



# Annual Report 2021





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# Chairman's Statement

2021 was again heavily defined by the COVID pandemic, but with business continuity plans reviewed and updated based on lessons learnt during the first wave of infections, States Works was well placed to respond quickly and efficiently to the emerging situation.

On 23 January, business activities were limited to those required to maintain continuity of essential services during lockdown, and all non-essential operational activity was put on hold until the spread of the virus was brought under control and restrictions eased.

Despite the early lockdown, and a need for everyone to adhere to public health guidance, islanders were generally able to go about their business relatively unimpeded by the restrictions on movements, social gatherings and other activities continuing to be imposed elsewhere across the world. This in part due to the strong leadership behind the island's response including a proactive and diligently delivered vaccination programme and the continued emphasis on the 'Guernsey Together' spirit.

Once again States Works staff really pulled together to deliver services, many working outside of their normal day jobs, and / or working additional hours to help keep the Island running. We, like many others, appreciate the efforts of all our staff who continued to work during these unprecedented times.

States Works successfully negotiated the renewal of its key contracts with States clients, but the business was not immune to the impacts of the pandemic on its activities. However, with work missed generally able to be recovered during the

remainder of the year, the impact on the businesses revenues was limited.

The impact offset against a strong return on the disposal of end-of-life vehicles and investments which contributed to revenues of £331k (budget £0), and an overall surplus of £925k (budget £711k). The removal of these additional revenues better reflecting the actual position and the impact of the pandemic.

In the backdrop of the pandemic and a growing skills shortage on the island, the business has experienced some recruitment and retention challenges. This specifically amongst our skilled and semi-skilled operatives, and every opportunity is being taken to try and improve the situation.

Investment in our people, systems and processes, technological enablement and automation is at the forefront of our businesses transformation agenda. With smarter and leaner ways of working hopefully enabling resources to be released and re-allocated to other areas of the business.



**Simon Thornton**

Chairman, States Works Board

# Managing Director's Report

## COVID

The island went into lockdown on 23 January 2021 following the identification of several cases of COVID where the source of infection could not be initially identified. The ensuing days were a testing time for the island as the virus spread through the community and we saw staff having to self-isolate. In response to this resurgence of the virus, States Works instigated its business continuity plan which had been updated to reflect the lessons learnt following the previous lockdown in 2020.

Once again, our services and staffing levels were significantly reduced to those that were deemed necessary to maintain continuity of essential services (sewage collection service, waste management services and the essential maintenance and repair of infrastructure and mobile assets). Many office-based staff were instructed to work from home, and operational staff involved in non-essential activity were placed on standby with those staff members being called back as required to cover absenteeism and employees who were self-isolating or shielding in accordance with Public Health advice.

Where possible essential works were split across different teams, with our sewage collection service setup to work from three different locations to mitigate against the risk of transmission of the virus and maintain business resilience.

## Supply Chain Management

It is recognised that the negotiated trade deal with the EU and the consequential impacts of COVID have impacted the labour market, supply chains and the availability and cost of goods and services. An aspect that has impacted some of our procurement activities, an example being the need to defer fleet replacement purchases due to new vehicle availability issues. A problem that is likely to continue for the foreseeable future as the economic situation recovers.

## Business Performance

2021 revenues reduced whilst restrictions on working were in place, but thereafter the situation largely recovered towards pre-lockdown levels.



## Our Community

States Works mission is to be:

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A community focused provider of essential environmental and infrastructure services, operating for the long-term benefit of the island.

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This benefit is partly achieved through the diverse range of services provided, the majority of which touch the lives of the whole community in some way. These services not only ensure the maintenance, safety, and security of the islands natural and built environment but help to promote and support the island's natural beauty for islanders and visitors.

The business continues to support several work rehabilitation and return to work initiatives aimed at helping individuals back into the workplace following a period of absence, or to overcome barriers to employment. We also recognise the importance of investing in our people and have established a proactive training and development framework to support our staff and the next generation of skilled operatives. This helping to address the growing skills shortage on island.

### Adopting environmentally friendly practices

2021 was the first full year that the Business stopped using products containing Glyphosate, an ingredient used for killing weeds. Instead, the Land Management Section have adopted alternative approaches such as applying acetic acid, or manually strimming or hoeing. Such methods have proven to be time intensive for the team and as such we continue to review alternative products available to help the team stay on top of the management of these less desirable plants.

## Our People

The team at States Works delivers several essential services, which is why a significant portion of the business continued to work during lockdown. The way our staff responded to

dealing with barriers in day-to-day operations due to COVID restrictions demonstrates the resilience of the business, and the importance to the island of maintaining a dedicated resource capable of responding to unplanned events.

The efforts of our staff who were required to work through these very difficult and often challenging circumstances must be commended, and I would like to thank all our staff for their dedication, hard work and commitment to providing an excellent service.

## Future Direction

The States Works business plan, published in 2020, set the scene for a period of significant change and transformation that would lead to the establishment of an optimum operating model for the business, based around the following six outcomes:

1. Improved resilience;
2. Customer and client satisfaction;
3. Resource optimisation (assets, people, systems, and processes);
4. Return in the best interest of islanders;
5. Corporate Social Responsibility;
6. Environmental Sustainability.

Achieving the successful realisation of these outcomes remained the focus of the business throughout 2021, and although good progress is continuing to be made, this was always going to be a longer-term commitment.



**Paul Lickley**  
Managing Director, States Works



## Operational highlights

### Return to work initiatives

We continue to provide opportunities for individuals returning to work through several work rehabilitation schemes. The number of participants coming through the Mandatory Work Scheme (Work to Benefit) remained low, post pandemic. This is largely because unemployment on the island is low, which although positive for the economy, means there are far fewer people who may benefit from the opportunity to participate in the scheme. We also supported several placements through the kick-start scheme which we find works well in helping people on their journey back to work after a period of absence, and through which placements are able to perform meaningful tasks working alongside our staff.

Supporting these types of initiatives is important to the business as we seek to support the community and deliver upon our Corporate Social Responsibility.

### Emergency Support Service

Our dedicated team remain on hand 24/7/365 to respond to unplanned events and support the continuity of island life.

In 2021, our team attended to 142 call outs (excluding Sewage Collection Service related calls). Call outs of this nature range from traffic light failures to storm debris, and road cleansing following road traffic accidents.



### Sewage Collection Service

Under normal circumstances the service operates from a single site, but during the pandemic, and in line with our business continuity plans, our drivers were required to operate in teams split across three operational sites. This aimed at improving the resilience of the service and minimising the risk of transmission of the virus amongst this essential staff group.



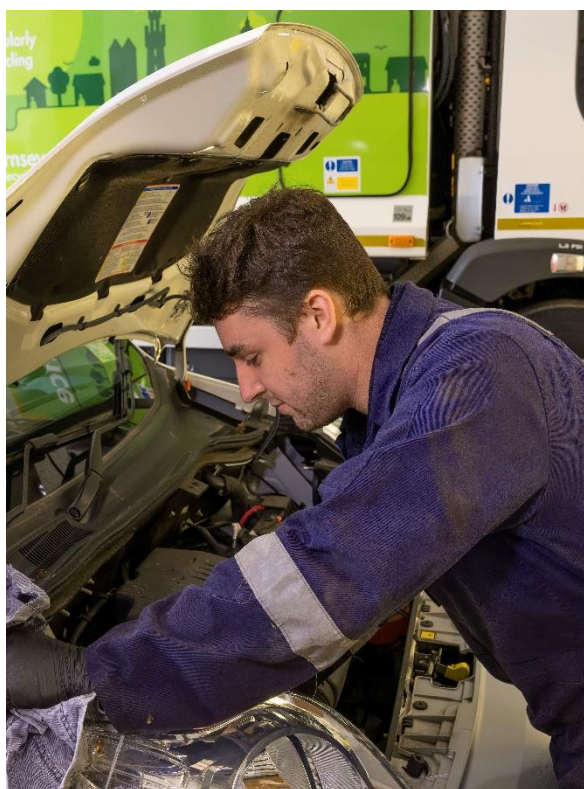
In 2021, more than 170, 000 loads were removed from customer cesspits – this is slightly lower than the 2020 load count but is still higher than the pre-pandemic level of 162,709 loads. This sustained increase is thought to be due to many people continuing to work from home and/or isolating with COVID symptoms.

As part of Guernsey Water's Future of Wastewater project, Guernsey Water assumed responsibility for customer contact and billing in 2021 bringing together common water and wastewater customer service functions and enabling efficiency opportunities to be realised. A new cesspit emptying scheduling system known as 'Collective' is due to be implemented in 2022.

## Stores, Fleet and Garage

It was a particularly challenging year for this section of the business given the growing skills shortage on the island and the impact this has had on our ability to recruit and retain trained staff. Despite this, the remaining members of the team continued to work exceptionally hard to keep our fleet fully operational. This ensuring we were able to fulfil our contractual obligations to our clients.

The section is considered a growth area for States Works as we look to develop our role as the preferred provider of fleet management services for the States of Guernsey Committees and Trading businesses. Unfortunately, progress has been hampered by COVID, and the noted resource constraints, but it is our intention to reinvigorate our efforts during 2022. This building upon the positive cross-committee work that has taken place in acquiring and disposing of end-of-life vehicles.



An expression of interest in relation to the future provision of motor vehicle technical inspections on island has also been submitted to Traffic and Highways Services for consideration.

To respond to these future opportunities, we will need to recruit skilled staff, and establish a proactive training and development framework that supports the next generation of technicians.

## Engineering Services

### Drainage, Mechanical and Electrical

The various teams across the section were occupied throughout the year with numerous tasks associated with the range of activities provided on behalf of our clients. These included:

- Specialist cleansing activities to parts of the island's sewage and surface water networks (including wet wells and pumping stations);
- Mechanical fabrication and installation works;
- Commercial and domestic electrical installation, maintenance and repair work.

Some important projects were also completed during 2021. A new foul water pumping station was installed at the Seagull Campsite in Herm, and the traffic lights at Admiral Park were replaced and which involved the installation of a new MOVA (Microprocessor Optimised Vehicle Actuation) system. The team enjoy undertaking specialist work of this nature as it helps with staff development by strengthening their knowledge and experience and by providing them with a welcome break from the more routine tasks that are undertaken in relation to our scheduled maintenance and repair works.

## Highways Services

### Highways and Signs and Lines

*Highways (road resurfacing and repair), Signs and Lines*

The road gang focussed much of their attention throughout the year on dealing with those resurfacing programme projects assigned to us by our main client, Traffic and Highways Services. This included major projects on some key areas on the island's road network including the new



filter at the Candie Road / La Vassalerie junction in St Andrew's. Several minor projects were also completed on behalf of our client, which alongside some private driveway resurfacing work ensured the team were kept busy.



The team also got involved with the installation of a range of street furniture such as cycle hoops, bus shelters and tactile crossings at different locations. This type of work is more intricate but helps to diversify the work and develop skills within the team.

The Signs and Lines Team upheld their contracted obligations for the maintenance and renewal of road markings and signage on the island's road network.

A busy summer season also meant the Team were deployed to assist with special events, such as the Battle of Flowers and Seafront Sundays. The team enjoy being part of these events that bring the community together and embrace island life.

## Land Management Services

To demonstrate best value and optimise our current operating model, the service went out to the market to seek expressions of interest from parties interested in working alongside States Works (mixed economy operating model). This process not only identified that States Works is competitive and represents good value for money, but it also identified opportunities for us to better manage certain aspects of work and seasonal fluctuations. It has also enabled us to provide a more comprehensive suite of services and improve the resilience of the team.

Having concluded this important piece of work, it is expected that a new three-year service level agreement will be signed with our States clients early in 2022.

The section was nominated again for the 2021 Floral Guernsey Discretionary Awards. We received nominations in six categories for various displays across the island - testament to our hard-working team who take such pride in keeping the island's public spaces looking so attractive.

Two displays were planted in prominent areas of St Peter Port, one for the Guernsey Bowel Cancer to mark its 20th anniversary and the other for Les Bourgs Hospice to help celebrate its 30th anniversary. The teams are proud to have been involved in marking these significant milestones for such important charities on the island.



Three members of the team successfully completed their City & Guilds Level 3 Award in Education and Training in December. This a real boost to the section, and as soon as these staff gain more confidence in the practical training elements, we will look to offer in-house

horticultural training within the section and possibly beyond.

The Pollinator Patch pesticide ‘amnesty’ on the last weekend of June was incredibly successful, and although great for the local environment, it has proved a challenge for the Hazardous Waste Officer. However, with progress having been made with the Environment Agency to export the legacy Hazardous Waste stored at Mont Cuet, this will hopefully alleviate the situation.

## **Waste Management Services**

Waste operations continued as normal throughout 2021 notwithstanding the ongoing challenges of COVID.

The section has been affected by staff recruitment and retention issues but despite this, the remaining team have managed to maintain operations, much to the credit of the staff and their commitment to service excellence. This is even more of an achievement given that the tonnage received at the Waste Transfer Station (increased by 8% from 2020) which we believe is

largely due to people spending more time at home.

We were delighted that two staff members enrolled on the newly introduced Island Operative Apprenticeship Scheme during 2021. This new qualification was developed in collaboration with industry and the Guernsey Institute and targets people working in a range of industry sectors on the island. After many months of negotiating, planning, and organising, it is fantastic to see this come to fruition demonstrating the business’s commitment to staff training and development.



# Management & General

## Human Resources

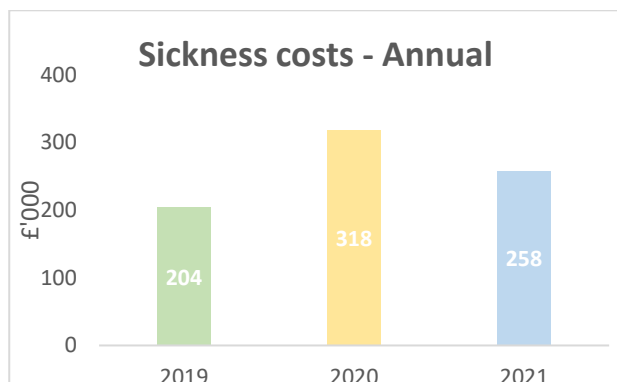
As of 31 December 2021, we employed 217 staff. This is slightly lower than 2020. 178 of our staff are Public Service Employees (PSEs) who work across a wide range of operational disciplines. We also employed a small number of temporary staff to help with seasonal demand, particularly in Land Management Services. Our high-level organisational structure can be found in Appendix 1.

### Staff Leavers and Joiners

During 2021 there were 33 joiners and 40 leavers who were permanent employees.

### Sickness

Total cost of sickness in 2021 was £258k. This is a significant improvement from 2020 (£318k) but slightly up from 2019 (£204k). £10k of the £258k amounts to absence related to COVID illness. We continue to work with our human resource colleagues in managing sickness absence.



### Staff Survey

We deferred the 2021 staff survey and decided to run it in the early part of 2022 instead. This will allow the business to settle following a period of uncertainty throughout the COVID pandemic and will hopefully lead to us gaining a more accurate picture of the current situation.

## Resourcing

Resourcing levels proved challenging during 2021 putting several areas of the business under significant pressure. Of particular concern has been our Stores, Fleet and Garage Section which has been the focus of several targeted recruitment campaigns. However, despite these efforts we continue to have a high number of vacancies in this area, a situation we will continue to seek to address during 2022.

## Property

Approval was granted to provide additional modular welfare facilities at Griffiths Yard site where our Sewage Collection Service team are located. This will enhance the quality and standard of the existing facilities which are expected to be available to staff in 2022.

Discussions are ongoing with States Property Services regarding the redevelopment of our Burnt Lane site where our Land Management Services team are based. These proposals will continue to be developed during 2022 and it is hoped work will commence on site in 2024.

## Finance

We are funded entirely from the income obtained from our various activities, and we receive no direct funding from the States of Guernsey.

We operate with a fully audited set of accounts considering capital spend and depreciation as with any private company. These accounts can be viewed in the States of Guernsey's year end accounts, the summary detail of which for 2021 can be found on pages 11 to 15 of this report.

## Customer Service

Our compliance with the ISO 9001 Standard was audited by an external Auditor and our re-accreditation confirmed for a further three years

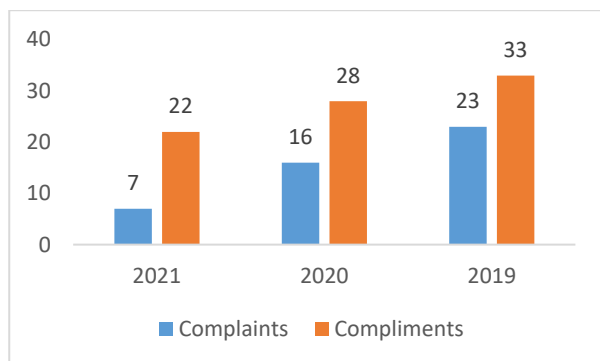


subject to on-going surveillance visits. This was welcomed news given the amount of effort made by staff in ensuring we operate in accordance with this internationally recognised standard. Several observations were made in relation to how we can improve our current systems and processes, all of which will help us to demonstrate our continued commitment to good business practice.

The Auditor also undertook a gap analysis to assess the work undertaken so far in relation to aligning our Waste Management Services related activities with the requirements of Environmental Standard ISO 14001. Several observations were made which will help inform the team of what they need to do to achieve formal accreditation should this be something we decide to pursue in the future.

### Customer Compliments and Complaints

In 2021, we received more compliments than complaints, although the number of both are on a downward trend. This possibly due to a gap in reporting due to COVID. We always welcome feedback on our services as this helps us to identify ways to improve services.



### Health and Safety

States Works took part in an independent review of the Health and Safety management systems and processes across the Trading Group's unincorporated Trading Assets. The findings from the review have provided us with the opportunity to improve our existing practices and help support us in developing a positive health and safety culture across the business. A series of

work streams in response to the findings will begin in 2022, and will be led by our new Health, Safety and Compliance Manager.

Several positive steps towards improving our health and safety culture were taken in 2021:

- Improved Senior Management visibility by way of increasing health and safety site visits, and working alongside colleagues in various sections across the business;
- Development of a competency database that identifies core skills required to undertake core roles within the business.
- Improved health and safety awareness and communication for staff in relation to health and safety matters.
- Introduced enhanced measures around pre-work fitness assessment screening with the support of the States of Guernsey Occupational Health Department.
- Introduced an improved health surveillance regime for our staff, particularly around audio testing and Hand Arm Vibration Syndrome (HAVS). Again, with the support of the States of Guernsey Occupational Health Department.

The following additional steps were also taken during 2021 to manage, assess and improve safety across our operational activities and for the benefit of our staff:

- 11 annual site inspections;
- 12 random site inspections;
- 4 management team site visits;
- Various policies and risk assessments reviewed;
- 52 staff attended a range of 10 different health & safety related training courses.

### IT

As part of our technological enablement programme, progress is continuing to be made in

relation to the replacement of our job costing and accounting system and the development of a new operational service management solution. However, due to the impact of COVID on resources the implementation of these systems has been delayed until Q4 2022 and Q1 2023 respectively.

## Governance

States Works is one of the States Trading Group's unincorporated businesses under the mandate of the States' Trading Supervisory Board (STSB). It receives no direct funding or subsidy from the States, operating as an independent trading account from which all operational and capital expenditure is funded.

Officers report to the Trading Group executive for the civil service functions and to the States Works Board (SWB) for operational decision-making. The SWB is in turn accountable to the STSB, which provides overarching governance, policy and strategic direction.

States Works provide a diverse range of municipal and maintenance services to its' predominately States of Guernsey clients. Private work is also undertaken where considered to be in the best interests of islanders and to maintain full programmes of work.

This is achieved by utilising the skills and expertise of our largely manual workforce, and specialist vehicles, plant and equipment. These resources not only complement the essential day to day services that we provide, but they also support the provision of an emergency support service to incidents and emergencies.

All this contributes to ensuring the maintenance, enhancement, safety and security of the island's natural and built environment. The fabric upon which our community's social and economic wellbeing relies.

The audited accounts for 2021 are detailed in pages 11 to 15.

## States Works Board members

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### STSB Members

John Hollis (Chairman) – resigned 15 Oct 21

Simon Thornton (Chairman) – elected 16 Oct 21

Deputy Nick Moakes

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### Trading Group executive

Simon Elliott – Group Managing Director

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### Trading Group 'incorporated' support

Mark Darby - CEO Aurigny – retired 02 Dec 20

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### Business Advisor

Matthew Polli – Managing Director, RW Randall Ltd

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### States Works management

Paul Lickley – Managing Director

Matthew Hardwick - Senior Manager technical – resigned 29 Mar 21

Ian Gavet, Senior Manager Technical – appointed 17 May 21

Ian Merrien - Senior Finance Manager

## Financial Data

### Statement of Comprehensive Income for the year ended 31 December 2021

	2021 £'000	2020 £'000
<b>Revenue</b>	<b>17,024</b>	16,153
<b>Expenses</b>		
Operating expenses	(11,830)	(11,266)
Administration and general expenses	(3,263)	(2,912)
	<b>(15,093)</b>	(14,178)
<b>Operating surplus before depreciation and gain on disposal of fixed assets</b>	<b>1,931</b>	1,975
Depreciation	(1,427)	(1,446)
Gain/(loss) on disposal of fixed assets	207	(18)
Impairment of fixed assets	-	(41)
Fair value movement on investment property	90	-
<b>Operating surplus for the year</b>	<b>801</b>	470
Investment return and net interest receivable	124	212
<b>Surplus for the financial year</b>	<b>925</b>	682

All material activities derive from continuing operations.



## Statement of Financial Position as at 31 December 2021

	2021 £'000	2020 £'000
<b>Non-current assets</b>		
Tangible fixed assets	6,798	7,315
Investment property	620	530
	<u>7,418</u>	<u>7,845</u>
<b>Current assets</b>		
Inventories and work in progress	643	543
Debtors and prepayments	2,594	2,079
Balances with States Treasury	2,590	3,218
	<u>5,827</u>	<u>5,840</u>
<b>Creditors: amounts falling due within one year</b>	<u>(1,714)</u>	<u>(2,579)</u>
<b>Net current assets</b>	<u>4,113</u>	<u>3,261</u>
<b>Total net assets</b>	<u>11,531</u>	<u>11,106</u>
<b>Reserves</b>	<u>11,531</u>	<u>11,106</u>

## Statement of Changes in Equity for the year ended 31 December 2021

	2021 £'000	2020 £'000
<b>Balance at 1 January</b>	11,106	10,924
Surplus for the financial year	925	682
Transfer to States of Guernsey General Revenue	<u>(500)</u>	<u>(500)</u>
<b>Balance at 31 December</b>	<u>11,531</u>	<u>11,106</u>

# Statement of Cash Flows for the year ended 31 December 2021

	<b>2021</b> <b>£'000</b>	2020 £'000
<b>Net cash flows from operating activities</b>	<b>295</b>	3,094
<b>Cash flows from investing activities</b>		
Proceeds on disposal of fixed assets	225	-
Purchase of fixed assets	(929)	(2,321)
<b>Net cash flows used in investing activities</b>	<b>(704)</b>	(2,321)
<b>Cash flows from financing activities</b>		
Contribution to States of Guernsey General Revenue	(500)	(500)
Investment return received	281	111
<b>Net cash flows from financing activities</b>	<b>(219)</b>	(389)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(628)</b>	384
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,218</b>	2,834
<b>Cash and cash equivalents at the end of the year</b>	<b>2,590</b>	3,218
<b>Reconciliation to cash at bank and in hand:</b>		
Cash at bank and in hand	-	-
Balances with States Treasury	2,590	3,218
<b>Cash and cash equivalents</b>	<b>2,590</b>	3,218

## Revenue

All revenue is derived from activities within the Bailiwick of Guernsey.

An analysis of States Works' revenue by class of business is set out below:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Administration and stores	<b>493</b>	494
Cleansing	<b>1,593</b>	1,358
Drainage	<b>474</b>	324
Electrical and mechanical	<b>1,033</b>	1,032
Emergency services	<b>98</b>	102
Fleet hire	<b>115</b>	92
Fleet maintenance	<b>707</b>	685
Highway repair	<b>1,155</b>	925
Household Waste & Recycling Centre and Waste Transfer Station	<b>2,309</b>	2,243
Land management	<b>1,887</b>	1,797
Landfill and recycling	<b>1,952</b>	1,859
Management services	<b>109</b>	116
Sewage collection	<b>2,993</b>	3,004
Signs and lines	<b>474</b>	459
Waste collection	<b>1,632</b>	1,663
	<b>17,024</b>	16,153

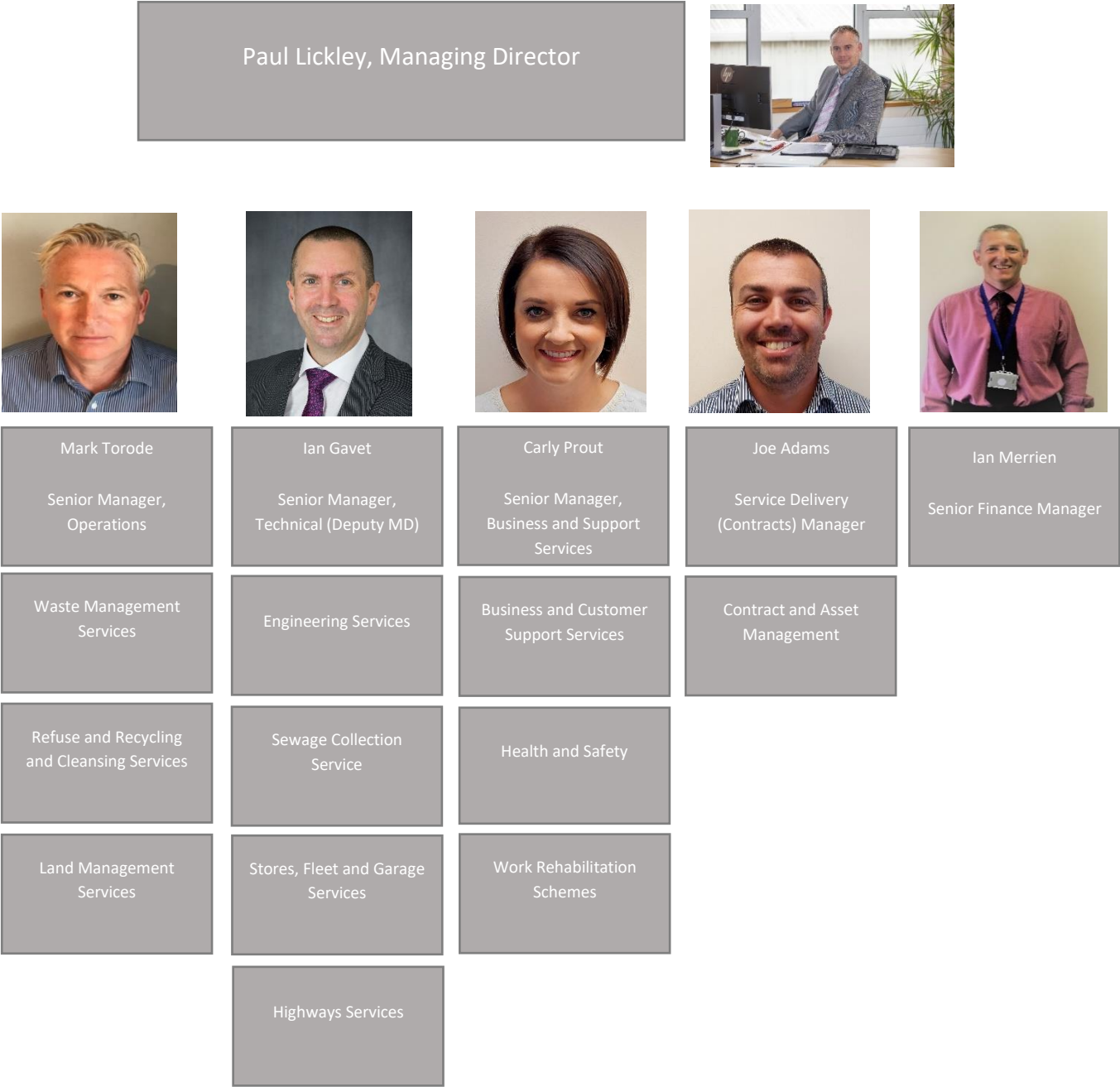


## Expenses

	2021 £'000	2020 £'000
<b>Operating expenses</b>		
Direct labour	6,894	6,871
Direct materials	4,183	3,701
Vehicles – fuel costs	323	253
Plant and tools – maintenance and replacements	192	203
Building maintenance and charges	238	238
	<u>11,830</u>	<u>11,266</u>
<b>Administration and general expenses</b>		
Salaries, wages and employer's pension costs	1,995	1,962
Travel and training	52	48
Post, stationery and telephone	43	46
Information technology	57	44
Insurance	233	297
Audit fee	20	20
Professional fees and office expenses	863	494
Debt Write Off	-	1
	<u>3,263</u>	<u>2,912</u>
<b>Total expenses</b>	<u><u>15,093</u></u>	<u><u>14,178</u></u>

# Appendix

## Appendix 1: States Works Organisational Structure



States Works  
La Hure Mare  
Vale  
Guernsey  
GY3 5UD

01481 226263  
[statesworks@gov.gg](mailto:statesworks@gov.gg)  
[www.statesworks.gg](http://www.statesworks.gg)

