

Guernsey Water
Annual Report and
Financial Statements

2018

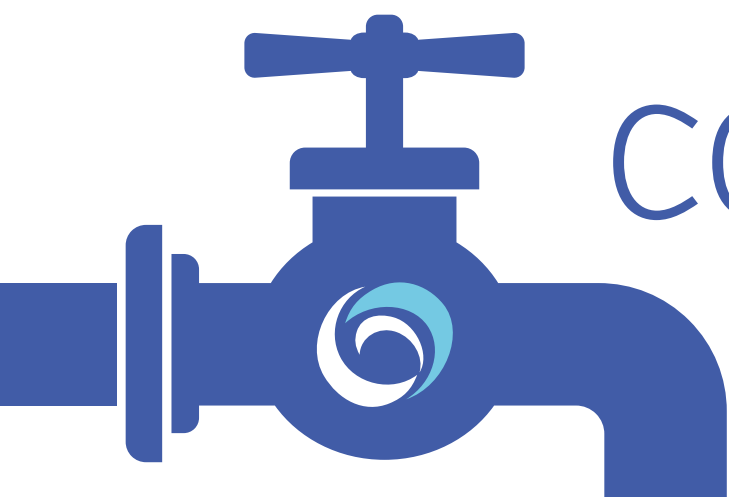


States of Guernsey
Trading Assets



GuernseyWater





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Our vision is focused on the value of our core business which is water and wastewater service provision.

“Customers always value the quality of our drinking water and the safe return of our wastewater to the environment.”



CHAIRMAN'S STATEMENT

Board Update

As Chairman of the Guernsey Water Board I am focused on ensuring that as a competent business, Guernsey Water continues to be regarded with confidence and trust. As a Board we ensure that Guernsey Water continues to be well managed, maintains its focus on efficiency, performs strongly for its customers, is able to evidence continuous improvement and compares well with benchmarks. Good progress has been made towards these aims in 2018 and this is reflected in our annual report.

More specifically, in 2018 the Board has been considering the future of Guernsey Water's wastewater services, in particular the cesspit emptying service and access to the public sewer. As a principle we are committed to making our level of service more equitable and the cost of these services fairer for all. Work to better understand how this can be achieved is expected to continue throughout 2019.

At the end of 2018, following his election onto the States Trading Supervisory Board (STSB) Deputy Jan Kuttelwascher joined our Board and Deputy Jeremy Smithies stepped down in order to focus on other STSB duties. On behalf of the Board I would like to thank Deputy Smithies for his valuable contribution.

Freezing Bills and Rebalancing Charges

In 2018 Guernsey Water announced that it would be freezing bills and rebalancing our water and wastewater charges in 2019. The average metered water and wastewater customer spent just £1.16 per day on our services in 2018 (2017: £1.15):

On average:

- Each customer spent 88p per day (2017: 87p) on water. To supply water that is safe and good to drink to each customer Guernsey Water spent 39p per day (2017: 51p),
- Each customer spent 28p per day (2017: 28p) on wastewater. To provide effective drainage that collects wastewater and returns it safely to the environment for each customer Guernsey Water spent 79p per day (2017: 63p).

By increasing our wastewater charges and decreasing our water charges Guernsey Water is making them more cost reflective. Guernsey Water is also pleased to return some of the savings made in recent years to our customers in the form of a bill freeze. These changes to our charges will be reflected in our financial statements next year.

Strategy Development

In 2018 we made further progress with the development of our long-term water and wastewater plans. Further work was carried out to test the feasibility of our Water Resources and Drought Management Plan. This confirmed that up to 2040 we should expect a fine balance between forecast supply and demand during a repeat of the more severe historic droughts that Guernsey has experienced. The Water Resources and Drought Management Plan we have developed to deal with this currently provides a level of protection that is comparable to that provided by water companies in England and Wales, and exceeds that of some water companies in the south of England. This level of protection was endorsed by the Committee for the Environment & Infrastructure in September 2018. A summary of our plan will be published in 2019 and it will be updated at least every five years. Work is ongoing to develop options for reducing the risk of sewer flooding in St Peter Port, this is expected to continue throughout 2019. In the meantime, our sewer flooding mitigation programme is helping to protect customers across the island from the more extreme rainfall events.

JOHN HOLLIS, CHAIRMAN



GENERAL MANAGER'S STATEMENT



“Our improvement is evidenced by the results of a second independent survey carried out by the Institute of Customer Service. Customer satisfaction has further improved, and we continue to outperform utility and all sector average benchmarks.”

STEPHEN LANGLOIS,
GENERAL MANAGER

Business Improvement

2018 was another successful year for Guernsey Water and this is reflected in our operational and financial performance. In delivering the third year of our business plan we have begun to embed a culture of continuous improvement in the services we provide for our customers. Our culture is based on a more established foundation of empowerment of our people to innovate at all levels in our business. Our improvement is evidenced by the results of a second independent survey carried out by the Institute of Customer Service. Customer satisfaction has further improved, and we continue to outperform utility and all sector average benchmarks.

Financial Performance

In a difficult operating environment costs increased by £336k (an increase of 3%) when compared to 2017, although costs were still £92k lower than in 2016. This is largely as a result of an increase of £264k in the cost of emptying cesspits (an increase of 10%). Guernsey Water and States Works continue to work closely to make the service more efficient in the long term best interests of islanders. £321k of interest was payable on borrowing from the States of Guernsey Bond to fund our Belle Greve sea outfalls replacement. 2018

was our first full year of interest payments (2017: £163k). Guernsey Water also incurred a loss of £67k on States of Guernsey investments when in 2017 Guernsey Water benefited from a substantial return (2017: £497k).

Despite these cost pressures our financial performance remained strong and stable as Guernsey Water was able to make savings and efficiencies of £670k against budget. This was primarily in relation to the amount of capital work that was carried out internally and a number of vacancies that were carried throughout the year. This meant that Guernsey Water made a surplus of £126k in 2018 (2017: £387k).

I remain confident that Guernsey Water can continue to find the savings and efficiency that will enable it to deliver its business plan and constrain bill increases for customers.

Investment in Services

During the year Guernsey Water invested just under £5m in improving and maintaining our services. This included completion of a major sewerage scheme at Vale Road and the next phase of this scheme at Hure Mare. Refurbishment of Juas Water Treatment Works has progressed well, with the plant due to be officially re-commissioned in 2019.



£5m
INVESTED IN
IMPROVING AND
MAINTAINING THE
INFRASTRUCTURE
WE USE TO SERVE
OUR CUSTOMERS.

DESPITE A DRY YEAR THERE WAS NO REQUIREMENT FOR ANY WATER USE RESTRICTIONS

This will enable us to decommission Longue Hougue Water Treatment Works. This major investment is being delivered using our own Water Production team, with several team members using skills developed through apprenticeships with us. Looking forward Guernsey Water recognises the ongoing importance of investing in ensuring our people have the right skills to meet the likely future challenges for our business.

In addition to these improvements, Guernsey Water remains focused on the ongoing maintenance of our assets. Guernsey Water completed a major refurbishment of our wastewater pumping station at Gele Road. During the year 1.9km of sewer was rehabilitated which exceeded our target of 1.3km. Guernsey Water also replaced 3.4km of water mains, which was just below our target of 3.6km.

Operational Performance

Overall drinking water compliance with agreed quality standards in 2018 was 99.91% which was an improvement on the 99.85% in 2017. We received 52 fewer taste complaints than we did in 2017, with the number of taste and appearance related enquiries falling to 33 and 52 respectively. Our proactive monitoring and response to algal growth in our reservoirs continues to keep the number of taste complaints down.

Several water companies faced challenging water resource situations during 2018, with use restrictions (hosepipe bans) being implemented in Northern Ireland and the Isle of Man. Restrictions in the Northwest of England were cancelled due to rainfall just before they were due to start.

Despite a dry year with rainfall of 16% below the average for the last 10 years, there was no requirement for any restrictions in Guernsey. Water resource levels fell to 73.9% in October, but by the end of the year reservoir levels had recovered to 93.4%. Investment in more effective capture of water from streams during the last decade played an important role in enabling this. In addition,

during 2018 Guernsey Water was able to significantly reduce its operational water use and water loss due to leakage from its water distribution network. This meant that despite supplying more to our customers, the total water supplied reduced by 0.4%.

Forward Look

Further major investment in our wastewater services is planned next year as we begin delivery of the final phase of our drainage improvements around St Sampson's Harbour. This will upgrade the 17 metre deep pumping station to the south of the harbour to further reduce the risk of sewer flooding and pollution from sewer overflows. It will also reduce the health and safety risks associated with the operation and maintenance of this station.

Our ongoing programme of sewer lining will continue with major works planned for the Grand Bouet. On such a large diameter sewer this work is expected to be challenging.

We will also be doing more work to develop plans for the future of our wastewater services, in particular this will focus on cesspit emptying.

Our water network pressure monitoring project is planned for completion next year, with benefits to follow in the form of improved pressure management, reduced leakage and water mains bursts, reduced power consumption and more informed planning for the future. We will also start planning the refurbishment of our water treatment works at St Saviour. This will require several years to deliver and needs to be done in a pre-emptive way before process equipment there reaches the end of its life. This project is a good example of the importance of managing our assets pro-actively. For an infrastructure intensive business such as Guernsey Water this is essential, so we will be reviewing our Asset Management Systems next year with a view to implementing any required improvements.

Our people are at the heart of everything we do and are proud of the service that Guernsey Water provides for the island's community. We recognise the important link between how happy our people are at work and the customer service that we provide. In 2018 we invested in improving this with the creation of a role focused on delivering improved people engagement, business planning and business performance reporting. We also introduced an anonymous engagement platform called TINYpulse, which enables our people to give anonymous feedback whenever they wish.

We regularly ask our colleagues questions through TINYpulse to better understand how we can become a great place to work, and many suggestions have been acted upon. This has led to some significant improvements and at the end of 2018 70% of our people said they would

recommend Guernsey Water as a great place to work, which was up from 55% at the end of 2016.

Following this success, at the end of 2018, we developed a new business plan outcome that will focus on our current and future people. This outcome was introduced in January 2019 and is called 'Proud Performing People'. It will encompass the health, safety and well-being of our people as well as our shared sense of purpose and belonging in a high performing team.

As we continue to strive to meet the expectations of a high quality service and manageable bills for our customers, all our planned improvements will add to our efficiency challenge. 2019 promises to be another exciting and challenging year that our customers and everyone at Guernsey Water can look forward to.



OUR 6 OUTCOMES





VALUED BY CUSTOMERS

1

Our customers understand, trust and value the quality of all our services and find them affordable

Better understanding of our customers' needs and experience of our services

Make it easier to contact and do business with us

81.4

OUT OF 100 ON
THE CUSTOMER
SATISFACTION INDEX

Performance Highlights

We have continued to develop our communication with customers to make it easier to do business with us. To help reduce double call handling we developed an auto-attendant on our main contact number, which allows customers to choose the area of our Customer Service Team best suited to give them first time resolution to their enquiry. Our social media following and interaction with customers also grew throughout the year, so we are continuing to invest in developing this method of communication for our customers.

We continue to value customer feedback and conducted our first ever focus groups in 2018 with both customers and people in Guernsey Water to help review and develop our Customer Charter and Service Standards. This meant that our

customers helped to define the way in which we serve them, which is essential for any customer focused business. The revised Charter and our Service Standards are now available on our website, where a new easy to access page outlines the level of service our customers can expect from us. These 'living documents' will be updated when required to ensure that they continue to reflect the needs of our customers. As an additional feedback method we also introduced customer feedback cards in June 2018. These are sent out at the end of each month to customers we have had contact with and our average satisfaction rating during 2018 was 89%.

Towards the end of the year, we delivered a customer communication campaign to support customers with our charges rebalance at the beginning of 2019.

CASE STUDY



Focus Groups

We conducted customer and staff focus groups to help update our Customer Charter and Service Standards. Our new Charter is now live on our website to help to give customers information about expected service levels.

This included developing a dedicated web-page, an online bill calculator, customer drop in sessions, leaflet production, numerous home visits, social media posts and media releases. Following customer feedback, we introduced two options to support the change in wastewater charges for private supply customers. One was the option of fitting a meter on their private water supply, meaning their charge could be based on the amount of water that they use. When practicable, we also committed to extending our water distribution network to allow more customers to benefit from access to the public water supply. Of the 136 private water supply customers in the island, 77 customers have applied for one of these options.

Capital Investment

Our Customer Relationship Management (CRM) system development began in the last quarter of 2017, the new system was 'live' by mid-February 2018. This helped us manage the peak in customer contacts resulting from the cold weather storm nicknamed the 'Beast from the East' at the beginning of the year. We continue to review and improve our use of the system and a second phase of the project is planned for 2019.

Business Performance

The Institute of Customer Service (ICS) independently surveyed our customers in September for the second year running. This process provides us with robust benchmarks and key performance indicators for our customer service including:

- Our Customer Satisfaction Index - the average of all our customers' satisfaction scores, weighted by importance
- Our Net Promoter Score - an indication of how likely our customers are to recommend our service
- Customer Effort - a measure of the efficiency and speed of how we deal with customer enquiries [the lower the score the better].

We achieved a score of 81.4 out of 100 on the Customer Satisfaction Index in 2018, an improvement from 79.5 in 2017 and higher than both utilities and all sector average benchmarks. Our net promoter score increased from 16.7 in 2017 to 35.8 in 2018 and our customer effort score also improved from 3.1/10 in 2017 to 2.9/10. The survey also provided valuable qualitative data which will help to inform our approach to customer service going forward.

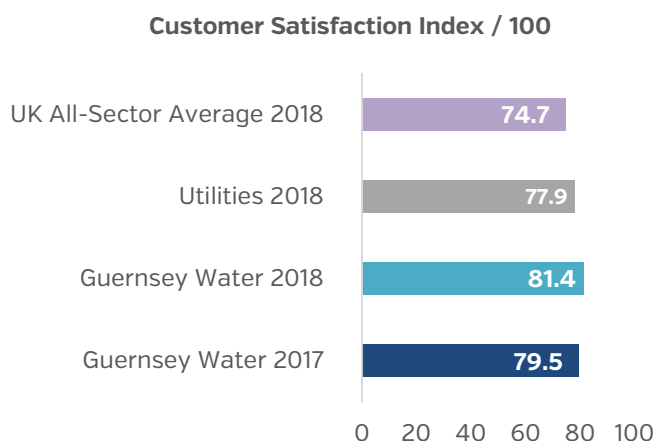


“We achieved a Customer Satisfaction Index of 81.4 out of 100 in 2018, an improvement from 79.5 in 2017 and higher than both utilities and all sector average benchmarks. ”

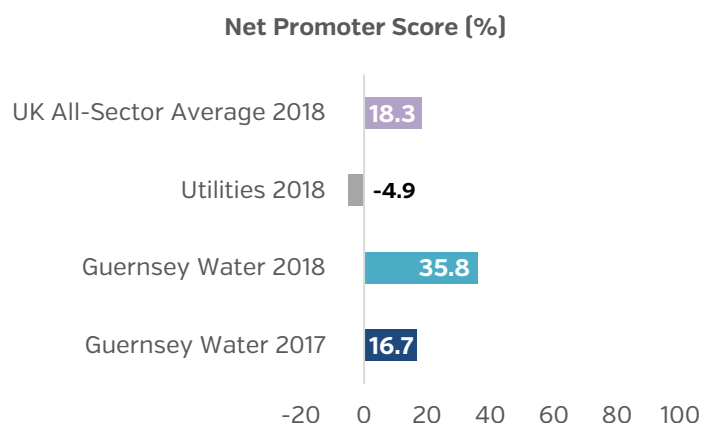
PHIL MARQUIS

CUSTOMER SERVICES MANAGER



Customer Satisfaction Index / 100











Net Promotor Score [%]



BUSINESS INITIATIVES

On Target = Satisfactory progress but not all 2018 targets met = 2018 targets missed = 

Business Initiative	Description	Target Date	2018 Progress	Performance
Benchmarking our service against others	We will continue to measure performance against our customer satisfaction metrics and learn from the best practice of other utilities in Guernsey, Jersey and the wider UK water industry.	2016-2019	We continued to be part of the Institute of Customer Service (ICS) Benchmarking Survey. We achieved a score of 81.4 out of 100 on the Customer Satisfaction Index, up from 79.5 in 2017. We continue to perform well against other utilities and all business sectors as a whole.	
Business continuity	To agree a relocation plan to continue with business as usual as quickly as possible after a Brickfield House major incident. This includes a documented procedure covering our people, communications, systems and hardware.	2017-2020	Our business continuity plan is now in place and stakeholders have been consulted. Further work is needed to test this plan. We have also facilitated other States Trading Assets plans to relocate to our premises.	
Customer experience training	Training our customer facing people to help us make the right impression first time through the ICS First Impressions programme and advanced training towards the ICS full accreditation.	2016-2019	A formal training programme is due to be conducted in 2019. A number of our people completed other customer services training in 2018.	
Customer panel	Review the logistics of both a customer panel and online community to assess which may work best for Guernsey Water and our customers. We would like to be able to consult with customers on decisions that matter to them moving forward.	2016-2019	We are due to investigate how online communities could be used to consult with customers in 2019.	
E-billing account access	Improve access and integration of e-billing services. This will improve visibility of account details, meter reading data and links to payment systems for customers.	2018-2019	Development of a new e-billing platform is due to begin in 2019.	
Enhance customer communications through social media	We will continue to expand our use of social media to inform our customers and encourage dialogue. Customer education initiatives include water efficiency, disposal of Fats, Oils and Greases (FOG) and unflushables, and increased self-help with the use of our website, www.water.gg .	2016-2019	We created the role of Customer Communication Officer at the end of 2018. This dedicated role will help us to develop our customer communications.	
Focus groups	A group of customer representatives to engage with us on specific initiatives proposed in our business plan to inform us of customer expectations for delivery.	2016-2024	We successfully consulted customers and people in Guernsey Water on our Customer Charter in 2018. Their feedback helped us develop a new Charter and Service Standards which has been published on our website.	
Future wastewater services	Provide equitable and easy access to our wastewater services through connection to the sewerage network and improvement of our cesspit emptying service. This will include customer engagement to inform decision making.	2018-2021	We created the role of Business Change Manager in 2018. The role will look at how we can improve our wastewater services for customers.	
Implement CRM roll-out	To roll-out CRM to all departments that will benefit from it.	2018-2019	We integrated CRM into the highest priority areas of the business. This will continue in 2019.	
Metering strategy	Develop a metering strategy to guide the future of metering across the island. This is to include the procurement and replacement of meters, meter reading software and hardware.	2017-2019	Preparatory work was conducted in 2018 to inform the development of a metering strategy which will be implemented in 2019.	
Social media & website development	Continue to update and improve our website to improve the information and services accessed by our customers and our staff.	2016-2019	We developed new information for projects such as Juas Water Treatment Works refurbishment. We also added help and support information for customers. We will continue to facilitate online access to forms and services where possible.	
Support our vulnerable customers	Reviewing our services, policies, performance and literature to ensure that they are inclusive and accessible to all customers. We will review whether customers who are vulnerable need additional financial support.	2017-2019	Preparatory research was conducted in 2018 to develop relationships with relevant external stakeholders. This work will continue in 2019.	
Voice call routing	Evaluate the need for and implement an appropriate auto-attendant phone answering service on our customer contact number. This will reduce double call handling and provide a better service for customers.	2018-2019	We developed an auto-attendant system to reduce double call handling and improve customer service. This system is due to be introduced in early 2019.	



SAFE AND GOOD TO DRINK

2

Our customers trust that our drinking water looks good and tastes good

- Invest in efficient water treatment to improve drinking water and reduce costs
- Reduce water quality-related customer complaints

99.91%
OVERALL
COMPLIANCE WITH
DRINKING WATER
STANDARDS IN 2018

Performance Highlights

Our priority in 2018 was to continue to develop our disinfection strategy to proactively address any risks to water quality and ensure the provision of wholesome water that our customers enjoy.

Drinking water is vital for public health so we strive to provide wholesome water at all times. We continue to apply best practice in line with UK and European legislation. In 2018, our water quality remained high at 99.91% compliance with drinking water standards, an increase from 99.85% in 2017. We have robust sampling programmes in place for both drinking water compliance and raw water monitoring.

We will continue to strive for continuous improvement in the quality and taste of our drinking water in 2019 and beyond.

We will also maintain our strong focus on the areas that pose a risk to compliance. In line with this we continued to develop our catchment management (see Protect Our Environment) activity to ensure that water quality is not compromised by agricultural practice or the use of pesticides. This is ongoing and we will continue to monitor our raw water for pollution to ensure that water quality is not compromised for our customers.

CASE STUDY



Disinfection by-product monitoring

We continued to closely monitor our drinking water to minimise disinfection by-products. We carried out regular sampling throughout our systems, reviewed treated water storage and how water is distributed around the island to minimise water age which is a contributory factor in disinfection by-product formation.

Capital Investment

In line with our water treatment strategy we continued refurbishment of Juas water treatment works to improve the quality, resilience and efficiency of our drinking water supply. Online water quality monitoring will continue to be developed in 2019 and will focus on the turbidity of water during processing at our water treatment works.

We continued to develop our disinfection strategy in 2018; this will be an ongoing process as we review and improve disinfection at our water treatment works in light of research findings and innovation. One of the main components of this in 2018 was the application of ultra-violet (UV) disinfection at our Juas water treatment works. The benefit of this will be evaluated in 2019 and the findings fed back into our strategy.

Business Performance

Water quality compliance

Overall compliance with drinking water standards in 2018 was 99.91%, which was an improvement on the 99.85% in 2017. Compliance for service reservoirs was 99.27% [2017: 100%]; this was due to a small defect in the water tower that has been rectified. Compliance at water treatment works was 100% [2017: 99.96%]. In our north and south water distribution zones compliance was 99.72% and 99.81% respectively, with overall compliance at customers' taps at 99.76% [2017: 99.19%].

The majority of exceedances in 2018 were due to bacteriological failures both at the service reservoirs and in the distribution system, all of which were thoroughly investigated and actions taken to minimise the risk of future occurrence. In 2018 we made changes to our distribution system that reduced water age and

increased compliance with standards for disinfection by-products such as Trihalomethanes (THM). This in conjunction with UV disinfection at Juas should ensure continuing improvement in compliance for these parameters.

Customer Contacts




Work to minimise water quality related contacts from customers continued in 2018. By the end of the year we had received a total of 95 water quality related contacts, which was a reduction from the number we received in 2017. Taste and odour complaints accounted for 33 of these contacts, which were also lower than in 2017; the majority of these related to chlorine taste. Improved monitoring of chlorine dosing at our treatment works will play a part in our work to minimise these contacts. There were also 52 enquiries regarding appearance and work will be ongoing in 2019 to further minimise these contacts.



“Drinking water is vital for public health so we strive to provide wholesome water at all times and in 2018, our water quality remained high.”

**MARGARET MCGUINNESS,
WATER QUALITY RISK MANAGER**

BUSINESS INITIATIVES

On Target = Satisfactory progress but not all 2018 targets met = 2018 targets missed = 

Business Initiative	Description	Target Date	2018 progress	Performance
Contingency & emergency planning	We will continue to develop and test our contingency plans for the provision of alternative water supplies in the event of an emergency. We will also ensure that our people understand their role in the context of an emergency by continuing to conduct exercises in specific areas of risk.	2016-2025	Exercises were carried out to test alternative supplies provision and lessons learnt were fed back into our emergency plans.	
Develop and deliver a water treatment strategy	This strategy will address current and future water quality risks to maximise the value of our water treatment works. It will also help determine the optimum operational strategy for our works given the whole life cost of both current assets and future investment in treatment improvements.	2016-2020	Juas water treatment works was refurbished by our Water Production team during 2018 and will be officially commissioned in 2019.	
Disinfection strategy	Using a hydraulic model of our water distribution system we will optimise our water treatment and distribution processes to reduce the amount of disinfection we provide without compromising bacteriological compliance.	2017-2018	Work in this area is ongoing, improvements to distribution were identified and delivered in 2018.	
Distribution network Planned Preventative Maintenance (PPM)	Using a hydraulic model of our water distribution system we will develop a better targeted, water quality derived programme of water mains flushing and treated water storage cleaning to help prevent water quality incidents.	2016-2023	This is an ongoing project, in 2018 we conducted condition surveys on our treated water storage reservoirs and final treated water tanks.	
Drinking water safety planning	Source-to-tap water quality risks will be identified and managed through Drinking Water Safety Planning. We will also ensure our water safety planning process is in line with the UK water industry and is externally audited by a UK Regulator in consultation with the Office of Environmental Health and Pollution Regulation (OEHPR).	2016-2020	These plans were further developed in 2018 and will be transferred to a new platform in 2019, which will make the plans more readily available as a risk management tool for all our people.	
Quality assurance	Our operational policies and procedures will be developed in consultation with the OEHPR. Where appropriate they will also be externally audited by a UK Regulator. We will apply the principles of continuous improvement.	2016-2021	There was little progress in this area in 2018 due to our Business Improvement Co-ordinator vacancy. The position has now been filled and plans are in place to progress this initiative in 2019.	
Site security	We will invest further in the security of our critical water assets to reduce the risk of deliberate contamination of our water supply.	2016-2020	Security improvements at our treatment works and water storage sites took place in 2018. This will continue as an ongoing project.	
Water capital maintenance [Asset Strategies]	We will ensure the stable operating performance of our assets by developing an efficient long-term capital maintenance programme, which will inform our business plan review in 2020.	2016-2020	We continued to develop our asset management system to improve our decision making and allow an appropriate balance of spend across our water and wastewater infrastructure. This included the development of a hydraulic model of our raw water network.	



EFFECTIVE DRAINAGE

3

Our customers are protected from flooding and wastewater is returned safely to the environment

- Develop partnerships that reduce the impact of flooding
- Reverse the deterioration of our wastewater drainage systems
- Tackle sewer flooding and pollution from sewer overflows

30,300
METRES OF SEWER
WAS CLEANED IN
2018

Performance Highlights

During 2018 significant effort was put into both maintaining the serviceability of our drainage infrastructure as well as reducing the demand placed on it.

In the summer of 2018, Phase 2 of our Sustainable Drainage System [SuDS] retrofit scheme at Vauvert School was completed, meaning the surface water run-off from an area of 4,500m² was attenuated before entering the public foul sewer. The opportunity was taken to work in partnership with Vauvert School to provide a new social area for the playground on top of the newly installed attenuation tank. The students also made a water pipe time capsule which was buried in the playground.

Our Operations Team ensured that live flows were managed throughout the year during maintenance activities and no pollution events were recorded. Our sewer cleansing and inspection programme also went to plan, ensuring that our sewers remained free flowing.

Capital Investment

We installed flood protection measures at five properties in 2018 to protect them from the risk of internal foul flooding.

As part of a long-term rehabilitation programme we also rehabilitated 1.9 km of sewer in 2018, this will reduce the risk of blockages and collapses. This was done by using 'no dig' pipe lining techniques, which avoids excavation and minimises disruption to road users.

CASE STUDY



SuDS Retrofit Phase 2 at Vauvert Primary School

The installation of an attenuation tank to slow flows down before entering the public sewer was completed during 2018. This was carried out in partnership with Vauvert school and provided the additional benefit of a social space in their playground.

Business Performance

Sewer flooding incidents reduced in 2018. This is because there were fewer intense storm events and our flooding mitigation programme has protected more customers that previously would have been most at risk from sewer flooding.

We removed 77.3 tonnes of waste from the 6 mm screens at Belle Greve and experienced 65 pump chokes and blockages in 2018 compared to 133 in 2017. We continue to communicate with the public about unflushables (e.g. wet wipes) and to advise against putting fats, oils and grease (FOG) into the sewer network.

Our cesspit emptying service provider [States Works] collected 160,968 cess

cart loads in 2018. We continue to manage our service level agreements with them and will be developing improvements to the service through our Future Wastewater Services initiative.

St Peter Port Strategy

During the year we completed the scoping of a project to reduce the risk of sewer flooding in St Peter Port. An engineering consultant was appointed to assess the St Peter Port drainage catchment, identify deficiencies in the sewerage network and develop a plan to investigate solutions to these problems. The next stage of this project will identify a recommended solution to sewer flooding caused by storm events; it will commence in 2019.











“Surface water run-off from 4,500m² of hard surfaces was attenuated to help adapt our drainage systems in St. Peter Port to climate change.”

JON HOLT,
OPERATIONS MANAGER



BUSINESS INITIATIVES

On Target = Satisfactory progress but not all 2018 targets met = 2018 targets missed = 

Business Initiative	Description	Target Date	2018 progress	Performance
FOG & Unflushable management	Educate customers on the problems caused by flushing wipes. Initiate a focused campaign to change the behaviour of key social groups such as the parents of young children and fast food restaurants who use wipes to minimise the cost of the impact of Fats, Oils & Greases (FOG) and unflushables on the sewerage system.	2017-2021	Our communication strategy for 2018 included several social media releases, radio and TV interviews to highlight the issues of unflushables such as wipes.	
Hydrogen sulphide management	Hydrogen sulphide gas is highly corrosive, can be the cause of odour complaints and is a health and safety hazard to our people and contractors. We will manage it proactively by learning from best practice elsewhere, monitoring and treating it, as well as using resistant materials when maintaining and improving susceptible assets. We will also rationalise and improve our cesspit emptying points to reduce the amount of hydrogen sulphide produced by cesspit waste.	2016-2018	As part of the improvement works to Les Huriaux emptying point, four other emptying points were closed. These were at locations where either health and safety or environmental risks were considered to be too high. The performance of a treatment for hydrogen sulphide is being monitored.	
Sewer flooding property protection	Protect properties against the impact of sewer flooding.	2016-2019	Five schemes were completed to protect customers against the impact of flooding.	
Sewerage network flow monitoring	This will help us to further understand how our sewerage system performs during rainfall and to proactively manage flooding by responding to live data and moving flows around our sewerage system. It will also identify high power consuming assets for energy efficiency improvements.	2018-2020	Initial work on this initiative was deferred due to other higher priorities.	
St Peter Port drainage strategy	Development of options to address hydraulic deficiencies in the St Peter Port sewerage network that cause internal flooding of properties.	2018-2019	Phase 1 of the St Peter Port drainage strategy was completed during 2018.	
Wastewater capital maintenance (asset strategies)	We will ensure the stable operating performance of our assets by developing an efficient long-term capital maintenance programme, which will inform our business plan review in 2020.	2016-2020	We continued to develop our asset management system to improve our decision making and allow an appropriate balance of spend across our water and wastewater infrastructure.	



PROTECT OUR ENVIRONMENT

4

Water quality is protected from source to sea and our environmental impact is carefully managed

 **Reduce our office waste**

 **Work in partnership to improve bathing water quality**

1,725

TESTS CONDUCTED
ON THE ISLAND'S
STREAMS

Performance Highlights

As the guardians of our water from source to sea, protecting our environment is very important to us. In 2018, we sponsored 'Refill Guernsey' to encourage people to reuse water bottles and reduce single use plastic consumption. This scheme has been gaining momentum and now a number of local retailers have signed up, which means people can refill bottles at their premises around the island.

We further developed our biodiversity strategy to put in place plans that help to protect and support biodiversity. This included wild flower planting in the car parks at the reservoir and plans to encourage biodiversity on our operational sites.

Our short sea outfall operated three times in 2018. All were investigated and reported to our environmental regulator within the agreed time-scales under our event notification process. All three were due to rainfall events, although two also coincided with maintenance work on our storm tanks. We endeavour to reduce the number of reported discharges and continue to make improvements to ensure our wastewater is returned safely to the environment.

CASE STUDY



Biodiversity assessments

Field surveys were conducted on the majority of Guernsey Water sites to identify biodiversity hotspots and areas where improvement could be sensitively managed. This was conducted with the future aim of protecting and enhancing biodiversity on more of our sites.

Capital Investment

Harbour St Sampson (HSS) Pumping Station

Network improvements upstream of our HSS pumping station continued during the year. This £5 million programme consists of four phases; it will reduce the risk of sewer flooding in the upstream sewer network and the risk of pollution from sewer overflows on either side of the harbour entrance. Coastal modelling has shown that these overflows could impact the bathing water quality.

Phase one was completed in 2017. In 2018 we completed phase two, which improved the sewer in Vale Road to protect the area from sewer flooding during storm events. Phase three also commenced in 2018 with the construction of a new sewer in La Hure Mare which is due to be commissioned in early 2019. This

sewer will reduce the risk of sewer flooding in the Summerfield Road area. During construction difficulties with removing rock over a 50 metre section delayed completion by approximately five weeks.

The fourth and final phase of the programme will be completed in 2019. This will refurbish our HSS pumping station. The work was tendered and evaluation of bids was ongoing at the end of 2018.









"In 2018, we sponsored Refill Guernsey to encourage people to reuse water bottles and reduce single use plastic consumption. "

MARK WALKER,
CAPITAL DELIVERY MANAGER



BUSINESS INITIATIVES

On Target = Satisfactory progress but not all 2018 targets met = 2018 targets missed = 

Business Initiative	Description	Target Date	2018 progress	Performance
Bathing Water Partnership	We will continue to actively collaborate with this partnership to protect and improve the quality of our island's bathing waters.	2016-2025	We continue to meet regularly and collaborate with the Bathing Water Partnership, which has also been working with shellfish producers.	
Catchment management	Prevention of stream and groundwater pollution that could impact water quality. We adopt a risk-based approach to managing the application of pesticides, herbicides and fertilisers. We also work with the Office of Environmental Health & Pollution Regulation to identify improvements to poorly maintained cesspits and ensure our road infrastructure is appropriately treated during cold weather.	2016-2025	We continued to monitor the stream network, quarries and reservoirs for a range of biological and chemical indicators. We supported emergency services' response to several potential pollution incidents and continued our rolling programme of pollution prevention audits for businesses.	
Demand management strategy	<p>Develop strategies to help co-ordinate the delivery of demand management measures:</p> <p>Water supply</p> <ul style="list-style-type: none"> • Leakage reduction • Pressure management • Customer education on water efficiency <p>Wastewater collection</p> <ul style="list-style-type: none"> • Infiltration reduction • Storm water management • Customer education on disposal of fats and unflushable wipes <p>This will help our customers to use water wisely while also help to avoid waste, keep leakage, infiltration and surface water drainage under control.</p>	2016-2025	<p>In 2018, we commissioned a £250k investment in the pressure management of our water supply network (see Sufficient & Resilient).</p> <p>Our Water Resources & Drought Management Plan was completed in 2018 (see Sufficient & Resilient).</p> <p>We continued to communicate with customers about the problems caused by fats, oils, greases and unflushable items.</p>	
Office waste minimisation strategy	Ensure that waste production and consumption of resources is minimised within our office environment. For example, by reducing power consumption, using less paper and recycling.	2016-2018	In 2018, we introduced waste segregation at our Brickfield House office. This has proven successful and has substantially reduced our non-recyclable waste. Further reductions were also made by replacing disposable paper hand towels with reusable roller towels.	



SUFFICIENT AND RESILIENT

5

Our water and wastewater systems are adapted to climate change and have sufficient capacity to meet the future needs of our island

- Develop long-term strategies for water resources and drainage
- Invest in the resilience of our critical assets
- Plan to be ready for emergencies

ZERO
RESTRICTIONS ON
WATER USE
IN 2018

Performance Highlights

In 2018 further work was carried out to test the feasibility of our Water Resources and Drought Management plan. This confirmed that up to 2040 we should expect a fine balance between forecast supply and demand during a repeat of the more severe historic droughts that Guernsey has experienced. The Water Resource and Drought Management Plan we have developed to deal with this currently provides a level of protection that is comparable to that provided by water companies in England and Wales, and exceeds that of some water companies in the south of England. This level of protection was endorsed by the Committee for the Environment & Infrastructure in September 2018. A summary of our plan will be published in 2019 and it will be updated at least every five years.

Capital Investment

Water supply mains replacement

This ongoing programme lined or replaced approximately 3.4 km of water mains this year, which included 1.4 km of asbestos cement mains which we have identified as being at higher risk of future failure. We achieved slightly less than our stretching target of 3.6km.

Water pressure management

This £250k investment in our water supply network was approved in 2018 and will allow us to better manage water pressure, which can reduce leakage and pumping costs. It will enable us to provide early warning of pressure issues for customers. It will also capture data that will help us to better manage our network and plan for future improvements to it. Project delivery will commence in 2019.

CASE STUDY



Water Pressure Management

This major investment will install pressure monitors that provide real time feedback on the performance of our water supply network. It will enable many benefits, including reduced leakage, more informed planning and improved pressure management. It is also an important precursor to developing a smart water network in the future.

Business Performance

Water resources

Despite a dry year with rainfall of 16% below the average for the last 10 years, there was no requirement for any water restrictions in Guernsey. Water resource levels fell to 73.9% in October, which was below the average level during this month for the previous 10 years, but well above the levels seen in previous drought years (Figure 1.0). By the end of the year reservoir levels had recovered to 93.4%. Investment in more effective capture of water from streams during the last decade played an important role in enabling this. In addition, during 2018 Guernsey Water was able to significantly reduce its operational water use and water loss due to leakage from its water distribution network. This meant that despite supplying more to our customers, the total water we put into supply reduced by 0.4%.

Unplanned water supply interruptions

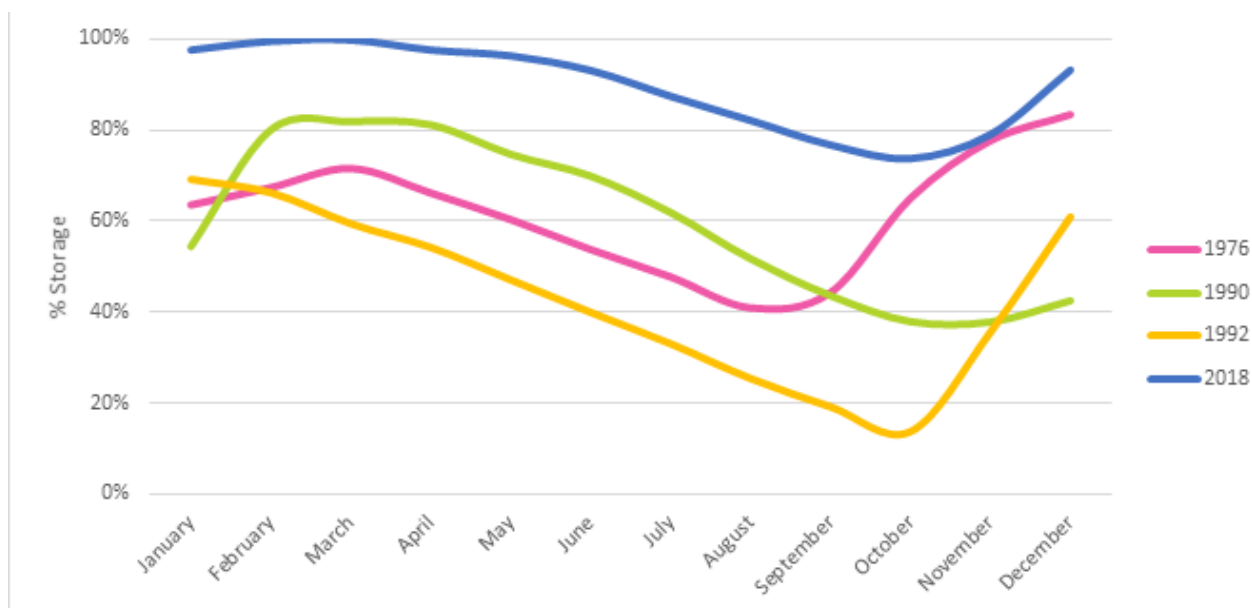
Water supply leakage and burst mains remained low in 2018. Our distribution team worked quickly to deploy temporary supplies to reduce water supply interruptions and minimise the impact of bursts on our customers. Throughout the year the average monthly number of water supply interruptions as a percentage of our total number of customer supplies¹ was 0.2%, which is a good performance² and exceeds our target of 0.5%.



0.2% of customer's supplies experienced supply interruptions in 2018, down from 0.5% in 2017.

STEPHEN LANGLOIS,
GENERAL MANAGER



Figure 1.0. Reservoir storage levels during 2018 compared to levels during previous drought years.









¹ In accordance with Ofwat (Water regulator in England and Wales) serviceability measure this is weighted according to the length of interruption.

² Good (<0.5%), Acceptable (0.5 - 2.0%), Needs Improvement (>2.0%).

BUSINESS INITIATIVES

On Target = Satisfactory progress but not all 2018 targets met = 2018 targets missed = 



Business Initiative	Description	Target Date	2018 progress	Performance
Cost benefit assessment of Les Vardes Quarry for use as a water storage reservoir	Our WRDMP will determine if this assessment is required. If so it would also consider opportunities to decommission other water storage quarries.	2017-2019	Our Water Resources & Drought Management Plan determined that this detailed assessment is not needed at this time. Instead a high level desktop assessment will be carried out in 2019.	
Develop a Drought Plan	This plan will be developed in tandem with our water resource management plan. We will also communicate with our customers to ensure they understand their role in helping protect themselves from drought by reducing their water usage and that water use could be restricted in the event of serious water shortages.	2016-2018	Our Water Resources & Drought Management Plan was completed in 2018. Our plan provides protection from drought that meets the standards agreed with the Committee for the Environment & Infrastructure. A summary of our plan will be published in 2019.	
Develop an Integrated Drainage Strategy	This will meet the long-term wastewater collection demands of our sewerage and stream systems, allow for new development and help us adapt to climate change. We will consult with customers on the level of protection from flooding that could be provided. We will work with expert advisors from the UK water industry to develop our own expertise and that of our contractors where new sustainable drainage techniques are employed.	2016-2018	The different elements of this strategy are being progressed separately to achieve the benefits of this initiative. This has resulted in other initiatives being prioritised and no further work on this initiative is planned.	
Pressure management	We will trial a water supply network pressure management system and then roll it out on a scale and at a pace that is commensurate with its short and long term benefits: reduced pressure complaints, reduced leakage, reduced bursts, reduced power consumption, extended asset life etc.	2016-2020	In 2018, we commissioned a £250k investment in the pressure management of our water supply network. This will be delivered in 2019.	
Raw Water Transfer Strategy	We will invest in refurbishing and extending our network of raw water pipes. Much of this will be completed during the early part of our plan.	2016-2019	The scope of this initiative has expanded to include the transfer of treated water as well as raw water, so we expect it to continue beyond 2019. During 2018 we developed a raw water network model that will help us determine how best to balance the storage, transfer and supply of water across the island.	
St Saviour emergency response plan	We will commission an external flooding inundation and emergency draw down assessment to inform emergency planning in the unlikely event of failure of our St Saviour reservoir dam wall.	2018-2019	Our inundation study was completed at the end of 2018. An emergency draw down assessment and associated emergency planning will follow in 2019.	



FIRM FINANCIAL FOUNDATIONS

6

Our services are efficient and investment in our assets is made in the best long term interest of islanders

-  **Benchmark our services to ensure we are providing value for money**
-  **Review our financial strategy to balance delivery of our plan against affordability for customers**

Performance Highlights

Our priority is to ensure that we are in a strong financial position to meet the demands of our customers, the States of Guernsey and the people in Guernsey Water. We have again made savings and efficiencies this year to help us achieve this.

In a difficult operating environment costs increased by £336k an increase of 3% when compared to 2017, although costs were still £92k lower than in 2016. £321k of interest was payable on borrowing from the States of Guernsey Bond to fund our Belle Greve sea outfalls replacement. 2018 was our first full year of interest payments (2017: £163k). Guernsey Water also incurred a loss of £67k on States of Guernsey investments when in 2017 Guernsey Water benefited

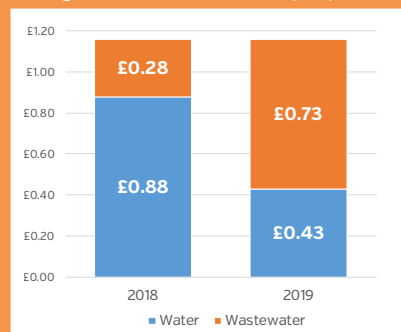
from a substantial return (2017: £497k).

Despite these cost pressures our financial performance remained strong and stable as Guernsey Water was able to make savings and efficiencies of £677k against budget. This was primarily in relation to the amount of capital work that was carried out internally and a number of vacancies that were carried throughout the year. This meant that Guernsey Water made a surplus of £126k in 2018 (2017: £387k).

SAVINGS OF £677K AGAINST BUDGET EXCEEDED THE 2018 SAVINGS AND EFFICIENCY TARGET OF £309K [2.7%].

CASE STUDY

Average Metered Customer Daily Expenditure



Charging Policy

In 2018 we reviewed our charging policy. As a result we will rebalance our charges in 2019 to better reflect the cost of the water and wastewater services we provide. In addition, as a result of the savings and efficiencies achieved in previous years, the majority of customer's bills will be frozen for 2019.

Business Performance

Efficiency³

In 2018 our costs increased by £336k when compared to 2017, an increase of 3%. This is primarily as a result of the cost of emptying cesspits increasing by 10% (£264k). In spite of this, Guernsey Water was able to achieve savings of £677k (5.9%)

against budget which exceeded the 2018 savings and efficiency target of £309k (2.7%).

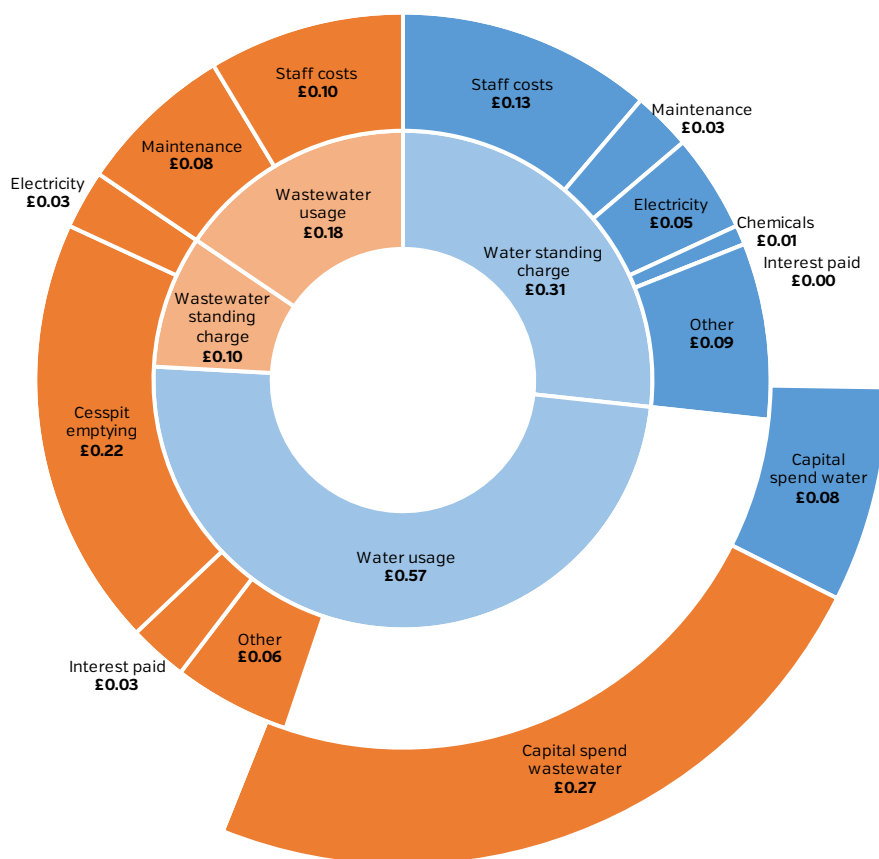
Funding Our Capital Programme⁴

The decision to shorten the asset life of Longue Hougue water treatment works continues to have a significant impact on our performance in 2018 against this key performance

indicator. The target for funding our capital programme was a deficit of 1.79% and we achieved a surplus of 0.77%, exceeding our target.

HOW WE SPEND YOUR MONEY

The average metered Guernsey Water customer spent £1.16 per day with us in 2018. Here's how we spend that income comparing expenditure on water and wastewater service provision.





Key











■	Water Income	■	Water Expenditure	■	Wastewater Income	■	Wastewater Expenditure
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³Operating surplus before depreciation and grants as a percentage of total income (excluding interest).

⁴Operating surplus after depreciation and grants as a percentage of total income (excluding interest).

BUSINESS INITIATIVES

On Target = Satisfactory progress but not all 2018 targets met = 2018 targets missed = 

Business Initiative	Description	Target Date	2018 progress	Performance
Building maintenance/property review	Review our property portfolio, which includes our quarries, to ensure these assets are delivering best value by maximising commercial, environmental or leisure opportunities. Maximise returns from the sale of any assets that are surplus to requirements.	2017-2020	Little progress was made in 2018	
Charging policy	Develop a policy framework within which future price changes will be set.	2018	Our decision to freeze bills and rebalance our charges in 2019 was made by the Board in accordance with a charging policy framework.	
Cost reflective water & wastewater bills	Review the balance between our water and wastewater charges to ensure they reflect the cost of water and wastewater service provision.	2018	The Board approved a rebalancing of charges for 2019 to reflect the cost of providing our water and wastewater services.	
Customer willingness to pay surveys	Where relevant to business cases assess the value that customers place on key initiatives within our business plan, establish a willingness to pay consultation process to inform the review of our business plan in 2020.	2016-2022	No relevant business cases were prepared in 2018. Work on reviewing our business plan is due to begin in 2019 and we plan to involve customers in this process.	
Empowered budget management	Develop and empower budget holders at all levels within our organisation to ensure informed delivery of future efficiencies, ultimately through zero-based budgeting.	2016-2018	Reviews of current performance and forecasting are now established as part of business as usual. The benefits of zero-based budgeting are insufficient to progress it at this time.	
Financial risk management	Independently review and cost our business risks to ensure they are reflected within an appropriate financial strategy, reducing the likelihood of financial difficulty if these risks were realised. This could help determine an appropriate level of depreciation, surplus, cash reserves and/or borrowing amongst other financial provisions.	2017-2018	A financial model that enables scenario planning for different financial strategies is now integrated into business as usual.	
Financial strategy	Joint review of Guernsey Water capital structure and borrowing requirement with Policy & Resources	2016-2018	Following repayment of funding for the Belle Greve sea outfalls replacement, no further work on this was required in 2018. Further work on meeting the returns target in the States Medium Term Financial Plan is expected in 2019.	
Value for money service level agreements	Based on efficiency benchmarking data, commission an independent review of our service level agreements to identify opportunities to increase value for both client and provider.	2018-2020	In 2018 this initiative was superseded by an independent review that was commissioned by States Works.	
Vehicle strategy	To develop a vehicle strategy in order to improve the quality of the fleet. We will investigate a long term shift to electric vehicles. The strategy will be developed in conjunction with the States procurement team.	2018-2019	A new vehicle strategy was approved in 2018.	
Zero-based budgeting	Ensure annual budgets are aligned with business needs and drive efficiency without having a detrimental effect on service provision.	2018-2019	The benefits of zero-based budgeting are insufficient to progress it at this time. Instead budgeting is based on individual's knowledge of their areas and goes through a robust challenge process from STSB level downwards.	



HEALTH & SAFETY

Performance Highlights

Health and Safety (H&S) is extremely important to us and our 'work safe, home safe' approach encourages a culture of working safely and reporting incidents effectively. We received 30 near miss reports in 2018, compared to 36 in 2017. We continue to encourage a culture of reporting and continuous improvement; each near miss is subject to immediate corrective action and investigation.

No formal legal action regarding service of notices and prosecutions was taken by the H&S Executive against Guernsey Water in 2018. One working day was lost due to injury compared to 4.5 days lost in 2017.

Injury at work

There were no over three day or major injury RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences) reports made in 2018. There were three RIDDOR reports relating to buried services being struck in the public highway, but there were no injuries. There were four non-RIDDOR accidents that resulted in injury in 2018, a reduction from 13 in 2017.

Accident Frequency Rate

The Total Accident Frequency Rate⁵ (TAFR) at the end of 2018 was 2.51, an improvement from 7.62 at the end of 2017. This shows a significant decrease in the TAFR. The TAFR is based on all reported accidents, irrespective if they are RIDDOR or not, but although they are investigated the TAFR does not include any of our contractor's accidents.

Active Management Visits

29 active management visits (AMV) were recorded in 2018 which fell short of our target, though not all AMV were recorded. These visits are conducted by line managers to assess H&S conditions on our sites and hear about the practicalities of working to our H&S policies. They are also a chance for line managers to engage with our people, ask teams about their well-being and whether they have any suggestions for improvement.

H&S Training and Development

13 H&S training courses were provided to Guernsey Water people in 2018 by both internal and external training providers. The majority of training was identified through the implementation plans detailed within our H&S directives and our 2018 H&S training plan.

Award winning confined space directive

In June, we were delighted to receive the Guernsey Occupational Safety & Health Association (GOSHA) safety training initiative award for our confined spaces directive.

Looking forward

The planned provision of a formal H&S survey has now been replaced with a regular pulse survey format that asked our people for their rated views on single H&S questions. The survey format has proven to be successful with good feedback and this method will continue into 2019.

Our H&S Manager position remained vacant throughout 2018; the position was covered during this period by a H&S consultant. This enabled our H&S Group to continue to meet monthly and receive regular reports relating to H&S. However, due to the vacancy we were only able to complete approximately one third of our H&S objectives for 2018, with a further third being partially complete and the final third incomplete. Achieved objectives include launching our new H&S handbook and delivering toolbox talks on its contents. Our outstanding objectives will roll over into 2019 and include further policy development and a continuation of our risk assessment programme.



⁵The formula for the calculation is: TAFR = (Total number of accidents per month / Total hours worked) x 100,000.

INVESTING IN THE COMMUNITY



Water is at the heart of our island community and we take seriously our responsibility for looking after it between source and sea. 2018 was another busy year for us in the community.

We were excited to be part of the Refill Guernsey initiative which aims to reduce single use plastic by local businesses signing up to help members of the public fill up with tap water. The initiative was introduced to Guernsey by 11 year old Destiny Hollyer-Hill and is being sponsored by Guernsey Water. Our offices at Brickfield House are an official Refill point and we also encourage members of the public to drink our tap water and use a refillable bottle whenever possible.

Our General Manager, Steve Langlois, went further a-field on a self-funded trip to Tanzania with local charity the Eleanor Foundation. The charity works in remote communities to provide wells and safe drinking water. We donated some of our outmoded water quality testing equipment for the trip and in October, welcomed representatives from the Eleanor Foundation, including their project manager from Tanzania, on tour of our water treatment works.

We continued to support the Channel Island Group of Professional Engineers (CIGPE) Technology Challenge and a Guernsey Water representative acted as an advisor to a team of students to help develop key engineering and team work skills. We welcomed several work experience students in 2018

and continued to provide tours of our sites to visiting schools. The Guernsey Grammar School visited us with their Environmental Studies A Level Students and joined our team for a tour of Belle Greve Wastewater Centre.

As part of our work to improve biodiversity on our sites, we worked with Floral St Saviour to help plant wild flowers in the car parks at St Saviour Reservoir.

In 2019, we hope to continue to support local events through providing access to our water and are looking into making parts of the Millennium Walk more accessible for all. This year we delivered 1,000 litres of water to the Chaos Festival site at Pleinmont and supplied standpipes for the Saffrey Rotary Walk, Sure Big Screen and Pride celebrations.



“We are committed to supporting our community by providing access to our tap water and investing time in developing young people”.

STEPHEN LANGLOIS, GENERAL MANAGER



Supporting Biodiversity

Guernsey Water staff joined the Floral St Saviour group to help plant native wild flowers in the car park at the St Saviour Reservoir. We hope this will not only brighten up the area for visitors to our Millennium Walk, but also support biodiversity in the area.



Grammar School Visit Belle Greve

A-Level students from the Guernsey Grammar School joined our engineers for a tour of our Belle Greve Wastewater Centre.



Eleanor Foundation Visitors

Godfrey Gahanga, Project Manager for Eleanor Foundation in Tanzania visited our sites across the island.

CORPORATE GOVERNANCE

The purpose of the Guernsey Water Board (GWB) is to support the delivery of the STSB's mandate, ensuring the efficient and effective management, operation and maintenance of Guernsey Water.

The GWB is accountable to the STSB and operates by challenging established practices and assumptions and seeking to support the business in establishing clear strategic direction, business planning and operational delivery in support of the outcomes of the Policy & Resource Plan, the Medium Term Financial Plan, the Public Service Reform Agenda, Service Guernsey and other strategic reviews and organisational drivers.

The GWB will normally focus attention on a relatively small number of critical items, in particular those with potential to have the greatest impact on, and manage risk to, Guernsey Water operations whether financial, regulatory, health and safety, environmental or reputational.

The GWB membership is a minimum of a Chairman who is not a States Member, a Political Member of the STSB, a Senior Executive of an Incorporated Company or one or more Senior Officers of the States, the General Manager and the Financial Manager.

All members other than the General Manager and the Financial Manager are appointed by the STSB.

As a subcommittee of the States, the quorum will be two members of the STSB.

The Chairman is responsible for:

- The proper observance of the Terms of Reference;
- Overseeing and facilitating the conduct of the GWB meetings;
- Ensuring all GWB members have an opportunity to participate in discussion in an open, respectful and encouraging manner;
- Seeking consensus from the whole GWB for matters that may be referred to the STSB or when acting as a subcommittee; and
- Setting agenda items in conjunction with the General Manager.

The GWB does not hold a fiduciary responsibility.

The GWB will take into account the States' political direction with regard to the operation of Guernsey Water, as directed from time to time by the STSB. It must ensure that Guernsey Water operations and operational policies align with the wider strategy and policy framework of the States of Guernsey and/or the STSB. The GWB may generate policy for endorsement by the STSB and onward to the States of Guernsey as required.

The STSB specifically confers the following responsibilities and delegated authority to the GWB:

- To approve capital and revenue annual budgets in line with the long-term budgets approved by the STSB;

- To approve annual business plans in line with long-term strategy and planning approved by or directed by the STSB;
- To approve and issue annual reports; and
- To guide and steer Guernsey Water.

In carrying out these responsibilities the GWB is bound and enabled by States of Guernsey rules for financial and resource management and the rules, directives policies and procedures of the States of Guernsey, such as, but not limited to: Finance; Procurement; Property; Human Resources; Data Protection; Health and Safety Management; Risk and Issue Management; Managing Matters of Litigation; and Relevant legislation.

The GWB has the authority delegated by the STSB to direct the Guernsey Water General Manager in the day-to-day operation of Guernsey Water in line with approved budget and business plans.

In fulfilling this purpose,

- the GWB will: Receive regular operational, sale/management information and financial reports from the General Manager and, as appropriate, reports from the Guernsey Water management team, with a view to directing Guernsey Water as appropriate or recommending a course of action to the STSB;

- Receive and review regular financial performance reports;
- Receive updates on significant projects;
- Prioritise and ensure work streams progress in order to meet objectives and key performance indicators;
- Consider, advise and make recommendations on aspects of Guernsey Water operations and provision of service;
- Provide challenge and guidance within the capital investment and capital approvals process and approve capital expenditure within the GWB's delegated authority;
- Submit annual budgets and business plans in line with the States of Guernsey budgeting process to STSB;
- Consider and agree long-term business plans, budgets, forecasts [capital and revenue] prior to submission to the STSB for approval;
- Advise on and agree prices and pricing policy in relation to the services provided by Guernsey Water;
- Consider any regulatory authority reports in relation to Guernsey Water, including the Health and Safety Executive, review options and take action to ensure compliance;

- Own the Guernsey Water risk register and report risks in line with agreed policy; and
- Receive, review and recommend action from other reports as may be requested by the GWB.

A recommendation by the GWB to the STSB to amend the Terms of Reference must be made by majority of all GWB members.

STSB can disband the GWB at any time without notice or recourse to any other body.

The GWB will meet on an as and when required basis, and in any event once a quarter. One such meeting shall be the equivalent of an Annual General Meeting, which all members of the STSB, the Managing Director, States of Guernsey Trading Assets and the Finance Business Partner shall attend.

In the event due process has not been followed, the GWB must render itself unable to make a decision until such time process has been followed.

Within five days of the meeting, the relevant Executive Assistant who attended the meeting, will prepare and circulate a confidential copy of the minutes for approval by members. Reports are distributed for consideration by the GWB not less than 5 days prior to the meeting.



The purpose of the GWB is to support the delivery of the STSB's mandate, ensuring the efficient and effective management, operation and maintenance of Guernsey Water.

**STEPHEN LANGLOIS,
GENERAL MANAGER**

WHO'S WHO?

THE LEADERSHIP TEAM



Stephen Langlois

General Manager

Stephen joined Guernsey Water in July 2014 and his leadership draws upon a wealth of experience from many years working in the UK water sector, most recently Anglian Water. He is a chartered water and environmental manager with a post graduate qualification in water and wastewater treatment technology from Cranfield University. Stephen has 20 years of professional water and wastewater management and operational experience. His role is to lead a team that ensures the quality and resilience of the island's drinking water supply and safe return of wastewater to the environment. As an executive to the Company Board he ensures that Guernsey Water continues to be well managed, maintains its focus on efficiency, performs strongly for its customers, is able to evidence continuous improvement and compares well with benchmarks.



Margaret McGuinness

Water Quality Risk Manager

Margaret joined Guernsey Water in August 2015 after almost 20 years' experience within the industry. She has an in-depth knowledge of water and wastewater systems. As Public Health Manager at Scottish Water she was responsible for managing drinking water quality and wastewater pollution incidents. Margaret is a Fellow of the Royal Society of Chemistry, a member of the Royal Society of Public Health and chair of the Public Health Network for Water UK. Her team manages water quality risk from source to sea, ensuring customers receive drinking water of the highest quality and that wastewater discharges meet environmental standards.



Mark Walker

Capital Delivery Manager

Mark is a chartered civil engineer with over 30 years' experience in the water industry in the UK; this includes substantial experience of working under the economic regulation needed by the UK water industry. He has also worked in local government and for engineering consultants. Mark's role is to oversee all Guernsey Water's capital projects.

**Phil Marquis**

Customer Services Manager

Phil was appointed Customer Services Manager in 2018. He has over 31 years' experience in the Telecom industry, mainly in managerial positions within Customer Services, Access Engineering, Customer provisioning and billing. He has managed and been responsible for the setting up of our Customer Liaison Team in Guernsey Water and also oversees our Income and Contact Team. Phil has a passion for change and enjoys the human elements of management.

**Jon Holt**

Operations Manager

Jon is a chartered engineer with over 20 years' experience across operations and asset management in the water industry. He joined Guernsey Water in 2011 from Anglian Water. As operations manager, Jon oversees the operation and performance of all of Guernsey Water's clean and wastewater assets – this ensures that Guernsey Water is able to provide a resilient, high quality service to its customers 24 hours a day.

**Andrew Morton**

Senior Finance Manager

Andrew joined Guernsey Water in December 2015 and was appointed to his current position in May 2016. He was previously Chief Operating Officer for the Channel Islands Securities Exchange; a position he held for over 15 years. Andrew is a Chartered Accountant and a member of the Institute of Directors and is responsible for all financial aspects of Guernsey Water. As an executive to the Company Board he ensures that Guernsey Water continues to be well managed, maintains its focus on efficiency, performs strongly for its customers, is able to evidence continuous improvement and compares well with benchmarks.

ACCOUNTS

Financial Performance

for the year ended 31 December 2017

Guernsey Water presents its report and the audited financial statements for the year ended 31 December 2018. These are comprised of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 24.

Principal activities

Guernsey Water, a business unit of the STSB, delivers to its customers:

- A reliable supply of high quality drinking water in sufficient quantity that satisfies normal daily demand at the lowest cost consistent with meeting a high level of customer service and confidence.
- A reliable wastewater collection service which treats and returns flow to the environment sustainably and efficiently.

Contributions' to the States of Guernsey

During 2018 Guernsey Water did not make any financial contribution to the States of Guernsey (2017: £18.6m)

Customers

Guernsey Water provides water to the majority of the residents and business on Guernsey. Guernsey Water also collects and treats wastewater from all properties on the Island.

	2018	2017	Change %
Number of supplies:			
Paying by tax on real property	8,236	8,414	-2.1%
Paying by measure	17,831	17,469	2.1%
Total	26,067	25,883	0.7%

Financial Highlights

	Actual 2018 £'000s	Budget 2018 £'000s	Actual 2017 £'000s
Revenue	16,622	16,492	15,689
Surplus/(deficit) for the financial year	126	[565]	387
Capital Expenditure	4,968	5,662	4,489

During 2018 there were significant changes that had a material impact on the financial position:

1. A full year of interest was payable on the loan from the States of Guernsey's Bond compared to only a half year in 2017.
2. As a result of the performance of the States of Guernsey's investments, Guernsey Water has accounted for a loss of £67k (2017: surplus of £496k) in investment returns on balances held with States Treasury. As a result of the performance of the States of Guernsey's investments, Guernsey Water has accounted for £496k (2016 - £882k) in investment return on balances held with States Treasury despite returning £9.6m from cash reserves to the Capital Reserve.

In relation to capital expenditure, the major works completed include work on HSS improvement works (totalling £1.68m), Juas Water Treatment Works recommissioning (£627k), the refurbishment of Gele Road Pumping Station (£499k) and sewer rehabilitation (£360k).

Operational Performance

Volume supplied in million litres (ML):

Delivered to customers paying by measure
Delivered to other customers
Operational use, fire fighting and losses
Total put into supply

2018	2017	Change %
2,745	2,612	+5.1%
1,249	1,205	+3.7%
532	725	-26.6%
4,526	4,542	-0.4%

Service:

Restrictions on supply
Burst mains
Discolouration - claims paid

None	None	None
30	38	-21.1%
4	5	-20.0%

Unit costs (partially weather related):

Water production (per ML)
Water distribution (per supply)

£368	£398	-7.5%
£17	£18	-5.6%

Full time equivalent employees
Average number of full time employees

82	81	1.2%
83	80	3.8%

Statement of Comprehensive Income

for the year ended 31 December 2018

	2018 £	2017 £
Revenue		
Water supplies	11,261,766	10,666,647
Waste water supplies	3,662,807	3,464,837
Other income	1,697,111	1,557,111
	16,621,684	15,688,595
Expenses		
Operating expenses	7,291,234	7,174,976
Management expenses	3,465,528	3,246,237
	10,756,762	10,421,213
Operating surplus before depreciation, amortisation and loss on disposal of fixed assets	5,864,922	5,267,382
Depreciation/amortisation	(5,347,389)	(5,225,796)
Impairment of assets	(3,168)	-
Profit on disposal of fixed assets	-	10,989
Operating surplus for the year	514,365	52,575
Investment (loss)/return and net interest receivable	(67,409)	496,757
Interest payable	(320,731)	(162,736)
Surplus for the financial year	126,225	386,596

All material activities derive from continuing operations.

There are no recognised gains or losses or other movements in reserves for the current or preceding financial years, other than as stated in the Statement of Comprehensive Income.

Statement of Financial Position

as at 31 December 2018

	2018 £	2017 £
Non-current assets		
Intangible fixed assets	192,419	141,313
Tangible fixed assets	146,709,462	147,400,879
Investment property	650,000	650,000
Assets under construction	4,990,956	4,733,359
	152,542,837	152,925,551
Current assets		
Inventories	1,517,309	1,414,699
Debtors and prepayments	2,134,381	2,111,809
Cash at bank and in hand	1,474,325	882,839
Balances with States Treasury	2,613,977	3,099,805
	7,739,992	7,509,152
Creditors: amounts falling due within one year	(2,305,495)	[2,137,424]
Net current assets	5,434,497	5,371,728
Creditors: amounts falling due after more than one year	(19,650,987)	[20,097,157]
Total net assets	138,326,347	138,200,122
Reserves	138,326,347	138,200,122

Signed on behalf of the States of Guernsey - States' Trading Supervisory Board

Deputy P. Ferbrache 16 May 2019

President

Signed on behalf of the States of Guernsey Trading Assets

Mr S. Elliott 16 May 2019

Managing Director

Statement of Changes in Equity for the year ended 31 December 2018

	2018 £	2017 £
At 1 January	138,200,122	137,813,526
Surplus for the financial year	126,225	386,596
At 31 December	138,326,347	138,200,122

Statement of Cash Flows for the year ended 31 December 2018

	2018 £	2017 £
Net cash flows from operating activities	5,638,910	[12,844,191]
Cash flows from investing activities		
Purchase of fixed assets	[4,967,843]	[4,489,153]
Proceeds from disposal of assets	-	16,434
Net cash flows used in investing activities	[4,967,843]	[4,472,719]
Cash flows from financing activities		
Investment (loss)/return and interest received	[67,409]	496,757
Loans taken out in year	-	9,000,000
Capital repaid	[177,269]	[86,264]
Interest paid	[320,731]	[162,736]
Net cash flows from financing activities	[565,409]	9,247,757
Net increase/(decrease) in cash and cash equivalents	105,658	[8,069,153]
Cash and cash equivalents at the beginning of the year	3,982,644	12,051,797
Cash and cash equivalents at the end of the year	4,088,302	3,982,644
Reconciliation to cash at bank and in hand:		
Cash at bank and in hand	1,474,325	882,839
Balances with States Treasury	2,613,977	3,099,805
Cash and cash equivalents	4,088,302	3,982,644

Revenue

All revenue is derived from activities within the Bailiwick of Guernsey. An analysis of Guernsey Water's revenue by class of business is set out below:

	2018 £	2017 £
Water Supplies		
Unmeasured	3,668,029	3,623,934
Measured	7,593,737	7,042,713
	11,261,766	10,666,647
Waste Water Supplies		
Unmeasured	1,304,557	1,277,573
Measured	2,358,250	2,187,264
	3,662,807	3,464,837
Cesspit emptying income	1,175,557	1,082,585
Net surplus on other trading activities (see below)	252,653	205,785
Grant released	268,901	268,741
	16,621,684	15,688,595
Net surplus on other trading activities		
Standard charges for service laying	189,416	146,078
Charges for work at ascertained cost	39,348	30,098
Property rental income	138,437	115,606
Stores issues	556,574	539,257
	923,775	831,039
Expenditure	[671,122]	[625,254]
	252,653	205,785

Expenses

	2018 £	2017 £
Operating expenses		
Water production	1,667,220	1,808,016
Water distribution	436,018	472,279
Asset management	408,293	353,437
Pumping	1,231,902	1,313,454
Sewers	3,547,801	3,227,790
	7,291,234	7,174,976
Management expenses		
Management and general	1,179,071	1,067,758
Water quality and risk management	537,239	523,303
Customer services	754,920	728,923
Finance and support services	994,298	926,253
	3,465,528	3,246,237
Total expenditure	10,756,762	10,421,213

OUR 2019 OUTCOMES





States of Guernsey
Trading Assets



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