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INTRODUCTION



The original Business Plan (formulated by the States Water Board and continued by Guernsey Water) was drafted in 2002 and was intended to run from 2003 - 2013. The concept behind the Plan was to lay out those initiatives which needed to be carried out in order to meet customer demand and water quality standards, and allocate the funds required to finance these initiatives. However, it was always envisaged that the first five years of the Plan would be more accurate than the last five years in terms of what projects would be taking place, due to demands and circumstances changing significantly over the course of time.

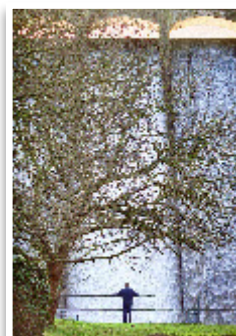
Therefore, it was agreed that a review cycle would take place with a new ten-year planning period being introduced every five years or so. This document represents the first instalment in the five-year cycle and runs from 2009 - 2019. The next major review will take place in another five years time (2014).

Guernsey Water is committed to the idea of business planning and consider it the most effective way to run an organisation, particularly one with a large and expensive asset infrastructure and a substantial customer base. The objectives and actions laid out in the Plan are the result of a number of brainstorming sessions, consultation meetings and careful analysis of future financial expectations.

Capital projects are scored and prioritised according to their importance to the business, and form the **Capital Development Programme** which can be seen in more detail on page 26.

The Business Plan is a dynamic document and acts as a tool with which anybody can see 'where we are going' and 'what we are doing'. The plan's sister document, the Annual Report, studies each 12-month period of the Plan in detail and reports on the successes and failures on a year by year basis.

BUSINESS PLAN SUMMARY 2003 - 2008



Looking back at the first five years of the original Business Plan, it is clear that most actions have been carried out successfully. It is also clear that the predictions about the future of the water industry in Guernsey still hold true today, which reflects well on the original Plan. The importance of collecting as much rainfall as possible was highlighted as vital in the Plan and back in 2003 there was talk of increased storage through the use of Les Vardes Quarry, or desalination. Both of these options are relevant today and make an appearance later on in this Plan under the **Objectives** section which starts on page 6.

The original Plan noted that in 2003 the water treatment set-up relied on St Saviours and Juas (the latter utilising fairly old technology) to supply potable (drinkable) water to customers, with Kings Mills acting as back-up in case of high summertime demand. However, the Plan accepted that serious operational difficulties with one of the Water Treatment Works (WTW) could result in major supply problems. Today, we are on the verge of Longue Hougue WTW taking over from Juas, utilising the same state-of-the-art membrane technology as St Saviours. To increase business resilience further, either Kings Mills WTW will be rebuilt using membrane technology or a new WTW will be built at the St Andrews reservoir site. This puts Guernsey Water in a much stronger position for water production compared to 2003.

The 2003 Plan spoke of the importance of customer service and improvements have accelerated rapidly during 2007 - 2008 with the appointment of a dedicated Customer Service Manager. Initiatives such as a new website, Customer Charter, complaints policy and a Customer Relationship Management system ensure that Guernsey Water continues to put customer satisfaction at the forefront of its operations. The implementation of the Guernsey Water User Group (a customer consultative committee) reinforces this message.

Further developments in technology have allowed Guernsey Water to exceed what was predicted back in 2003, with initiatives such as asset management through Digimap, streamflow monitoring systems, automated metering technology and remote site telemetry giving much greater efficiency and accuracy in data collection.

VISION & KEY POLICIES

Guernsey Water's vision is fundamental to its operations:

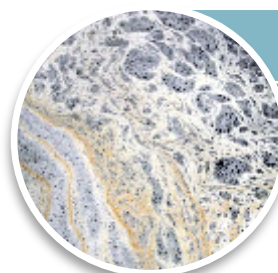
"To deliver to its customers a reliable supply of high quality drinking water in sufficient quantities that satisfy normal daily demand at the lowest cost, consistent with meeting a high level of customer service and confidence."

In order to support this vision, a number of Key Policies have been formulated and are shown below. The Policies reflect the order of the water treatment process.



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/TREATMENT

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 409km 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 to ensure 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 and General**, which oversees staff, information technology, property, legislation, finance, monitoring and reporting and health and safety.



MANAGEMENT & GENERAL

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

OBJECTIVES

This section details the objectives that have been set out for the period 2009 - 2019, split into the six Key Policies described. New objectives are denoted with a light bulb symbol.

For more information on the costs of the objectives and how they fit into the time period, please go to the **Capital Development Programme** section on page 26.

Guernsey Water considers all of its objectives to be SMART-compliant (**S**pecific **M**easurable **A**chievable **R**ealistic **T**ime-based). There is a large amount of hard data available to Guernsey Water that can be gathered, monitored and reported through mediums such as the Annual Report document. The philosophy of Guernsey Water is to 'measure what can be measured' rather than using soft, anecdotal data which can be entirely subjective.

WATER RESOURCES

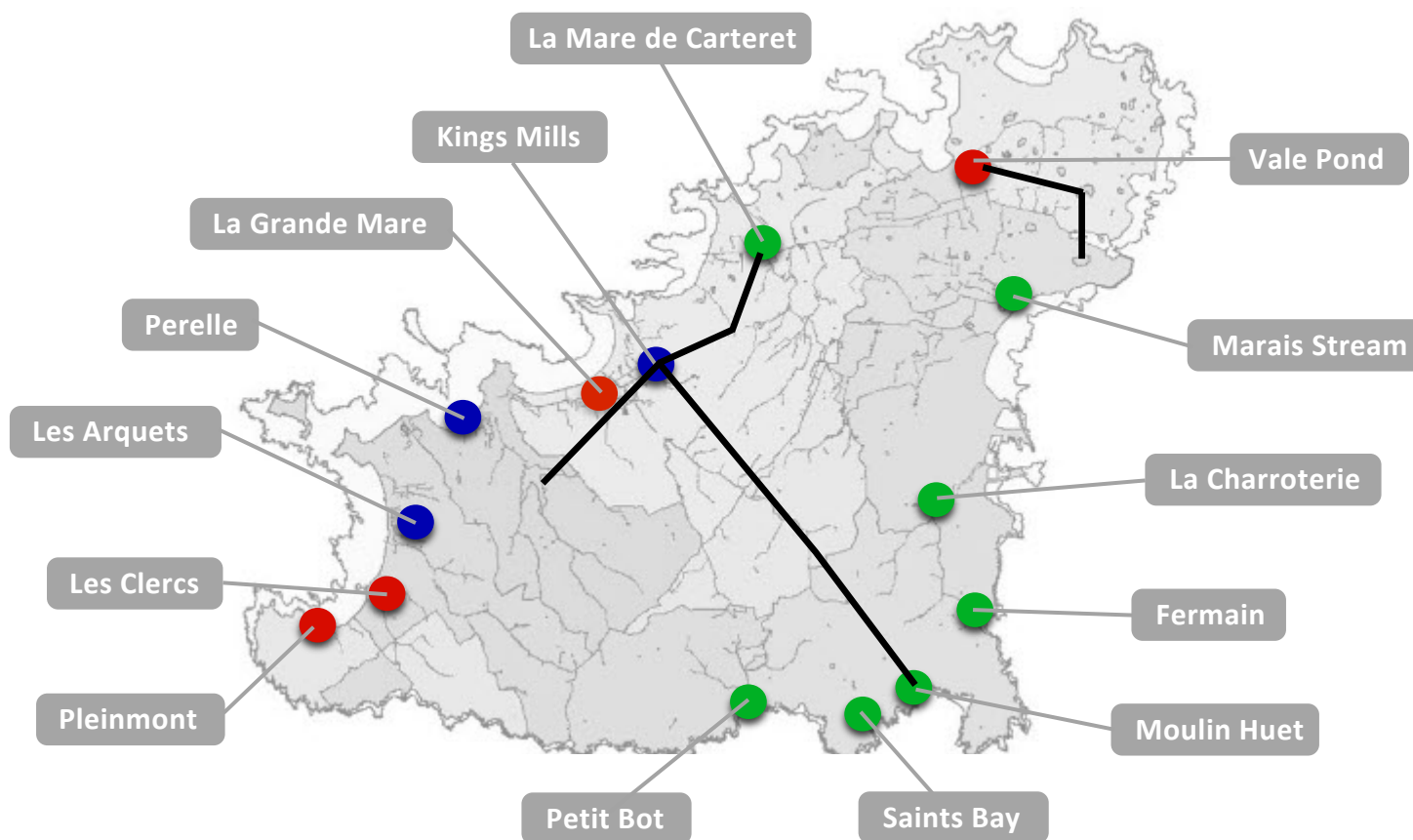
IN ORDER TO MEET REASONABLE DEMAND, PRECIPITATION MUST BE COLLECTED WHEN AVAILABLE AND OPERATIONAL PLANT EQUIPMENT MUST BE EFFECTIVE AND RELIABLE. STORAGE RESERVOIRS MUST BE KEPT AS FULL AS POSSIBLE.

Water resources represent the first step in collecting, treating and distributing potable water to Guernsey Water customers. Predicting the impact of climate change on rainfall levels is very difficult but the general consensus appears to be that rainfall will be less frequent but more intense when it does fall. This makes it vital that Guernsey Water has a strong infrastructure for collecting precipitation in the first place. The objectives set for the next few years will improve the existing infrastructure with that aim in mind.

Guernsey Water currently oversees 16 storage reservoirs within the Island, the combined capacity of which is 4,425 Megalitres (ML) - the equivalent to 11 months storage. Guernsey is largely reliant on the storage capacity of its reservoirs and quarries, so it is essential that maximum efficiency is gained from existing storage before additional solutions are considered (e.g. desalination).

Two other vital parts of the water collection process are the pumping stations and raw water transfer mains. The pumping stations collect surface water run-off and pump it through the raw water mains into the storage reservoirs. Any run-off that isn't collected runs into the sea, where it is no longer usable by Guernsey Water. Around £6million will be spent on replacing and improving pumping stations and raw water mains over the next ten years, which demonstrates the importance of rainwater collection in the overall water treatment process. The diagram below shows where the pumping stations are currently situated, which ones will be improved over the next ten years and the raw water mains that are due for replacement.











Key: ● Pumping Station ● Pumping Station with works planned ● Pumping Station to be built
— Planned Raw Water main work



2009 will see work starting on Water Safety Plans, a process which has become mandatory in the UK for regulatory reasons and which has been adopted by Guernsey Water as a method of best practice. The objective of the plans is to carefully study and evaluate every potential risk from the collection of rainfall to the distribution of treated water to customers. The safety plans are a significant piece of work but their completion will identify a number of ways in which Guernsey Water could improve their infrastructure for the benefit of customers.




Another important initiative that will be introduced soon is a stream diversion strategy to protect storage reservoirs. If a stream was to get contaminated by, say, an oil spillage, it is difficult for Guernsey Water to prevent the stream from flowing into a storage reservoir and potentially contaminating a large body of water. This would not be such a problem if the treatment processes were able to eliminate all known contaminants, but unfortunately none of our present treatment methods remove hydrocarbons (the main chemical constituent of oil) from the water. Stream diversion will give Guernsey Water options in reducing the threat of contamination.

OBJECTIVES

Objectives	Timescale	Owner	Cost
Draw up Water Safety Plans 	2009-11	Management	-
Carry out a feasibility study for making Les Vardes quarry suitable for water storage purposes, including linkage possibilities 	2012-13 (feasibility study) & 2019	Operations	£50,000 in 2019
Review Water Supply Strategy 	2009	Operations	-
Carry out stream diversion works to protect storage reservoirs and quarries 	2010-11	Operations	£550,000
Install raw water quality monitoring systems 	2018-19	Compliance	£100,000
Consider water 'blending' solutions 	2009-11	Operations/ Compliance	£550,000
Convert Kings Mills into a pumping station 	2010	Operations	£375,000
Install a pumping station at Les Arquets, St Peters 	2009	Operations	£600,000
Install an additional west coast pumping station at Perelle 	2018-19	Operations	£550,000
Relocate Jamblin reservoir gantry for health and safety reasons 	2009	Operations	£120,000
Replace failing raw water mains (general allocation)	2017-18	Operations	£600,000
Continue quarry stabilisation works	Ongoing	Operations	2010,12,14,16,18 -£250,000 each year
Continue to utilise reedbeds in St Saviours reservoir and maintain where necessary	2009/Ongoing	Compliance	£30,000 in 2009
Keep raw water storage reservoirs as full as possible each year (may require wintertime use of boreholes as streamflow augmentation in St Saviours catchment area)	Annual (target: over 95% by 1 April)	Operations	-





The Island's pumping stations are in need of significant works over the next few years in order to improve resilience. Automated screens will be used to reduce blockages and obsolete/damaged pumping equipment will be replaced. The programme is outlined below:

PUMPING STATION IMPROVEMENT PROGRAMME

Objectives	Timescale	Owner	Cost
Make improvements to La Mare de Carteret pumping station	2009	Operations	£200,000
Make improvements to Fermain pumping station	2009	Operations	£100,000
Make improvements to La Vrangue Stream intake	2010	Operations	£175,000
Repair/rebuild Marais Stream pumping station (land procurement required)	2009-11	Operations	£1,600,000
Make improvements to La Charroterie pumping station	2012	Operations	£150,000
Make improvements to Moulin Huet pumping station 	2013	Operations	£150,000
Make improvements to Petit Bot pumping station 	2015	Operations	£250,000
Make improvements to Saints Bay pumping station 	2017	Operations	£150,000

A replacement programme is also required for raw water mains on the Island. Failing watermain have been prioritised on a risk analysis basis and those that have a frequent burst history and/or have a high risk of creating significant amounts of damage will be repaired first. The programme is outlined below:

RAW WATER TRANSFER MAIN REPLACEMENT PROGRAMME

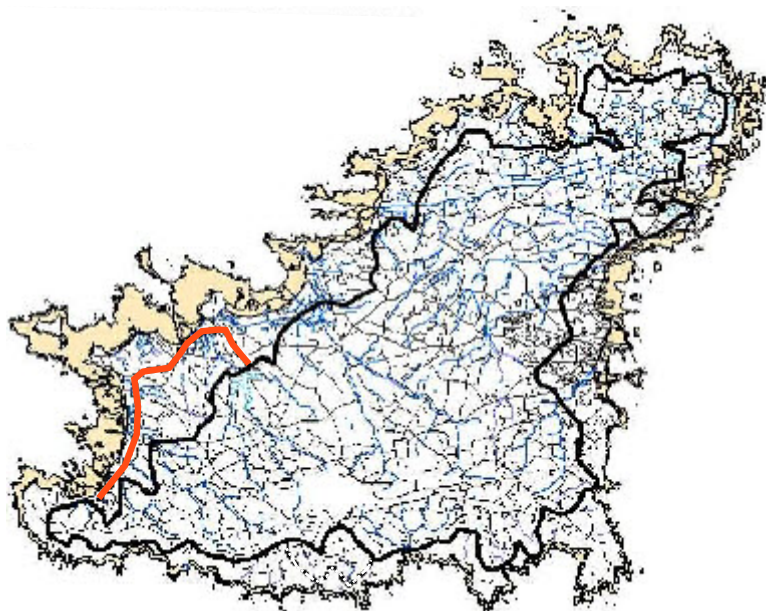
Objectives	Timescale	Owner	Cost
Replace raw water transfer main from Kings Mills to St Saviours	2010-11	Operations	£500,000
Replace raw water transfer main from Juas to Longue Hougue	2011-12	Operations	£500,000
Replace raw water transfer main from Vale Pond to Juas 	2011-12	Operations	£500,000
Replace raw water transfer main from Saumarez Tank to Kings Mills 	2013-14	Operations	£500,000
Replace raw water transfer main from Saumarez Tank to La Mare de Carteret 	2013-14	Operations	£500,000
Replace raw water transfer main from Moulin Huet to St Andrews 	2015-16	Operations	£500,000
Replace raw water transfer main from St Andrews to Kings Mills 	2015-16	Operations	£500,000

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.

Protection of the Water Catchment Area is a key issue for any water company and Guernsey Water is no exception. The Catchment Area is defined as the area around storage reservoirs where precipitation collects and flows through streams or pipelines into storage reservoirs. Therefore, it is vital that Guernsey Water makes every effort to prevent this area from being contaminated in any way.

The Catchment Area covers the majority of the Island (43km²) as shown on the map below. The black line represents the current Catchment Area and the red line represents the planned future extension to the area. The extension will become legally registered once the new pumping station at Les Arquets has been installed, as water pumping capacity is required before an area can be legally bound as part of the Catchment.





Guernsey Water's efforts to protect the Catchment Area are supported by legislation, but staff prefer to liaise with potentially contaminating organisations to avoid incidents occurring in the first place. The legislation is in need of updating and this will be carried out within the span of this Plan. Legislative changes may also see increased powers to prosecute polluters who damage the aquatic environment outside of the current Catchment Area.

Guernsey Water's attitude to Catchment Protection is seen by many in the UK water business as a model of 'best practice' and one which regulators are seeking to encourage. Regular pollution audits and visits are conducted by staff and relationships have been built up with farms, vineries and industrial units. In addition to this work, staff also issue permits in the case of developments which may impact upon the Catchment Area, e.g. the installation of swimming pools and oil tanks, the development of new buildings and the demolition of greenhouses. Time is spent liaising with the States's Health and Safety Executive on the assessment of applications for herbicide and pesticide usage by farmers, and the issue of permits.

As well as working with organisations to prevent pollution incidents, Catchment Protection staff also deal with contamination and spillages as and when they occur. The team are on call 24 hours a day and in effect are like a 'fourth emergency service'.

Over the next few years, particular attention will be paid to developments at the Airport, as any run-off from that area flows directly into St Saviours reservoir. Staff are in regular liaison with Airport staff to ensure that potential issues are identified early and dealt with appropriately.

OBJECTIVES

Objectives	Timescale	Owner	Cost
Make amendments to compliance laws in accordance with the Control of Pollution Act	2009-10	Compliance	-
Investigate stream pollution from cesspits and review drainage systems within the Catchment Area 	2009-11/ Ongoing	Compliance	-
Purchase software to allow contour mapping on Digimap system 	2010	Compliance	£10,000
Continue to use streamflow/nitrate monitoring data to determine the nutrient loadings of streams and to assist water resource planning	Ongoing	Compliance	2009/10 - £160,000 2011 onwards - £15,000 per year
Carry out a biannual survey to monitor freshwater invertebrates in a range of streams within the Catchment Area	Biannual (Spring/Autumn)	Compliance	-
Carry out market garden and poultry farm inspections	Ongoing	Compliance	-
Visit all vinery sites (and sites using rockwool) and inform growers of any problems	Annual	Compliance	-
Continue to have old, redundant or defective oil installations upgraded or emptied	Ongoing	Compliance	-
'Police' unsatisfactory installations in liaison with oil companies and the Environment Department	Ongoing	Compliance	-
Identify inadequate private sewers and pumping stations	Ongoing	Compliance	-
Continue to promote the safe use of pesticides	Ongoing	Compliance	-
Visit 100% of sites as scheduled according to risk assessments (Water Catchment Assessment Audits)	Ongoing	Compliance	-
Continue to liaise with the Airport regarding the forthcoming modifications to the area	Ongoing	Compliance	-
Carry out a general 'clean-up' of the Catchment Area	2009-12	Compliance	-

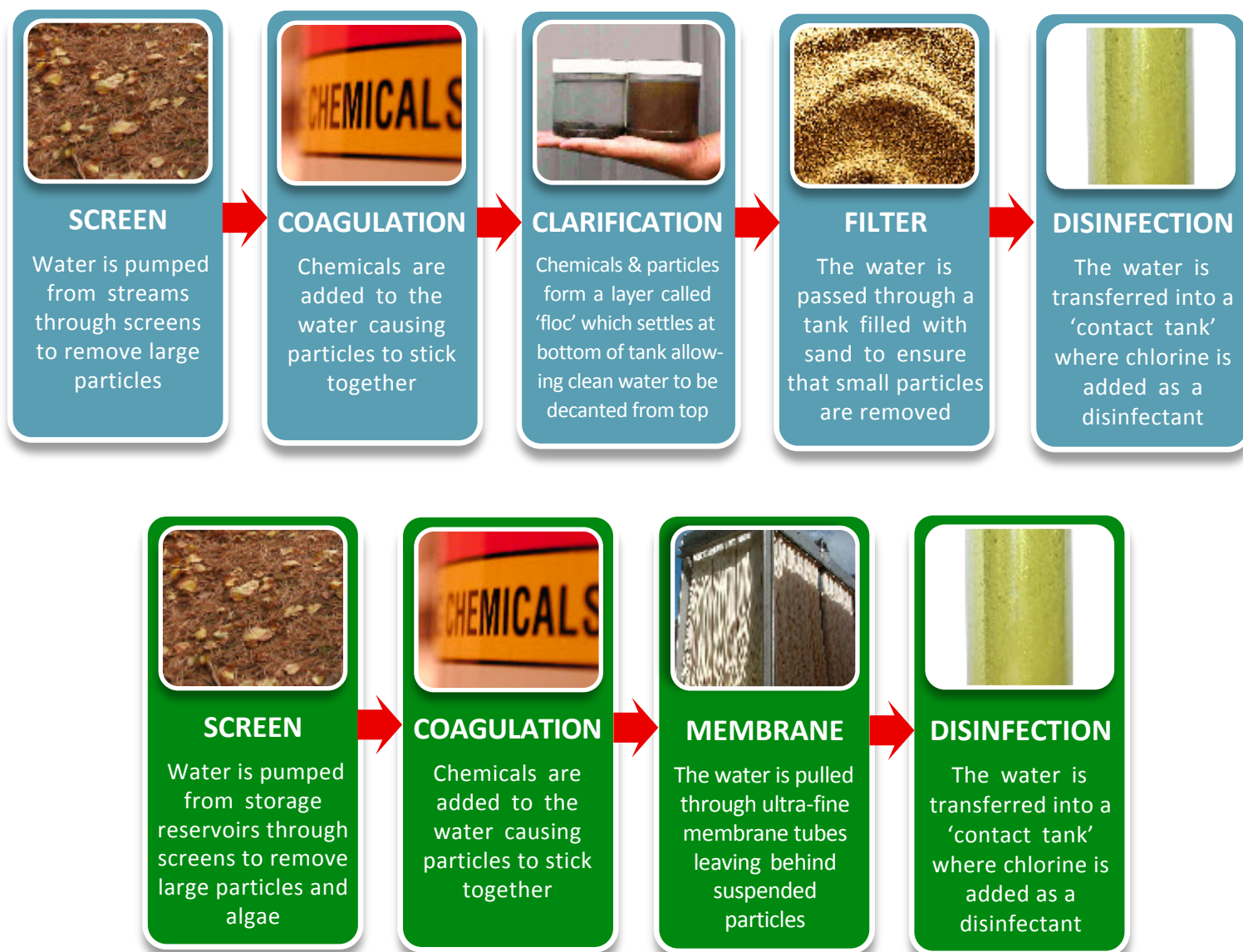
WATER PRODUCTION/TREATMENT

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 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 WTW at St Saviours which utilises state-of-the-art membrane technology to treat water. A WTW has been commissioned at Longue Hougue which will take over from Juas WTW in the north of the Island. The plant at Longue Hougue also utilises the new membrane technology and is one of the most compact plants in the UK.

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 was not needed during 2007 or 2008). The diagram below shows the difference between the old and new technologies, with the old filtration method in blue and the membrane technique in green:










The membrane treatment method not only requires one fewer step than the traditional filtration method but is also much more effective at eliminating impurities from the water. Guernsey Water ultimately intends to construct a third treatment plant with membrane technology which will either involve making improvements to Kings Mills WTW or developing a brand new plant at the St Andrews reservoir site.

In the **Water Resources** section on page 7, it is mentioned that a future objective will be to consider Les Vardes quarry for water storage (the quarry is currently used by Ronez). However, if this objective is not realised, then Guernsey Water will have to seriously consider desalination (the removal of salt from seawater to make it drinkable). The States Water Board ran a desalination plant back in the late 1960's, but this was decommissioned due to its high running costs and lack of efficiency. Modern technologies may have improved the efficiency of desalination plants, but the development of one would still be a very expensive solution to water supply problems.

Once water is treated, some of it is stored in service reservoirs until it is needed by customers. Guernsey Water's service reservoirs at Forest Road (two tanks and the Water Tower) and Frie Plaidy (one tank) need to be maintained and improved on a regular basis. It will be considered in future whether there is a need for all three tanks or whether the storage could be rationalised for efficiency.

Given the success that has been enjoyed in previous years with water quality, pressure is intensifying to produce high quality water at the WTW's and to maintain this through the service reservoirs and into people's homes. The installation of OSEC units (Onsite Electrolytic Chlorine generation) in place of chlorine gas at St Saviours WTW and the No.2 tank at Forest Road will make for a safer and more consistent approach to water disinfecting.

OBJECTIVES

Objectives	Timescale	Owner	Cost
Build and commission a new WTW at either St Andrews or Kings Mills 	2015-16	Operations	£4,000,000
Replace membranes at St Saviours and Longue Hougue WTW's (plus general WTW modifications) 	SSv - 2011 LH - 2015	Operations	2011 - £600,000 2015 - £500,000
Install and maintain surveillance cameras and other security measures at WTW's and service reservoirs 	2009-11	Operations	£150,000
Carry out high-lift pump replacement programme at St Saviours and Longue Hougue WTW's 	SSv - 2013 LH - 2018	Operations	2013 - £75,000 2018 - £100,000
Inspect service reservoirs and consider rationalisation solutions 	2015-19	Operations	£500,000
Carry out inspection of Water Tower and consider repair/future use	2009 & 2014	Operations	2009 - £100,000 2014 - £100,000
Install OSEC at St Saviours WTW and No.2 (West) tank 	SSv - 2009/10 No.2 - 2010	Operations	2009 - £62,500 2010 - £112,500
Insert new tanks within clarifier at St Saviours WTW (linked with membrane replacement) 	2011	Operations	£500,000
Consider sludge (WTW waste) disposal options in line with general Island approach (potentially sludge-drying)	2011-12	Operations	£220,000
Taking a minimum of 4,000 water quality samples achieve 99.5% compliance for Maximum Admissible Concentrations (MAC) at WTW's	Ongoing	Compliance	-
Taking a minimum of 750 water quality samples, achieve 98% compliance for MAC at service reservoirs	Ongoing	Compliance	-
Produce various water quality reports on a monthly, quarterly and annual basis	Ongoing	Compliance	-
Carry out an energy efficiency audit of water production	2009	Operations	-

WATER DISTRIBUTION

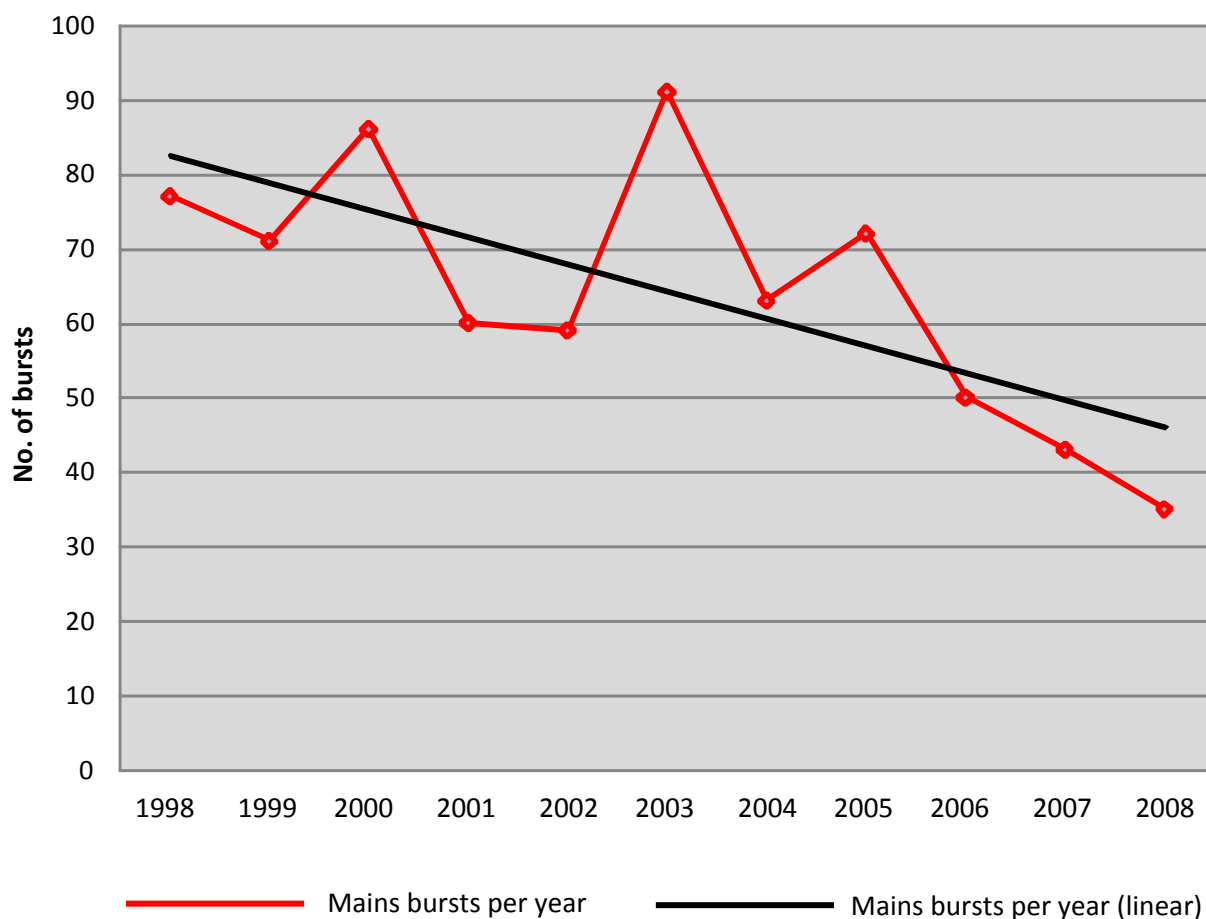
TO ENSURE THAT 409KM OF POTABLE WATER MAIN IS IN A SUITABLE CONDITION TO TRANSFER WATER TO CUSTOMERS WHILE RETAINING IT AT THE HIGHEST STANDARDS POSSIBLE. REDUCE LEAKAGE AND MINIMISE BURSTS THROUGH PROACTIVE MONITORING.

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 a 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 element to distribution performance is to reduce mains bursts and leakage as much as possible, which is achieved through a combination of replacement/maintenance programmes and increased monitoring through new technologies. Guernsey Water is approaching the stage where it 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 the inconvenience to customers.





There has been a significant amount of 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:



Distribution mains will be prioritised for repair based on burst frequency, reports of water discolouration and foreseeable consequential damage should the main burst.

In 2007 a decision was made to reduce the targeted leakage ('unaccounted for' water) level from 700ML per annum to 550ML. This reduction would obviously put more pressure on Guernsey Water staff to keep maintaining and improving the distribution network. However, the results for 2008 show that leakage levels have reduced even further and have ended up being below 400ML - an excellent achievement.

OBJECTIVES

Objectives	Timescale	Owner	Cost
Sample the quality of water in distribution pipes through microbial source tracking 	2014-19	Compliance	£10,000 per year
Investigate and pursue pressure reduction methods in the distribution system 	2012-16	Operations	-
Replace major trunk mains 	2010, 2012 & 2014	Operations	£500,000 each year
Install inline booster pump at Forest Road service reservoir 	2010	Operations	£25,000
Replace trunk main from Frie Plaidy service reservoir to St Martins	2009-10	Operations	£688,000
Continue with rolling uPVC mains replacement programme	Ongoing	Operations	£350,000 per year
Carry out mains extension work for properties not yet on the main supply	Ongoing	Operations	£100,000 per year
Continue to split common services to enable more water meters to be fitted	Ongoing	Operations	£20,000 per year
Monitor and reduce the number of discolouration complaints on a yearly basis	Ongoing/Annual	Operations	-
Taking a minimum of 2,000 water quality samples, achieve 99% compliance for MAC at customer taps	Annual	Compliance	-
Proactively manage leakage to ensure that 'unaccounted for' water remains below the target of 550ML per annum	Annual	Operations	-
Endeavour to repair 75% of mains bursts within 24 hours	Annual	Operations	-

CUSTOMERS

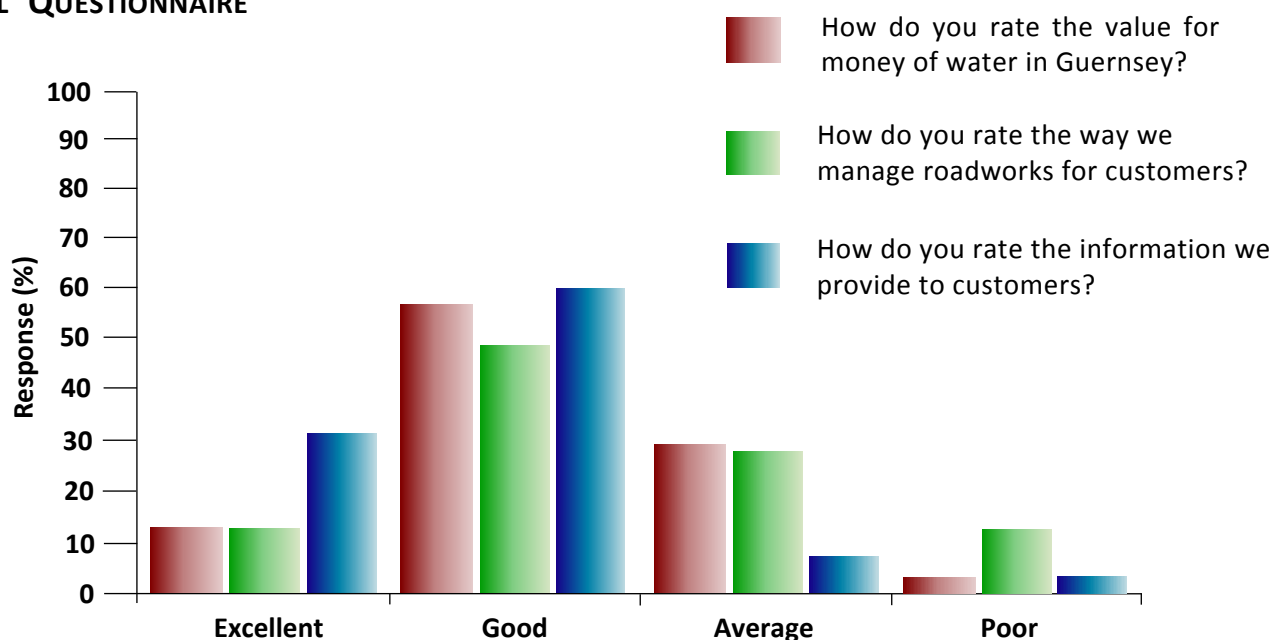
GUERNSEY WATER BELIEVES IT IS CRUCIAL TO ENSURE OUR CUSTOMERS CONSIDER THAT THEY RECEIVE A GOOD VALUE-FOR-MONEY SERVICE. GUERNSEY WATER IS ALWAYS EAGER TO RECEIVE FEEDBACK ON THE SERVICE IT PROVIDES.

Guernsey Water has a customer base of just over 24,000, with more than half 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 ways of communicating with and serving customers. Recent years have seen a significant number of new initiatives put in place with the sole purpose of improving the service that Guernsey Water provides to its customers.

One of these initiatives is the distribution of customer feedback questionnaires, of which there are two types. The first is for general use, which are either filled in when customer service staff phone up customers, or can be completed online. 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 by Guernsey Water's work. This could therefore range from the installation of a meter to replacing a burst water main outside somebody's house or place of work.

The graph below shows the results to date from three of the questions asked in the 'General' questionnaire, which gives an idea as to the kind of responses the business are receiving at the moment (based on approximately 120 responses):

'GENERAL' QUESTIONNAIRE



These three questions represent the lowest scoring of all the ones posed, so this gives an indication of the areas that need to be focused on over the next few years. The topic of value for money is always at the forefront of Guernsey Water's thoughts, and discussions will take place to ascertain at what level the standing charge should be in comparison to the variable charge (i.e. cubic metres of water used/TRP units per property). In addition, Guernsey Water will pose the question of how much information is required by customers to the Guernsey Water User Group in order to get a handle on whether the organisation is sending out too much literature or not enough.






Guernsey Water will always try to liaise with other utilities and contractors when carrying out roadworks to see if schedules can be combined to minimise inconvenience for road users. The recent use of sliplining, which is much quicker and less intrusive than replacing pipes, will continue and as technologies improve it is hoped that roadworks can be minimised as much as possible.

As alluded to before, the formation of the Guernsey Water User Group will provide another method of feedback for the organisation. This consultative committee will comprise of a few domestic customers plus representatives from commercial and industrial bodies on the Island. The group will act as a 'sounding board' for new ideas, as well as allowing customers to raise issues and make comments on Guernsey Water's service. Meetings will take place on a quarterly basis and issues raised will be put before the Formal Management Team for consideration.

In order to improve communications between Guernsey Water and its customers, a new website has been created separately from the States of Guernsey web portal. The site www.water.gg contains all of the information that customers may need to know about billing, meters, Guernsey Water's sites, water treatment methods and water saving ideas. It also contains feedback opportunities through the customer questionnaire mentioned before. Created and designed by Quikpixel, the site has a fresh and modern look to it which helps to enhance the organisation's image.

Statistics show that usage of the website is slowly increasing as more customers become aware of its presence. A web author has been appointed to ensure that the site is regularly updated and kept fresh and interesting.

OBJECTIVES

Objectives	Timescale	Owner	Cost
Review charging structure and consider a lower standing charge for customers 	2009	Customer Service	-
Review the 24-hour cover available for the Control Room 	2009-10	Customer Service	-
Consider the possibility of an emergency plumbing service for customers 	2016-19	Customer Service	-
Replace automated metering equipment e.g. handheld's in order to maintain and improve efficiency and accuracy 	2011 & 2016	Customer Service	2011 - £35,000 2016 - £40,000
Implement, monitor and review a Guernsey Water User Group 	2009/Ongoing	Customer Service	-
Encourage universal metering and consider introducing mandatory metering legislation as appropriate	Ongoing	Customer Service	£100,000 per year
Monitor compliance to the new Guernsey Water Customer Charter	Ongoing	Customer Service	-
Ensure that wastewater billing capability is in place	2010	Customer Service	-
Facilitate 90% of all scheduled Water Byelaw inspections	2009	Customer Service	-
Ensure that staff receive customer service training (selected staff to Level 2 NVQ). Other staff to be trained internally	2009	Customer Service	£3,000
Monitor complaints policy and identify trends	Ongoing	Customer Service	-
Purchase and implement document management system	2009	Customer Service	£5,000
Achieve a customer satisfaction rating of 80% through the distribution of feedback questionnaires	Annual	Customer Service	-



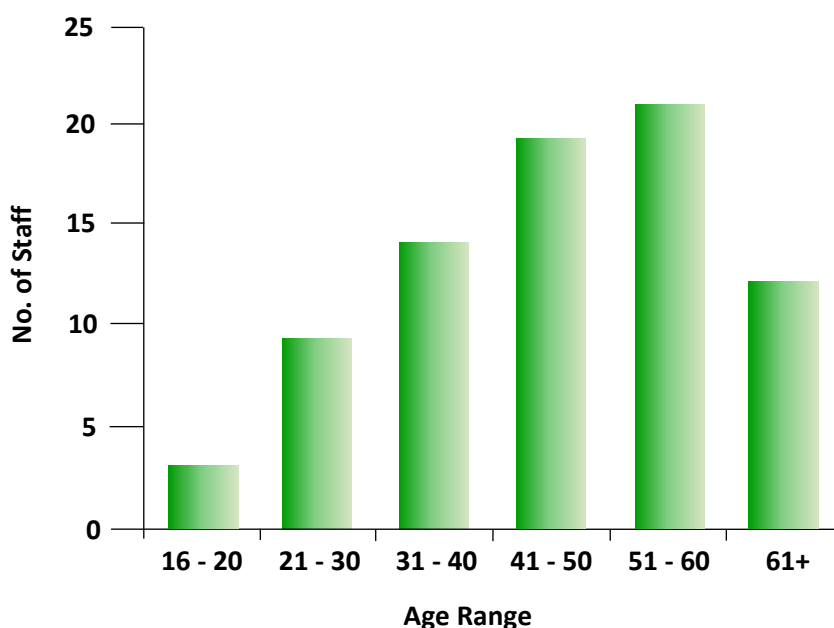
MANAGEMENT & GENERAL

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PEOPLE

Guernsey Water currently employs 76 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 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 below demonstrates the need for these initiatives:



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




The recent employee satisfaction survey highlighted communications as being a major obstacle to improving staff morale, as it has in past years. The proposed centralisation to St Andrews is progressing well after Permission in Principle was granted by the Environment Department (see **Property** on page 21). Having all staff together on one site would undoubtedly increase the frequency and quality of staff communications, therefore improving morale.

Another method of improving staff communications is the introduction of staff forums where representatives of each section within the organisation will get a chance to meet up on a regular basis with a member of the management team to air issues that are causing frustration or concern for staff. Any ideas or suggestions can then be put before the Formal Management Team for implementation.

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.

Guernsey Water will continue to work hard to improve working conditions for staff wherever possible, although once again this hinges on centralisation to a new operational depot at St Andrews. One of the recommendations that came out of the analysis of the recent employee satisfaction survey was for staff to put together a 'wish-list' of working condition improvements they would like to see made. These will be assessed by the management team and where feasible and cost-effective, will be carried out. However, given that Guernsey Water's medium-term future will involve the disposal of existing buildings, no major changes will be made unless they represent good return on investment.

OBJECTIVES

Objectives		Timescale	Owner	Cost
Develop a set of key competencies for Guernsey Water staff		2010	Management	-
Set up a system of reward and recognition for Guernsey Water staff		2010	Management	-
Set up a system of performance management for Guernsey Water staff		2010	Management	-
Set up a staff forum where representatives can discuss any work-related issues		2009	Management	-
Encourage and support more social activities for staff		Ongoing	Management	-
Implement a succession planning arrangement within Guernsey Water		Ongoing	Management	-
Put together and advertise a set of organisation 'values' for Guernsey Water that could be used as a recruitment tool		2010	Management	-
Continue to support CDP within the organisation, including the support of apprenticeships		Ongoing	Management	-
Manage sickness levels within Guernsey Water using the Bradford Factor, and use as an indicator of morale		Ongoing	Management	-
Improve communications within Guernsey Water through the use of data gathered through repeatable employee satisfaction surveys		Biennial	Management	-

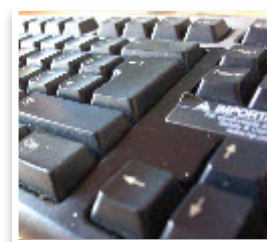
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INFORMATION TECHNOLOGY

Guernsey Water oversees a number of specialist information technology systems such as 'Supervisory Control and Data Acquisition' (SCADA) and Navision (billing and customer contact system), as well as general systems such as Digimap and the recently rolled-out 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.





There have been recent examples where Guernsey Water has developed IT systems outside of the States with clear benefits to the organisation. The first of these is the new Guernsey Water website (www.water.gg) which is outlined in more depth in the **Customers** section on page 16. Another example of this is the new HR/training module by software company Profile.

Work continues to be carried out to make Guernsey Water more efficient and to help staff work 'smarter'. The introduction of tablet PC's for field work will be a flexible and useful tool for the significant percentage of staff who spend a lot of their working hours out of the office. The migration of systems onto Navision 2009 will allow much better opportunities for cross-programme working.

The new SCADA 'In-Touch' system is an important development for Guernsey Water as it allows communications to be made between operating sites through a broadband connection, creating an unprecedented level of monitoring and real-time awareness should something break down.

OBJECTIVES

Objectives	Timescale	Owner	Cost
Purchase tablet PC's for fieldwork 	2009-10	Management	£25,000
Roll out SCADA's 'In Touch' system and make appropriate modifications to instrumentation 	Ongoing	Operations	2009/10/19 - £100,000. Other years - £50,000
Migrate systems to Navision 2009	2009	Management	£25,000
Carry out a server review with a view to replacement or streamlining	2009	Management	-
Build in the use of Digimap for asset management and plan for the migration of service records to either Digimap or Navision	2009	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 £300 million at today's prices and provide the basic infrastructure for collecting, treating and distributing potable water to the people of Guernsey.



Guernsey Water also contracts La Societe Guernesiaise to take care of the Millennium Walk at St Saviours reservoir, which is an attractive area with a wide variety of animal and plant life. Two wardens care for and report on the Walk, hired from Environment Guernsey (an arm of La Societe), 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.



The main issue for Guernsey Water regarding property over the next few years is the development of a new operational depot at the St Andrews reservoir site. The current depot at St Andrews is in a poor state of repair and has major health and safety issues, as does the building at South Esplanade which houses some of the administrative staff. The intention is to centralise staff from both of these sites into the new depot at St Andrews, and also include the staff from the St Saviours site. This will allow complete centralisation of staff, leading to significant benefits in communication, efficiency and morale.

It is also planned to create a light industrial area on the site with a number of units available for lease by local businesses. Planning Permission in Principle has been achieved for both the industrial units and the new operational depot. Site clearance works are now commencing so that construction can begin as soon as possible.

OBJECTIVES

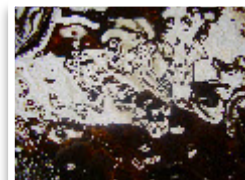
Objectives	Timescale	Owner	Cost
Build a new operational depot at St Andrews and centralise Guernsey Water's activities on one site 	2009-11	Management	£6,000,000
Make improvements to electrical switchgear at Guernsey Water sites 	2009	Operations	£60,000
Purchase replacement Digital Global Positioning Satellite system	2010 & 2015	Operations	£30,000 each year
Dispose of unused assets and review usage of current properties	Ongoing	Management	-
Decommission Juas WTW and use as a storage reservoir only	2010	Operations	£200,000
Create a business continuity area at St Saviours that will act as a standby operational site in an emergency	2012	Operations	£50,000
Build a light industrial park at St Andrews site	2009-11	Management	£4,250,000 (fund source TBC)
Prepare asset maintenance plans for operational sites	2009	Operations	-

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LEGISLATION


Over the next few years, significant amendments need to be carried out in order to update the legislation that supports and protects 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.



Wherever possible, Guernsey Water would rather not have to utilise the power of legislation to deal with matters such as pollution control - it is preferable to build up a good relationship with potential polluters to prevent incidents occurring in the first instance.

The subject of commercialisation has been raised on occasion, particularly with the likes of Guernsey Electricity and Guernsey Post providing a good template as to how a previously States-run body can become a commercial operation in its own right. The Public Services Department (PSD) Board is of the opinion that they would always promote whatever course of action would prove beneficial to the business, the community and water customers.

OBJECTIVE

Objectives	Timescale	Owner	Cost
Amend various pieces of Guernsey Water-controlled legislation to take into account recent developments and to make the law work for the business 	2009-11	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 complete rundown of the **CDP** for the period 2009 - 2019 can be found on page 26.

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 2008, 66% 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.

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. Guernsey Water has worked hard to ensure that the new system will result in the same amount of income as the old one. This has proved to be complex due to the two systems being incomparable.

Through a series of predicted income models, it was anticipated that some unmeasured customer bills would increase while others would decrease. It was also anticipated that if customer bills increased by a certain percentage, many would want to transfer to a water meter in order to reduce their bill. This added an extra complication to the models as the installation of more meters would result in lower revenue for Guernsey Water. It was also decided to use the change from RV to TRP as an opportunity to equalise the standing charges for all, so that measured and unmeasured customers paid the same fixed quarterly amount. An information leaflet was sent out to all customers and placed on the website to advise them of the changes.

OBJECTIVES

Objectives	Timescale	Owner	Cost
Ensure cashflow forecasts are produced, managed and targets achieved	Ongoing	Management	-
Minimise Guernsey Water's bad debts where possible	Ongoing	Management	-
Ensure that the cost to produce water remains below £375 per Megalitre	Annual	Management	-
Ensure that the cost to distribute water remains below £28 per supply	Annual	Management	-
Ensure that the operating surplus remains above £4.2m	Annual	Management	-
Establish the preferred weighting of the water charge (standing charge versus variable charge)	2009	Management	-

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MONITORING & REPORTING

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 Business Plan is the culmination of a number of workshop sessions which pulled together all of the important issues that will face Guernsey Water over the next few years. An important aspect of business planning is being able to assign sums of money to future projects and this can be seen in detail within the **CDP** on page 26.

The Monitoring and Reporting section also oversees Guernsey Water's PR output and has drawn up the PR Strategy for 2009. This will measure the success or otherwise of the 2008 Strategy and lay out initiatives 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.



Regarding Key Performance Indicators (KPI's), Guernsey Water has decided to adopt OFWAT's Director-General indicators as a way to assess and compare performance. These indicators are used to regulate UK water companies and represent best practice within the industry. More information can be found in the **Key Performance Indicators** appendix on page 34.

Guernsey Water will continue to pay close attention to the Government Business Plan and particularly the population forecasts which will have a large impact on the water supply business.

OBJECTIVES

Objectives	Timescale	Owner	Cost
Review and update Guernsey Water's Business Plan 2009 - 2019	Annual	Management	-
Review and update Guernsey Water's PR Strategy and ensure objectives are actioned	Annual	Management	-
Regularly review the CDP and ensure that it is kept updated and accurate	Annual	Management	-
Maintain and review Guernsey Water's set of KPI's and continue to benchmark against similar jurisdictions	Annual	Management	-
Produce a series of Annual Reports	Annual	Management	-
Review and update a set of internal procedures	Annual	Management	-
Continue to collaborate and liaise with Alderney on water industry matters	Ongoing	Management	-

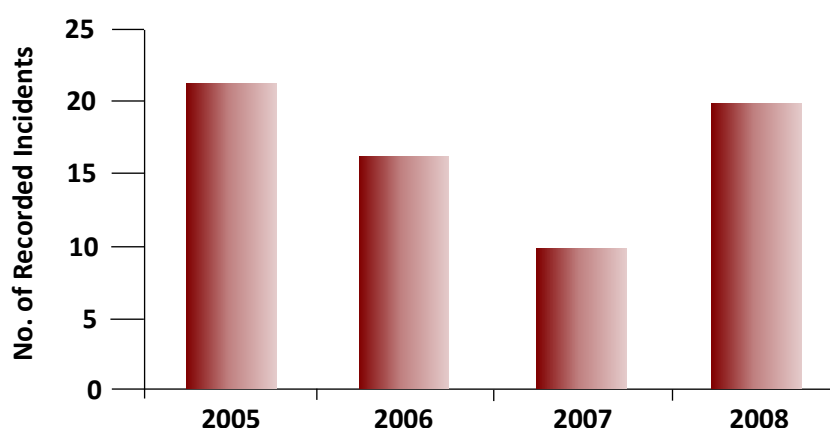
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HEALTH & SAFETY

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



The graph above demonstrates a reduction in incidents between 2005 - 2007. There was an increase during 2008, but this was a reflection of staff becoming more aware of the need to report incidents and near misses appropriately. This improved vigilance will only help to ensure that staff are as safe as they possibly can be while working for Guernsey Water.

OBJECTIVES

Objectives	Timescale	Owner	Cost
Carry out annual reviews of Guernsey Water's Health and Safety handbook	Annual	Management	-
Ensure that four Health and Safety meetings are held per annum	Annual	Management	-
Continue to improve and benchmark accident statistics in order to provide a safe working environment for all staff, with appropriate facilities in place	Ongoing	Management	-
Carry out reviews of property assets in liaison with Normandie Health & Safety	Annual	Management	-

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 mains 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. When considering projects for the CDP 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 PSD 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 importance, impact and urgency. The higher the score, the sooner the project will commence.

The charts overleaf outline the CDP projects planned within the timescale of this Business Plan (2009 - 2019). The coloured blocks demonstrate the duration of each project within the timescale and the different colours give an at-a-glance overview of the amount of planned expenditure in that particular year:

£0 - £10,000	
£10,001 - £50,000	
£50,001 - £100,000	
£100,001 - £500,000	
£500,001 - £1,000,000	
£1,000,000 +	
No predicted expenditure	

Some projects that have no predicted expenditure are included in the CDP if they are linked with other capital projects or have a significant strategic impact. The CDP is an organic piece of work which is updated on a regular basis as it is often the case that changing circumstances can affect the criteria which determine the priority of each project. **All figures within the CDP are based on a time-price base of January 1st 2009 and do not take into account inflation increases.**

A capital cashflow prediction for the period 2009 - 2012 is detailed on page 30. It has been decided not to predict the cashflow beyond 2012 as there are too many internal and external factors which could create major variances in the bottom-line figures. However, the expenditure in the years beyond this timeframe remains consistent with the original prediction made in the 2003 Business Plan of an average of £3million per year, albeit with an adjusted price-time base of 2009, raising the average annual expenditure to around £3.6million.

Project		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
WATER RESOURCES												
Raw Water Mains Replacement*										£300k	£300k	
Draw up Water Safety Plans												
Review Water Supply Strategy												
Les Vardes Quarry Preliminary Work (& Consider Desalination)												£50k
Rebuild Marais Stream Pumping Station	£100k	£750k	£750k	£750k								
Create Pumping Station at Kings Mills			£375k									
Consider Blending Solutions	£50k		£250k	£250k								
Replace Raw Water Main from St Andrews to Kings Mills								£250k	£250k			
Replace Raw Water Main from Moulin Huet to St Andrews								£250k	£250k			
Replace Raw Water Main from Saumarez Tank to Kings Mills					£250k	£250k						
Replace Raw Water Main from Saumarez Tank to Mare de Carteret					£250k	£250k						
Replace Raw Water Main from Kings Mills to St Saviours			£250k	£250k								
Replace Raw Water Main from Vale Pond to Juas				£250k	£250k							
Replace Raw Water Main from Juas to Longue Hougue				£250k	£250k							
Install Raw Water Quality Monitoring Systems											£50k	£50k
Create Pumping Station at Les Arquets	£600k											
Monitor and Review St Saviours Reedbeds*	£30k											
Protect Quarries/Reservoirs through Stream Diversion			£250k	£300k								
Relocate Gantry at Jamblin Storage Reservoir	£120k											
Carry out Stabilising Works at Quarries			£250k		£250k		£250k		£250k		£250k	
Create a Pumping Station at Perelle											£50k	£500k
Make Improvements to Mare de Carteret Pumping Station	£200k											
Make Improvements to Fermain Pumping Station	£100k											
Make Improvements to Vrangue Stream Intake			£175k									
Make Improvements to La Charroterie Pumping Station					£150k							
Make Improvements to Moulin Huet Pumping Station						£150k						
Make Improvements to Petit Bot Pumping Station								£250k				
Make Improvements to Saints Bay Pumping Station										£150k		
Site Security*	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k

Project	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
WATER RESOURCES (cont...)											
St Saviours Dam Wall Maintenance*	£4k	£4k	£4k	£4k	£4k	£4k	£4k	£4k	£4k	£4k	£4k
Water Resources Minor Capital*	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k
CATCHMENT PROTECTION											
Streamflow/Nitrate Monitoring*	£95k	£65k	£15k	£15k	£15k	£15k	£15k	£15k	£15k	£15k	£15k
General Catchment Area Clean Up											
Align Local Legislation with Control of Pollution Act											
Draft Legislation for Stream Pollution outside Catchment Area											
Purchase Digimap Contour Mapping Module		£10k									
WATER TREATMENT											
Build a New WTW at Longue Hougue*	£300k										
Carry Out External Works at Longue Hougue	£54k										
Build a New WTW at St Andrews or Kings Mills							£2,000k	£2,000k			
Create Sludge Disposal Strategy			£110k	£110k							
Install Security Measures at WTW's	£50k	£50k	£50k								
Insert Tanks within Clarifier at St Saviours WTW			£500k								
Replace High Lift Pumps at WTW's					£75k					£100k	
Carry Out Service Reservoir Inspections							£100k		£200k		£200k
Inspect, Repair and Consider Future Use of Water Tower	£100k					£100k					
Membrane Replacement and General Modifications to WTW's			£600k				£500k				
Install OSEC at No.2 Reservoir at Forest Road		£50k									
Install OSEC at St Saviours WTW	£62.5k	£62.5k									
Water Treatment Minor Capital*	£75k	£75k	£75k	£75k	£75k	£75k	£75k	£75k	£75k	£75k	£75k
WATER DISTRIBUTION											
Replace Inline Booster Pump at Forest Road		£25k									
Microbial Source Tracing (Distribution Pipe Sampling)						£10k	£10k	£10k	£10k	£10k	£10k
Carry Out Trunk Main Replacements		£500k		£500k		£500k					
Install Trunk Main from Frie Plaidy to St Martins	£344k	£344k									
Consider Pressure Reduction Methods											
Separation of Common Supplies*	£20k	£20k	£20k	£20k	£20k	£20k	£20k	£20k	£20k	£20k	£20k
Water Distribution Extensions*	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k

Project	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
WATER DISTRIBUTION (cont...)											
Carry Out Replacement of Watermains*	£350k	£350k	£350k	£350k	£350k	£350k	£350k	£350k	£350k	£350k	£350k
Water Distribution Minor Capital*	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k
Requisitioned Mains*	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k
MANAGEMENT & GENERAL											
Build a New Operational Depot at St Andrews	£400k	£2,800k	£2,800k								
Decommission Juas WTW		£200k									
Disposal of Assets and Review of Property Usage											
Create Commercial Development at St Andrewst	£200k	£3,250k	£800k								
Build a Business Continuity Area				£50k							
Carry Out a Review of Charging Structure											
Review the 24-hour Cover in Control Room											
Software Updates*	£100k					£50k					£50k
Consider Emergency Plumbing Service											
Metering (Cost of Meters/Maintenance/Reading etc.)*	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k	£100k
Replace Hand Held Metering Equipment			£35k					£40k			
Purchase Document Management System	£5k										
Migrate Systems to Navision 2009	£25k										
SCADA - Roll-Out of 'In Touch' System	£100k	£100k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£100k
Building Maintenance and Minor Improvements*	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k	£50k
Electrical Installation and Switchgear Remedial Works	£60k										
PE Welding Equipment*	£50k										
DGPS Replacement		£30k					£30k				
Furniture*	£20k	£15k	£55k	£15k	£15k	£15k	£15k	£15k	£15k	£15k	£15k
General Equipment*	£10k	£10k	£25k	£10k	£18k	£10k	£10k	£10k	£10k	£18k	£25k
Mobile Plant and Tools*	£30k	£30k	£30k	£30k	£30k	£30k	£30k	£30k	£30k	£30k	£30k
Vehicles*	£60k	£100k	£50k	£100k	£160k	£50k	£60k	£120k	£100k	£50k	£100k
Purchase Tablet PC's for Field Work	£10k	£15k									
Computers*	£25k	£25k	£25k	£25k	£25k	£25k	£25k	£25k	£25k	£25k	£25k
TOTALS:	£4,249,500	£10,930,500	£8,144,000	£2,754,000	£1,987,000	£2,554,000	£4,544,000	£4,014,000	£1,854,000	£1,912,000	£2,119,000

*Capital also spent prior to 2009

†Funding source not yet confirmed

CAPITAL CASHFLOW 2009 - 2012

	2009 (£'000)	2010 (£'000)	2011 (£'000)	2012 (£'000)
SOURCE OF FUNDS				
OPERATING INCOME	9,434	9,572	9,877	10,187
EXPENDITURE	<u>(4,865)</u>	<u>(5,500)</u>	<u>(5,615)</u>	<u>(5,784)</u>
OPERATING SURPLUS	4,569	4,072	4,262	4,403
Net Interest Receivable	83	63	30	58
Sale of Fixed Assets	18	206	776	1,207
Customer Capital Contributions	<u>15</u>	<u>5</u>	<u>5</u>	<u>5</u>
FUNDS GENERATED	4,685	4,346	5,073	5,673
DEPLOYMENT OF FUNDS				
GROSS CAPITAL EXPENDITURE				
Water Resources	902	2,244	2,275	1,960
Water Treatment	302	489	514	257
Water Distribution	745	1,869	801	1333
General	<u>785</u>	<u>4,788</u>	<u>1,760</u>	<u>317</u>
TOTAL CAPITAL INVESTMENT	2,734	9,390	5,350	3,867
OTHER CAPITAL DEPLOYED				
Increase in Stock	118	22	22	23
Increase/(Decrease) in Debtors	64	(21)	42	43
Decrease/(Increase) in Creditors	(24)	(577)	564	(26)
Net Increase/(Decrease) in Working Capital	<u>158</u>	<u>(576)</u>	<u>628</u>	<u>40</u>
ADDITIONAL CAPITAL DEPLOYED	2,892	8,814	5,978	3,907
CASHFLOW SURPLUS/(DEFICIT)	1,793	(4,468)	(905)	1,766
CASHFLOW SURPLUS AT YEAR END	<u>6,433</u>	<u>1,965</u>	<u>1,060</u>	<u>2,826</u>

NOTES

- 2009 figures shown as Probable Outturn
- 2010, 2011 & 2012 figures shown as Proposed or Provisional Budgets
- Operating Surplus figure reflects Operating Surplus Before Depreciation figure shown in Published Accounts and Budgets, adjusted for estimated Cash Flows
- Interest Receivable has been calculated at 1.5% for 2009 & 2010, 2% for 2011 and 3% for 2012
- Income has been enhanced for an estimated increase of 200 New Metered Services in 2009 and 100 each year from 2010
- Assumption of 500 Unmeasured Customers becoming Metered in 2009, 750 in 2010 and 200 for 2011 and 2012 .

APPENDIX A - FINANCIAL MODELS

TABLE 1 - FINANCIAL SUMMARY

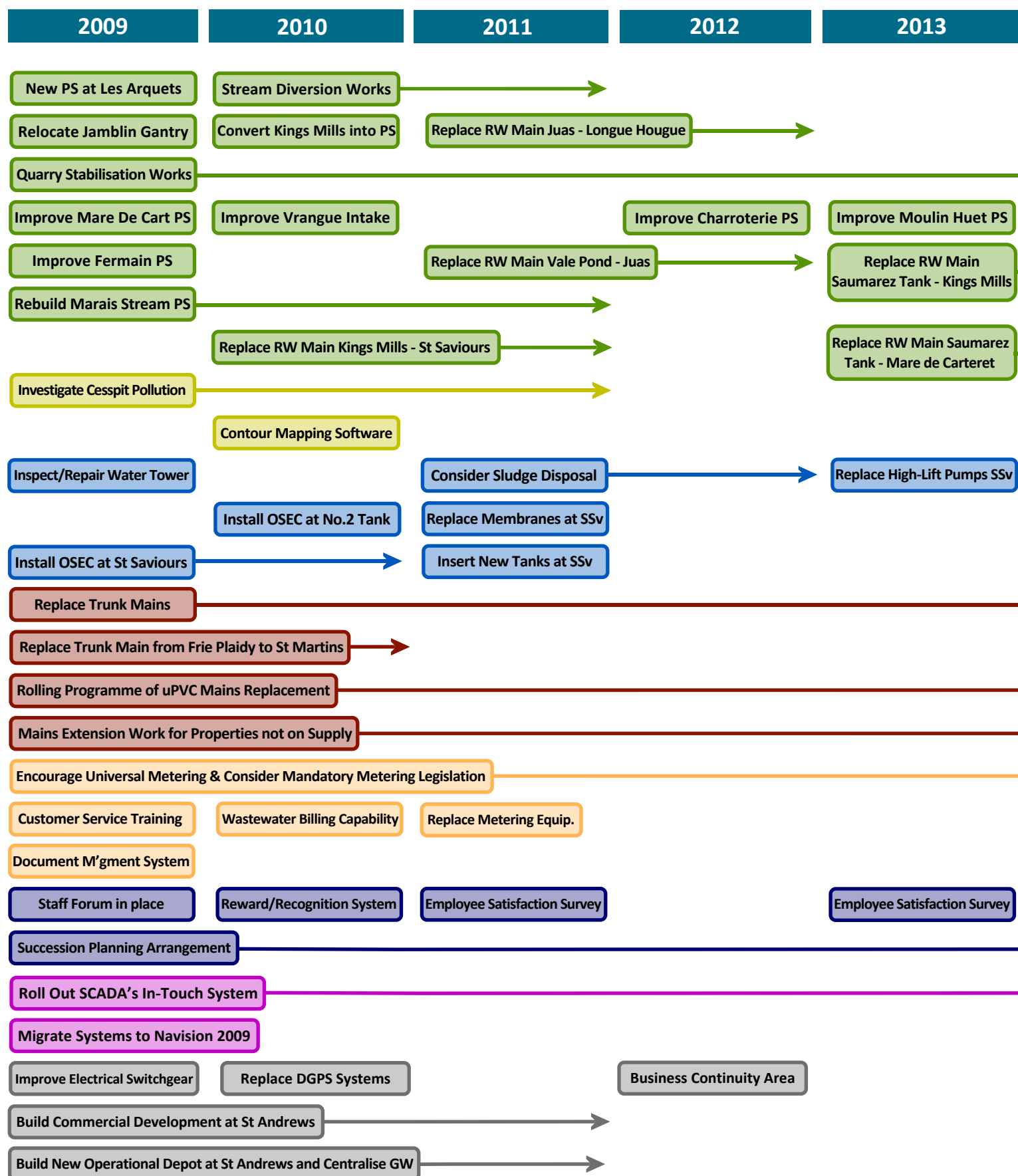
	2008 (£'000)	2007 (£'000)	Change (%)
INCOME			
Unmeasured	3,589	3,580	+ 0.3
Measured	5,026	4,705	+ 6.8
Other trading (net)	288	343	- 16.0
Total Operating Income	8,903	8,628	+ 3.2
EXPENDITURE			
Operating	2,322	2,288	+ 1.5
Management	1,918*	1,753	+ 9.4
Total Expenditure	4,240	4,041	+ 4.9
Operating Surplus Before Depreciation	4,663	4,587	+ 1.7
OTHER			
Surplus on sale of fixed assets	11	618	
Net interest received	228	270	
Depreciation	(1,419)	(1,103)	
Surplus For The Year	3,483	4,372	
Fixed Asset Additions	5,180	3,860	

*This figure includes increased property tax due to the introduction of TRP

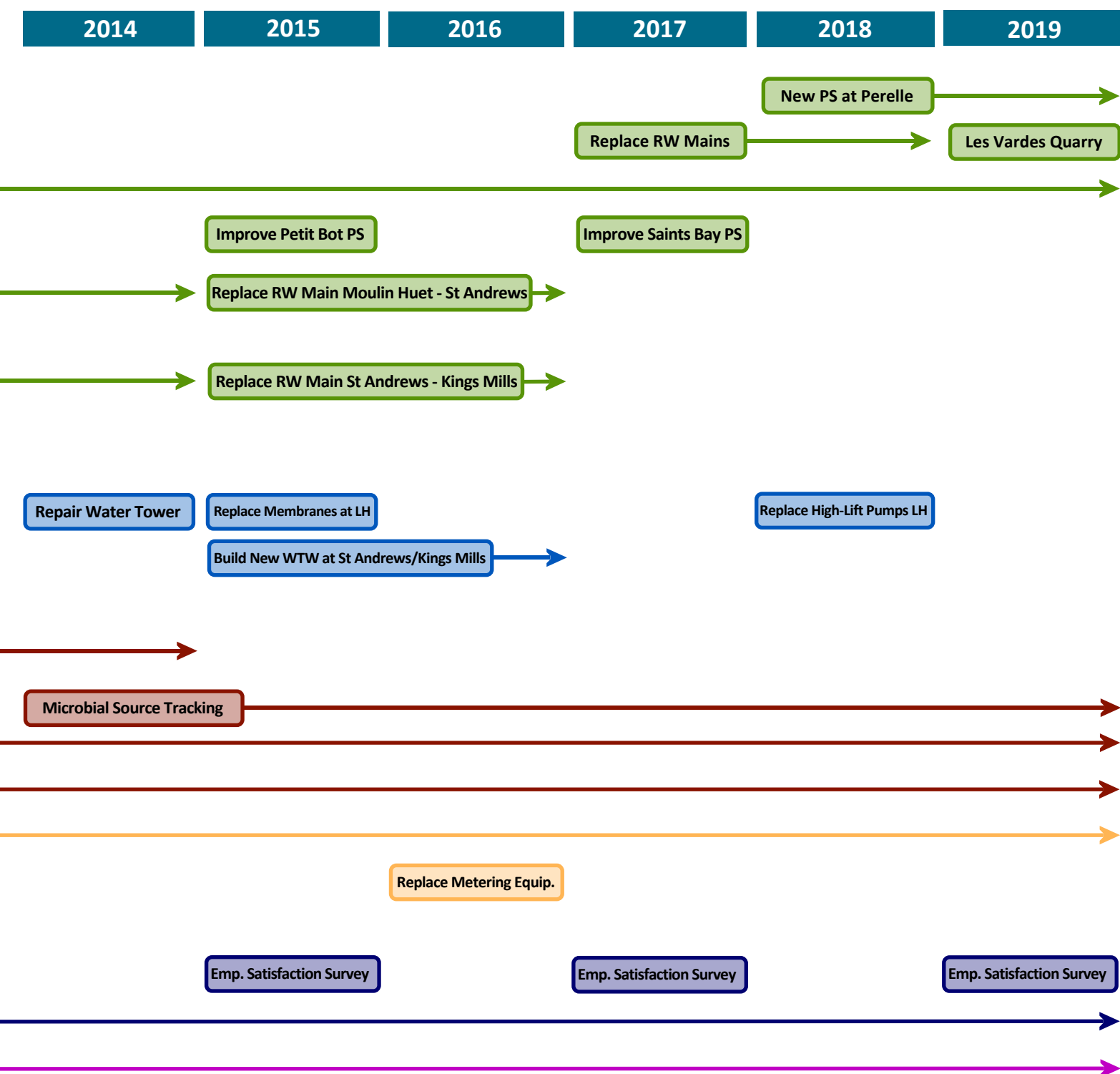
TABLE 2 - OPERATIONAL PERFORMANCE

	2008 (£'000)	2007 (£'000)	Change (%)
NUMBER OF SUPPLIES			
Paying by Rateable Value	10,600	11,124	- 4.7
Paying by Measure	13,872	13,129	+ 5.7
Total	24,472	24,253	+ 0.9
VOLUME SUPPLIED			
Delivered to customers paying by measure	2,540ML	2,509ML	+ 1.2
Delivered to other customers	1,521ML	1,586ML	- 4.1
Operational use, fire fighting and losses	398ML	415ML	- 4.1
Total Put Into Supply	4,459ML	4,510ML	- 1.1
SERVICE			
Restrictions on supply	None	None	
Burst mains	35	38	- 7.9
Discolouration - claims paid	£700	£166	+ 321.7
UNIT COSTS			
Water production	£360/ML	£351/ML	+ 2.6
Water distribution	£23/supply	£25/supply	- 8.0

APPENDIX B - MAJOR PROJECT TIMELINE



The above plan details a number of the main projects and objectives for 2009 - 2019. Not all objectives from the preceding pages are included in this plan; these are generally the larger-scale projects in terms of cost and impact.

**GLOSSARY:**

PS - Pumping Station
 RW - Raw Water
 SSv - St Saviours
 DGPS - Digital Global Positioning Satellite
 OSEC - Onsite Electrolytic Chlorine (Generation)
 LH - Longue Hougue

KEY:

Water Resources		Customers	
Catchment Protection		Management - People	
Water Production/Treatment		Management - IT	
Water Distribution		Management - Property	

■ APPENDIX C - KEY PERFORMANCE INDICATORS

Guernsey Water is well aware of the importance of monitoring performance in order to identify potential weaknesses and improve working methods, financial performance and output. The organisation has a number of different indicators that can be used for different purposes. As part of the PSD Business Plan, Guernsey Water have four targets that they must meet. These are:



- 80% overall customer satisfaction rating through feedback questionnaires
- Maximum cost of £375 per Megalitre of water produced
- Maximum cost of £28 per supply for water delivered
- Operating surplus to achieve a minimum of £4.2million

In addition to these, there are also a number of other internal measurements that are checked on an annual basis:

- Ensure raw water storage achieves a minimum of 95% by 1 April of each year
- Taking a minimum of 4,000 water quality samples, achieve 99.5% compliance for Maximum Admissible Concentrations (MAC) at WTW's
- Taking a minimum of 750 water quality samples, achieve 98% compliance for MAC at service reservoirs
- Monitor and reduce the number of discolouration complaints within the distribution system
- Taking a minimum of 2,000 water quality samples, achieve 99% compliance for MAC at customer taps
- Proactively manage leakage to ensure that 'unaccounted for' water remains below the target of 550ML per annum
- Endeavour to repair 75% of mains bursts within 24 hours
- Replace 2km of failing asbestos cement main as part of a rolling programme
- Improve accident statistics in order to provide a safe working environment for all staff with appropriate facilities in place. Keep incident rate below 25 per 100 employees; frequency below 15 per 100,000 working hours and maintain mean duration of days lost through injury to below 2 days

All of these indicators are reported on in the Guernsey Water Annual Report.

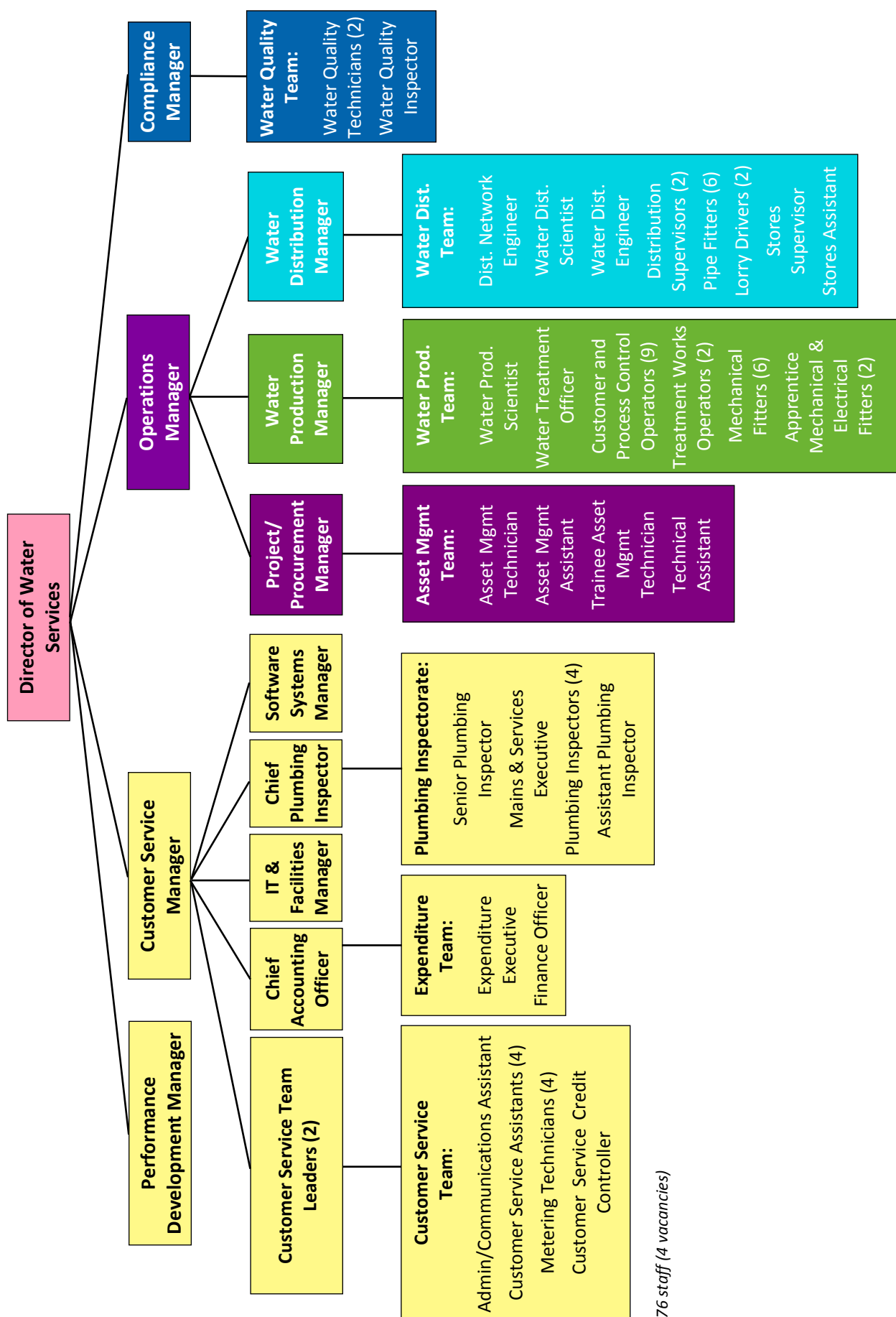
Guernsey Water is also starting to adopt performance indicators taken from UK water regulators OFWAT. The indicators are set by the Director-General of OFWAT and are considered best practice for performance management throughout the UK. These are:

- DG1 – Inadequate pressure in customer supply
- DG2 – Interruptions to customer supply
- DG3 – Response time to customer queries
- DG4 – Response time to written complaints
- DG5 – Number of metered customers receiving at least one bill per annum
- DG6 – Ease of telephone contact



These will be reported on for the first time in the 2009 Annual Report.

APPENDIX D - GUERNSEY WATER STAFF STRUCTURE



APPENDIX E - REVENUE ACCOUNT WITH CAPITAL DEPRECIATION

ITEM/ALLOCATION	Actual 2007 (£)	Actual 2008 (£)	Probable Out-turn 2009 (£)	Budget 2010 (£)	Budget 2011 (£)	Budget 2012 (£)	Budget 2013 (£)
TOTAL INCOME	8,704,551	9,094,621	9,516,500	9,635,100	9,906,700	10,244,600	10,585,400
TOTAL EXPENDITURE	(4,116,028)	(4,427,146)	(4,865,000)	(5,500,100)	(5,625,700)	(5,795,700)	(5,970,100)
OPERATING SURPLUS BEFORE DEPRECIATION	4,588,523	4,667,475	4,651,500	4,135,000	4,281,000	4,448,900	4,615,300
DEPRECIATION*	(3,505,782)	(3,656,531)	(3,777,200)	(3,573,900)	(3,681,100)	(3,791,500)	(3,905,300)
SURPLUS FOR THE YEAR	1,082,741	1,010,944	874,300	561,100	599,900	657,400	710,000

NOTES

- *The depreciation for each year from 2010 is the Annual Average of the Net CDP Expenditure between 2010 and 2019 inclusive, taking into account an estimated 3% Annual Rise in Inflation.
- The Totals for 2007, 2008 and 2009 are on the same basis, but with Actual RPIX Inflation and Actual and Probable Outturn Net Capital Expenditure Figures instead.

