



FOREWORD BY THE CHAIRMAN

The Isle of Man Water Authority is presently updating its Business Plan to reflect anticipated increases in demand and improvements in the quality of the Island's drinking water.

The challenges ahead cannot be underestimated for the Authority. Whilst embarking upon a total renewal of water infrastructure this work is in addition to producing high quality water from our water treatment works and will culminate in our vision of crystal clear drinking water.

The next few years are crucial as major capital works begin to unfold. With a dedicated and committed new Board I am privileged to hold the Chair at this exciting time.

I wish to place on record my appreciation of all staff, in particular the Authority's water workers who provide a key role in ensuring we all receive water, often working through the night during all weathers, their contribution is vital.

The initiative undertaken by Government to forward plan and be tested for successes or failures is welcomed and we are happy to play our part with this business plan process.

Mrs. B.J. Cannell MHK

Chairman

INTRODUCTION BY THE CHIEF EXECUTIVE

The Authority aims to contribute to the Government's target of improving the Quality of Life through the provision of Sound Infrastructure as one of the Island's Public Utilities. Our vision of the future is "Crystal Clear Drinking Water for the Island's Population".

The political membership of the Authority is limited to the Chairman, Mrs Brenda Cannell MHK. The three Board Members, Mr John Reid, the Deputy Chairman, Mr Mike Coleman and Mr Charles Coole are non political. Overall responsibility rests with the Board, the Members do not have

any specific delegated areas of responsibility. The Board meets in the middle of the month to consider strategic and policy matters, at the end of each month to consider normal operational business, and on an ad-hoc basis to consider specific items when required. In addition, the Deputy Chairman chairs the Capital Programme Steering Group, which meets monthly.

Mr. P. Heaton - Armstrong

Chief Executive

WHO WE ARE

Policies & Objectives

The Authority is a Statutory Board of Government constituted under the Water Act 1991 and operating within the Statutory Boards Act 1987. It's policies and objectives are derived from the duties placed upon it by these and other Acts of Tynwald, and also from central Government's policy of ensuring the economic, efficient and effective provision of the services and infrastructure necessary to meet the Island's needs in terms of a wholesome supply of drinking water.

Staffing and Professions

The Senior Management Team comprises the Chief Executive (Mr Patrick Heaton-Armstrong BSc CEng MICE FCIWEM), Director of Operations (Mr John Smith BSc CEng MICE MBA), the Director of Finance and Information (Mrs Deborah Hammond BA (Hons) FCCA) and the Human Resources Manager (Mrs Margaret Lowry FCIPD).

The organisation comprises a broad spectrum of skills, including water engineers, finance personnel, human resources, customer services personnel, electrical engineers, mechanical engineers, water quality scientists and skilled craftsmen as well as secretarial and administrative personnel.

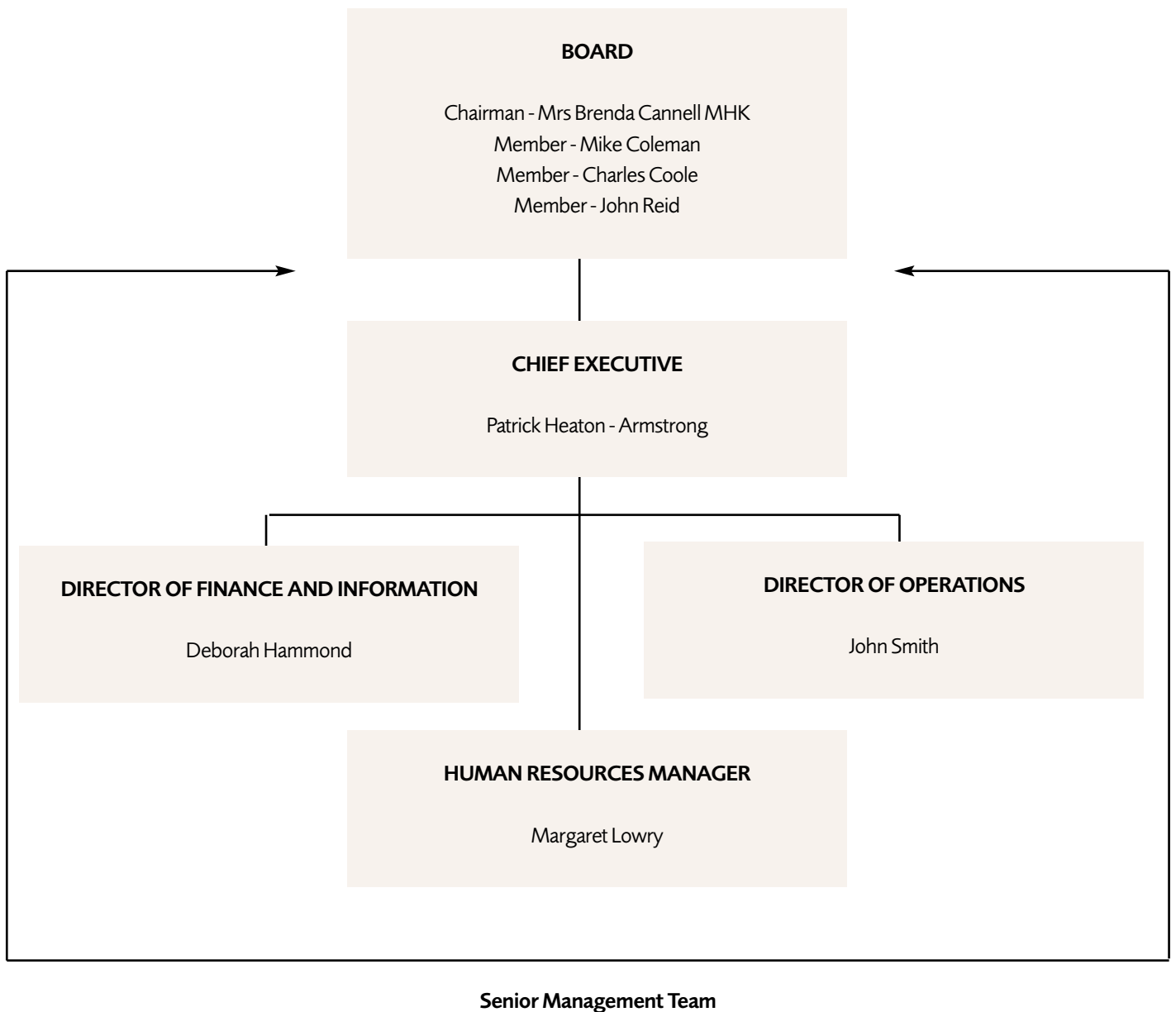
The total staffing establishment is currently 110.5 full time equivalent posts, this is made up of 39.5 Civil Servants (as full time equivalents), 63 Whitley Council employees, 5 long term contract personnel and 3 apprentices.

Personnel Type	CivilService	Whitley Council	Contract	Apprentices
Chief Executive & Directors	2		1	
Human Resources	1			
Planning & Projects	4		3	
Water Production	2	10	1	
Laboratory	2	1		
Mechanical & Electrical	2	11		3
Networks	10	37		
Leakage	1	2		
Finance, Admin & Secretarial	9.5			
Materials & Service Procurement	1	2		
Customer Services	5			
Total	39.5	63	5	3

ISLE OF MAN WATER AUTHORITY

Board and Senior Management Team

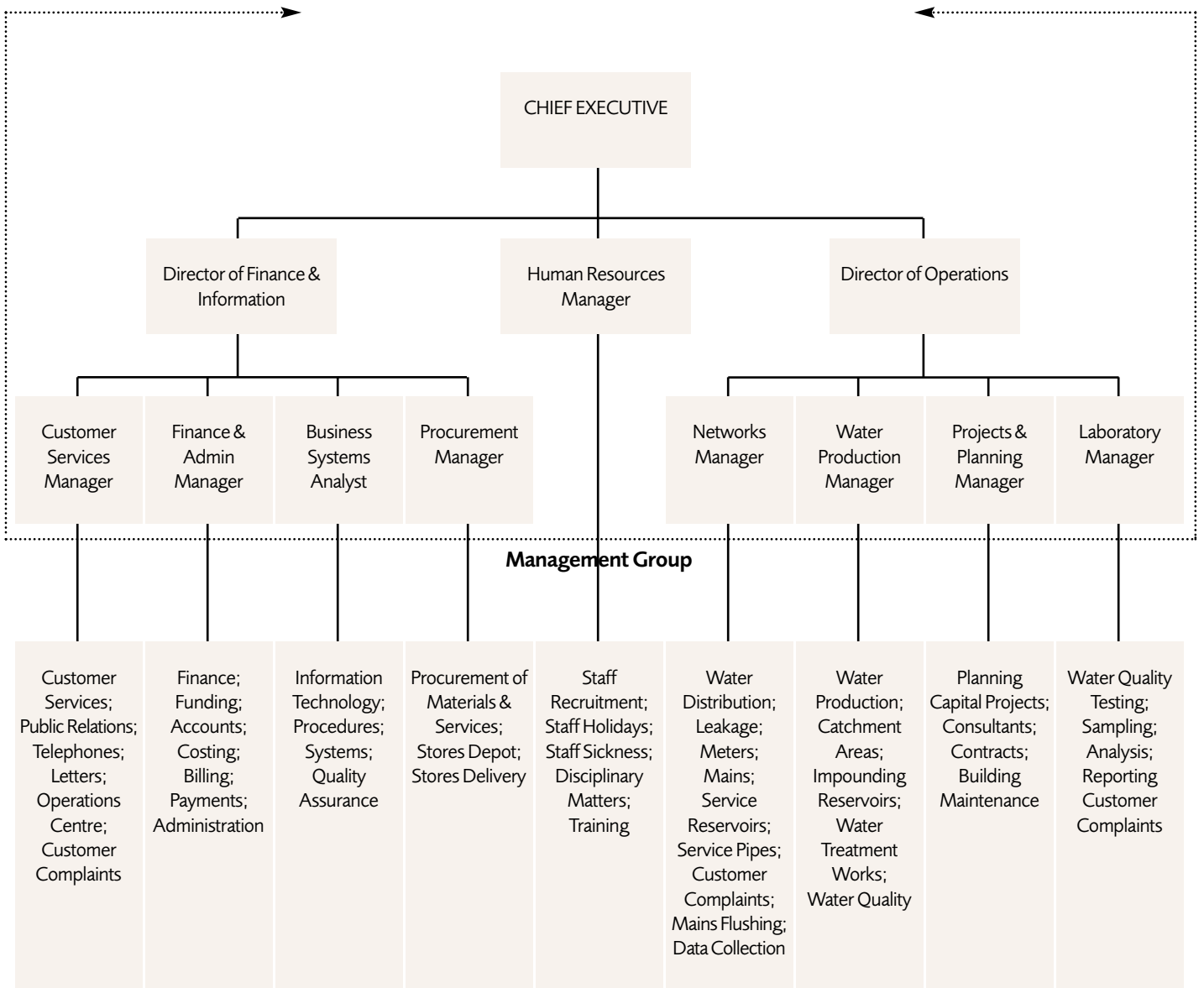
16th October 2002



ISLE OF MAN WATER AUTHORITY

Management Group

16th October 2002



WHAT WE DO

The main functions of the Water Authority are set out in the Water Act 1991. Its principle objective is to provide a safe, reliable and high quality water supply to customers' homes backed by an equally efficient customer service. In support of the Authority's principle objective we aim to:-

- Supply water to EU water quality standards at all times.
- Supply water at sufficient flow and pressure for domestic pressures to all customers within the compulsory area of supply and by contract to customers outside that area.
- Provide a customer service which meets a wide range of standards and to achieve these standards of service at reasonable cost.
- Improve efficiency through making the best possible use of the resources of income, people and physical assets.
- Consult with customers about their present and future needs.
- Deal with any problems as promptly, effectively and sympathetically as possible.
- Conserve, protect, manage and develop the Authority's water resources and the surrounding environment.
- Manage assets through annually reviewing the Business Plan and through which we define the outputs and assess the total expenditure needs.
- Recruit and motivate staff whilst seeking to introduce improvements in efficiency, including the development and training of human resources to meet these objectives.
- Promote the safety, health and welfare of employees.
- Manage expenditure to provide value for money at all times.
- Keep Government advised, generally by consultation, on activities and plans through the Department of Trade and Industry and other Government Departments, etc., as specified in the Water Act 1991.
- Keep customers informed of the activities and future plans of the Authority.
- Provide public access to reservoirs and catchment areas where this is compatible with water quality considerations.

PLANNING & ASSUMPTIONS

Design Horizon

In formulating its Strategic Business Plan (which was approved by Tynwald in June 1999) the Authority set 2016 as its design horizon for its new and replacement infrastructure. However, in April 2000 this was subsequently revised to take into account new information and the horizon was reset to 2021.

Population Growth

In formulating its Strategic Business Plan the Authority planned for a population of 81,000 in the year 2016. In April 2000 the Authority revised its forecast of population for the year 2021 to 90,000. As a consequence of the updated forecast of population increase and forecast demand increase the capacity of the Water Treatment Works was correspondingly increased. It is assumed that increases in demand will occur within the areas currently zoned for development within the local plans.

Per Capita Consumption

In formulating its Strategic Business Plan the Authority planned for a per capita consumption of 150 litres per person per day by 2016. But in light of the studies, published in 1999, which were carried out in the UK following the drought of 1995, this was increased to 185 litres per head per day by 2021.

Water Rates

In formulating its Strategic Business Plan the Authority set out a regime of gradual increases in the water rates to pay for the renewal and replacement of its infrastructure. This set out increases of 15% per annum in the first 3 years of the Plan starting in 1999, followed by 7 years with increases of 10% starting in 2002, followed by annual increases of 8%, 7%, 6%, 5%, 4% and 3%. The Authority aims to manage its revenue and capital investment programme within this overall umbrella of increases. However, if there are substantial changes within the set of assumptions made during the formulation of this 20 year basket of increases then the Authority may have to reconsider its situation.

Planning permission

At the time of writing this business plan the new water treatment works in Douglas has not received planning approval. This plan is prepared on the assumption that approval will be granted by early 2003. If this is not the case there will be a lengthy delay in commissioning the new water treatment works, which will impact on the capital expenditure and revenue budgets and delay the planned improvements in water quality for customers in the East and South of the Island.

WHAT WE ARE AIMING TO DO

The Authority is aiming to at least maintain existing levels of service to its customers, including the quality of the Island's drinking water in the coming year, and to continue to invest in improvements to the infrastructure with the aim of making a step change in quality once the new water treatment works have been completed.

WHAT WE ARE AIMING TO DO

WATER AUTHORITY AIMS AND OBJECTIVES

Water Quality

- supply water to EU water quality standards at all times
- supply water to all properties within the compulsory area of supply at sufficient flow and pressure
- supply water to those properties outside the compulsory area of supply who have contracted to the Authority for its provision
- continue to undertake major developments to the infrastructure in order to improve water quality in the longer term
- to conserve and manage the water resources owned by the Authority
- to protect the environment within which the Authority operates

Customer Service

- to provide an effective service to customers
- to deal with problems affecting customers quickly and efficiently
- to keep customers informed of the activities of the Authority and their effect on its customers
- to consult with customers about their needs
- to liaise with other bodies to improve the effective delivery of the service

Resource Management

- to make best use of the human, financial, and physical resources available to the Authority
- to promote health safety and well being of employees
- to ensure employees are properly equipped, developed and trained to achieve the objectives of the Authority

CONTRIBUTING TO GOVERNMENT AIMS AND OBJECTIVES

Quality Environment

Drinking water quality

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Good Government

Public satisfaction with the overall performance of government

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Good Government

Public satisfaction with the overall performance of Government

Economic Progress

Increase productivity of the working population

HOW WE WILL KNOW WE ARE SUCCESSFUL?

The following key performance indicators are to be used in the assessment of whether the Water Authority has achieved its targets:-

Quality Environment

- Maintain the current Water Treatment Works performance to achieve an average of 97% Overall Quality Index Score and an average of 95% Operational Index Score. These indices have been devised by the UK Drinking Water Inspectorate to show the overall water quality performance by taking key parameters and averaging compliance over the year. The Operational Index is based upon iron, manganese, aluminium, turbidity, faecal coliforms and Trihalomethanes. The Overall Quality Index combines 15 parameters including those for the Operational Index plus other bacteriological, aesthetic, and pesticide analyses.
- Endeavour to reduce Coliform failures and achieve an average of at least 99.5% compliance.

Sound Infrastructure

- To limit the number of properties at risk of receiving low pressure to less than 0.5% of the total number of properties connected to the mains water supply system (this is the average of the water companies in England & Wales).

- To continue to meet the target of 0.125% of all properties off water for no longer than 12 hours for unplanned events in a year (this is the average of the water companies in England & Wales).
- To reduce leakage and achieve the most economic level of 6.4 litres per property per hour (this equates to 5.9 cubic metres per kilometre of main per day - and compares to a range of between 6.0 and 12.5 cubic metres per kilometre of main per day of the water only companies in England & Wales).

Good Government

- To acknowledge all customer correspondence within 48hrs of receipt.
- To provide substantive replies to 99% of all customer correspondence (other than those where water quality analyses are required) within 10 working days.
- To achieve an overall increase in levels of public satisfaction with the initial contact.

CONCLUSION

The Authority's main purpose is to provide a wholesome supply of drinking water for the Island's population. In the formulation of this business plan, the Authority has taken in to account the fact that it is now in the fourth year of its long-term Strategic Business Plan, and good progress is being made with many of the projects. The three major schemes of the capital programme include the two new water treatment works, the remedial works at the impounding reservoirs and the new raw water mains. Work on the last two is progressing satisfactorily.

The aesthetic quality of water continues to cause concern and generate complaints resulting from variations in raw water quality. These problems can only effectively be addressed through the commissioning of the planned new water treatment works. They will not be complete until at least 2005.

In the mean time the Authority continues to work hard to supply consumers with the highest quality water possible, and aims to improve the standards of service received by customers.

Profit and Loss Account estimate					
Description	Actual	Estimate		Budget	
	2001-02	2002-03	2003-04	2004-05	2005-06
	£	£	£	£	£
Charges For Water	7,352,375	7,887,000	8,800,900	9,681,000	10,771,300
Less: Cost Of Water					
Supply	-1,110,280	-1,181,349	-1,404,300	-1,534,100	-2,593,000
Distribution	-1,770,162	-1,912,512	-2,113,100	-2,376,500	-2,533,100
Services	-449,885	-554,897	-659,100	-687,500	-708,100
	-3,330,326	-3,648,758	-4,176,500	-4,598,100	-5,834,200
Surplus on Core Activities	4,022,048	4,238,242	4,624,400	5,082,900	4,937,100
Other Income	383,403	107,391	127,100	132,600	137,500
	4,405,452	4,345,633	4,751,500	5,215,500	5,074,600
Less: Indirect Expenses					
Management & General	-1,293,764	-1,806,906	-2,159,100	-2,198,500	-2,226,200
Financial Expenses	-890,278	-774,322	-1,530,300	-2,934,000	-3,923,600
	-2,184,043	-2,581,228	-3,689,400	-5,132,500	-6,149,800
Trading Surplus	2,221,409	1,764,405	1,062,100	83,000	-1,075,200
Exceptional Items Totals	-666	-10,000	0	0	0
Surplus / (loss) for Period	2,220,743	1,754,405	1,062,100	83,000	-1,075,200

Capital Programme planned for the next 3 years					
	Probable to		Estimate		
	31.3.03	2003-04	2004-05	2005-06	
	£	£	£	£	
West Baldwin Remedial Works	807,001	0	0	0	
Clype & Kerrowdhoo Remedial Works	1,571,400	0	0	0	
Douglas and Sulby new WTWs	2,093,614	13,759,811	15,976,811	1,068,762	
Raw Water Main Reinforcement Schemes	806,525	2,847,752	4,550,993	540,362	
Treated Water Schemes	2,395,217	3,162,452	7,745,977	3,750,250	
Pumping Station Rehabilitation	456,988	207,666	0	0	
Information Systems	859,760	443,020	0	0	
Operational Facilities and Depots	499,762	0	0	0	
Minor Capital	642,000	500,000	500,000	500,000	
Total Capital	10,132,267	20,920,701	28,773,781	5,859,374	