



Annual Report 2004

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(Front cover shows the installation of the new membranes at St Saviours Water Treatment Works in Spring 2004)

Statement from the Minister Public Services Department

The review of the Machinery of Government in 2004 brought about many changes. The States Water Board, was transformed into Guernsey Water and became a member of the Public Services Department.

The year under review brought about dramatic improvements to the quality of water as a result of the introduction of cutting edge membrane technology at St Saviours Water Treatment Works. Water quality is now the highest ever in Guernsey.

Net capital investment was up by 76.8% in comparison with 2003. The completion of 195km programme of mains rehabilitation was completed in the year, when the final 26km of mains was relined. The number of customer complaints had continued to fall dramatically.

The level of water in the reservoirs was maintained at a very high level, helping to minimize the risk of hose pipe bans in the summer months.

The policy of extending the number of customers on meters continued with the prospect of metered customers outnumbering un-metered customers in 2005.

The Public Services Department Board has reviewed and amended the Business Plan it inherited from its predecessor.

It has brought forward the installation of a Water Treatment Works at Longue Hougue which will further enhance the quality of the water supply in the central and northern areas of the Island. The proposed development of St Andrews reservoir site as the administration centre has been put on hold while other alternatives are investigated.

The success that has been achieved during the year under review, can only have been brought about by the dedication and support of the Director of Water Services and his team. On behalf of the Public Services Department Board and the whole community, I thank them all.

William M Bell
Minister for Public Services Department

Executive Summary

Welcome to the second annual report produced by Guernsey Water. Many changes have occurred in 2004, not least the name from the States Water Board to Guernsey Water, which happened when it became part of the new Public Services Department.

The Annual Report sets out the achievements of Guernsey Water over the past year and describes what progress Guernsey Water has made in delivering the objectives set out in the Business Plan and the previous year's Annual Report. The Report endeavours to be as transparent as possible, so that all stakeholders (including staff, customers, the States of Guernsey) may be informed of the organisation's performance.

There are 100 objectives described in this report which include medium term objectives brought forward from the original Business Plan 2003 – 2013. The Business Plan is designed to be dynamic and the Annual Report forms part of this evolution so that the organisation continuously evaluates itself and strives to achieve even greater demands. Of these 100 objectives, 18 are new objectives which have been developed throughout the year using such means as the annual staff appraisal process.

In summary:

45 objectives were achieved.

21 objectives were close to completion

8 objectives have failed

Medium term, new and amended objectives are also included.

(Further details of each objective can be found on page 12).

Key achievements in 2004

- ◆ **Provision of water to meet demand without restriction.**
- ◆ **Successful installation of membrane technology at the St Saviours Water Treatment Works.**
- ◆ **Finished water mains rehabilitation (relining) project ahead of schedule and within budget.**
- ◆ **Increased water storage to 4425 megalitres by filling St Andrews Reservoir.**
- ◆ **Seamless installation of a new billing system to improve customer service.**
- ◆ **Awarding the first student bursary.**
- ◆ **Achievement by operational staff of City and Guilds qualifications.**

Statement from the Director of Water Services

Guernsey Water continues to strive towards achieving its vision statement, set out in the Business Plan which is:-

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

Environmental catchment protection will be monitored, storage will be maintained at maximum possible levels, treatment techniques and delivery systems will be the most appropriate to meet international standards.”

In 2004, a number of steps were taken towards achieving this vision including:

1. **St Saviours membrane technology** - New cutting edge membrane technology was successfully installed at St Saviours Water Treatment Works, bringing our treatment works into the forefront of 21st century water technology and ensuring that we meet both UK and European water quality standards. Other UK water companies including United Utilities, Thames Water and Wessex Water were all impressed with the “state of the art” works when they visited St Saviours. They are currently considering installing similar equipment in the UK. Staff involved in the project have undergone a steep learning curve as they adapt to the demands of the new plant and equipment. Invaluable lessons have been learnt from the handful of minor hiccups that have occurred since the works came on line. Preliminary work now begins to install a similar system at Longue Hougue reservoir.



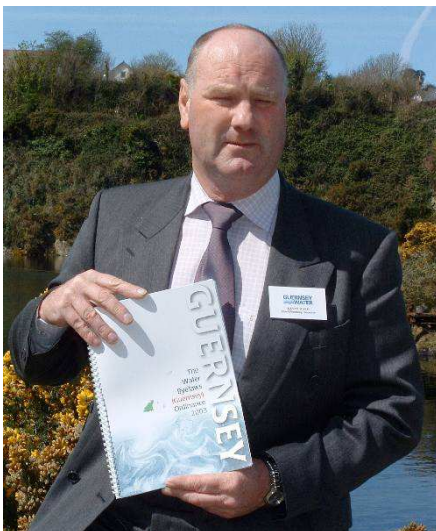
Thames Water representatives with the Director of Water Services at the new installation at St Saviours Water Treatment Works.



Membrane cassette being prepared at St Saviours Water Treatment Works

2. **St Andrews Reservoir** - has become our 15th raw water reservoir connected to the water collection system, providing an additional 1 month of water storage and bringing the total amount of water that the Island stores to 4425 megalitres. This increased storage helps the Island avoid the need for hose pipe bans in the summer months.
3. **Demand for water** – continues to rise above the rate of +1% per annum forecast in the Business Plan. In 2004 the quantity of water produced was 5059 megalitres, whilst being 6.2% less than 2003, represents 1.6% above the previous decade average. It is the longer term figures which have the greater significance when looking to forecast water resource capacity requirements.
4. **Mains rehabilitation** - 195 km of mains rehabilitation was completed a year ahead of schedule and within budget of £15 million. The improved pipe work is helping ensure water quality standards are maintained and may even reduce the quantity of water lost through leakage.
5. **Staff structure** - A review of the staff structure was developed and subsequent changes implemented to reflect better the modernisation of the water processes and to pull together the various sections in order to work more effectively as a team. The revised staff structure has seen the creation of a number of new posts (whilst working within the States of Guernsey Staff Numbers Limitation Policy) – Operations Manager, Support Services Manager, Electronics and Instrumentation Technician will all help the organisation focus on the delivery of critical business objectives and improve customer service.

6. **Billing system** - Seamless installation of a new billing system will bring about efficiencies in the working practices of the income section and improve customer service.
7. **Leakage monitoring** - A number of meters covering specific zones have been installed in order to measure the levels of leakage more closely. These areas will be monitored on a regular basis helping to alert staff to unusually high levels of water usage which could be symptoms of leakage. Innovative technology and the internet have now been harnessed to provide real-time monitoring of the water distribution network in a very cost effective manner.
8. In addition to this work, an automated reading system is being trialled for reading customers' meters, which will allow the use of hand-held computers to read water meters. This system, which has proved its technical feasibility, would increase efficiency and provide valuable information to both the business and customer. The economic viability of this technology is being evaluated ahead of any planned roll out.
9. **Asset management** - Investment in software and equipment to manage Guernsey Water's underground assets, recording the condition of the pipework and helping to improve the quality and quantity of water delivered to customers is developing. The system will allow greater risk assessment analysis to improve decision making. This project, whilst only mid-way through it's 4 year programme, is already delivering considerable business benefits. Information relating to the location of water apparatus is now easily retrievable thus replacing paper based records.



10. **Water byelaws booklet published** - offering guidance regarding the new requirements of the Water byelaws which came into effect in 2003. These booklets are available from Guernsey Water at a price of either £23 over the counter or £25 by mail to cover postage and packaging. Feedback from the Island's plumbers has been very positive.

[Kevan Ward, Chief Plumbing Inspector with the new Water Byelaws Booklet](#)

11. **Benchmarking exercise** - with Isle of Man and Jersey to compare operational statistics. There is much to be gained by sharing information in these Islands where there are many similarities in both the age and operation of the water infrastructure businesses.



12. **Marais Quarry** – strengthening of part of the quarry face was a legal requirement to ensure that a neighbouring property was not unduly exposed to excessive erosion.

[Works to Marais Quarry](#)

13. **New communications tower at St Andrews** – although included within the 10 year Business Plan, Guernsey Water brought forward its plans to install a communication tower in order to assist the St John Ambulance and Rescue Service who were in need of a new aerial communications. This communications tower will be used as part of the centralised communication network.

14. **Training** – Members of the Water Distribution Team involved in mains laying have successfully completed their City and Guilds qualification in Main Laying and Service Laying at the beginning of 2004. All Water Production staff directly involved in the treatment process throughout 2004 have completed the City and Guilds Utility Operations – Process Control Water Treatment. In addition, staff have been involved in a variety of training courses including health and safety awareness, administrative techniques and professional qualifications.



15. **The first Student Bursary was awarded** – to Elizabeth Palmer who is undertaking a degree in Environmental Science. The Bursary (£2,250) aims to encourage students to study subjects that will benefit the Island's water industry.

[Presentation of the Student Bursary to Elizabeth Palmer](#)
[By His Excellency, the Lieutenant-Governor.](#)

Machinery of Government

A major change affecting Guernsey Water in 2004 was the inclusion of the organisation into the Public Services Department on the 1 May 2004. This formed part of the changes outlined in the Machinery of Government Report which was agreed by the States of Deliberation. In essence this meant the loss of the former States Water Board and the amalgamation of Guernsey Water with Airports, Harbours, Works Department, Technical Services and Central Services who formed business units under the newly elected Public Services Department. This new Board is headed up by the Minister, Deputy Bill Bell who is supported by Deputy Mike Burbridge as his Deputy Minister and other members of the Board, namely, Deputy Tom Le Pelley, Deputy Ron Le Moignan and Deputy Al Brouard.

Capital Development Programme (CDP)

The Public Services Department has approved the development of the new water treatment works at Longue Hougue and it is likely that this will come on stream sooner than had originally been envisaged in the Business Plan. Work is also expected to start in 2005 on the development of Les Nicolles and Belgrave sites which will mean that the project to rebuild the Marais pumping station will commence ahead of schedule.

Careful monitoring and risk analysis of asset performance has brought to light other essential needs and these include:-

- Replacement of the Forest Road Tower booster pumping station.
- Replacement of failing asbestos cement and uPVC watermains.
- Property maintenance, including security fencing.

These projects are being incorporated into the CDP commensurate with the need, as identified on the prioritised basis set out in the Business Plan.

Sustainable Guernsey

Guernsey Water again contributed to the 2004 Sustainable Guernsey report, providing information for water quality and water resource indicators of sustainability.

Relationships with contractors and suppliers – Guernsey Water has striven to build good working relations with contractors and suppliers on such projects as the mains rehabilitation and the new water treatment works. This has resulted in improved project performance and projects

meeting deadlines and budgets. Efficiencies within the business have also been gained through the use of standardisation e.g. distribution fittings procurement.

Environmental policy – Guernsey Water agreed an environmental policy for best practice within the organisation, which stated that as custodians of the island's freshwater aquatic environment, Guernsey Water has a responsibility to ensure that it conserves and enhances the natural environment within the Water Catchment Area.



During December 2004, man made Hobby nests were fitted to a number of trees around the Millennium Walk at St Saviours Reservoir in the hope that these birds of prey might nest at the site.

Guernsey Water Staff

Staff have coped admirably with the plethora of changes that have occurred in 2004 and substantial progress has been made in moving the organisation forward to meet its objectives. Issues concerning succession planning continue to be at the forefront of personnel planning. With a number of key staff due to retire in the near future it is imperative that Guernsey Water makes sufficient provision to encourage staff development within the organisation and to attract new talent to the business.

In conclusion, I am grateful to all staff who have contributed to the achievements of Guernsey Water in 2004 and look forward to working with them all in 2005.



Andrew Redhead
Director of Water Services

Achievement of Business Plan objectives

This year's annual report includes reference to some of the medium term objectives which were identified in the Business Plan 2003 – 2013. New objectives have also been included and are identified with a star. Some objectives have been supplemented with a brief description, explaining progress made with the objective. Objectives from the original business plan are identified with a number in brackets which refers to their reference number in the business plan.



= 45 objectives achieved



= 21 objectives were not meet by deadline but close to completion



= 8 objectives failed



= 18 new or amended objectives



= 8 Medium term objectives

Key



= Objective achieved or working to schedule



= Objective has not met deadline but close to completion



= Objective failed



= New objective or amended objective

Water Resources














New St Andrews headquarters and central control room for water operations using the Supervision, Control and Data Acquisition Telemetry System (SCADA) to be operational by 2006/7. (8.1)

The Public Services Department are reviewing the use of the St Andrews site and other suitable sites to centralise operations.



Engage MET office to provide soil moisture deficit data to assist with water catchment protection and water resource planning by end of 2005.

Water Catchment Protection

-  Evaluate stream flow monitoring project. (7.2.1)
-  Revise catchment area on Digimap by 2004. (7.3)
-  Produce slurry storage policy report by the end of 2004. (7.3.2)
-  Carry out market garden and poultry farm inspections by Dec 2005. (8.2)
-  (Medium term objective) Visit all vinery sites using rockwool on an annual basis and inform growers of any problems. (8.3)
-  (Medium term objective) Using stream flow monitoring data determine nutrient loadings of island streams. (8.3.1)
-  (Medium term objective) Continue to have old, redundant or defective oil installations upgraded or emptied. (8.4)
-  (Medium term objective) Review of data storage concerning drainage systems and cesspools in the water catchment area. (8.5.1)
-  (Medium term objective) Identification of inadequate private sewers and pumping stations. (8.5.2)
-  (Medium term objective) Promote the safe use of pesticides. (8.6)
-  (Medium term objective) Visit all sites as scheduled according to risk assessment (catchment assessment audits). (8.7)

Water Treatment



Achieve 99% compliance for MAC for water treatment works (WTW). (7.4)

Total = 98.72%

St Saviours WTW = 98.27%

Juas WTW = 99.23%

Kings Mills = 98.36%

Water treatment works have narrowly missed reaching the compliance targets set but considering the huge amount of change that the works have undergone this year, Guernsey Water is proud that staff have managed to achieve such improved results. The system requires a great deal of understanding and staff involved with the works have undergone a steep learning curve whilst adopting the new processes involved in the state of the art technology. Efforts continue to improve communication between the teams involved in the works and the revision to the staff structure will help to improve the effectiveness and efficiency of the works.



Achieve 98% compliance for MAC for service reservoirs. (7.4.1)

Total = 97.38%

Forest Road West Reservoir = 98.64%

Forest Road East Reservoir = 97.19%

Frie Plaidy Reservoir = 96.39%

Investigations conducted so far indicate that because of hydraulic design of these reservoirs, built many years ago, there would appear to be inadequate mixing of the treated water particularly in the summer months. Equipment has now been ordered for the Forest Road East reservoir and this will be installed early in 2005. This will improve the quality of the stored water. Improvements will follow at the other reservoirs in due course.



Produce water quality report. (7.4.2)

This report is being prepared but its production has missed the delivery date due to operational pressures.



Maintain treatment works output capability of 5,200MI per year and a peak of 23MI per day. (7.5)



Keep raw water storage reservoirs as full as possible (over 95% by 1 April) (7.5.1)



Bring on line membrane technology at St Saviours WTW by 2004. (7.5.2)



Filaments being checked by hand



Membrane cassettes being dampened before installation



Membrane cassettes being installed



A full feasibility analysis of the various options available for a strategic raw water link main will be undertaken in 2004. (7.5.3)

Feasibility works have been deferred until 2005 due to other commitments.



(Medium term objective) Continue with scientific investigations into the cause of the taste at Juas Water Treatment Works. (8.10.2)



(Medium term objective) Carry out a feasibility study into the building of a 5 megalitres per day Water Treatment Works at Longue Hougue by 2004/5. (8.10.3)



Optimise St Saviours Water Treatment Works.



Carry out an energy efficiency audit of Water Production by 2008.

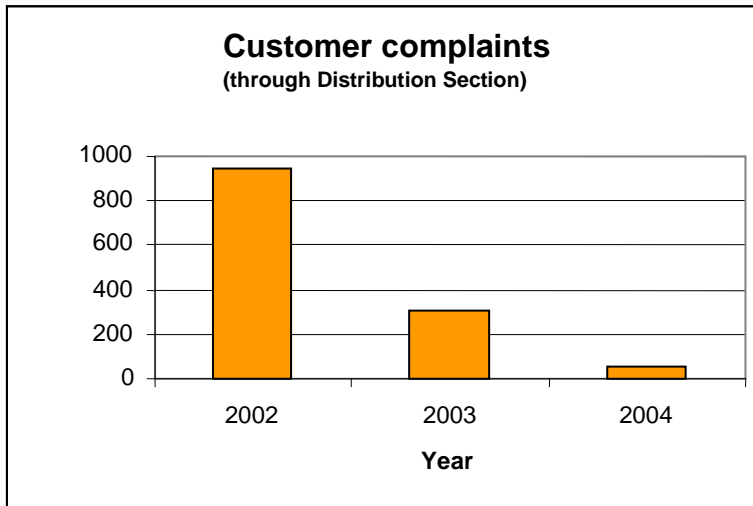
Water Distribution (& leakage)



To develop cost estimating database for watermains and meters by 2004. (7.6)



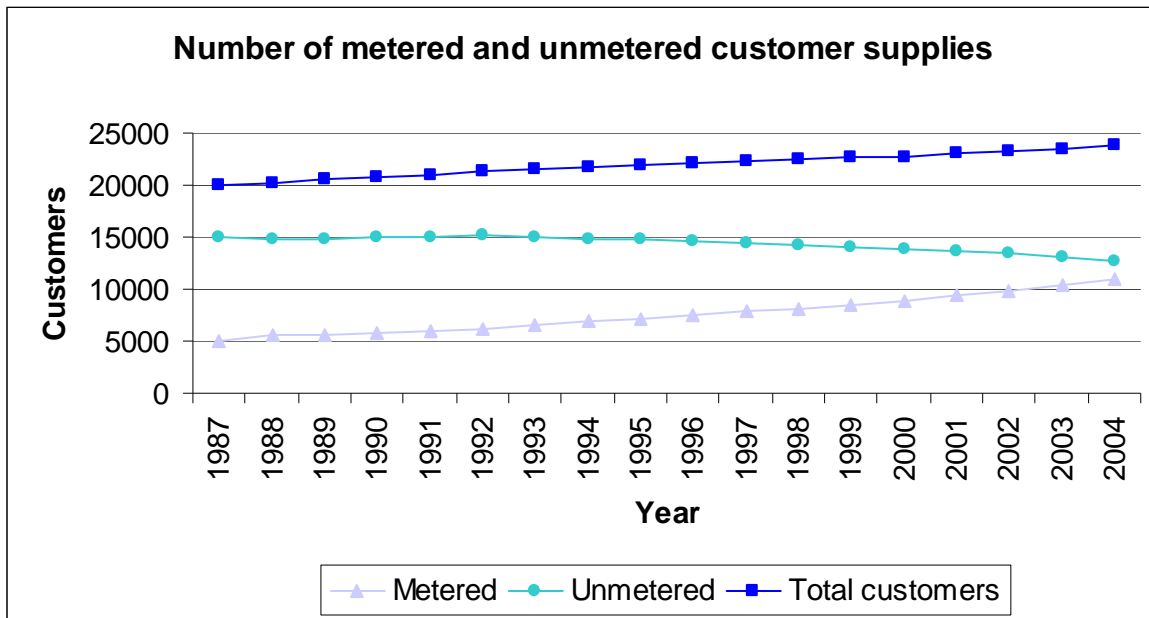
To reduce number of discolouration complaints. (7.6.1)



This improvement is a reflection of the investment Guernsey Water has made over the last 13 years in mains rehabilitation.



To continue to expand the distribution network. (7.6.2)



Complete watermain rehabilitation programme (re-lining) in 2004 within budget. (7.6.3)



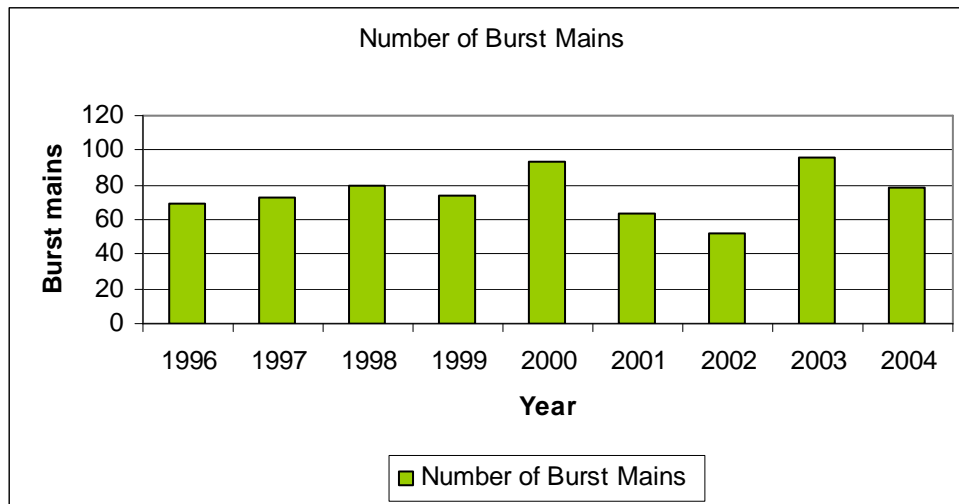
Evaluate process for cleansing the distribution system commensurate with achieving water quality standards at customer taps.

This new objective has replaced 7.6.4 - Purchase/contract air scouring unit in 2004.

- ☺ Ensure that rechargeable works breakeven. (7.6.5)
- ☺ Increase District Metering Area from 70% to 85% by 2004. Install 3 new District Metering Areas. (7.6.7)
- ★ Complete District Metering Area by end 2005. (which replaces 7.6.7)
- ☺ Carry out automatic meter reading trial in 2004 in Fort George area. (7.6.8)

Trials successfully completed, cost analysis work needs to be carried out and plan set in place.

- ★ 320 samples will be taken from customer taps each year in line with UK regulations.
- ★ Reduce unaccounted for water to below 700 megalitres in 2005.



- (Medium term objective) Replace and upgrade Guernsey Water's northern ring main, which has become life-expired causing operational problems by 2008. (8.11.6)
- (Medium term objective) Replace raw water transfer mains over the next 15 – 25 years. (8.11.7)
- (Medium term objective) Replace 55km of asbestos cement mains over the next 15 – 25 years. (8.11.8)
- ☺ (Medium term objective) Rationalize approximately 10km of dual mains between 2003 and 2006. (8.11.9)

- (Medium term objective) Install pressure reduction valves, to reduce network leakage (only when the network has been completely renovated). (8.12.2)
- 😊 (Medium term objective) Develop asset management system in an integrated fashion by 2005. (8.12.3)
- ★ Reduce level of stock holding by 5% by end of 2005.

Technical Services

- 😊 Achieve 90% compliance with Water Byelaw inspections schedule. (7.7)

A customer database will be developed in 2005 where properties are categorised according to the risk posed by each installation.

Medium risk properties will be inspected once every 7 years.

High risk properties will be inspected once every 3 years.

- 😐 Introduce project management 'rigour' to all projects. (7.7.1)

Customer Services

- 😐 New customer contact system by March 2005. (7.8)
- 😐 Develop a customer charter by end of 2004. (7.8.1)
- ★ Carry out a customer survey ahead of charge review in 2005.
- (Medium term objective) To efficiently and consistently deliver high quality customer service procedures and introduce IT systems to ensure information is utilized throughout the business. (8.13)
- 😊 (Medium term objective) Enabling easy access will mean that contact can be made 365 days a year, 24 hours a day. Telephone and written correspondence including fax, post and e-mail will all be available. (8.13.1)
- (Medium term objective) Outside normal working hours, telephone calls will be received at the Operational Control room from where appropriate actions are directed. (8.13.2)
The 'customer service' ethos will be developed in all staff and specialist training given to support where appropriate. (8.13.3)

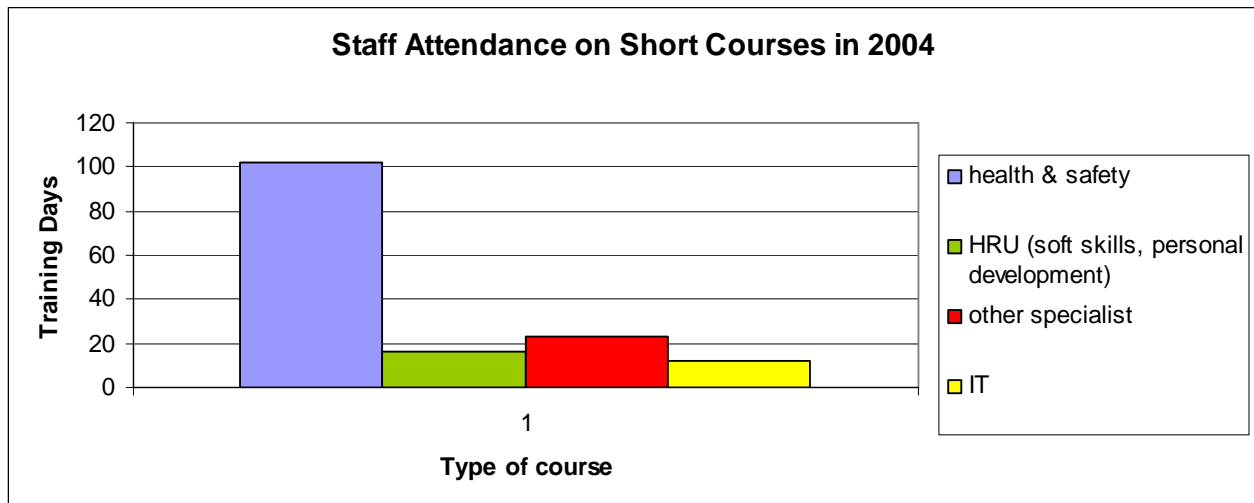
- ☺ (Medium term objective) A manager with responsibility for customer service will ensure performance compliance is monitored and any remedial actions expedited. (8.13.4)
- 95% of customer queries where a visit to the site is not necessary will be responded to within 5 working days. (8.13.5)
- (Medium term objective) 90% of customer queries where a visit to the site is necessary will be responded to within 10 working days. (8.13.6)







People

- ☺ Revise the current staff structure. (7.9)







The staff structure has been revised to better reflect the needs of the business. A number of posts have been appointed such as the Operations Manager, Water Distribution Manager, Support Services Manager and Electronics and Instrumentation Technician.






- ☺ Fill vacant posts within 3 months. (7.9.1)
- ☺ Review reasons why any post has remained vacant for three months and take appropriate action. (7.9.2)
- ☺ Recruit a minimum of two new staff per year to ensure business continuity. (7.9.3)
- ☺ Develop a bursary scheme. (7.9.4)
- ☹ Develop the formal system of staff appraisal for all Established Staff. (7.9.5)
- ☹ Provide comprehensive training and development programmes for all staff. (7.9.6)





-  To ensure that Health and Safety training is provided for all staff. (7.9.7)
-  Achieve Investors in People by end of 2005. (7.9.8)
-  Develop a rolling strategy to identify vacancies/replacement for staff leaving two years ahead and provide a succession plan by early 2005. (7.9.9)
-  (Medium term objective) To have extended the formal appraisal system to include all Public Service Employees on a voluntary basis. (8.14)
-  (Medium term objective) To develop a formal induction programme for all new staff joining the department which puts particular emphasis on GW's customer service and IT systems. (8.14.5)
-  (Medium term objective) To have introduced an apprenticeship scheme working in conjunction with other States Departments where appropriate. (8.14.8)

An apprentice was appointed in 2004 and work will continue with central services to develop an appropriate apprenticeship scheme.


-  Review the functions of the finance section commensurate with advantages now offered through the Navision System. (7.9.4)
-  Review the disaster recovery plans for the whole of Guernsey Water by end of 2005.
-  Measure sickness levels within Guernsey Water and use as an indicator of morale.
-  Measure accident statistics in accordance with industry standard criterion.
-  (Medium term objective) To encourage and promote the use of secondments with other organisations to develop and enhance the knowledge, experience and skills of staff. (8.14.6)
-  (Medium term objective) A number of staff are already members of professional bodies according to their particular area of expertise within the organisation. Staff will be encouraged to obtain and or maintain this status through Continued Professional Development (CPD) ensuring that requirements of appropriate Institutions/Associations are met. (8.14.1)

-  (Medium term objective) To promote staff attendance at appropriate trade exhibitions and conferences to keep abreast of the latest industry technology, aid professional development and provide networking opportunities. (8.14.2)
-  (Medium term objective) To communicate information within the organisation to all staff in the most efficient and effective manner e.g. the production of a monthly newsletter, staff meetings, Works Committee meetings and regular management meetings. (8.14.3)
-  (Medium term objective) To have developed a proactive role to attract high calibre staff by promoting the opportunities and careers available at GW through positive PR - attending open days, career conventions, press articles. (8.14.7)
-  (Medium term objective) To decrease staff turnover by enhancing the overall employee package e.g. a high standard of working conditions, good communication, planned training, opportunities for progression, utilisation of appropriate technology and equipment. (8.14.9)
-  (Medium term objective) To have provided a safe working environment for all staff, with appropriate facilities. (8.14.10)



Information Technology




-  Replace billing system by 2004. (7.10)
-  Install a document management system by 2005.

This new objective replaces 7.10.1 – Install a document management system by 2004. The new objective corresponds with the agreed plan for installing the new system.


-  Install an integrated personnel, payroll system and integrated accounts system (purchasing module) by 2004. (7.10.2)

Objective 7.10.3 - The Property Asset Management System will be populated with data by 2004, has been removed as this system is no longer required due to the sale of the majority of non operational properties.


-  Extend SCADA (Supervisory Control and Data Acquisition) (7.10.4)
-  Replace stock control system for stores control by 2004. (7.10.5)

-  Install telephone system by 2004. (7.10.7)
-  (Medium term objective) Develop use of Guernsey Geographical Information System (GGIS) to map water catchment areas and streams. (8.15)
-  (Medium term objective) Develop use of Guernsey Geographical Information System (GGIS) to map water distribution networks. (8.15.1)


Property

-  Construct primary site access roadway at St Andrews complete with infrastructure development by 2004. (7.11.2)



Works on hold due to legal issues.

-  Design new headquarters building, gain planning approval by summer 2004. (7.11.3)



The Public Services Department is reviewing the use of the site.

-  Construction of a disaster recovery/training/meeting room at St Saviours by end 2004, work will be dependant on completion of developments works to Water Treatment Works. (7.11.4)





Due to the review of the St Andrews site, St Saviours cannot be vacated until a centralised location is agreed.

-  Sell or rent on a commercial basis surplus non-operational sites. (7.11.5)
-  (Medium term objective) Construct new headquarters and move in staff from the town office between 2005 and 2006. The South Esplanade office will be sold when appropriate. The sale and lease back is an option. Having recently undertaken structural repair work to the town office, no other significant expenditure is planned at either the town office or Baubigny. (8.16)




Legislation

-  (Medium term objective) A detailed review will be undertaken in 2005 of the Water Act legislation and changes will be introduced commensurate with the relative urgency of such aspects. (8.17)
-  (Medium term objective) Revise “The States Water Supply (Prevention of Pollution) Ordinance, 1996” and accompanying guidelines. (8.4.1)



Finance

-  Ensure cash flow forecasts are managed and achieved. (7.13)
-  Minimise bad debts (maximum of £5,000 per annum). (7.13.1)
-  (Medium term objective) Water charges will be equitable and demonstrable with a single unit cost per cubic metre for all properties metered. (8.18)
-  Carry out a 2006 price/cost review in 2005.

Following the completion of the other Navison modules in 2005, the following objectives have been set.

-  Review the debtor payment days in 2005 and set targets for 2006 and beyond.
-  Review the number of creditor payment days and set targets for 2006 and beyond.
-  Review and where possible reduce the number of disconnections made and set targets for 2006 and beyond.

Monitoring and reporting

-  Annual report. (7.14)
-  Review Business Plan. (7.14.1)

The Public Services Department agreed the operational sections of the Business Plan but are reconsidering the remaining elements of the Plan.

Summary of water quality report

During the year, 2004, we collected, treated, stored and distributed over 5,000 million litres of drinking water to supply the needs of the Guernsey population, businesses and visitors.

The quality of the Island's drinking water is assessed against the EC Drinking Water Directive standards and we are pleased with the overall level of improvement. Out of a total of 9,535 tests performed on water samples taken for analysis from treatment works, storage reservoirs and customers taps, 98.02% met all of the criteria set down in the EC Directive.



St Saviours reservoir



Little Egret hunting in reservoir

The introduction of the new membrane treatment process at St Saviours Water Treatment Works together with the early completion of the watermain rehabilitation project will ensure that water quality improvements continue. The water leaving the St Saviours works is now more stable and as a result problems downstream in the distribution and plumbing systems should diminish. We are looking forward to starting improvement works to the north of the Island when the new treatment plant at Longue Hougue is built.

Physical changes also need to be made at the treated water storage reservoirs at Forest Road and Frie Plaidy to ensure that the water is mixed and refreshed in order to maintain a high level of water quality.

More extensive water quality monitoring will be necessary at customer's taps to enable the disinfection process to be further optimised. To date only a limited amount of sampling from customer's taps has been practised and we must build up a background pattern of results from which to measure improvement. New chlorine dosing equipment is being installed at both St Saviours and Juas Water Treatment Works and this will enable chemical addition to be refined more accurately.

Summary of financial statements

The following pages provide an overview of the capital expenditure and income and expenditure budget of Guernsey Water for 2004 and the corresponding accounts outturn for 2003. For a more detailed breakdown of the finances of Guernsey Water, please refer to the published audited report in the July 2004 Billet d'Etat.

As means of further explanation, the income and expenditure budget shows:

- An increased income from water supplies due to the 10% plus RPI rise in water charges brought into effect on 1st January 2004.
- The sale of Guernsey Water's non operational sites will account for approximately £510,000 on surplus on sale of fixed assets.
- Interest charges for the States overdraft meant that Guernsey Water paid in the region of £82,580 in charges.

Income and Expenditure Account

	Probable Outturn 2004		Accounts 2003	
	£	£	£	£
INCOME				
Water Supplies -				
Unmeasured	3,026,700		2,797,898	
Measured	<u>3,551,000</u>		<u>2,936,052</u>	
		6,577,700		5,733,950
Surplus on Other Trading Activities before Management Expenses and Depreciation		<u>182,094</u>		<u>3 84,621</u>
Operating Income		6,759,794		6,118,571
EXPENDITURE				
Operating Expenses -				
Water Production	1,273,705		1,129,743	
Water Distribution	674,350		608,599	
Water Quality Control	472,010		450,547	
Property Maintenance	<u>100,200</u>		<u>110,696</u>	
		2,520,265		2,299,585
Management Expenses -				
General and Financial Management	419,499		366,251	
Income Collection	303,250		278,180	
Technical and Customer Services	373,500		321,881	
Administration, Information Technology, Public Relations and Office Expenses	<u>331,720</u>		<u>287,396</u>	
		<u>1,427,969</u>		<u>1,253,708</u>
Total Expenditure		3,948,234		3,553,293
OPERATING SURPLUS BEFORE DEPRECIATION		2,811,560		2,565,278
Depreciation		(910,470)		(1,022,364)
Net Appreciation (Depreciation) of Investments		<u>-</u>		<u>27,213</u>
OPERATING SURPLUS FOR THE YEAR		1,901,090		1,570,127
Net Interest Receivable (Payable)		(82,580)		36,375
Surplus on Sale of Fixed Assets		<u>510,000</u>		<u>15,952</u>
SURPLUS FOR THE YEAR		2,328,510		1,622,454
Transfer to Reserve for Renewal of Assets		(594,530)		(493,588)
Transfer to Property Development Fund Reserve		(1,314,900)		-
Transfer from Property Development Fund Reserve		-		-
RETAINED SURPLUS FOR THE YEAR, TRANSFERRED TO REVENUE		<u>419,080</u>		<u>1,128,866</u>
ACCOUNT RESERVE		419,080		1,128,866

Capital Development Programme

Guernsey Water's Capital Development Programme included investment in the membrane plant at St Saviours Water Treatment Works (Water Treatment budget) and the completion of the mains rehabilitation programme within the Water Distribution budget.

	Probable Outturn 2004		Accounts 2003	
	£	£	£	£
Water Resources		354,000		524,101
Water Treatment		2,501,000		722,788
Water Distribution		2,436,000		1,690,979
General		1,234,000		463,974
		<hr/>		<hr/>
GROSS CAPITAL INVESTMENT		6,525,000		3,401,842
Customer Contributions and Asset Sales		(583,000)		(40,251)
		<hr/>		<hr/>
NET CAPITAL INVESTMENT		5,942,000		3,361,591
		<hr/> <hr/>		<hr/> <hr/>

Key Statistics

Water Supply

	2004	2003
catchment area	43.07km ²	43.07km ²
population supplied	59,710	59,710
number of connections	23,762	23,417
metered	11,013	10,372
unmetered	12,749	13,089
sources of supply - stream catchments	23	23
sources of supply (wells)	5	5
storage towers & reservoirs (potable)	4	4
storage reservoirs / quarries	15	15
water treatment works	3	3
raw water pumping stations	15	15

Mains Distribution

potable water mains including transfer main	440–450km	440–450km
raw water pipelines (approximately)	60km	60km
mains relined	26km	16km
mains replaced	2.97km	1.86km
burst mains per square / km (based on 62.94 square Km)	1.24	1.52
burst mains repaired	78	96
communication pipes repaired	257	74
unaccounted for water (leakage)	14.6%	18.6%

Water Quality

total samples taken at WTW	5170	5545
total samples passed for WTW	5104	5438

Finance

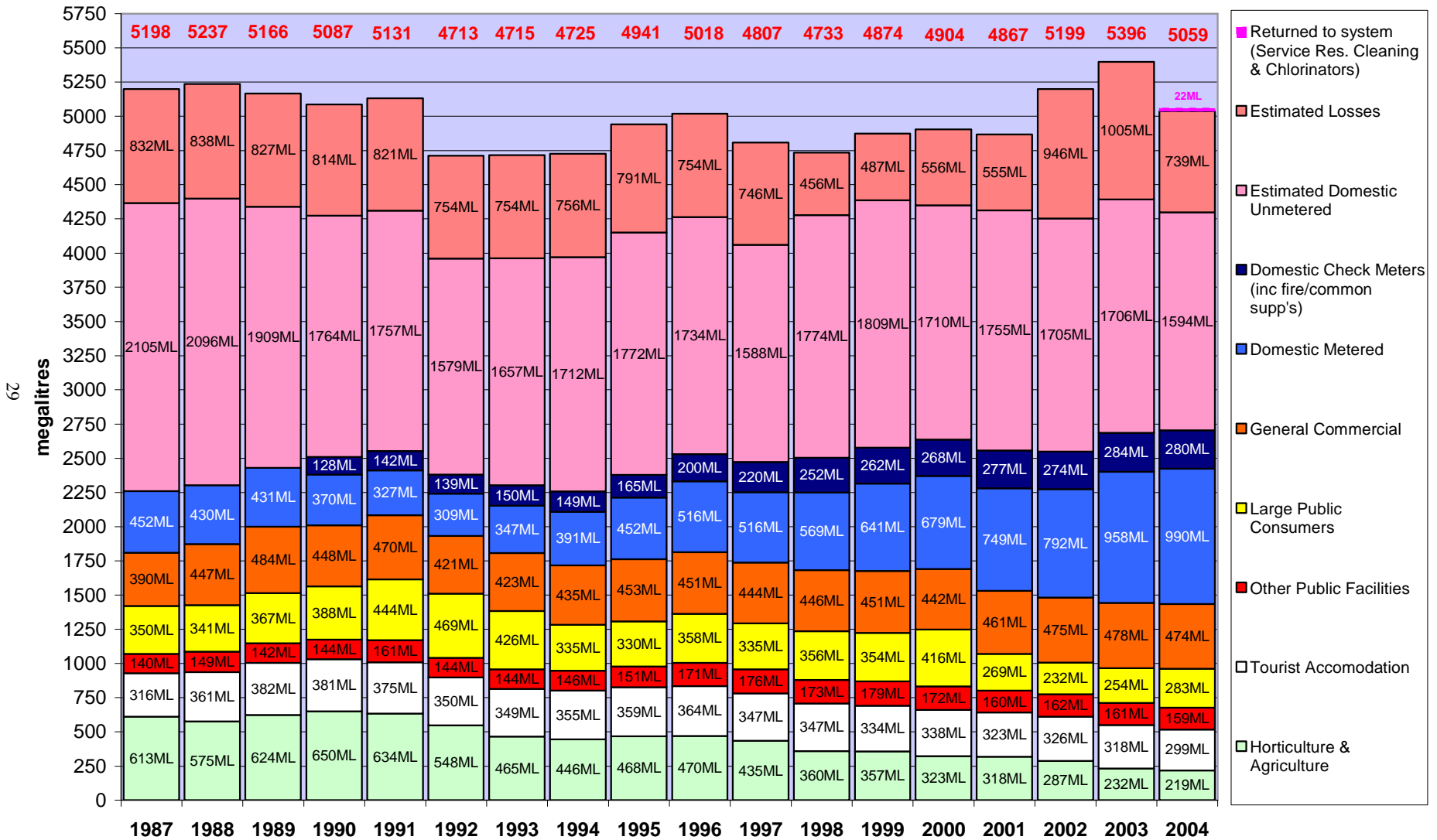
income	£6,759,794 (probable)	£6,118,571
operating expenditure	£3,948,234 (probable)	£3,553,293
capital expenditure	£5,942,000 (probable)	£3,361,591

Personnel

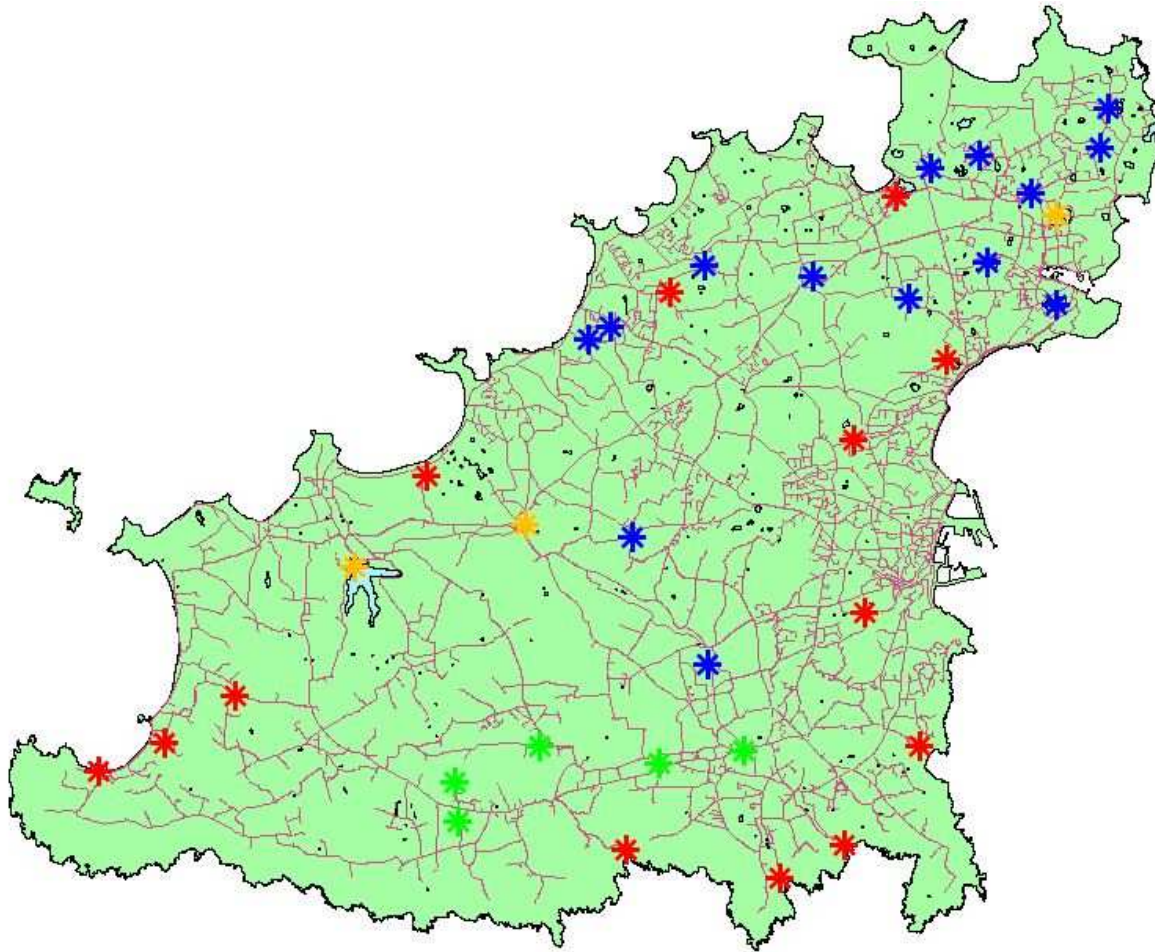
established staff	43.5	42
non established staff	38	38
staff vacancies	4.5	6

Water Consumption from Public Supply

TOTAL PUT INTO SUPPLY IN MEGALITRES (ML)



Guernsey Water Operational Sites



- * Reservoirs
- * Pumping Stations
- * Emergency Boreholes
- * Water Treatment Works
- Water Mains