

Annual Report

2009



GuernseyWater

A DIVISION OF THE PUBLIC SERVICES DEPARTMENT

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FOREWORD

2009 has been another excellent year for Guernsey Water and this Annual Report highlights the many successes that were achieved during the year. These can only have been achieved thanks to the dedication of the Director of Water Services and his team. On behalf of the Public Services Board and the whole community, I thank them all.



As Minister for the Public Services Department, I always encourage the business units within the Department to operate in a businesslike and commercially-minded fashion. The financial performance and positive reputation with the public suggest that Guernsey Water has achieved this, the latter being borne out by the 95% customer satisfaction rating reported on page 17.

The subject of commercialisation is often mentioned with regard to units such as Guernsey Water and as a Board we would always promote whatever course of action would prove beneficial both to the organisation itself and the customers. I am planning to take a green paper to the States in 2010 which will seek States' approval to explore the potential for commercialising the business units of the Department. As recent reports from the National Audit Office and our Office of Utility Regulation have suggested, Guernsey Water could work well as a commercialised business in the right circumstances.



The Board are pleased with the progress in the development of the new operational depot at the St Andrew's quarry site. This new building and the resulting centralisation of the business will also bring about many benefits to Guernsey Water in terms of communications and financial savings, which hopefully the customer will benefit from once the depot is up and running towards the end of 2011.

This report clearly identifies the many successes of Guernsey Water during 2009, which include the following:

- The level of water in the reservoirs was maintained at a very high level, ensuring that there was no need for hosepipe restrictions.
- The policy of extending the number of customers on meters has been successful, with the number of metered customers now comfortably outnumbering those unmetered (59% - 41%).
- The quality of tap water continues to be very good indeed, either matching or exceeding the standards of UK water companies at 99.86% compliance.
- Guernsey Water continues to generate sufficient income for its ongoing capital needs, demonstrated by significant works on pumping stations throughout the Island, the development of a new Water Treatment Works at Longue Hougue and a major sliplining project from St Martins to the Frie Plaidy service reservoir.



I am pleased to be associated with such a successful undertaking as Guernsey Water and I look forward to our continued success over the next few years.

BERNARD FLOUQUET
MINISTER, PUBLIC SERVICES DEPARTMENT

INTRODUCTION

2009 has been a good year for Guernsey Water, with the usual mix of challenges and rewards. Major progress has been made on some significant projects, particularly with the construction of the new operational depot at St Andrews which has now received full permission from the Environment Department to commence works.



This is an essential part of the jigsaw which will shape the future of the business, as it allows the centralisation of Guernsey Water staff, bringing about major benefits in terms of morale, communications and cost-savings. Site clearance works are currently ongoing which will allow the construction of the depot to begin in the spring of 2010. It is hoped that the building work will be completed within 18 months, with staff settled into their new surroundings before the end of 2011.

Another significant project was the commissioning of the new Water Treatment facility at Longue Hougue, which utilises the same state-of-the-art membrane technology as the St Saviours plant. This technology is used globally and is widely considered to be a very effective method of treating water. Water quality results certainly haven't disappointed in 2009, with an overall recorded compliance of 99.86% - this improves on previous years by nearly 0.2% to become the highest ever recorded level in Guernsey.

Other excellent achievements include a very low number of burst mains, minimal leakage from the water distribution system and the lowest recorded number of pollution incidents. These achievements are the reward for the hard work and skills of staff at Guernsey Water and particularly their proactive approach to preventing negative incidents happening in the first place rather than reacting when they happen.

Guernsey Water is always looking for ways to improve performance and this can only be properly measured through a system of performance indicators. In 2009 the business adopted the UK water industry regulator OFWAT's 'Director General' indicators, which are used to monitor all water companies in the UK. Utilising these indicators will not only improve performance by giving further targets for Guernsey Water to try and achieve, but will also allow the business to benchmark against other companies in the UK. To see how Guernsey Water did in 2009, turn to page 25.

Climate change is an issue that is on everybody's mind at the moment and Guernsey Water is no exception. Rainfall levels are a good indicator of any changes in climate and are, of course, absolutely vital to the production of drinking water for the Island's population. The pattern of precipitation in 2009 was generally in line with the climatic mean, with the exception of November, which was the wettest month on record in Guernsey for at least two decades.

Looking at previous annual rainfall records, it is difficult to ascertain whether levels are leaning one way or another, but the onus will always remain on Guernsey Water to collect as much water as possible wherever it falls within the Catchment Area.

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

ANDREW REDHEAD, DIRECTOR OF WATER SERVICES
ON BEHALF OF THE MANAGEMENT TEAM, GUERNSEY WATER

VISION & KEY POLICIES

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

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

In order to support this vision, a number of Key Policies have been formed and are shown below.



WATER RESOURCES

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



CATCHMENT PROTECTION

Ensure that by rigorous enforcement, all streams are capable of being used for the public water supply. Guernsey Water has a responsibility to ensure that it conserves and enhances the Catchment Area’s natural environment.



WATER PRODUCTION

Water Treatment Works must be capable of producing consistently high quality water in sufficient quantities that satisfy demand. Once treated, water must be kept at the same high quality in the service reservoirs which smooth out the peaks and troughs in customer demand.



WATER DISTRIBUTION

Ensure that over 400km of potable water main is in a suitable condition to transfer water to customers while retaining it at the highest standards possible. Reduce leakage and minimise bursts through proactive monitoring.



CUSTOMERS

Guernsey Water believes it is crucial that our customers consider that they receive a good value-for-money service. Guernsey Water is always eager to receive feedback on the service that it provides.

These Key Policies are supported by another Policy - **Management**, which incorporates the core business functions such as staff, information technology, property, legislation, finance, performance monitoring, PR and health and safety.



MANAGEMENT

People are our most important asset. Staff at all levels are encouraged to participate in business improvement initiatives and are appreciated for their contribution. Guernsey Water is run as a commercial entity with an emphasis on efficiency, financial transparency and good people management.

2009 REVIEW

A review of the objectives set for Guernsey Water in 2009 (taken from the organisation's Business Plan) can be found over the preceding pages, split into the six Key Policies described previously. Each Policy has an introduction of the type of work carried out by that section and a general review of 2009 including key events and performance measurement from that year.

A detailed list of all the objectives that were carried out under each Key Policy, and whether they were achieved or not, can be found in **Appendix B** on page 34.

WATER RESOURCES

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



The collection and storage of precipitation represents the first part of the treatment and distribution process for potable (drinkable) water. Given the uncertainty regarding climate change and its potential effects on precipitation levels, it is vital that Guernsey Water captures as much water as possible. The latest expert advice suggests that in the future there will be fewer wet days, but rainfall will be heavier and more intense, putting additional pressure on pumping stations and streams.

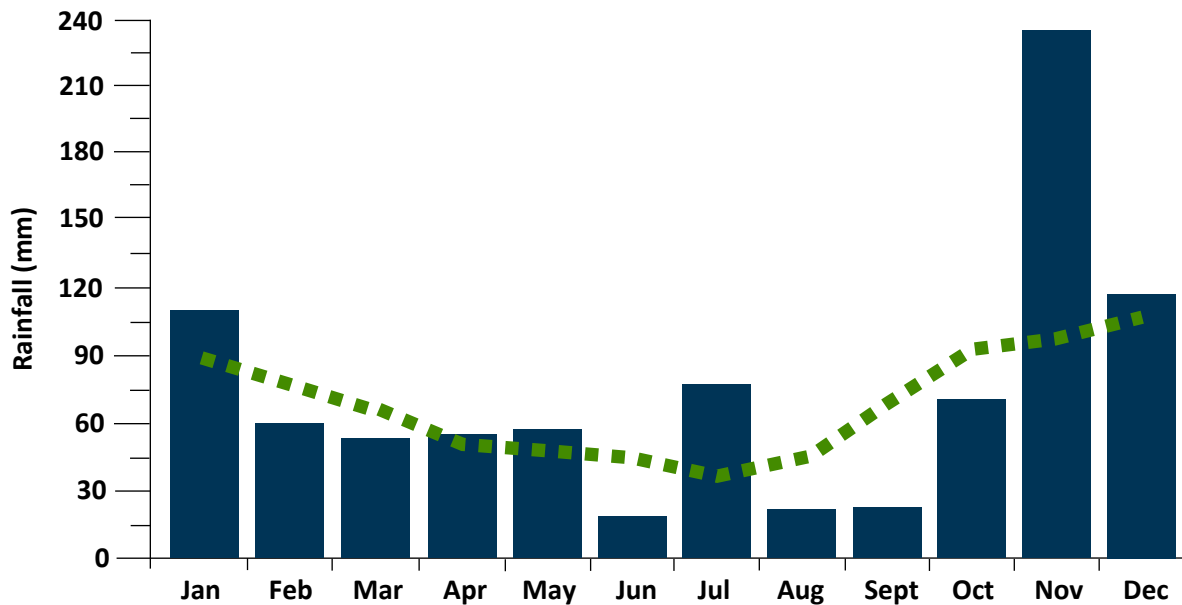
Guernsey Water oversees 16 raw water storage reservoirs holding a combined capacity of 4,425 Megalitres (ML), which represents approximately 11 months of storage. With virtually no underground sources, Guernsey is almost entirely reliant on the water stored in its reservoirs. However, this capacity does compare favourably with similar jurisdictions such as Jersey.

RAINFALL

Rainfall during 2009 generally followed the expected pattern (the green dotted line on the graph below represents the climatic mean of rainfall in Guernsey taken from between 1970 and 2001), with the exception of July and November. The supposedly summer month of July brought 77.4mm of precipitation, which was more than the months of February, March and October. However, the most significant anomaly was November, which saw 234.7mm of rainfall - the largest monthly rainfall figure for at least twenty years!

Key Event 2009

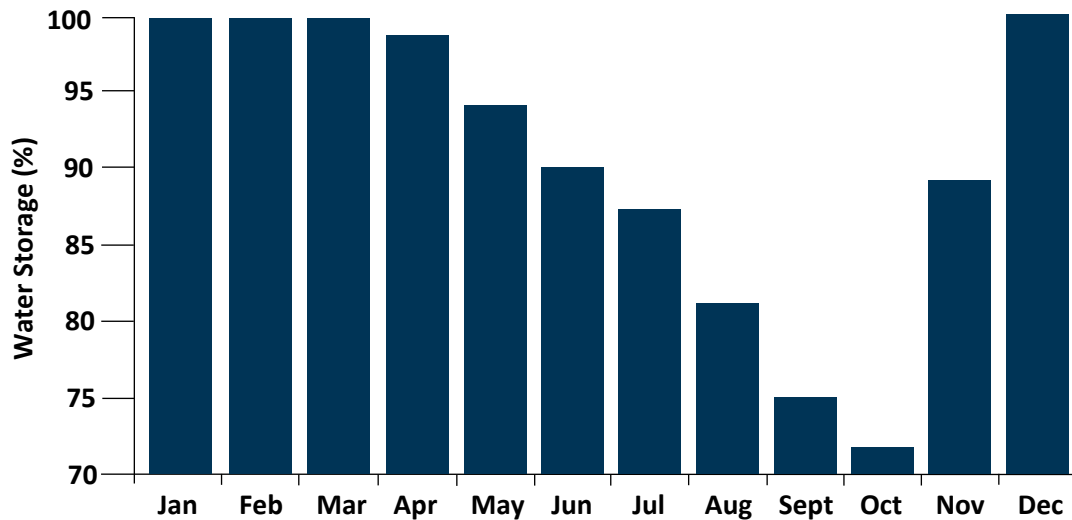
A massive 422,840 m³ (cubic metres) of water was collected from Vale Pond during April. The most productive day of 2009 was 13th November, when 13,680m³ was collected from Vale Pond.



The total rainfall during 2009 was 899.6mm, which was 8.7% higher than the climatic mean, but 1.9% lower than last year's figure. With the exception of last year, 2009 had the highest annual rainfall figure since 2002. Looking at the trend from annual rainfall figures over the last decade the first few years experienced high rainfall, then there was a significant dip between 2003 - 2006 before the figures returned to their similar high level for 2007 onwards. It is unclear as to whether climate change is having any effect on rainfall patterns at the moment.

STORAGE

Despite the unusually high rainfall in July and November the water storage levels in 2009 showed a familiar trend, with high levels early in the year as demonstrated on the graph below. Reserves then diminished as customers used more water during the summer months to irrigate gardens before significant rainfall in winter replenished supplies, topping them up again before the start of the next year.



Reserves of water fell to their lowest in October, dropping to 3,289ML. This is substantially lower than 2008’s figure - 4,171ML, although it should be pointed out that the 2008 figure was unusually high when compared to previous years. Water storage levels quickly picked up in November and December to ensure that 2010 will start with the reservoirs and quarries full to the brim! Despite our excellent treatment technology, we cannot turn seawater into drinking water - this requires a different and far more expensive treatment process known as desalination. The level of Guernsey’s storage makes this unnecessary at present.

PROJECTS

A new pumping station was substantially completed at Douits du Moulin during 2009. Once commissioned this will help GW staff collect more precipitation and pump it into supply. In addition to this, improvement works have been carried out at the La Mare de Carteret station and design work has begun to rebuild the Marais Stream station (which is expected to be completed in 2011). Management also revised the Water Supply Strategy which informs future decisions about demand and supply for water in the Island. Works to stabilise quarry sides/walls around the Island are continuing and the project to relocate the gantry at Jamblin quarry for health and safety reasons will now begin early in 2010.

Work has also begun on creating Water Safety Plans for Guernsey, which will be a three year project. These plans involve detailed investigations into the whole water treatment cycle from collection of precipitation in the Catchment Area to the delivery of clean drinking water to customers. The investigations are primarily to assess levels of risk at every step of the cycle and to see if improvements or contingencies can be made in order to reduce the levels of risk.

2009 Performance Target

WATER STORAGE - The level of water storage in the Island must be at least 95% by 1st April.

RESULT - The level of water storage was recorded as 98% on 1st April 2009.



CATCHMENT PROTECTION

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



The Catchment Area is defined as the area around storage reservoirs where precipitation collects and flows through streams or pipelines into storage reservoirs, or is pumped in from one of the stations dotted around the Island. The Catchment Area in Guernsey covers the majority of the Island with an area of 43km².

Catchment protection is the first step in the water treatment cycle, and given the size of the area, it is a significant task to ensure that every square metre remains pollution-free. Guernsey Water staff work in liaison with farmers, industrial companies, environmental agencies and the Guernsey Fire & Rescue Service to minimise contamination of the area.

Key Event 2009

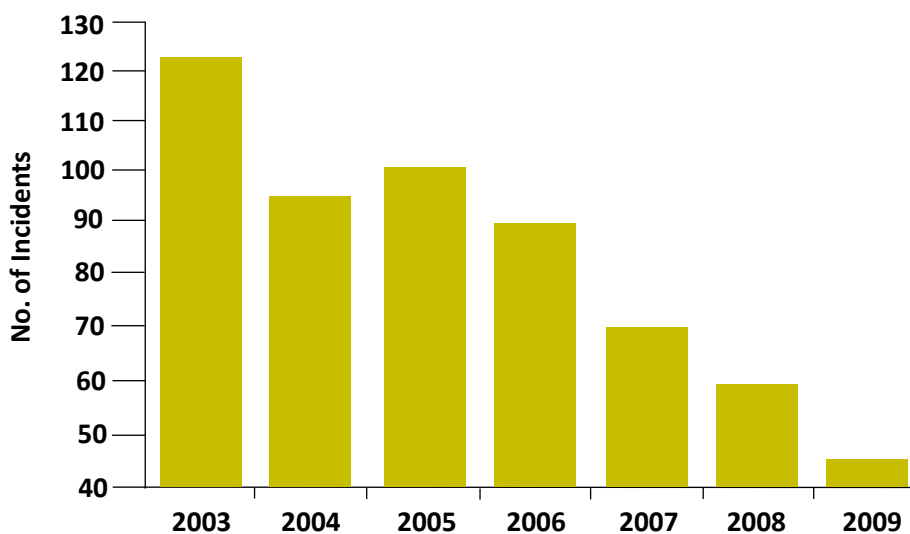
The number of pollution incidents in 2009 (46) was the lowest on record thanks to Guernsey Water's proactive approach to potential polluters.

PREVENTING POLLUTION

Guernsey Water staff carried out many inspections throughout 2009 in order to prevent the Catchment Area getting polluted or contaminated. A number of market gardens, poultry farms, vinery sites, supermarkets, schools and industrial buildings were carefully investigated to ensure that potentially polluting substances were being stored and disposed of correctly.

While Guernsey Water has the means to instigate prosecution in the event of water pollution incidents, they prefer to liaise with and educate potentially contaminating organisations and build positive relationships with them in order to prevent pollution incidents occurring in the first place.

In addition to this work, staff have been in constant liaison with local oil companies to ensure that oil installations (tanks/catchment pits) are put in correctly. This proactive approach has meant that recorded pollution incidents continue to decrease, as demonstrated in the graph below:



It is particularly pleasing to note that only one chemical contamination was recorded throughout 2009 - this is proof that the proactive work staff are carrying out with farmers and vinery growers is working well.

PROJECTS

Work has begun on amending the legislation governing Catchment protection and planning applications which will not only offer more protection to the Island’s water supply, but will also reduce the amount of work carried out by Guernsey Water staff in assessing individual planning applications. A project to investigate stream pollution from cesspits has also begun and will coincide with Guernsey Water taking over the billing function for waste water in the Island. Both of these projects have commenced and are scheduled to be completed in the next few years.



In order to assess the level of pollution in Guernsey’s streams, staff carry out Benthic surveys which monitor the type and number of freshwater invertebrates present in streams. These surveys are carried out twice each year and give an accurate indication as to the ‘health’ of the stream. If low numbers of species are identified then action can be taken to try and ascertain where the pollution is coming from.

During 2009, Guernsey Water updated their literature on pollution prevention. This includes guidance on disposal of water from swimming pools, installation of oil tanks, application of herbicides/pesticides, disposal of oil storage tanks and the use of redundant cesspits. Copies of all of these updated documents can be found on the Guernsey Water website (www.water.gg), at retail outlets and occasionally in the media.

There have been a number of issues recently with chemical contaminants being used in the Catchment Area. Guernsey Water has a duty to ensure that chemicals do not cause damage to the aquatic environment.



Guernsey Water’s sampling regime is extremely prescriptive, with over 7,000 samples carried out every year (an average of 20 per day). The list of chemicals and the levels that Guernsey Water adheres to is also very detailed, with over 130 chemicals and compounds. The permitted levels of chemicals in drinking water is incredibly low in most instances; sometimes less than one part per billion.

One way of describing this would be to think of a bag of sugar as being a litre of water. Take one tiny grain of sugar from this bag, then divide this by a thousand - that is the amount of certain chemicals allowed for the sample to pass!

In order to prevent pollution problems occurring, Guernsey Water staff spent considerable time in 2009 liaising with industrial bodies, farmers and the Airport. The forthcoming modifications to the Airport runway are to be carried out in a way which is not detrimental to the Island’s water supply.

In addition to the planning legislation work mentioned at the top of the page, efforts are being made to amend other pieces of legislation that support and protect Guernsey Water’s activities. Currently, Guernsey Water relies on legislation dating back to 1927, which is obviously now substantially outdated. This has not been tackled to date as governance and regulations have remained ill-defined. Given the nature of changing legislation the process will be fairly time-consuming, and is not expected to be completed until 2011.

2009 Performance Target

WATER CATCHMENT ASSESSMENT AUDITS - A number of scheduled sites were programmed for visits during the year. 100% of these sites must be visited as scheduled.

RESULT - 100% of sites were visited during 2009.



WATER PRODUCTION

Water Treatment Works must be capable of producing consistently high quality water in sufficient quantities that satisfy demand. Once treated, water must be kept at the same high quality in the service reservoirs which smooth out the peaks and troughs in customer demand.



The process of producing and treating water to make it fit for human consumption is constantly evolving and improving. As new technologies are invented, benefits are felt by the public, who in turn become more particular about the level of quality they expect from their water supply.

Guernsey Water runs a Water Treatment Works (WTW) at the St Saviours reservoir which utilises state-of-the-art membrane technology to treat water. An additional WTW with similar technology was commissioned at Longue Hougue during 2009 which will take over from Juas WTW as the plant serving the north of the Island. In addition to this, Guernsey Water also operates a WTW at Kings Mills, although this plant uses the more traditional filtration method of treatment. The plant is only operated during the summertime to meet peak demand (although it has not been needed for the last few years).

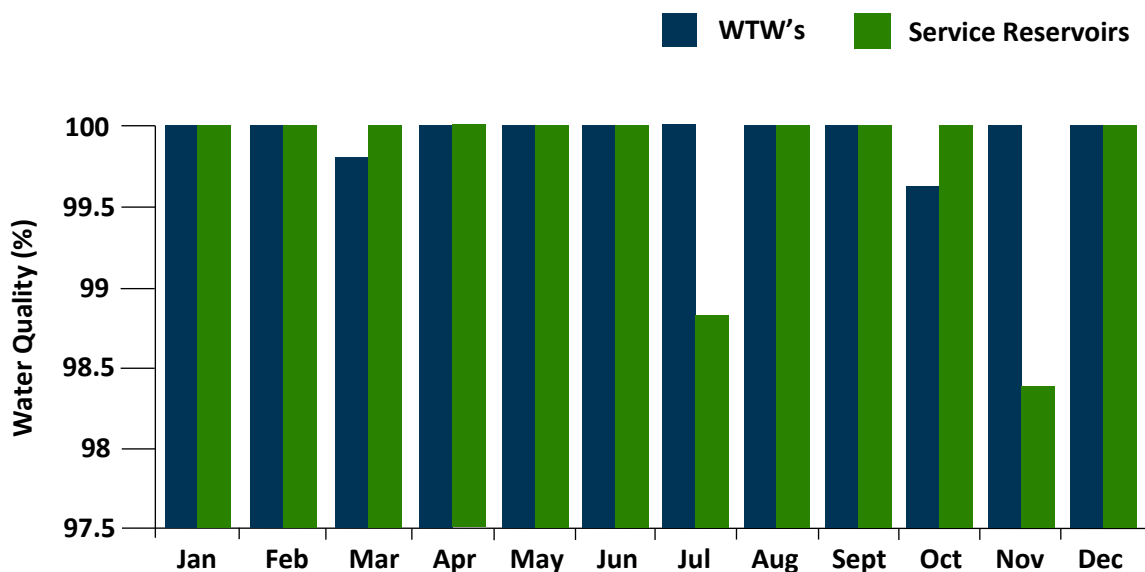
Once water is treated, some of it is stored in service reservoirs until it is needed by customers. Guernsey Water maintains service reservoirs at Forest Road (two tanks and the Water Tower) and Frie Plaidy (one tank).

WATER QUALITY

As shown on the graph below, water quality figures for 2009 were once again very impressive and have improved further on the excellent results of the last few years. Compliance from the WTW's was 99.93%, which is 0.02% better than last year, and the service reservoir's figure of 99.76% is 0.12% up on last year. Both results are the highest on record for the Island.

Key Event 2009
A new WTW using membrane technology at Longue Hougue was completed, commissioned and officially opened during the summer.

The graph shows an expected pattern, with water quality dropping slightly when air temperatures increase during the warmer summer months. This increases the chance of bacterial growth within the water, although mixing and chlorine boosting at service reservoirs goes some way towards alleviating this problem.



PROJECTS

The biggest project of the year was undoubtedly the creation and commissioning of the new WTW at Longue Hougue, which was first switched on in July. The plant was constructed by UK-based contractors Enpure Ltd, the successor company to Purac Ltd who built the works at St Saviours. The new plant cost less than £5 million, which represents exceptionally good value for money when compared with similar facilities elsewhere.



The plant incorporates some of the most technically advanced water treatment processes anywhere in the world and builds upon the experience gained at our St Saviours works. The ultra-fine filtration membranes are similar to those that have been in successful operation at St Saviours for the last five years and will ensure the continuing water quality improvement in the Island.

Despite being able to produce 15 million litres of high quality drinking water per day, the new plant has been constructed on a remarkably small area of land, with the main processes housed within an existing compact warehouse structure. The plant was officially opened on 22nd June by the Bailiff and a plaque was erected within the building to commemorate the event.

The success of the installation of the OSEC (On Site Electrolytic Chlorine generation) system at Longue Hougue WTW has indicated that a similar system should be installed at St Saviours WTW. This installation will be completed by the end of 2010.



An energy efficiency audit of water production was scheduled to take place and be completed during 2009, but due to other commitments (particularly the Longue Hougue WTW) this has not happened. Although the audit has commenced, it will not be completed until 2010. Another project that has been altered timescale-wise is the inspection of the Water Tower with a view to considering its long-term future.

As the Tower needs to be drained before any investigations can take place and this has to be done at certain times, the timescale for this project was always going to be difficult to pin down. The objective has now been altered so that a feasibility study will be carried out in 2010 to determine the long-term requirement for the Tower.

Work has begun on installing surveillance cameras and other security measures at WTW's and service reservoirs, and this work will be completed in 2011. This is an important project given the unpredictable times that we live in, and it is vital that Guernsey Water are well-equipped to protect their most vital assets against potential threats.



2009 Performance Targets

a). WTW WATER QUALITY - Taking a minimum of 4,000 water quality samples, achieve 99.50% compliance for WTW's.

RESULT - 4,611 samples were taken and 99.93% compliance was achieved in 2009.

b). SERVICE RESERVOIR WATER QUALITY - Taking a minimum of 750 water quality samples, achieve 98.00% compliance for service reservoirs.

RESULT - 824 samples were taken and 99.76% compliance was achieved in 2009.

WATER DISTRIBUTION

Ensure that over 400km of potable water main is in a suitable condition to transfer water to customers while retaining it at the highest standards possible. Reduce leakage and minimise bursts through proactive monitoring.



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

As part of Guernsey Water's responsibilities, water quality staff carry out random checks at customer homes to take samples of water from the kitchen tap. The results of these samples are a good indicator of the condition of the distribution system. The water will have been treated at one of the WTW's and potentially stored at a service reservoir (where it may have been mixed and boosted with chlorine), so any deterioration in quality could indicate a problem with the distribution network.

Another key to good distribution performance is the reduction of mains bursts and minimisation of leakage, which is achieved through a combination of replacement/maintenance programmes and increased monitoring through new technologies. Guernsey Water can detect potential pipe bursts through pressure monitoring systems, so in essence it can know when a burst has occurred before customers are aware. Efforts can then be made to repair the main as quickly as possible, minimising inconvenience to customers.

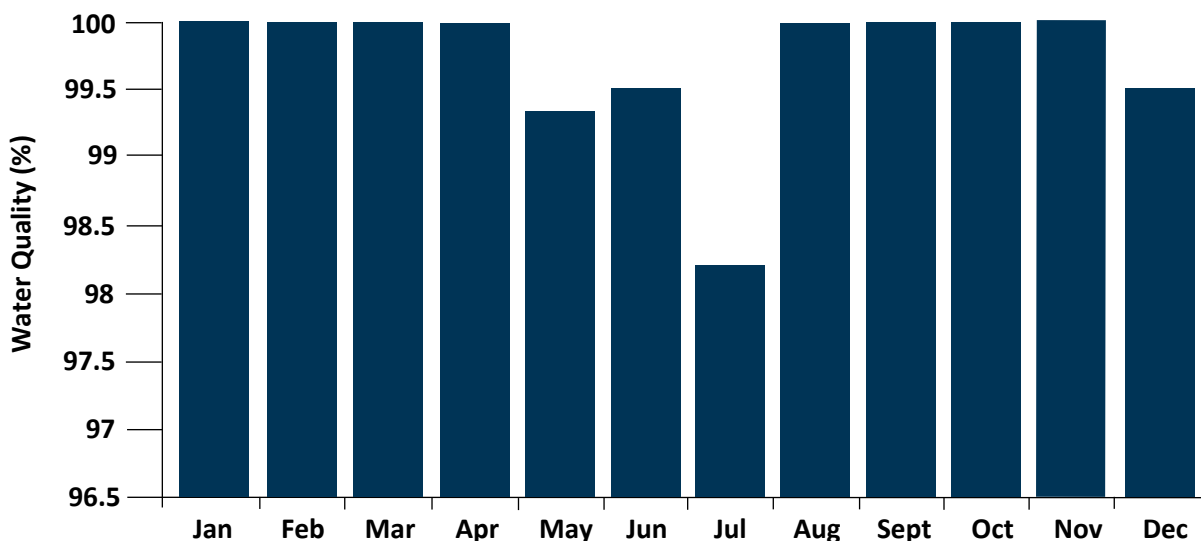
Key Event 2009

A major piece of treated water main between Les Huriaux and the Frie Plaidy service reservoir was sliplined three months ahead of schedule and under budget.

WATER QUALITY

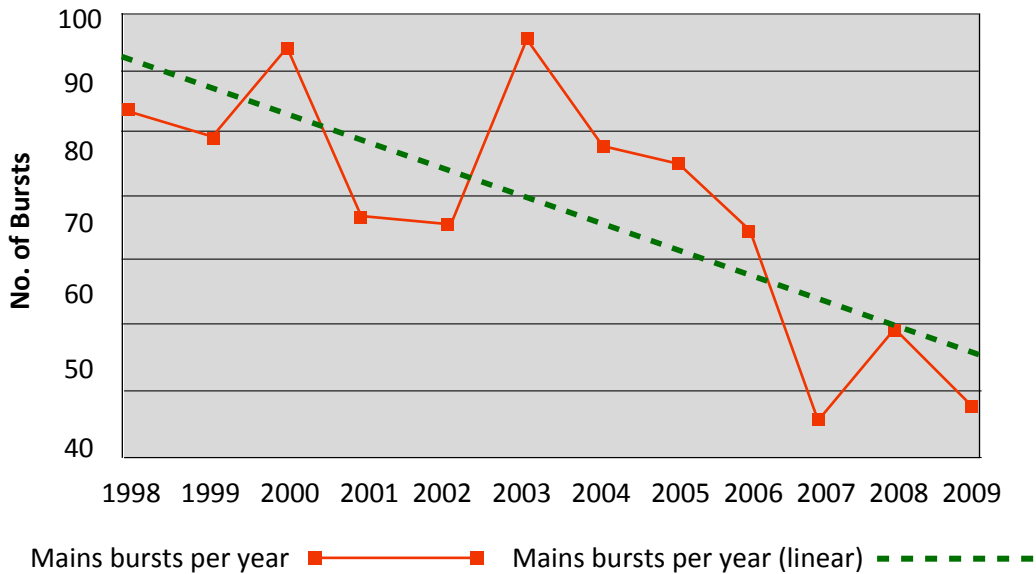
The graph below shows the monthly water quality figures from 2009 for the distribution zones (where samples are taken from customer taps). The overall compliance level has reached the highest figure on record at 99.76%, which is 0.42% up on last year's excellent result. This is a remarkable achievement and demonstrates the importance of the proactive sampling and remedial work that Guernsey Water staff carry out throughout the year.

As with the WTW's and service reservoirs, the graph shows the expected pattern of water quality dropping slightly during the warmer summer months when air temperatures increase.



BURST MAINS & LEAKAGE

There has been significant investment in the mains network over the last few years in an effort to reduce bursts and control leakage, and the graph below demonstrates how that investment has paid off.



The leakage figure for 2009 was 450ML, which is 100ML below the set target. This is particularly impressive considering the target was lowered from 750ML to 550ML just a couple of years ago.

PROJECTS

Staff continued to roll-out Medium Density/High Performance Polyethelene (MDPE/HPPE) mains replacements for the remaining cement pipes on the Island. A total of 3.6kms of watermain was replaced during 2009. These mains are replaced on a priority basis, which consider the pipe’s age and burst likelihood. Staff also continued with the rolling programme of mains extensions (connecting properties not yet on the main supply) and splitting common supplies (allowing customers on joint supplies to be able to have water meters fitted e.g. those living in flats).

As noted in the ‘Key Event’ box, the sliplining of the main from Les Huriaux to Frie Plaidy was a very successful project. Using our staff on the project as opposed to just contracted workers was a big factor in the speed and low cost of the project. As in many of our projects, the mains were ‘sliplined’ rather than replaced. This involves slipping a smaller diameter pipe inside the existing one, saving time and money, and reducing inconvenience to the public through much smaller road excavations.

2009 Performance Targets



a). **DISTRIBUTION ZONE WATER QUALITY** - Taking a minimum of 2,000 water quality samples at customer taps achieve 99.00% compliance for distribution zones.

RESULT - 2,478 samples were taken and 99.76% compliance was achieved in 2009.

b). **LEAKAGE** - Ensure that leakage figure is below 550ML per annum.

RESULT - Leakage figure for 2009 was 450ML.

c). **DISCOLOURATION** - Reduce number of discolouration complaints from previous year.

RESULT - 61 complaints were received in 2009 compared to 48 in 2008.

CUSTOMERS

Guernsey Water believes it is crucial that our customers consider that they receive a good value-for-money service. Guernsey Water is always eager to receive feedback on the service that it provides.



Guernsey Water has a customer base of around 24,600, with approximately 60% on a measured supply (water meters) and the rest on an unmeasured supply (bills measured by Tax on Real Property or TRP). Guernsey Water believes that customer service is at the centre of all of its operations and processes, and is always looking for new and improved ways of communicating with and serving customers.

A number of customer service initiatives have recently come on-stream, including the development of a new Guernsey Water website at www.water.gg. This site contains all of the information and advice that customers may need about billing, water meters, water quality and treatment methods. Customers can also fill out feedback questionnaires online to let Guernsey Water know what they are doing well, and what they are not doing so well. The formation of a customer user group called the Guernsey Water User Group (GWUG) has created another conduit for communications between the business and its customers.

CUSTOMER FEEDBACK

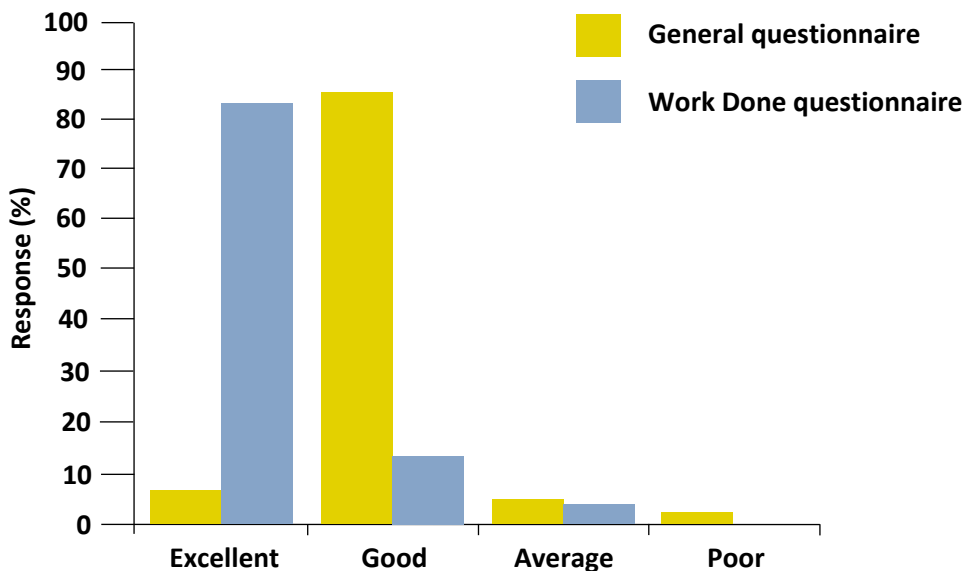
There are two types of customer questionnaire that Guernsey Water uses to gather feedback. The first is for general use, which is either filled in when customer service staff speak to customers over the phone, or can be completed online or in hard copy from our offices.

The second is a more specific questionnaire for those customers who have either had work carried out for them recently by Guernsey Water staff, or who have been impacted upon by Guernsey Water's work. This could therefore range from the installation of a meter to replacing a burst water main outside a property or place of work.

The graph below shows a summary of the results (to the end of 2009) of the **General** and **Work Done** questionnaires, which gives an idea as to the kind of responses the business is receiving at the moment (based on 235/85 responses respectively):

Key Event 2009

Based on comments from the GWUG, the standing charge for all customers was reduced to a flat rate of £25 per quarter, giving metered customers more control over their water bills.



Looking at the feedback from the **General** questionnaire in greater depth, the following points can be made:

- **97%** of respondents felt that the reliability of water was excellent or good
- **90%** felt that the quality of water was excellent or good
- **96%** felt that the friendliness and helpfulness of Guernsey Water staff was either excellent or good
- **37%** felt that the way Guernsey Water managed roadworks for its customers was either satisfactory or poor

The first three of these findings are very pleasing and show that the work carried out by Guernsey Water on the reliability and quality of the water supply is reaping rewards, as indeed is the customer service training that staff are encouraged to do. The final finding was by far the most negative of all responses to the questions asked by the **General** questionnaire.



Guernsey Water hopes to improve their roadworks management further by being part of the Guernsey Joint Utilities Group, which it helped form in 2009. This group will allow better communications to occur between the Island’s utilities (water, gas, electricity, sewage etc.) so that roadworks are better coordinated.

The feedback from the **Work Done** questionnaire has the following key points:

- **91%** of respondents felt that the speed of response from Guernsey Water was excellent or good
- **85%** felt that Guernsey Water was excellent or good at giving regular updates on work progress
- **90%** felt that Guernsey Water was excellent or good at keeping disruption to a minimum
- **8%** felt that Guernsey Water was satisfactory or poor at giving customers the appropriate information and technical advice regarding the work

The final key point was the most negative of all the findings from the **Work Done** questionnaire responses, and if you flip the results around the remaining 92% felt that Guernsey Water was excellent or good at providing the right information and advice about the work.

However, it is important for the business to assess any negative comments and look to improve, rather than simply be satisfied with the positives. Therefore the business will concentrate more efforts on making sure staff give the right advice and information to customers in future projects.

PROJECTS

The implementation of the GWUG was an important step for the business, as it has created another way to enjoy two-way communication with customers. While the group does not have any authority to make decisions, they are vital as a sounding board for any initiatives that Guernsey Water might be planning, and the group can give an indication as to how initiatives might be received by the public. The group met up four times during 2009 and discussed a wide range of issues.



Guernsey Water’s push for universal water metering has continued during 2009 and the end of year figures show that 59% of customers are now on a meter compared with 57% at the end of 2008. Customer service training has been carried out and there are now members of staff who are qualified at NVQ level 2. These staff will in turn start training other staff during 2010.

<p>2009 Performance Target</p>	
<p>CUSTOMER SATISFACTION - Achieve a customer satisfaction rating of 80%.</p>	
<p>RESULT - Customer satisfaction rating of 95% achieved for 2009.</p>	

MANAGEMENT

People are our most important asset. Staff at all levels are encouraged to participate in business improvement initiatives and are appreciated for their contribution. Guernsey Water is run as a commercial entity with an emphasis on efficiency, financial transparency and good people management.



PEOPLE

Guernsey Water currently employs 77 staff with a range of skills and disciplines. Staff are located in three different sites on the Island; at South Esplanade, St Andrews and St Saviours. Some staff are office-based, others are 'out in the field' most of the time and the rest operate in a combination of both areas.

All staff play a vital part in the operation of the organisation and Guernsey Water is keen to ensure that all staff have job satisfaction and are challenged and stimulated in their jobs.

Guernsey Water considers its staff to be its most important asset. However, it is a concern that this vital aspect of the business is the one which Guernsey Water has the least control over, given its position within the States of Guernsey.

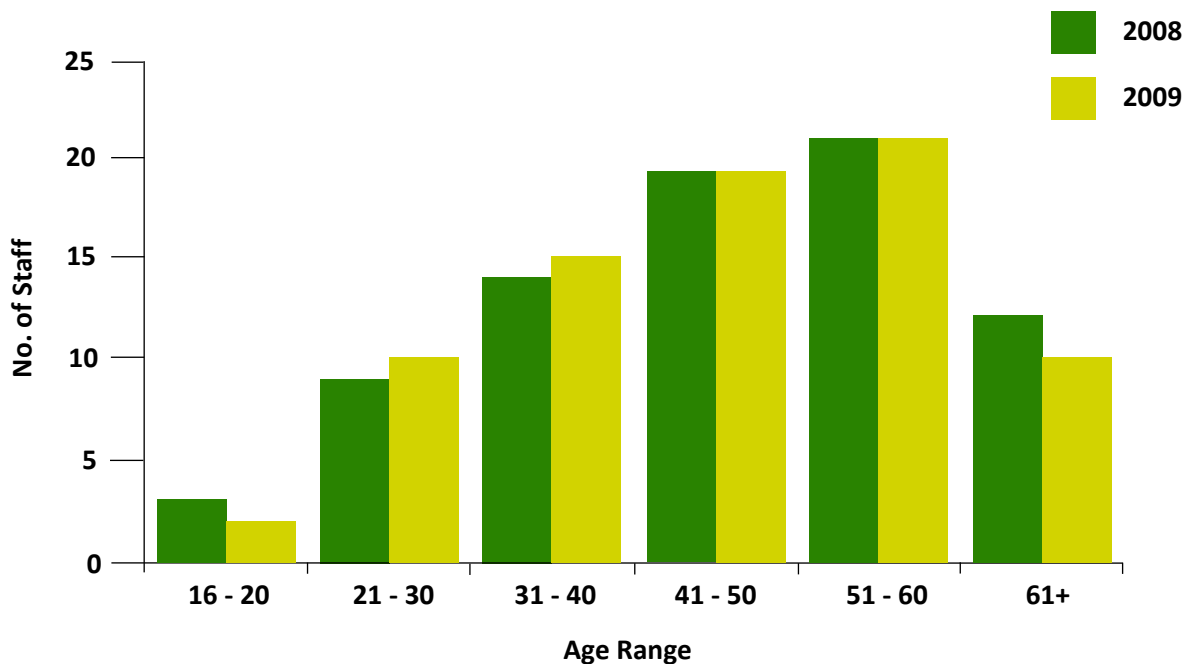
Key Event 2009

A staff forum was set up where staff from each section can meet up regularly to air any issues that are causing frustration or concern, or to suggest better working methods.

DEMOGRAPHICS

Guernsey Water continues to plan for its future through a number of initiatives such as succession planning and the support of apprenticeships throughout the business. The demographic profile of Guernsey Water shown in the graph below demonstrates the need for these initiatives, although there has been a slight improvement from 2008 to 2009.

In addition to having an older workforce, there are a number of staff on the brink of retirement. Succession planning is vital for the passing-on of knowledge and the smooth transition between retiring and new staff.



CENTRALISATION

In December 2009, the Environment Department granted full permission and a building license for a new operational depot at the St Andrews storage reservoir site. The site currently houses a number of operational staff in an existing warehouse structure, which is in a poor state of repair. This old building will be demolished to make way for the new depot and staff from all sites will then centralise into the new building.

The main benefits of building a new operational depot at St Andrews and centralising all staff are as follows:

- Better communication between staff
- Increased staff morale with new building and centralisation
- Reduced overheads due to running one building instead of three
- Central location is ideal for deployment of staff to all parts of the Island
- Better working conditions for staff (both current St Andrews building and South Esplanade offices are in a poor state of repair)
- Reduced costs and time-loss from staff having to travel from site to site



Construction work is due to begin in the spring of 2010 and it is hoped that the depot will be completed by mid-2011.

PROJECTS

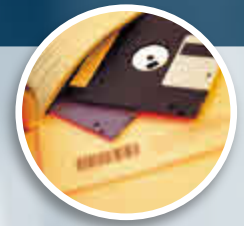
Guernsey Water has continued to support Continuous Professional Development (CPD) through a number of apprenticeships and work experience placements. During 2009, two people joined the business as apprentices, three students visited on work experience and one on management shadowing. The business has already got a number of work placements set up for 2010, so the commitment towards training will continue.



Guernsey Water has also continued to use the Bradford Factor to manage sickness absence and assess whether there are any morale issues that need looking into. While the figures have actually increased from 2008, this is unfortunately due to a number of serious illnesses that have affected some staff. However, the good news is that these staff members have recovered well from their illnesses and most are back at work.

MANAGEMENT

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INFORMATION TECHNOLOGY

Guernsey Water oversees a number of specialist information technology systems such as the ‘Supervisory Control and Data Acquisition’ (SCADA) system and Navision (integrated utility accounting system and future Contact Management module), as well as general systems such as Digimap and the Microsoft Office 2007 suite. Given the role that information technology plays in the everyday operations at Guernsey Water, it is vital that the hardware and software provide a reliable and user-friendly platform.

Guernsey Water will continue to link in with the corporate IT programme where there are clear benefits for the organisation. Being able to access States’ support and promote the exchange of information offers advantages to Guernsey Water, but there is also the possibility that corporate pace may be slower than the pace at which Guernsey Water wishes to proceed. As always, Guernsey Water will consider the merits of each project relative to its advantages and disadvantages before making a final decision.

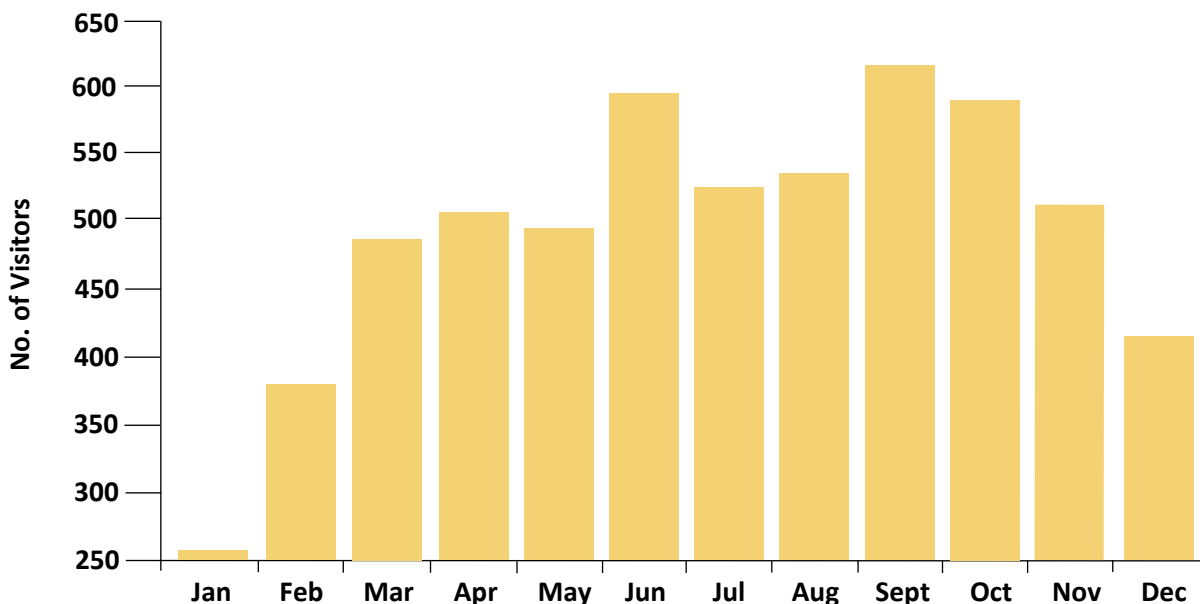
WEBSITE & E-MAIL

The Guernsey Water website (www.water.gg) was developed in 2008 and has been steadily improved and upgraded since then. The site is maintained in-house and is updated on a regular basis to keep it fresh and relevant.

Using Google Analytics (a web-based service which tracks usage of the website) it is possible to ascertain how many visitors the site is getting, when they visit the site and which pages they are interested in. The graph below demonstrates the pattern of usage over the course of 2009:

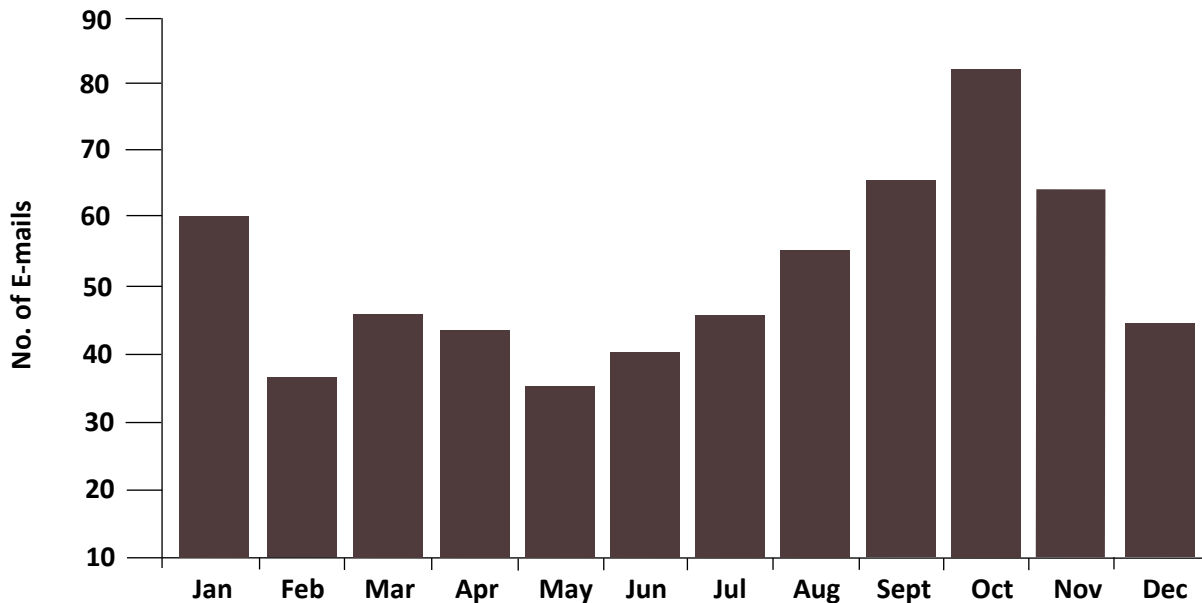
Key Event 2009

Guernsey Water’s systems were successfully migrated to the 2009 version of Navision. This new version is easier to use and has new functions which will improve efficiency.



The graph clearly demonstrates a general trend of improvement throughout the year as more people became aware of the site, and the low figure for December can be explained by the Christmas period, which generally results in less web activity. Further improvements will be made to the website in 2010 to increase web traffic to the site including e-newsletters (which will contain links to the site) and additional resources for schools and young people.

In terms of e-mail, Guernsey Water has had a customer e-mail address set up for the last few years. The graph below shows that more and more customers are using this service to communicate with the business, which demonstrates that it is often more convenient for them to do so compared to using the telephone or visiting the South Esplanade reception. As in the website statistics, the month of December dips because of the Christmas period.



PROJECTS

As part of an ongoing programme, Guernsey Water has been looking to roll-out the ‘InTouch’ system for its SCADA programme. SCADA is used by Guernsey Water to remotely monitor pumping stations and other important sites in order to be able to react quickly to any problems. The ‘InTouch’ system is seen as the market leader in industrial automation and information systems and is unequalled in its integration and connectivity to other devices and systems.

The system also has the capability to manage Guernsey Water’s maintenance management requirements enabling maintenance and servicing to be identified on the basis of hours run rather than time, thereby avoiding unnecessary work and associated maintenance costs. The contract for the implementation of the system has been awarded to Boulting Technologies Ltd and work will begin immediately.



Staff continued to monitor the efficiency of the Guernsey Water computer servers throughout 2009, with a view to replacement or streamlining should it be deemed necessary.

At the moment, the current server set-up is working well for the needs of the business.

A project involving the migration of service records (technical details from works carried out at customer properties) from hard copy onto the Navision billing system was started in 2009. This will make it easier for staff to access the information and will save time, and is due to be completed in 2010.

MANAGEMENT

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PROPERTY

Guernsey Water owns or oversees more than 40 properties and areas of land, ranging from WTW's and service reservoirs to wells, pumping stations and operational buildings. In all, Guernsey Water's assets are worth more than £500 million at today's replacement prices and provide the basic infrastructure for collecting, treating and distributing potable water to the population of Guernsey.

Guernsey Water contracts La Societe Guernesiaise to take care of the Millennium Walk, which is an attractive area encircling St Saviours reservoir containing a wide variety of animal and plant life. Two wardens hired from Environment Guernsey (an arm of La Societe) care for and report on the Walk, which allows Guernsey Water to measure the impact of storage levels and rainfall on the wildlife. The Walk has proved to be very popular with the public and is very well-used.

ST ANDREWS

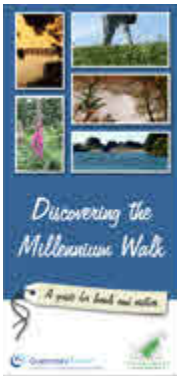
As mentioned in the 'Key Event' box, the development of the new operational depot at St Andrews can now commence with the intention of centralising all staff. This is vital as the current buildings at St Andrews and South Esplanade would need significant improvement works in order to improve conditions for staff. The latter building will be sold off once the depot is finished in order to raise capital. Site clearance works at St Andrews are commencing so that construction of the depot can begin soon.

Any areas of land at the St Andrews site which have no operational benefit will be sold and the proceeds ploughed into the Capital Development Programme.

Key Event 2009

The Environment Department gave full permission and a building license to Guernsey Water for the proposed new operational depot at the St Andrews site in December 2009.

PROJECTS



Substantial improvements were made to electrical switchgear at Guernsey Water sites throughout 2009 in order to make the buildings safer and more efficient. Asset maintenance plans have also been developed for operational sites to ensure that buildings and areas are suitably upgraded and maintained where necessary to meet health and safety requirements, and to ensure that operations are not affected by a sub-standard infrastructure.

A leaflet was designed and distributed during 2009 titled 'Discovering the Millennium Walk'. This was created to raise the public's consciousness to the beauty of the Walk, which many people are unaware of. The leaflet describes the animal and plant life that can be found on the Walk, a history of the Walk and a map to guide people around.

The leaflet was created in liaison with Environment Guernsey and the Biological Records Centre, and was distributed around the Island to all of the major tourist locations and hotels. The leaflet was very successful and enjoyed such excellent demand throughout the year that a reprint has been ordered and further distribution will take place in 2010.

MANAGEMENT

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FINANCE

Guernsey Water is funded entirely from water charges which are kept separate from the States' general revenue. The aim is to keep water charges as low as possible while meeting international water quality standards and generating enough revenue to maintain the Island's water infrastructure. Revenue is used for the implementation of the Capital Development Programme (CDP), which ensures that the infrastructure is of a high standard and is as resilient as possible. A list of the work carried out on the CDP for 2009 can be found on page 31, with full **Financial Statements** in **Appendix A** on page 32.

As a business unit of PSD, Guernsey Water operates in the same manner as a commercial business, so it is vital that the unit is seen to be providing a value-for-money service. Up to the end of 2009, 63% of customer feedback questionnaire respondents felt that Guernsey Water provided either an excellent or good value for money service - a very positive result which the organisation will try and improve.

Key Event 2009

Guernsey Water had a good financial year. Cash flow forecasts were achieved and overheads/operational costs stayed within budget.

PROJECTS

The beginning of 2009 saw the introduction of Tax on Real Property (TRP), taking over from Rateable Value (RV) as the basis for calculating unmeasured water bills. Introduced States-wide by the Cadastre in 2008, the new rate represents a more accurate assessment of a property's worth by measuring square meterage rather than a subjective view of amenities. The new system was implemented well and customers seem to be satisfied with the more objective way of measuring water usage if they are not on a meter.

As mentioned in the **Customers** section, Guernsey Water has taken the decision to reduce the quarterly standing charge for all customers to £25.00 (from £26.93) for 2010. This was something that had been mooted for a little while and the positive reaction from the GWUG confirmed the merit of the idea. Metered customers will now have more control over their water bill and will be rewarded for using less water as the measured usage charge will take up a larger percentage of their overall bill.

2009 Performance Targets



a). COST OF WATER PRODUCTION - Ensure that the cost to produce water remains below £375 per ML.

RESULT - Cost to produce a ML of water in 2009 was **£378.08**.

b). COST OF WATER DISTRIBUTION - Ensure that the cost to distribute water remains below £28 per service.

RESULT - Cost to distribute water in 2009 was **£26.99**.

c). OPERATING SURPLUS - Ensure that the operating surplus remains above £4.2 million.

RESULT - Operating surplus in 2009 was **£4.6 million**.

MANAGEMENT

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PERFORMANCE MONITORING & PR

Guernsey Water places a strong emphasis on monitoring and measuring its performance. This allows the organisation to improve its working practices and provide the best possible customer service. There are a number of ways in which Guernsey Water monitors and reports its performance; through the Annual Report, monthly Business Plan updates, performance indicators and data from customer questionnaires.

This section also oversees Guernsey Water's PR output and draws up the annual PR strategy. This measures the success of the previous strategy and lays out initiatives for the next year shaped by lessons learned in the previous year. It is generally believed that Guernsey Water enjoys a positive relationship with its customers and the media but it is vital to maintain and improve this further to avoid complacency.

Key Event 2009

Internal procedures within the business were given a major overhaul during 2009, and a Staff Manual was created which lays out all of the major procedures for new staff.

PR

Guernsey Water enjoyed another positive year of PR and media relations, with a number of press releases sent out on the following subjects:

- The formation of the Guernsey Joint Utilities Group
- The sliplining project between Les Huriaux and Frie Plaidy service reservoir
- The opening of Longue Hougue WTW
- The Millennium Walk leaflet
- The promotion of monthly Direct Debit payment arrangements

PROJECTS

During 2009, a revised Business Plan was drawn up by Guernsey Water which focused on the period between 2009 - 2019. This plan laid out all of the initiatives that needed to be completed by the business and how these initiatives would be funded. A copy of the plan is available from the Guernsey Water office or on our website - www.water.gg.



Progress was also made in developing a set of Key Performance Indicators (KPI's) which could be benchmarked with other jurisdictions. A list has been drafted for comparison with Isle of Man Water and this will shortly be passed on to Jersey Water to see if they are willing to partake in the benchmarking exercise.

Guernsey Water participated in a number of events during 2009 including Healthy Hearts Day, in which a stall was set up extolling the health virtues of drinking water; and the ITEX Walk, for which water bottles and standpipes were provided to refresh participants along the route.

OFWAT ‘DIRECTOR GENERAL’ INDICATORS

In 2009, Guernsey Water adopted performance indicators set by OFWAT (see box below right), known as the ‘Director General’ indicators. These KPI’s are used by all water companies in the UK for reporting to OFWAT and are considered to be the benchmark in the UK.



Note: Not all of the indicators have been reported on for 2009. However, once the Contact Management system is in place (2010) the business will be able to report on all of the indicators.

The indicators (which have been slightly amended in order to reflect Guernsey Water’s circumstances) are:

- **GW1 - Inadequate Pressure**
- **GW2 - Supply Interruptions**
- **GW3 - Billing Contacts**
- **GW4 - Written Complaints**
- **GW5 - Written Complaints Requiring a Site Visit**
- **GW6 - Bills for Metered Customers**
- **GW7 - Ease of Telephone Contact**

OFWAT is the regulator for all water (and sewerage) companies in the UK. They set targets and benchmarks for companies to achieve in order to provide the best possible service to customers.

Details of the business’ performance in 2009 is noted below against each indicator.

• **GW1 - Inadequate Pressure**



THIS INDICATOR measures the number of properties that are found to have a level of pressure below 1.5bar at the boundary stop tap. This does not include low-pressure cases where it is beyond Guernsey Water’s control (e.g. a plumbing fault in a property).

MEASUREMENT - Guernsey Water measures **properties experiencing low pressure as a percentage of all supplies**. The assessment of the indicator is set like this:

GOOD < 0.05% **ACCEPTABLE** 0.05 - 0.5% **NEEDS IMPROVEMENT** > 0.5%

RESULT - Good - 0% - there were no instances of inadequate pressure during 2009.

• **GW2 - Supply Interruptions**



THIS INDICATOR measures the number of properties experiencing interruptions to their water supply for **between 3 and 6 hours/between 6 and 12 hours/between 12 and 24 hours/longer than 24 hours**. This indicator only relates to supply interruptions for which the customer receives no warnings (i.e. an emergency). Interruptions caused by third parties without Guernsey Water’s knowledge are also excluded from this indicator.

MEASUREMENT - Guernsey Water measures **number of supplies affected multiplied by interruption length weighting (as a percentage of all supplies)**. The assessment of the indicator is set like this:

GOOD < 0.5% **ACCEPTABLE** 0.5 - 2.0% **NEEDS IMPROVEMENT** > 2.0%

RESULT - Acceptable - 0.9% - there were 212 properties affected out of 24,654 during 2009.

• **GW3 - Billing Contacts**



THIS INDICATOR measures the total number of billing contacts that were made by customers and the time taken to respond to them. This is measured in two bands: **within 3 working days/no more than 5 working days.**

‘Billing contacts’ cover any communication from a customer regarding a bill which requires a response or an action by the company and does not constitute a written complaint, which is reported under **GW4**. They can be received by telephone, in writing, by fax, by e-mail and by personal visit. Examples of contact are: **Change of address/personal details, change of bill payment method, queries about charges and general water-related queries.**

MEASUREMENT - Guernsey Water measures this indicator in two ways; **the proportion of billing contacts answered within 3 days:**

A). GOOD > 95% ACCEPTABLE 90 - 95% NEEDS IMPROVEMENT < 90%

And **the proportion of billing contacts answered in more than 5 days:**

B). GOOD < 1.5% ACCEPTABLE < 3%

RESULTS - N/A - Not reported. This will be assessed once Contact Management system is in place (anticipated in 2010).

• **GW4 - Written Complaints**



THIS INDICATOR measures the total number of written complaints received and the time taken to respond to them. The time is measured in two bands: **within 5 working days and in more than 10 working days.**

A written complaint covers any written communication from a customer or a customer’s representative that matches the definition: ‘A complaint is defined as any expression of dissatisfaction about a service or product provided by Guernsey Water.’ A written complaint could be made by letter, fax or e-mail. Complaints that require site visits are excluded from this indicator and should be recorded under **GW5**.

MEASUREMENT - Guernsey Water measures this indicator in two ways; **the proportion of written complaints answered within 5 days:**

A). GOOD > 95% ACCEPTABLE 90 - 95% NEEDS IMPROVEMENT < 90%

And **the proportion of written complaints answered within 10 days:**

B). GOOD < 1.5% ACCEPTABLE < 3%

RESULTS - N/A - While Guernsey Water is currently able to measure the number of complaints received, until the Contact Management system is in place we will not be able to measure the length of time taken to respond. The system is expected to be in place in 2010.

• **GW5 - Written Complaints Requiring a Site Visit**



THIS INDICATOR identifies the total number of written complaints received requiring a site visit and the time taken for the site visit to take place. The time is measured in two bands: **within 10 working days and in more than 15 working days.**

A written complaint covers any written communication from a customer or a customer’s representative that matches the definition: ‘A complaint is defined as any expression of dissatisfaction about a service or product provided by Guernsey Water.’ A written complaint could be made by letter, fax or e-mail.

MEASUREMENT - Guernsey Water measures this indicator in two ways; the **proportion of billing contacts answered within 10 days:**

A). GOOD > 95% ACCEPTABLE 90 - 95% NEEDS IMPROVEMENT < 90%

And **the proportion of billing contacts answered in more than 15 days:**

B). GOOD < 1.5% ACCEPTABLE < 3%

RESULTS - N/A - While Guernsey Water is currently able to measure the number of complaints received, until the Contact Management system is in place we will not be able to measure the length of time taken for a site visit to take place. The system is expected to be in place in 2010.

• **GW6 - Bills for Metered Customers**



THIS INDICATOR measures the percentage of metered customers who receive at least one bill during the year based on a meter reading taken by Guernsey Water.

MEASUREMENT - This is measured in two bands: **proportion of metered customers who receive a bill based on an actual reading at least once a year:**

A). GOOD > 99.5% ACCEPTABLE 98 - 99.5% NEEDS IMPROVEMENT < 98%

And **the proportion of meters that are unread for two years by Guernsey Water:**

B). GOOD >0.15%

RESULTS - A). Good - 100% - All metered customers received a bill based on an actual reading at least once during 2009.

B). Good - 0% - There were no meters unread for two years by Guernsey Water.



• **GW7 - Ease of Telephone Contact**

THIS INDICATOR'S aim is to identify the ease with which customers can make telephone contact with Guernsey Water and measures their satisfaction with the way the company handles their enquiries.

- A). The percentage of calls abandoned (rang off) as a percentage of total calls received on customer contact lines.
- B). The percentage of all lines busy (customer cannot get through) as a percentage of total calls received on customer contact lines, plus all lines busy.
- C). Average score based on responses to Questions 5 and 6 of the **General** customer feedback questionnaire.

MEASUREMENT - Guernsey Water measures this indicator thus:

A). The percentage of calls abandoned as a percentage of total calls received:

A). GOOD < 2.0% **ACCEPTABLE** 2.0 - 4.0% **NEEDS IMPROVEMENT** > 4.0%

B). The percentage of calls lost due to all lines being busy:

B). GOOD < 2.0% **ACCEPTABLE** 2.0 - 4.0% **NEEDS IMPROVEMENT** > 4.0%

C). The percentage of 'Good' or better responses from average score of questions 5/6 from customer questionnaire:

C). GOOD >85% **ACCEPTABLE** 75 - 85% **NEEDS IMPROVEMENT** <75%

RESULTS - A). Good - 1.48%. This is based on 288 calls abandoned on the switchboard number out of 19,459 calls received during 2009.

B). N/A - We are currently unable to measure this indicator.

C). Good - 94.5% - The percentage of 'Good' or better responses from Question 5 was 90%, and for Question 6 was 99% during 2009.

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HEALTH & SAFETY

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

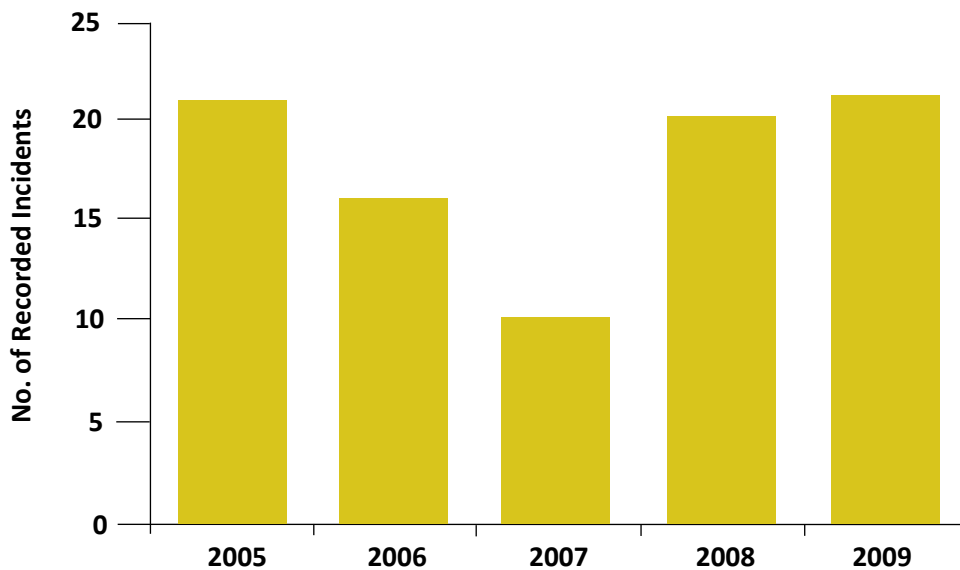
The Guernsey Water Health and Safety handbook is updated annually and acts as a reference point for dealing with potentially dangerous situations. All staff are supplied with a copy and are encouraged to study it carefully and become familiar with its contents.

Hygiene standards are continually maintained through workshops and the implementation of best practice procedures in order to achieve high standards. Regular health and safety meetings are scheduled to proactively assess situations which may have an impact on staff.

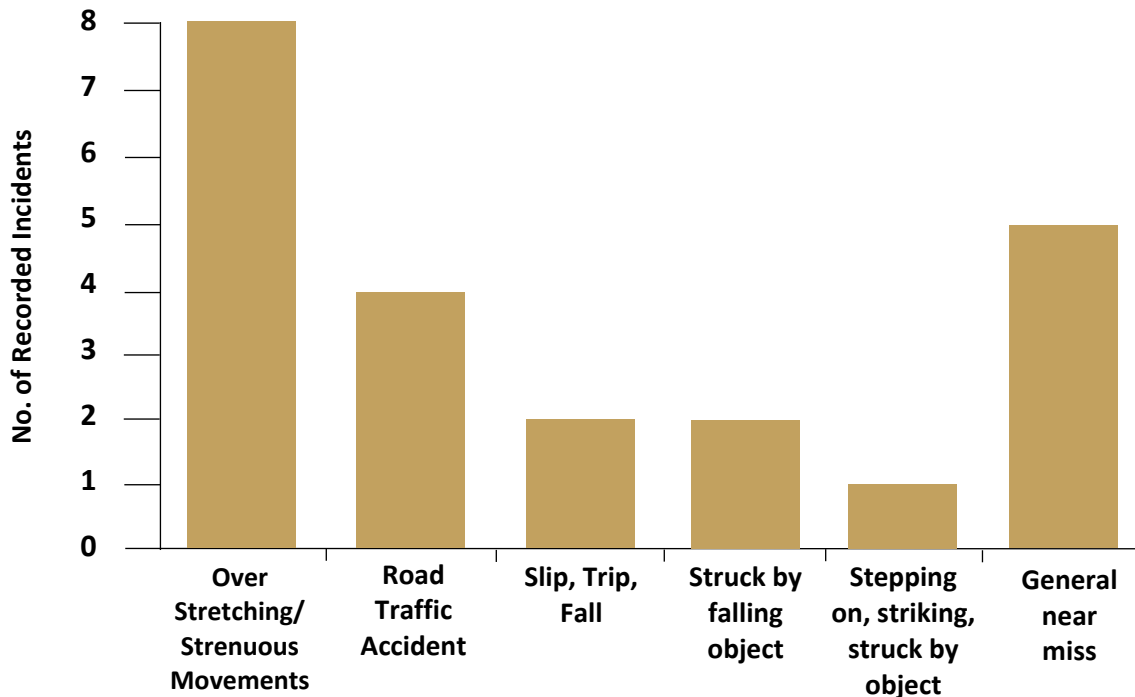
INCIDENTS

The statistics show that in 2009 Guernsey Water reported 13 incidents and 8 near misses. As the graph below shows, this is a similar result to 2008. However, it should be noted that the general culture around the business regarding reporting incidents is improving all the time, so a maintenance or increase in the number of reported incidents does not necessarily mean that the workplace is becoming more hazardous.

Key Event 2009
Reviews of property assets were carried out throughout the year in liaison with Normandie Health & Safety.



The graph below details the different categories of incident and it is clear that overstretching/strenuous movements make up the largest proportion of the incidents. This is why the business runs so many manual handling courses in order to teach staff the correct way to lift heavy objects.



Guernsey Water continues to promote a culture of reporting incidents and near misses whenever they occur in order to maximise the health and safety of staff, contractors and the general public. Meetings are held on a quarterly basis to discuss any issues which may have health and safety implications for the business, and the Guernsey Water Health & Safety Handbook is updated on a yearly basis and circulated to all staff.

The year ended positively as Guernsey Water received a highly recommended award from GOSHA (Guernsey Occupational Safety and Health Association) for health and safety during 2009. This award is a reflection of the vigilant and careful approach to safety in the workplace that staff have demonstrated throughout the year.

2009 Performance Targets



a). **INCIDENT RATE** - Achieve an incident rate below 25/100 employees.

RESULT - Incident rate for 2009 was 14.5/100 employees.

b). **ACCIDENT FREQUENCY** - Achieve an accident frequency of below 15/100,000 working hours.

RESULT - Accident frequency in 2009 was 7.7/100,000 working hours.

c). **DAYS LOST THROUGH INJURY** - Achieve mean duration of days lost through injury below 2 days.

RESULT - Mean duration of days lost through injury in 2009 was 0.9 days.

CAPITAL DEVELOPMENT PROGRAMME



The Capital Development Programme (CDP) controls how Guernsey Water spends its money on large-scale projects and equipment/systems that will add value to the business. Much of the work carried out on the CDP improves the efficiency and reliability of the Island's water infrastructure through the creation or enhancement of pumping stations, treatment works and pipe systems. For a project to be considered for capital expenditure, it must be either:

- Part of the Business Plan which has been approved by the PSD Board, or
- A project that has been put before the Board separately and approved.

If a project is to be included in the CDP then a justifiable business case must be put together, as it is important to ensure that value for money will be achieved. The commercial test applied to any project that will require capital investment must be: "Would a greater return on investment be achieved if the money was invested elsewhere?" If the Guernsey Water Formal Management Team and the Board both agree that the project should be included in the CDP, then the project is measured against a set of criteria to determine its relative priority, taking into account importance, impact and urgency. The higher the score, the sooner the project will commence.

The table below lists all of the capital projects that were carried out during 2009 and the capital spend during that 12-month period.

Section	Project	Timeframe	2009 Costs
Water Resources	Douits du Moulin pumping station	2009	£250,000
Water Resources	Streamflow monitoring	Ongoing	£60,000
Water Resources	Improve La Mare de Carteret pumping station	2009	£160,000
Water Resources	Security fencing, sundries	Ongoing	£116,000
Water Production	SCADA Upgrade	Ongoing	£60,000
Water Production	Longue Hougue Reservoir - SCADA integration	2009	£14,000
Water Production	General improvements and sundries	Ongoing	£86,000
Water Distribution	Slipline main (St Martins - Frie Plaidy)	2009	£271,000
Water Distribution	Rolling uPVC mains replacement	Ongoing	£166,000
Water Distribution	Requisitioned mains	Ongoing	£31,000
Water Distribution	Purchase and installation of meters	Ongoing	£54,000
Water Distribution	Splitting of common services	Ongoing	£4,000
Management	St Andrews site development	2009 - 2011	£339,000
Management	Longue Hougue WTW external works	2009	£70,000
Management	Building and property work	Ongoing	£58,000
Management	Site security and CCTV	Ongoing	£55,000
Management	Purchasing equipment and furniture	Ongoing	£71,000
Management	Computer projects	Ongoing	£37,000

APPENDIX A - FINANCIAL STATEMENTS

FINANCIAL STATEMENT - REVENUE

	Accounts 2009 Probable Outturn		Accounts 2008	
INCOME - Water Supplies				
Unmeasured	£3,583,600		£3,588,985	
Measured	£5,676,700		£5,025,950	
Total		£9,260,300		£8,614,935
Surplus on other trading activities (before management expenses and depreciation)		£173,200		£287,594
Total Operating Income		£9,433,500		£8,902,529
EXPENDITURE				
Operating Expenses -				
Water Production	£1,833,500		£1,603,815	
Water Distribution	£754,600		£566,953	
Asset Management	£354,800		£340,252	
Total		£2,942,900		£2,511,020
Management Expenses -				
Management and General	£224,800		£257,695	
Compliance	£186,100		£170,563	
Customer Services	£888,900		£726,569	
Finance	£307,900		£279,833	
Support Services	£314,400		£293,954	
Total		£1,922,100		£1,728,614
Total Expenditure		£4,865,000		£4,239,634
OPERATING SURPLUS BEFORE DEPRECIATION		£4,568,500		£4,662,895
Depreciation		(£1,750,000)		(£1,419,401)
OPERATING SURPLUS		£2,818,500		£3,254,549
Net Interest Receivable		£83,000		£228,029
Surplus on Sale of Fixed Assets		£13,400		£11,055
SURPLUS		£2,914,900		£3,482,578
Transfer to Reserves for Renewal of Assets		(£1,255,000)		(£1,591,654)
RETAINED SURPLUS, TRANSFERRED TO RESERVES		£1,659,500		£1,890,924

FINANCIAL STATEMENT - CAPITAL

	Accounts 2009 Probable Outturn	Accounts 2008
Water Resources	£902,000	£399,471
Water Treatment	£301,500	£3,388,689
Water Distribution	£745,000	£1,064,771
General	£785,000	£326,814
GROSS CAPITAL INVESTMENT	£2,733,500	£5,179,745
Customer Contributions & Asset Sales	(£32,800)	(£62,050)
NET CAPITAL INVESTMENT	£2,700,700	£5,117,695

APPENDIX B - COMPLETE OBJECTIVES LIST

A number of objectives (set out in the Business Plan) cascade from the six Key Policies outlined on pages 6 - 7 and these are reviewed below. Each individual objective is measured against its allotted timeframe and financial resources to give an 'at a glance' view of exactly how Guernsey Water is progressing. The following icons are used to demonstrate the progress of each objective:



Objective is on course for completion in time and on budget



Objective has been completed/achieved



Objective will not be completed within original timeframe and/or budget, but will be completed in due course



Objective has either failed or will not be completed at all, and needs to be reconsidered

Guernsey Water considers all of its objectives to be SMART-compliant (**S**pecific **M**easurable **A**chievable **R**ealistic **T**ime-based) and the philosophy of Guernsey Water is to 'measure what can be measured' rather than relying on soft, anecdotal data which can be entirely subjective. Efforts are being made to liaise with similar jurisdictions such as Jersey and the Isle of Man in order to form a list of KPI's which all parties can use as a benchmark. Although there are differences between the water companies in these jurisdictions, a set of benchmarkable data will be useful and will add further weight to performance measurement.



WATER RESOURCES - PAGE 8

Objective	Timescale	Comments	Progress
Draw up Water Safety Plans	2009 - 11	Progressing	
Review Water Supply Strategy	2009	Completed	
Consider water 'blending' solutions	2009 - 11	Progressing	
Install a pumping station at Douits du Moulin	2009	Substantially complete	
Relocate Jamblin reservoir gantry for health and safety reasons	2009	Work begun - to be completed in 2010	
Continue quarry stabilisation works	Ongoing	Progressing	
Continue to utilise reedbeds in St Saviour's reservoir and maintain where necessary	Ongoing	Progressing	
Keep raw water storage as full as possible each year	Annual (Target: over 95% by 1 April)	Achieved - 98%	
Make improvements to La Mare de Carteret pumping station	2009	Completed	
Make improvements to Fermain pumping station	2009	Work begun - to be completed in 2010	
Repair/rebuild Marais Stream pumping station	2009 - 11	Progressing	



CATCHMENT PROTECTION - PAGE 10

Objective	Timescale	Comments	Progress
Make amendments to compliance laws in accordance with the Environmental Pollution Law	Ongoing	Progressing	
Investigate stream pollution from cesspits and review drainage systems within Catchment Area	2009 - 11	Progressing	
Continue to use streamflow/nitrate monitoring data to determine the nutrient loadings of streams and to assist water resource planning	Ongoing	Progressing	
Carry out a biannual survey to monitor freshwater invertebrates in a range of streams within the Catchment Area	Biannual (spring/autumn)	Completed	
Carry out market garden/poultry farm inspections	Ongoing	Progressing	
Visit all vinery sites (and sites using rockwool) and inform growers of any problems	Annual	Completed	
Continue to have old, redundant or defective oil installations upgraded or emptied	Ongoing	Progressing	
'Police' unsatisfactory installations in liaison with oil companies and the Environment Department	Ongoing	Progressing	
Identify inadequate private sewers and pumping stations	Ongoing	Progressing	
Continue to promote the safe use of pesticides	Annual	Completed	
Visit 100% of sites as scheduled according to risk assessments (Catchment Assessment Audits)	Annual	Completed - 100% visited	
Continue to liaise with the Airport regarding the forthcoming modifications to the area	Ongoing	Progressing	
Carry out a general 'clean-up' of the Catchment Area	2009 - 12	Progressing	
Amend Guernsey Water-controlled legislation to make the law work for the business	Ongoing	Progressing	



WATER PRODUCTION - PAGE 12

Objective	Timescale	Comments	Progress
Install & maintain surveillance cameras and other security measures at WTW's/service reservoirs	2009 - 11	Progressing	
Carry out inspection of Water Tower and consider repair/future use	2009 & 2014	Changed - now a feasibility study (2010)	
Install OSEC at St Saviours WTW and No.2 (West) tank	2009/10	Work to commence in 2010	



WATER PRODUCTION - CONTINUED

Objective	Timescale	Comments	Progress
Taking a minimum of 4,000 water quality samples achieve 99.5% compliance for Maximum Admissible Concentrations (MAC) at WTW's	Annual	Achieved - 4,611 samples taken, 99.93% compliance	
Taking a minimum of 750 water quality samples achieve 98% compliance for MAC at service reservoirs	Annual	Achieved - 824 samples taken, 99.76% compliance	
Produce various water quality reports on a monthly, quarterly and annual basis	Ongoing	Progressing	
Carry out an energy efficient audit of water production	2009	Work begun - to be completed in 2010	



WATER DISTRIBUTION - PAGE 14

Objective	Timescale	Comments	Progress
Replace trunk main from St Martins to Frie Plaidy service reservoir	2009 - 10	Completed	
Continue with rolling uPVC/cement mains replacement programme	Ongoing	Progressing	
Carry out mains extension work for properties not yet connected to the main supply	Ongoing	Progressing	
Continue to split common services to enable more water meters to be fitted	Ongoing	Progressing	
Monitor and reduce the number of discolouration complaints on a yearly basis	Annual	Failed - Complaints increased by 21% from 2008 (48 to 61)	
Taking a minimum of 2,000 water quality samples, achieve 99% compliance for MAC at customer taps	Annual	Achieved - 2,478 samples taken, 99.76% compliance	
Proactively manage leakage to ensure that 'unaccounted for' water remains below the target of 550ML	Annual	Achieved - 450ML leakage	
Endeavour to repair 75% of mains bursts within 24 hours	Annual	Achieved - 100% bursts repaired within 24 hours	



CUSTOMERS - PAGE 16

Objective	Timescale	Comments	Progress
Review charging structure and consider a lower standing charge for customers	2009	Achieved - standing charge reduced from £26.93 to £25 for all customers	
Implement, monitor and review a Guernsey Water User Group	2009/Ongoing	Achieved - 4 meetings held	
Encourage universal metering and consider introducing mandatory metering legislation as appropriate	Ongoing	Progressing	
Monitor compliance to the new Guernsey Water Customer Charter	Ongoing	Progressing	
Facilitate 90% of all scheduled Water Byelaw inspections	2009	Failed - more work needed on scheduling inspections	
Ensure that staff receive customer service training (selected staff to Level 2 NVQ). Other staff to be trained internally	2009	Achieved - Internal training to continue	
Monitor complaints policy and identify trends	Ongoing	Achieved - see pages 26 - 27	
Purchase and implement document management system	2009	Work begun - to be purchased in 2010	
Achieve a customer satisfaction rating of 80% through the distribution of feedback questionnaires	Annual	Achieved - 95% rating	



PEOPLE - PAGE 18

Objective	Timescale	Comments	Progress
Set up a staff forum where representatives can discuss any work-related issues	2009	Achieved - 3 meetings held	
Encourage and support more social activities for staff	Ongoing	Progressing	
Implement a succession planning arrangement within Guernsey Water	Ongoing	Progressing	
Continue to support CDP within the organisation, including the support of apprenticeships	Ongoing	Progressing (see page 19)	
Manage sickness levels within Guernsey Water using the Bradford Factor, and use as an indicator of morale	Ongoing	Progressing	



INFORMATION TECHNOLOGY - PAGE 20

Objective	Timescale	Comments	Progress
Purchase tablet PC's for fieldwork	2009 - 10	Progressing	
Roll out SCADA 'In-Touch' system	Ongoing	Progressing	
Migrate systems to Navision 2009	2009	Completed	
Carry out a server reiew	2009	Completed	
Plan for the migration of service records into Navision	2009	Progressing - further work required in 2010	



PROPERTY - PAGE 22

Objective	Timescale	Comments	Progress
Build a new operational depot at St Andrews and centralise Guernsey Water's activities on one site	2009 - 11	Progressing	
Make improvements to electrical switchgear at Guernsey Water sites	2009	Completed	
Dispose of unused assets and review usage of current properties	Ongoing	Progressing	
Build a light industrial park at St Andrews site	2009 - 11	Changed - land for industrial park may now be sold	
Prepare maintenance plans for operational sites	2009	Completed	



FINANCE - PAGE 23

Objective	Timescale	Comments	Progress
Ensure cashflow forecasts are produced, managed and targets achieved	Annual	Achieved	
Minimise Guernsey Water's bad debts where possible	Ongoing	Progressing	
Ensure that the cost to produce water remains below £375 per Megalitre	Annual	Failed - £378.08 per Megalitre	
Ensure that the cost to distribute water remains below £28 per supply	Annual	Achieved - £26.99 per supply	
Ensure that the operating surplus remains above £4.2 million	Annual	Achieved - Surplus of £4.6 million	
Establish the preferred weighting of the water charge (standing charge versus variable charge)	2009	Achieved - standing charge reduced	



PERFORMANCE MONITORING & PR - PAGE 24

Objective	Timescale	Comments	Progress
Review and update Guernsey Water's Business Plan 2009 - 19	2009/Annual	Completed/ Progressing	
Review and update Guernsey Water's PR Strategy and ensure objectives are actioned	Annual	Completed	
Regularly review the CDP and ensure that it is kept updated and accurate	Annual	Completed	
Maintain and review Guernsey Water's set of KPI's and continue to benchmark against similar jurisdictions	Ongoing	Progressing	
Produce a series of Annual Reports	Annual	Completed	
Review and update a set of internal procedures	Annual	Completed	
Continue to collaborate and liaise with Alderney on water industry matters	Ongoing	Progressing	



HEALTH & SAFETY - PAGE 29

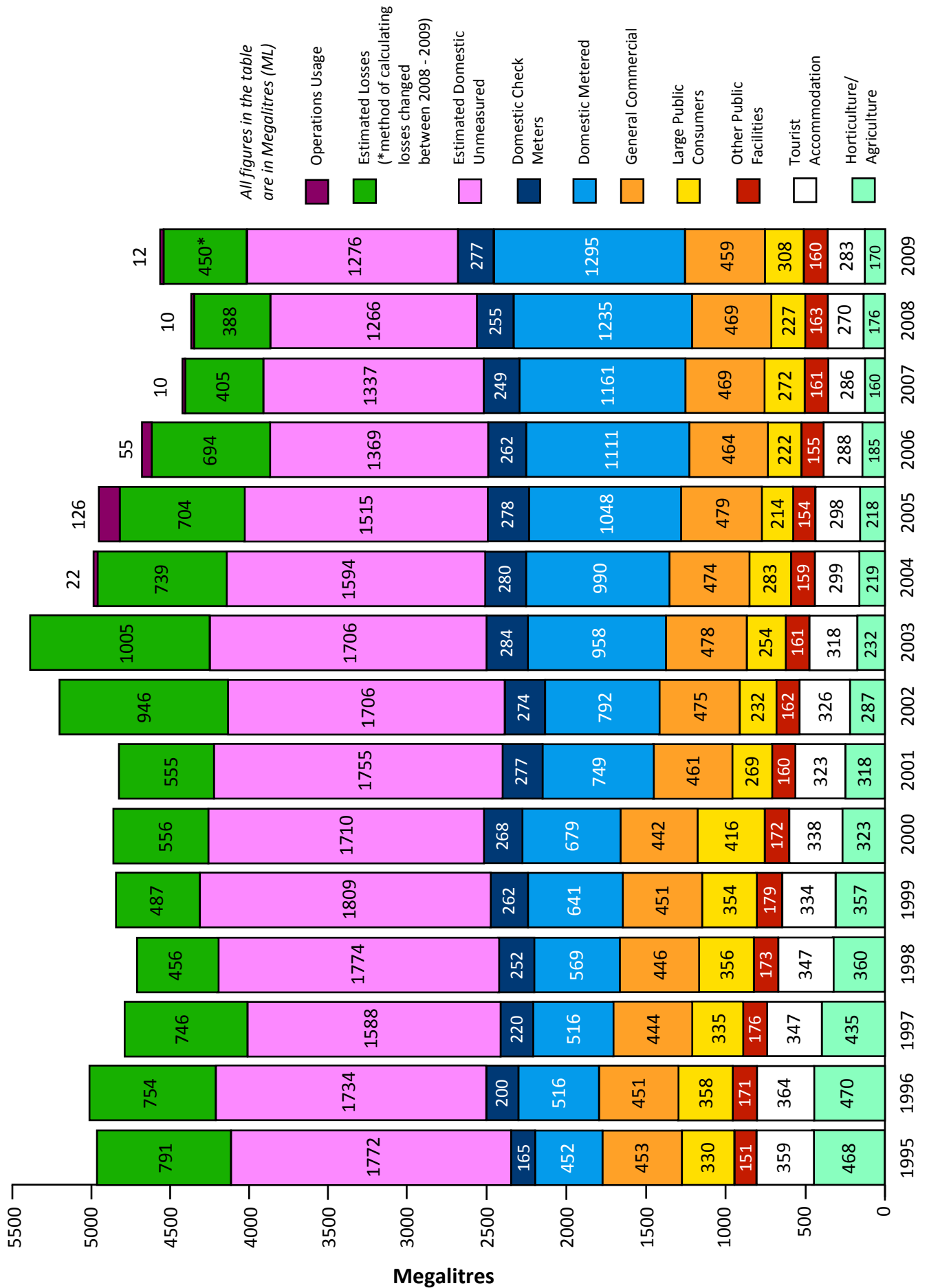
Objective	Timescale	Comments	Progress
Carry out annual reviews of Guernsey Water's Health and Safety handbook	Annual	Completed	
Ensure that four Health and Safety meetings are held per annum	Annual	Completed	
Continue to improve and benchmark accident statistics in order to provide a safe working environment for all staff, with appropriate facilities in place	Ongoing	Progressing (see page 30)	
Carry out reviews of property assets in liaison with Normandie Health & Safety	Bi-Annual	Completed	

In summary, Guernsey Water's progress in 2009 was as follows:

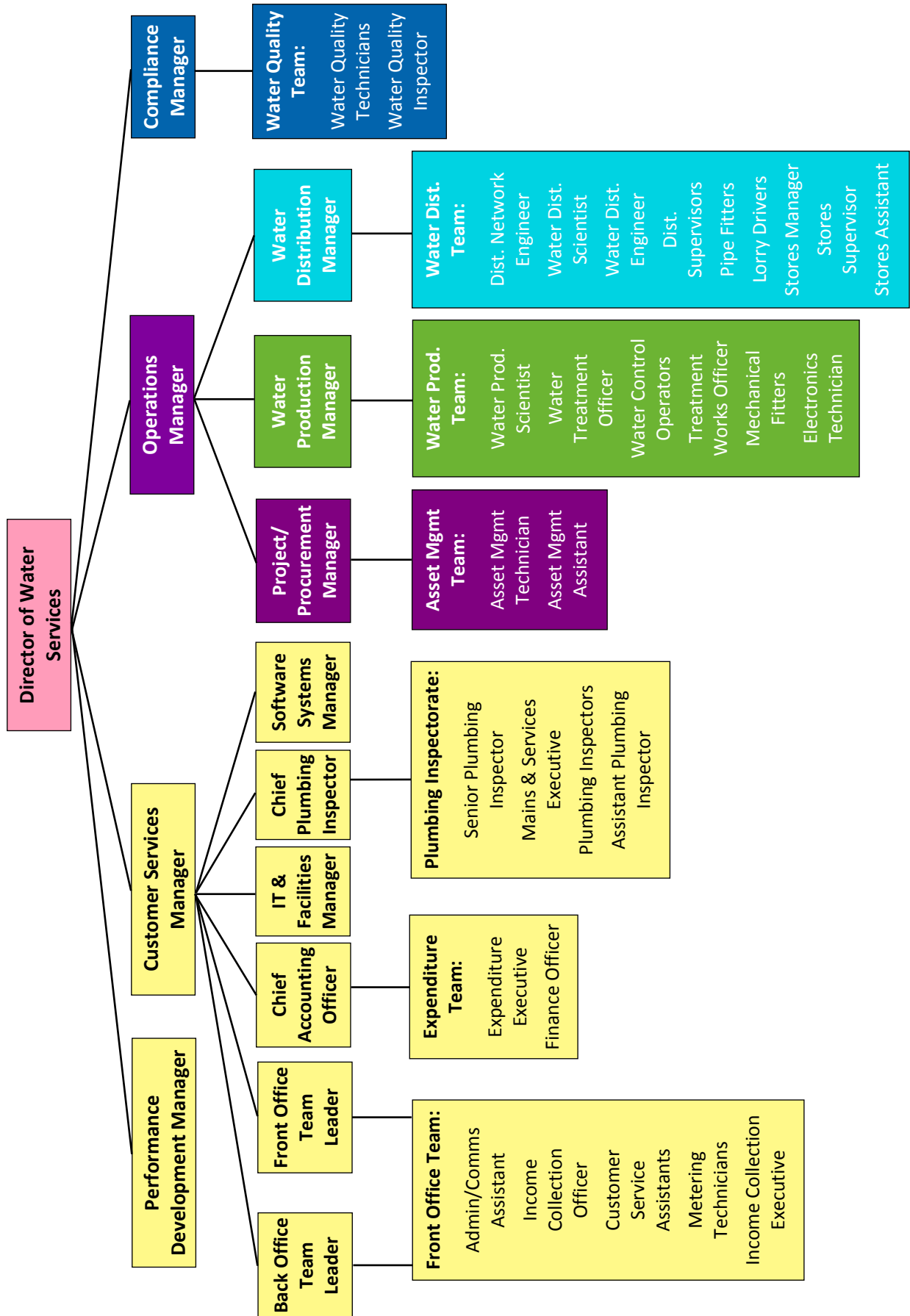
- Number of 'completed/achieved objectives' - 35 (43%)
- Number of 'greens' - 35 (43%)
- Number of 'ambers' - 8 (10%)
- Number of 'reds' - 3 (4%)

This means that Guernsey Water has achieved a 86% success rate in objectives for 2009.

APPENDIX C - WATER CONSUMPTION



APPENDIX D - STAFF STRUCTURE



APPENDIX E - ACKNOWLEDGEMENTS

As always, I am indebted to the hard work and dedication of Guernsey Water staff, many of whom have to put up with working in difficult situations during antisocial hours in order to ensure that a continuous supply of high quality water is delivered to our customers. Guernsey Water would not have been able to achieve the success that it did during 2009 without the commitment and skills shown by staff, so I am very grateful to them, and hope for a successful 2010!

ANDREW REDHEAD
DIRECTOR OF WATER SERVICES

APPENDIX F - CONTACT US

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