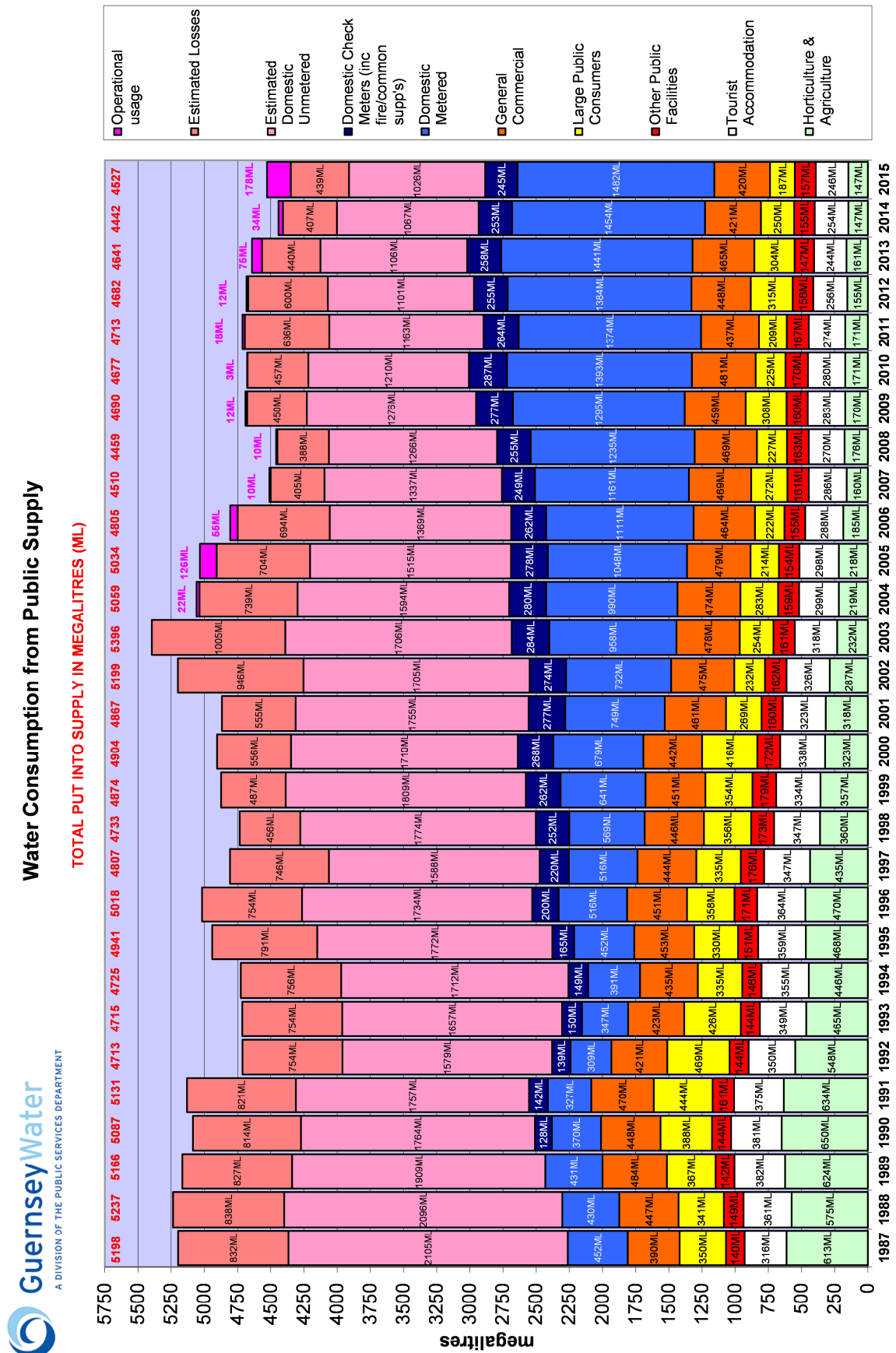
REVENUE EXPENDITURE BREAKDOWN

TOTAL REVENUE EXPENDITURE: £10,680,000*Figures below in £000's*

CAPITAL EXPENDITURE BREAKDOWN

TOTAL CAPITAL EXPENDITURE: £23,991,137*Figures below in £000's*

Appendix 3 – Water Balance



Acknowledgements & Contact Details

I would like to thank many colleagues across the States of Guernsey for welcoming me into a team that successfully delivers an incredibly diverse range of services. In Guernsey Water I have found dedicated, professional staff that are passionate about the service they provide our customers, often in difficult situations during unsocial hours. Our strong performance during 2015 is down to everyone who delivered it, they all deserve acknowledgement within our Annual Report. I am very grateful to them, and look forward to working with them towards a successful 2016.

As always, we value your feedback, so if you wish to get in touch with us, either call us on 239500, or e-mail us at customer.service@water.gg. We are also on Twitter and Facebook - please come and follow us!

Contact Us

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