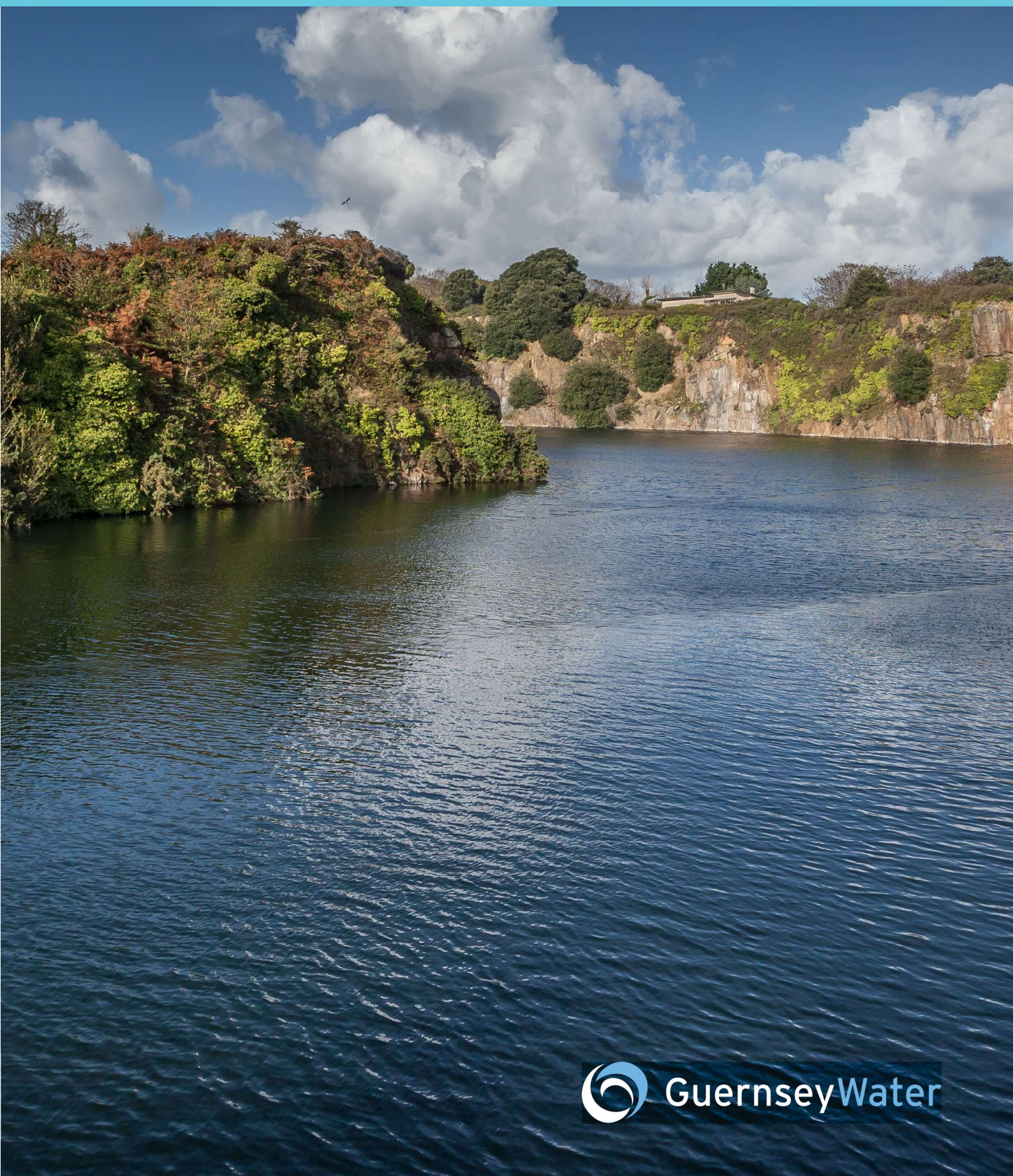


Strategic Direction Statement





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EXECUTIVE SUMMARY

This Strategic Direction Statement establishes a vision, purpose and priorities for Guernsey Water's business planning. In preparing it we lifted our sights to 2040 and beyond to consider how our business will need to change for the future.

Our island economy, the health and well-being of islanders relies on having effective drainage and a public water supply that is safe and good to drink, but in future we must go beyond this. **We want to provide not just effective, but sustainable drainage** that deals with rainwater in a way that improves the built environment and benefits nature. **We also want to make it easier for our customers to choose our water instead of bottled alternatives**, because it's more affordable and sustainable. We will do this by connecting more people to the public water supply and enabling people to refill bottles in public places and at events.

Water management from source to sea is important for the resilience of our island's natural capital. Our operations have the potential to harm the environment, but we must go beyond just preventing this. **We will ensure that our sites protect biodiversity and connect people to nature. We will also work with other businesses to help them protect water quality.** But our environmental responsibilities go beyond Guernsey; as well as adapting our local infrastructure, **we will help mitigate climate change by reducing our greenhouse gas emissions.**

To meet our future challenges **we must provide firm financial foundations for our business that are affordable for customers**, yet sufficient to enable investment in the services they value. To do this **we must be efficient**. We will also find out what our customers value the most and use this to inform our business planning.

Our future success depends heavily on having great people who can perform to their full potential. To achieve this we must provide our people with a great place to work, clear direction and a shared sense of purpose. This Strategic Direction Statement will help to provide this purpose.



“In preparing our Strategic Direction Statement we lifted our sights to 2040 and beyond, to consider how our business will need to change for the future.”

STEPHEN LANGLOIS,
MANAGING DIRECTOR

INTRODUCTION

Guernsey Water is a water and wastewater service provider for just over 26,000 customers, but everyone in Guernsey is reliant on our services in some way. We are a small scale utility within a trading group of businesses that is governed by the States' Trading Supervisory Board [STSB], which is accountable to the States of Guernsey. Guernsey Water's Board is accountable to the STSB.

Guernsey Water was established 100 years ago in 1920 to provide a public water supply. Wastewater services did not become part of our business until 2012. Merging these two services brought together the management of Guernsey's water cycle from source to sea.

Our team of approximately 85 people delivers high quality drinking water and wastewater services for our island. In doing so we are leaders in the protection of our water environment and are proud of the contribution we make to our community and the economy.

This Strategic Direction Statement establishes our vision, purpose and priorities for our future business planning.



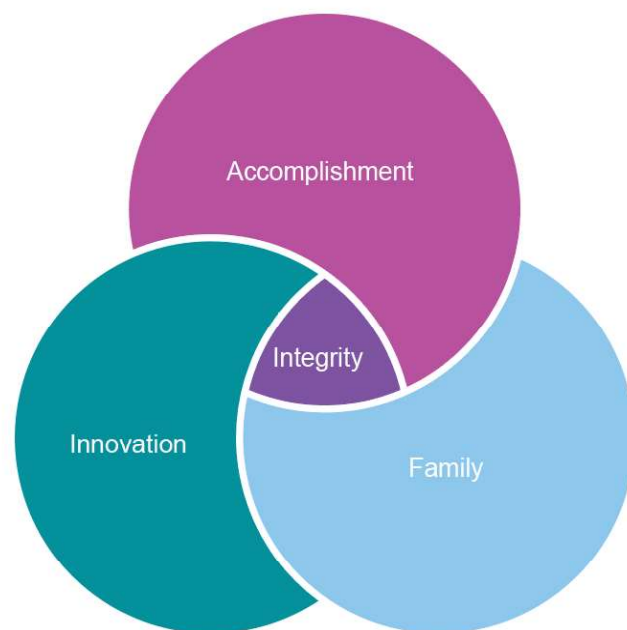
VISION & VALUES

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

Customers are at the heart of our vision, which is focused on the provision of **high quality but affordable water and wastewater services**. It is also absolute in that **everything we do should be valued by our customers**, so we will always be striving to achieve it.

Our values determine how we will strive to achieve our vision. All our people were involved in defining them, so they align closely with our personal values. They revolve around a core value of integrity, which runs through everything we do.

- **Integrity** – Providing equal opportunity, giving honest feedback, being loyal to our customers and the environment.
- **Accomplishment** – Being determined to reach our goals, celebrating success and continually improving.
- **Family** – Looking after each other’s health and well-being, building relationships and helping people to fulfil their potential.
- **Innovation** – Encouraging creativity and listening to ideas while providing the freedom to improve how we work.



PURPOSE & OUTCOMES

Our Purpose

Our purpose is to **provide water for life**.

What does this mean? Our purpose goes beyond the provision of water and wastewater services. **We provide water for the people, economy and environment of Guernsey**, and we don't just provide it today.

We plan to provide water for tomorrow to help ensure Guernsey's long term prosperity. We also think bigger than Guernsey. The water cycle is a global process that is affected by climate change. Our operations affect and are affected by climate change, so **we act locally but think globally**.



Our Outcomes

We have identified seven business planning outcomes that are required for us to fulfil our purpose:

- **Valued by Customers** – Customers value the quality and affordability of our services.
- **Drinking Water of Choice** – The quality, sustainability and availability of our water make it the drinking water of choice.
- **Sustainable Drainage** – Customers are protected from flooding and wastewater is returned sustainably and efficiently to the environment .
- **Protect Our Environment** – Water quality is protected from source to sea and our environmental impact is carefully managed.
- **Sufficient and Resilient** – Water and wastewater systems adapt to climate change and have sufficient capacity for our island's future.
- **Firm Financial Foundations** – Our services are efficient and investment in our assets is made in the best long term interests of islanders.
- **Proud Performing People** – Guernsey Water is a great place to work, where people perform to their full potential and are proud of their contribution to our island community.

THE FUTURE

Our horizon scanning has identified a number of risks and opportunities that will influence our strategic direction.

Water Resources



Our current level of protection from drought for the island was endorsed by the Committee for the Environment & Infrastructure in 2018. However, drought resilience standards are changing and in 2021 the Committee directed that further work be carried out to consider whether the island's level of protection from drought should be increased, so it remains in line with increasing protection being provided for water customers in England and Wales. This means that our strategy is under review.

The future impact of climate change is uncertain, but the latest United Nations Intergovernmental Panel on Climate Change report shows that it is widespread, rapid and intensifying. To deal with this Les Vardes Quarry has been allocated for water storage in Guernsey's Strategic Land Use Plan and Island Development Plan. **Les Vardes would increase resilience to more intense drought and enable the development of a more efficient water storage and transfer network.**

Les Vardes has also been identified as an option for the disposal of inert waste; its future use will be debated by the States in 2023. To inform this debate our Water Resources and Drought Management Plan is being updated.

A permanent desalination plant could also increase drought resilience. Cost and environmental impact have been a barrier to the technology in the UK, but in the long term it may become more cost effective as global water scarcity increases. For the same reason domestic water recycling could significantly reduce demand, disrupting the water sector in the same way that domestic renewables and energy storage are impacting energy markets.

We will continue to monitor drought protection standards and water recycling technologies and consider whether we need to adapt our strategy each time we review our Water Resources and Drought Management Plan¹.

Surface Water Management



Climate change is already challenging our island's drainage. A short term programme of property protection has reduced the risk of sewer flooding, but has not dealt with the root cause of the problem; drainage systems will be unable to cope with the more intense rainfall we expect in the future.

Climate change is a long term problem for drainage and our surface water management policy² and strategy set out a long term plan for adapting to it. **Our strategy is to invest in sustainable drainage today. We will then increase or decrease adaptation to match the pace of climate change.**

Water Quality



Guernsey's Water Supply Law³ requires our drinking water to be 'pure and wholesome'. For quality assurance, we assess and publish annually our compliance against the more stringent water supply law for England and Wales⁴.

Up to now **catchment management has been sufficient to enable our more traditional approach to water treatment to achieve high levels of compliance; our strategy is to continue with this approach.** However, tighter drinking water standards could require future investment in water treatment.

We will maintain a presence on industry networks that support the development of new standards and share knowledge on how to meet them. We will also ensure that short to medium term investment, such as the refurbishment of St Saviour's water treatment works, does not restrict options for meeting tighter standards in the future.

We also monitor and select from different water sources to prevent taste issues for customers that are caused by algal blooms, but in the long term climate change could make this more difficult. Our strategy is to continue to control aesthetic issues such as taste through source selection and catchment management. This is the most sustainable, cost effective option, which also benefits the water environment.

Guernsey's wastewater treatment strategy was resolved by the States in 2012⁵. This evidence based decision took into account high natural dispersion in our coastal environment and demonstrated its ability to receive a predominantly domestic wastewater discharge without harm.

Modelling showed that European bathing water and shellfish quality standards could be met without full wastewater treatment. Nevertheless, £35 million still needed to be invested in providing preliminary treatment and storm water storage at Belle Greve Wastewater Centre. Our short and long sea outfalls were also replaced.

It is possible that public and political pressure could require further major investment in wastewater treatment. However, recent coastal water quality data provides further evidence that the current strategy remains valid, so **our strategy is to maintain our current approach to wastewater treatment, and manage wastewater quality at source within wastewater catchments.** This means we will continue working with businesses that discharge trade effluent to prevent pollution and protect the water environment.

Service



Customer expectations are continually increasing and are raised by their interaction with retailers that provide a personalised experience. Their relationship with us is long term and heavily dependent on the few times that we interact with them. This is particularly important during times when they need us the most; perhaps they are struggling to pay their bill, dealing with a bereavement or the stress and excitement of moving house.

Our strategy is to develop our people, processes and systems to provide a more personalised service, particularly when our customers need us the most.

Ensuring access to water and sanitation for all is one of the United Nations' sustainable development goals⁶. We acknowledge this ambition in our aim to provide **easy** access to **fair** and **equitable** water and wastewater services for customers.

Easy Access

Our strategy is to extend our water and wastewater systems to allow more people to connect to the public water supply and sewerage network.

Because of the public health benefits, we **will enable as many customers as possible to connect to the public water supply.** Our policy on public water supply connections⁷ sets out how this will be achieved. **We will also provide refill stations to enable people to refill their bottles in public places and at events.** This will help reduce plastic waste in support of the island's waste strategy. It will also help reduce the carbon 'embedded' within bottled water that is imported to the island.



"Our aim is to provide easy access to fair and equitable water and wastewater services for customers."

STEPHEN LANGLOIS,
MANAGING DIRECTOR

In 2015 the States resolved for Guernsey Water to prioritise extension of the sewerage network within a programme of investment in all water and wastewater infrastructure, but that this would be unlikely to connect more than 90% of customers⁸.

Our strategy is to encourage more people to connect to the public sewer where it has already been extended to their property. Our business planning will also determine whether our strategy should connect more than 90% of customers and how quickly this should happen.

Fair

Up until 2017 Guernsey Water adopted a 'save to spend' approach to investment. Whilst prudent this meant that customers were paying for investment in future services that they may not have received. It was also insufficient to fund the investment needed in our wastewater infrastructure.

Since then, **access to capital has enabled us to transition towards a user pays approach to our investment, which will be part of our financial strategy going forwards.**

Two thirds of our customers are metered, which means they pay for the water and wastewater services that they use. Our remaining customers pay on the basis of the Tax on Real Property (TRP) of their property. **Our business planning will consider whether it would be fairer for all if we increased the number of metered customers.**

In 2009 the States resolved to introduce wastewater charges and subsidise cesspit emptying by reducing the charge to approximately one third of the actual cost of the service⁹. In 2019 Guernsey Water rebalanced its water and wastewater charges to make them more cost reflective. This means that all wastewater customers now subsidise the cesspit emptying service.

The cesspit emptying charge is contentious as it increases the cost of our wastewater service for cesspit customers, yet the service they receive is not as convenient as being connected to the public sewer. **Our business planning will consider whether it would be fairer for all wastewater customers to pay the same for their wastewater service.**

Equitable

The level of wastewater service we provide customers is different depending on whether they have a cesspit or are connected to the public sewer. Providing easy access to the public sewerage network will be a long

term investment, so we will have cesspit customers for many decades to come. In the meantime, **our strategy is to invest in raising our level of service and making the cesspit emptying service more convenient for customers.**

Asset Management



Guernsey Water is an asset orientated business. Our infrastructure and its performance plays a vital part in providing water and wastewater services for our customers.

Asset Management will ensure that we understand the condition of our infrastructure and its performance. This will inform investment decisions that enable us to deliver proactive asset refurbishment and replacement programmes based on cost, risk and benefit.

We have a dedicated Asset Management Department that is focussed on identifying, quantifying and monitoring the delivery of future asset investment requirements, effectively managing our assets over their life-cycles.

In future we will face increasing pressure to choose investments that maximise benefits for our customers at an affordable cost. This means **we will continue to develop our asset management systems and grow our asset management capability to ensure we are able to deliver value for money services over a long term planning horizon.**

Environment



Water Quality

Guernsey Water currently has legal duties to protect the water catchment from pollution¹⁰. However, the States have approved the drafting of Water Pollution Ordinance¹¹, which will bring sections of the Environmental Pollution Law into force that will transfer these responsibilities to the Office of Environmental Health and Pollution Regulation [OEHPR]. This will ensure that Guernsey Water is not responsible for regulating its own wastewater discharges to the environment. In the interim OEHPR have been empowered by the States¹¹ to act as 'shadow' environmental regulator, so we work together to protect water quality.

Control at source within water and wastewater catchments will continue to be part of Guernsey Water's strategy for being leaders in the protection of our water environment under future legislation. Ensuring that we have the necessary powers and delegations of authority under the new Water Pollution Ordinance will be important, so we will continue to engage pro-actively in its development.

Biodiversity

In May 2020 the Committee *for the Environment & Infrastructure* endorsed Guernsey's Strategy for Nature¹³. Guernsey Water is a significant land owner and we are also responsible for managing much of the freshwater environment in Guernsey. This means that we are well placed to play an important role in achieving the goals and objectives of this strategy. Biodiversity action plans have already changed the land management of our sites and we will be working closely with local environmental groups to develop further plans for the future.

The Strategy for Nature also aims to connect our community with nature and share knowledge about nature. Fishing and the Millennium Walk at St Saviour's reservoir, an important environmental asset, are good examples of how we can help achieve these goals and encourage good health and the well-being of islanders.

Nurturing biodiversity and enabling recreational use of our sites, when it works in harmony with nature and our operations, is an important part of our strategy for protecting the environment.

Climate Change

Our primary responsibility as a result of climate change is to adapt our water and wastewater systems to ensure we can provide resilient long term services. But we must go further by mitigating climate change.

We will reduce our greenhouse gas emissions to help meet the climate change targets¹⁴ set out in the States of Guernsey Climate Change Policy and Action Plan¹⁵.

As one of the island's largest electricity users our mitigation measures are heavily dependent on the sources of energy imported by Guernsey Electricity; from January 2020 these sources became 100% renewable.

An important part of our decarbonisation strategy will be the electrification of our vehicle fleet. We will also provide refill stations to help reduce the carbon 'embedded' within bottled water that is imported to the island.

People

Infrastructure investment is being cited as a long term energiser for the economy and environment both locally and nationally. But with an ageing workforce and a need to develop capability in new digital disciplines such as data analytics and automation, as well as ever evolving operational technician, scientific, asset management, engineering and customer service competencies; utilities are facing a substantial future skills gap.

Guernsey Water is no exception, around 50% of our people are due to retire by 2040, which increases the importance of succession planning. Learning and development is important for performance and succession as it enables our people to progress and helps to attract talent. Progression and attraction are important for resourcing in our constrained and competitive jobs market.

Although population management law is designed to ensure that we have the right mix of people and skills to support our economy, because of the skills gap we expect increasing difficulty when competing in the national market for utility skills. This means **we will put much greater emphasis on investing in developing the skills and experience that our people will need in the future.**

We also recognise the importance of engagement for people progression and attraction. Future generations are becoming more attuned to global issues, the way local businesses respond to them will be important for career choices. This means that being a 'great place to work' in the future will also depend on our purpose, our environmental and social credentials. Our business planning will provide clear direction and a shared sense of purpose for our people, all founded on Guernsey Water's values.



"Being a 'great place to work' in the future will also depend on our purpose, our environmental and social credentials."

STEPHEN LANGLOIS,
MANAGING DIRECTOR

PRIORITIES

Given the risks and opportunities that we anticipate in the future, the Guernsey Water Board has set three priorities for each of our outcomes; they provide strategic direction for our future business planning:



Customers value our services

- Understand and anticipate customer's needs
- Customers pay for what they use and our services are fair
- Make it easy for customers to do business with us



The quality, sustainability and availability of our water make it the drinking water of choice

- Customers trust that our drinking water meets the highest standards, looks and tastes good
- Invest in efficient and sustainable water treatment to improve drinking water
- Ensure our drinking water is available to everyone



Customers are protected from flooding and wastewater is returned safely and efficiently to the environment

- Protect customers from sewer flooding
- Provide cesspit customers with easy access to a more equitable wastewater service
- Provide efficient, good quality cesspit services



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

- Lead the protection of the water environment
- Reduce our greenhouse gas emissions to help meet climate change targets
- Help protect biodiversity and enable access to our sites that benefits our community



Water and wastewater systems adapt to climate change and have sufficient capacity for our island's future

- Deliver long term strategies for water resources and drainage
- Invest in infrastructure to serve future generations
- Prepare for emergencies



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

- Balance delivery of our business plan against financial sustainability and affordability for customers
- Manage the whole life of our assets
- Benchmark our services to ensure we provide value for money



Guernsey Water is a great place to work, where people perform to their full potential and are proud of their contribution to our island community.

- Be true to Guernsey Water's Values in everything we do
- Provide clear direction and a shared sense of purpose
- Invest in the future of our people

BUSINESS PLANNING

Our new business planning process will develop an affordable plan to help deliver our strategic priorities for customers.

Recent levels of investment and asset stewardship have provided Guernsey Water with a good foundation to deliver our Business Plan Outcomes within the current planning period.

Nonetheless we continue to move forward and develop more robust investment plans across maintenance and capital works that provide real benefits for our customers now and for the future.

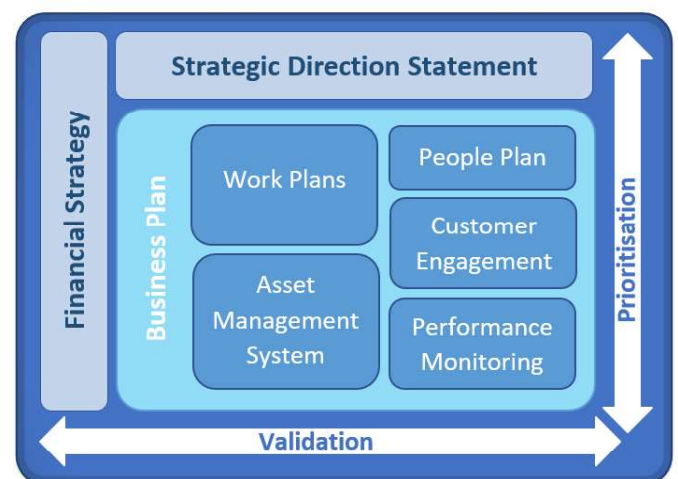
With that, our business planning model is changing for our next planning cycle, using a mix of approaches and industry good practice, including asset management. Our staff and customers are at heart of this process.

The graphic to the right captures our new process. At the centre is a prioritisation method built around a Service Measure Framework (SMF). The SMF captures all aspects of service our customers expect us to deliver, ranked and scored through meaningful customer engagement.

The Business Planning process will blend high level strategic priorities and detailed asset class investments to achieve a balance of a top down and bottom up view. This will challenge our prioritisation method and initiative selection to ensure the infrastructure we invest in brings real benefits to our customers.

The new business planning model will allow us to test different investment scenarios to make sure the final plan we adopt is affordable, can be effectively delivered by our staff, whilst being able to deliver our services to customers at the same time.

Business Planning Building Blocks



REFERENCES

¹Guernsey Water [2019] Water Resources and Drought Management Plan. <http://www.water.gg/WRDMP>

²Guernsey Water [2016] Surface Water Management Policy. <http://www.water.gg/SuDS>

³States Water Supply Laws 1927 to 1951, [Amendment] [Guernsey] Law, 1952

⁴England & Wales [2016] Water Supply (Water Quality) Regulations [as amended]

⁵Billet D'État III [2012] Liquid Waste Strategy. P. 270

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¹⁰Prevention of Pollution [Guernsey] Law, 1989

¹¹Billet D'État XXI [2012] Environmental Pollution [Guernsey] Law, 2004, Part VI – Water Pollution. P. 2068

¹²wP. 182 (recommendations 9 and 10)<https://gov.gg/strategyfornature>

¹³<https://gov.gg/strategyfornature>

¹⁴Net zero greenhouse gas emissions to atmosphere by 2050 & 57% of 1990 levels by 2030

¹⁵Billet D'État XVI [2020] Mitigate Climate Change – States of Guernsey Climate Change Policy & Action Plan. P. 2020/127

