

# COMPETITION IN PROVIDING NEW WATER MAINS AND SERVICE PIPES - GUIDANCE TO WATER COMPANIES VERSION 1.0

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# **1 PURPOSE**

Until recently the water companies have controlled the water network, including laying new mains and service pipes. They retain responsibility for the integrity and quality of the network, but others should be allowed to lay new water pipes, which then become the responsibility of water companies. This increases choice for developers and provides a spur to improved efficiency and innovation. Most companies already give developers the option to do this work.

This paper sets out our guidance following consultation. It provides guidance on self-lay policies that water companies should have in place. It is not a prescriptive set of rules, but the principles that water companies should use as a framework for their own procedures on self-lay. We hope that our guidance will encourage constructive working relationships between water companies and self-lay organisations (SLOs). Companies should revise their self-lay policies to meet the principles in this guidance, and submit them to us in July 2002. We will provide feedback as necessary. We will review our guidance, and consult on proposed changes, in 2004.

The guidance provides a framework for us to consider complaints under The Competition Act 1998 (CA98), which came into effect on 1 March 2000. The CA98 prohibits agreements, decisions or concerted practices which restrict competition and affect trade within the UK (the Chapter I prohibition); and conduct which amounts to the abuse of a dominant position affecting trade in the UK (the Chapter II prohibition). Further information is available on the Office of Fair Trading's (OFT) web site at [www.offt.gov.uk](http://www.offt.gov.uk). In February 2000, with the OFT we published 'The Competition Act 1998: The application in the water and sewerage sectors'. This is available on our web site at [www.ofwat.gov.uk](http://www.ofwat.gov.uk). To avoid the potential for infringing the CA98 companies should have self-lay policies that are freely available and comply with our guidance.

This paper does not cover sewers. We believe there is already effective competition in this area. People are able to lay sewers themselves under section 104 of the Water Industry Act 1991 (WIA91) and this is supported by a self-lay policy, 'Sewers for Adoption'.

The technical and operational terms used in this document are explained in the glossary of terms at the end.

## **2 BASIS OF GUIDANCE**

### **2.1 Review of current practice**

In July 2000, we asked 22 water companies for information on their policies and procedures for laying water mains for developers (requisitioned mains) and for

allowing other organisations to self-lay mains.

About half of the water companies submitted self-lay policies. Others reported that their policies were in production. Only three companies, South West, Portsmouth, and Bournemouth and West Hampshire, did not have self-lay policies at that time. Generally, companies welcome self-lay and have worked with SLOs in developing their policies and processes.

## **2.2 Use of expert advice**

We took account of advice from a consultant engineer when writing our draft guidance. He has experience of operational management in the water industry, including extension, renewal and renovation of water and sewerage infrastructure.

We have discussed self-lay with the Office of Gas and Electricity Markets (Ofgem), because many of the issues considered in developing competition in gas and electricity connections are relevant to water. The Drinking Water Inspectorate (DWI), the Society of British Water and Waste Water Industries (SBWWI), and the House Builders Federation (HBF) have also contributed to this guidance.

## **2.3 Comments on the draft guidance**

We held a seminar in September 2001 to explain and clarify the issues covered in the consultation paper 'Competition in providing new water mains and service pipes'. This provided an opportunity for organisations and individuals to ask questions and tell us their views.

We received 52 written responses to the consultation paper. These are summarised in 'Competition in providing new water mains and service pipes – responses to the consultation'. Respondents generally welcome our guidance and support our principles.

## **3 WORKING GROUP**

We are liaising with representatives of all interested parties to establish, by June 2002, a self-lay advisory group to encourage companies and SLOs to work together. The group's priorities will be to consider how best to establish national levels of service and a national scheme for approving SLOs. The group will help facilitate progress in the self-lay market. We will consider the group's recommendations and respond to them in a timely manner.

## **4 THE SELF-LAY PROCESS**

Competition in providing new water mains and service pipes presents opportunities for water companies and developers.

Historically, developers have had to apply for a requisition under sections 41 to 44 of the WIA91 to arrange for water mains for domestic purposes to be connected. Developers have complained about the level of charges by some water companies for design, mains laying and overheads, and about the time taken to do the work.

Developers can now choose to either install the infrastructure themselves or employ another SLO. They can plan the main laying and connection work to suit their site programme. This provides incentives for SLOs and water companies to improve their performance and calculate their charges on a more competitive basis. Water companies can compete for this work in both their own and other companies' areas, working to the same requirements as SLOs.

Developers are also interested in the option of multi-utility infrastructure provision, where one SLO installs all utility services to a site, sometimes in a single trench. The developer benefits by procuring services from one service provider, leading to cost savings from excavation and reinstatement being shared by all services. The risk of damage to existing infrastructure by repeated excavations is also reduced.

The process for starting a self-lay project is usually as follows. Developers own the land on which new developments are to be built. Many employ SLOs to arrange multi-utility service provision. A developer may ask the water company for estimates for laying mains and services to a site and for related works (requisition). Alternatively, developers may ask several SLOs to tender for a self-lay contract. A SLO may need the water company to provide a water supply design, requirements for reinforcing the network, and estimated costs to allow it to tender. Some companies prefer to provide information to developers - not multiple SLOs who are tendering for the work. The developer then decides whether to ask the water company to do the work or to award the contract to a SLO.

### **4.1 The self-lay agreement**

Some water companies prefer to contract with the SLO, not the developer. Others prefer to contract with developers, so the main always belongs to the water company and there is no adoption process. This guidance does not prescribe contractual relationships but water companies' self-lay policies should explain clearly the roles and responsibilities of all parties.

## **4.2 Responsibilities for defective work**

Companies are concerned about liability for defective workmanship and their protection against this in the event of a SLO going out of business.

Water companies' accreditation of SLOs and their inspection of assets at the time of adoption provide some safeguards. However, it is reasonable for companies' self-lay agreements to require the SLO to deposit some form of security with them. Security should be for a specified time to safeguard the company from defective work or the SLO going out of business, and the level of security required must be reasonable. These requirements should be no more onerous than those that companies place on their own contractors.

Water companies are liable for any enforcement action in the event of unwholesome water being supplied. They are also liable for prosecution if water unfit for human consumption is supplied, subject to a due diligence defence, or if an unapproved substance or product is applied or introduced. Water companies may include in their self-lay agreements reasonable clauses to enable them to recover the costs of any such actions. Criminal liability cannot be transferred.

## **4.3 Complaints**

Householders may take action against developers, and the SLOs they employ, for defective work. Local Authorities and Highway Authorities should take action against SLOs or developers as appropriate, for defective reinstatement. Water companies' self-lay agreements with developers or SLOs should cover different parties' responsibilities for complaints.

Water companies will deal with customers' complaints after the pipe is adopted. The company may hold guarantees from the SLO or developer to rectify defective work.

We may be able to pursue some complaints under the WIA91 or we will consider any complaint about anti-competitive behaviour under CA98.

# **5 GUIDANCE TO WATER COMPANIES ON SELF-LAY**

This section sets out the principles for water companies' self-lay policies.

We will review this guidance in 2004. We will also consider extending competition to non-contestable areas. Some water companies have already done this and we welcome these initiatives. We encourage all companies to develop competition, while safeguarding water quality and the interests of customers. Annex 1 lists the work that we believe is contestable and non-contestable.

We have numbered the principles 1 to 29.

## **5.1 THE SCOPE OF SELF-LAY**

### **5.1.1 The need for self-lay policies**

**Principle 1: Water companies should have clear and publicly available self-lay policies that reflect the principles below.**

All water companies should have written policies on self-lay that provide clear guidance to SLOs on laying water mains and service pipes. The policies should be readily available to all potential SLOs or developers. Companies should deal with queries and applications quickly and effectively.

Comprehensive self-lay specifications and procedures will address companies' concerns about water quality, security of supply and asset life costs. Standards placed on SLOs should be no more onerous than those for directly employed contractors. On water quality, companies' policies must cover the requirements of both the Water Supply (Water Quality) Regulations and the Water Supply (Water Fittings) Regulations (summarised at Annex 2) and refer to appropriate reference documents.

All relevant water company staff should know about and understand their company's self-lay policy and should inform developers about the option to self-lay, as well as provide information on requisitioning. Water companies should place their policies on their web sites.

### **5.1.2 Policies for on-site and off-site provision**

**Principle 2. Water companies should allow SLOs to install on-site mains.**

**Principle 3. Water companies should allow SLOs to install off-site mains in third party land, where SLOs have obtained the necessary easements and satisfied any other legal requirements.**

**Principle 4. Water companies should allow SLOs to install off-site mains in highways, where SLOs have obtained the necessary street authority approvals and satisfied any other legal requirements.**

**Principle 5. Water companies should allow SLOs to install extensions to the site and the new part of diversions, where SLOs have the necessary permissions. Water companies can retain responsibility for these works only when they will affect existing customers and/or there are justifiable engineering reasons to do so.**

Where SLOs can obtain the necessary easements and/or street authority approvals, water companies should allow them to install off-site water mains. When laying off-site sewers, SLOs sign an agreement with the water company before starting any work. This states that the SLO will obtain appropriate rights to work on the highway and on third party land and that it will provide appropriate easements. Water companies' agreements with SLOs or developers should mirror this procedure.

Water companies can require some form of reasonable security from SLOs to protect them from defective work. This is covered in section 4.2. They can also require SLOs to transfer any easements and street works permissions to them as part of the adoption process, so that they are responsible for future maintenance.

Water companies' policies should set out the circumstances where they will not allow SLOs to do extensions or diversions to any existing mains on development sites.

## **Reinforcement**

**Principle 6. It is reasonable for water companies to retain the right to carry out off-site work to reinforce the existing network.**

**Principle 7. Water companies must provide flow analyses to justify the need for reinforcement work. They should generally complete reinforcement work as soon as reasonably possible.**

Sometimes work is required on the existing network in order to secure an adequate supply to the development site. Companies retain the right to carry out work to reinforce the existing network, because they own the assets and have detailed knowledge of their condition and capacity.

Water companies should, where possible, identify off-site requirements for reinforcement work at the local plan stage. When water companies notify SLOs and developers of the need for reinforcement, they must provide flow analyses to justify the work and should complete the work as soon as reasonably possible. However, there may be occasions, for example on large developments, where it is more efficient for the company to phase off-site reinforcements in line with development progress. In these circumstances, water companies should identify the full costs at the start, estimate when the reinforcement is required, and calculate the charge to the developer(s) - taking account of when the work will be completed (a present value cost of future investment). This way, if there are several developers involved, an equitable arrangement can be agreed at the start of the development. Companies should phase charges to developers triggered by rates of development.

Water companies should provide information in response to enquiries about completed works. They should give details about assigning charges for reinforcement works.

### 5.1.3 Design

**Principle 8. Water companies should allow SLOs to design on-site systems in accordance with water companies' reasonable specifications. Water companies must approve designs before work starts.**

SLOs can complete basic designs, provided they follow the company's guidance and seek its final approval. Water companies approve designs as these impact on their supply systems. Self-lay work should not start until the design is approved. Water companies should therefore work to clear and reasonable timescales (see section 5.4). Refer also to section 5.6 on charges.

The specification and/or the agreement between the water company and the SLO or developer must state who is responsible for consulting parties, such as the Fire Service, so that their requirements are met.

It is reasonable for companies to require SLOs to include ground analyses for brownfield sites and contaminated land. Companies can require re-designs if the ground conditions do not allow work to proceed to the original design or if the developer's site plan changes. Companies' specifications should cover the types of materials to be used in contaminated land and methods of working.

Companies must explain their reasons for rejecting designs, and disputes should be resolved through negotiation, where possible.

**Principle 9. It is reasonable for water companies to retain the right to design off-site systems.**

If SLOs need mains designed, they must give water companies adequate notice. Companies should establish levels of service for responding to such requests (refer to section 5.4).

**Principle 10. Water companies should co-operate with SLOs in providing information on water networks, to facilitate SLOs in carrying out works.**

SLOs should obtain information from other utility service providers before they start work.

Water companies should co-operate with SLOs' requests for information about water networks. They should establish levels of service for responding to such requests. For security reasons, it is not appropriate for companies to put details of their networks on the internet.

#### 5.1.4 Installing new water mains, service pipes and meters, and connection to new and existing mains

**Principle 11. Water companies should allow SLOs to install service pipes to reasonable water company specifications.**

**Principle 12. It is reasonable for water companies to retain the right to install water meters.**

Water companies retain the right to install water meters on new connections. However, we encourage companies to introduce safeguards and processes to allow this work to be contestable.

SLOs should be allowed to install meter boxes.

Where water companies allow SLOs to install the meters they can specify the type of water meters used. See section 5.3 on specifications.

**Principle 13. Water companies should allow SLOs to connect service pipes to new mains (after the water company has filled the mains with water), provided the appropriate standards are met and there are no risks to existing customers.**

**Principle 14. It is reasonable for water companies to control the timing of service pipe connections to new mains.**

New mains are those laid by the same SLO as part of the same development. Water companies should allow a SLO to connect service pipes to new mains as defined above, because the SLO will be aware of the condition of the pipe. This work will generally relate to on-site mains. However, it is reasonable for SLOs to do 'piece-ups' to off-site pipe work that it has recently laid as part of the same development. This is provided that the appropriate standards are met and there are no risks to existing customers.

Exceptionally, companies may refuse to allow connections to the existing system if water quality may be compromised. For example, failure to comply with the Water Regulations is a situation in which this would apply.

Water companies should decide whether service pipe connections should be wet or dry and their policies should set this out.

Water companies' levels of service should include timescales for inspecting standards of work before allowing SLOs to connect service pipes to new mains. Water companies should control the timing of service connections to new mains,

to avoid water stagnating in the pipes - which can lead to copper and lead contamination of the water supply in customers' installations.

Companies' connection procedures should be the same for SLOs and their own contractors.

**Principle 15. It is reasonable for water companies to retain the right to connect new mains to existing mains and to connect service pipes directly to existing mains.**

Existing mains are the parts of the system in place before a SLO starts its own installation work. These include off-site and on-site pipe work, some of which is likely to supply existing customers. SLOs cannot be expected to know the condition of pipework that they have not laid and are not responsible for maintaining.

In view of water companies' obligations to their existing customers, companies should complete this work.

#### **5.1.5 Pressure testing, swabbing, disinfection, water sampling and quality testing**

**Principle 16. Water companies should allow SLOs to swab, pressure test and disinfect new mains under supervision.**

There is no reason why an approved SLO should not swab, pressure test and/or disinfect new mains. Final connections should not be made until a satisfactory water sample result is obtained.

The process for approving SLOs should cover the standards they must meet. This is referred to in section 5.2 below.

**Principle 17. It is reasonable for water companies to retain the right to undertake water sampling and quality testing.**

Water companies are liable for water quality failures, and retain responsibility for this final quality control. Companies should specify and meet reasonable levels of service in carrying out this work. Levels of service are discussed in section 5.4.

## **5.2 Water company criteria for approving SLOs**

**Principle 18. Water companies should have a clear and reasonable set of criteria against which SLOs can be assessed for appropriate skills and qualifications.**

**Principle 19. SLOs should not be expected to meet either higher or lower standards than those contractors employed directly by water companies.**

**Principle 20. Water companies should require a SLO to be competent only in those activities the SLO proposes to carry out. It is reasonable for water companies to require SLOs to be competent in the basic elements of self-lay work, such as main and service laying, connections, understanding material selection and basic hydraulics.**

Water companies' self-lay policies should set out the approval criteria for SLOs and their workforce. Companies' requirements of SLOs should not be greater than those imposed on their own contractors.

SLOs should be experienced and qualified in the areas relevant to the works they wish to do. It is reasonable for water companies to require SLOs to be competent in the basis elements of self-lay work. This includes main and service laying, connections, understanding material selection and basic hydraulics.

The approval criteria should include hygiene training and screening of SLO employees for water transmittable diseases. Satisfactory assessment is needed to work on potable water mains and pipes. This is sometimes known as 'blue card' certification. Water companies must tell SLOs about the 'Principles of water supply hygiene' and the associated technical guidance notes. This applies to any staff sub-contracted to SLOs.

Some companies have passed responsibility for approving SLOs to developers. The developer is contractually liable for employing appropriately skilled SLOs to meet the company's self-lay specifications. Both approaches are acceptable.

In assessing SLOs' competences, water companies are encouraged to take account of SLOs' proven records of working within other companies' areas.

SLOs may be capable of carrying out most but not all of the work to the standards and specifications set. Water companies should allow SLOs to carry out those works they can do and purchase the services of the water company or an appropriate alternative (subject to the approval of the water company) for the remaining work. However, water companies should not be disadvantaged by having to complete elements of work that SLOs choose not to do. Companies can avoid this by making cost-reflective charges to SLOs for these tasks.

### **5.3 Specifications for self-lay work**

**Principle 21. Water companies should have clear and publicly available specifications on methods of working and on the type of materials to be used.**

**Principle 22. Water companies should allow SLOs to procure materials themselves, so long as they comply with water companies' reasonable specifications and national standards.**

**Principle 23. Where water companies require materials to be standardised, they should be able to justify this in relation to operational and/or maintenance efficiency benefits.**

Water companies should have the final approval of any standards and specifications in operation in their area. However, these standards should not be more onerous than for their own contractors. The general requirements and specifications for all types of civil engineering construction work, including providing water mains and service pipes, are represented at a national level in the Civil Engineering Specification for the Water Industry (CESWI).

Water companies' specifications must cover all relevant DWI requirements and list appropriate reference documents. Water company guidance on the Water Supply (Water Fittings) Regulations is published by the Water Regulations Advisory Scheme (WRAS) and is available on its web site at [www.wras.co.uk](http://www.wras.co.uk). Likewise methods of working should follow agreed practice as given in the 'Principles of water supply hygiene' and the associated technical guidance notes, available from Water UK.

All materials coming into contact with drinking water supplies must be approved under Regulation 25 of the Water Supply (Water Quality) Regulations. The DWI published list of approved products and materials approved under Regulation 25 of the Water Supply (Water Quality) Regulations includes details of pipes for use in contaminated land or brownfield sites. Documents on this include the Water Fittings and Materials Directory (published twice yearly by WRAS) BS 6700, and CEN ENs in the 805 series. Information on these publications is available on the DEFRA and DWI web sites at [www.defra.gov.uk](http://www.defra.gov.uk) and at [www.dwi.gov.uk](http://www.dwi.gov.uk). Other reference points are the WRAS fittings and materials directory, WRAS guidance notes and Water UK's guidance notes. Please also refer to Annex 2.

Where it is beneficial, we believe it is reasonable for water companies to specify the use of certain products or a particular manufacturers' materials. For example, where a company uses only one meter manufacturer, it may be reasonable for it to insist that SLOs do likewise.

Where companies believe that there are localised reasons for using certain types of materials, for example on brownfield sites where there may be a risk of

contamination, they should justify this on operational and/or maintenance efficiency grounds.

## **5.4 Levels of service water companies will provide to SLOs**

**Principle 24. Water companies should publish clear and reasonable timescales for separate elements of main laying work that they carry out when providing new water infrastructure. These should apply consistently whether or not a SLO is involved. The published timescales should set out what SLOs must do in order for the water company to complete its part.**

All water companies should have reasonable service levels and timescales for each element of the self-lay process. These service levels should include the criteria and timescales for approving work completed by SLOs.

Developers and SLOs should work in partnership with water companies. They should make early contact and provide adequate information if quotations for self-lay work are to be prepared within satisfactory service level standards. This includes early planning by developers and the provision of details about site layout plans, house types, plots, phasing, and internal and external plumbing arrangements for Water Regulations approvals. Annex 2 provides more information on the Water Regulations.

Water companies should identify the key stages and response times in their revised self-lay policies to be submitted to us in July 2002. Each company should make the following clear to SLOs: what it needs from them prior to work starting, and the timetable under which it is able to perform the activity.

To meet their target timescales, water companies should consider how they could streamline procedures. For example, one company offers developers the option of assigning its charges for services to an account. Rather than paying for individual water service connections in advance, developers request connections and pay later. Such systems improve the process of applying for and completing connection work.

## **5.5 Level of supervision and inspection**

**Principle 25. Water companies should clearly explain at the start of a self-lay project the level of supervision and inspection required and the associated charges.**

Where water main and service pipe installation is opened up to competition, companies must supervise and inspect work to make sure that quality standards and security of supply are maintained.

Water companies should identify the inspection and supervisory requirements of developments at the beginning of the work, preferably in a meeting with the SLO. This includes outlining clearly the criteria that developers should meet before inspections are carried out.

Requirements may differ across developments. More inspection may be needed on larger sites. This includes sites that are phased or on brownfield or contaminated sites where special materials or different working practices apply. See principle 26 below on charges for supervision and inspection.

The DWI carries out random, unannounced audits of work being carried out on the distribution system by water companies and their contractors. The same is likely to apply to SLOs.

## **5.6 Charges made by water companies**

**Principle 26. Water companies' charges for non-contestable elements of self-lay work (such as supervision, inspection, design approval, sampling etc) should:**

- **reflect the reasonable costs of doing the work; and**
- **be published in their self-lay policies.**

**Principle 27. Water companies quotations:**

- **for laying mains themselves (requisitioned work); and**
- **to SLOs as part of a self-lay project**

**should show separately the costs of any reinforcement work.**

**Water companies' charges for reinforcement work should reflect the reasonable costs of doing the work appropriate only to the needs of the current development site. Where water companies wish to upsize to increase capacity for future demand, they must pay for this and recover the costs from subsequent developers.**

Developers should be able to compare companies' costs for installing mains with SLOs' costs for doing the same work. Water companies should therefore make available all the information necessary to enable parties bidding for mains laying contracts to calculate the full costs of the work and measure the benefit of undertaking the works themselves.

Water companies' charges should not include overheads that do not reflect the actual costs incurred.

Companies must highlight in their quotations why certain costs might increase. If they do increase, they should explain the reasons to SLOs.

Please also refer to the guidance under principles 6 and 7, which states the requirement for water companies to justify the need for reinforcement.

## **5.7 Payments by water companies to SLOs for self-laid assets**

<b>Principle 28. Water companies should pay an asset value to SLOs when they take over responsibility for (adopt) self-laid mains.</b>
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Where developers requisition new mains for domestic purposes under section 43 of the WIA91 they can meet the costs by payments over 12 years (the “relevant deficit” payments). Calculation of the payments must take account of future income to the water company from the new customers. In practice, developers often find it convenient to make a single payment (the “commuted sum”) which is agreed between the water company and the developer. Either way, because of the allowance for future income, developers do not generally meet the water company’s full costs of meeting the requisition.

We consider that, when they adopt assets that could have been requisitioned, but were provided by SLOs, water companies should make a payment in recognition that those assets will generate income. Unless this happens, SLOs will not be able to compete on a level playing field with water companies for providing those assets. This is because water companies’ charges for requisitioned pipes would be reduced by the off-set described in the previous paragraph. That is an unfair advantage to the water company. This advantage would be removed by the company paying the SLO an amount consistent with the allowance the company would have made in its commuted sum charge, had the work been requisitioned.

Currently, we understand that only United Utilities, Northumbrian Water, Severn Trent Water, Yorkshire Water, South Staffordshire Water and Three Valleys Water make payments on adopting assets. Other water companies may do so indirectly by, for example, not charging for inspection, supervision etc.

Payments in kind, such as free materials or not charging for inspections, are not suitable alternatives to such payments. SLOs and developers need clarity. Companies must show their separate charges to SLOs and the payments they make for self-laid assets. Companies must make the payment for an asset and its calculation clear.

We are considering whether to issue guidance on the calculation of commuted sums.

## **5.8 Adoption of self-laid assets**

**Principle 29. Water companies should take over responsibility for (adopt) water mains and service pipes laid by SLOs, provided they are satisfied that the assets meet the relevant standards and specifications.**

**Adoption should occur when the asset becomes 'live'.**

SLOs are responsible for all self-laid mains and service pipes until the works or phase of works are complete. Water companies then take over responsibility for these assets, provided they meet their specifications.

SLOs, developers and water companies should work together to ensure that self-laid water mains meet the specifications necessary for adoption. The water company will take over responsibility for the asset when the new system is connected to the water network and is filled with water (ie when it becomes live). This avoids doubt about who to contact in the event of an emergency.

Water companies should carry out final inspections for full compliance with their specifications within a reasonable time after the SLO or developer has requested adoption. The water company should adopt the main immediately, provided that the work meets the appropriate standards and that information given by the SLO is satisfactory. This information might include audit trails for materials, details of easements and individual household's meter details (if the company allows metering to be contestable). It must then pay the SLO (or developer, depending on the agreement) for the asset.

It is reasonable for water companies to require a maintenance period, during which the SLO should reimburse the water company for any repair work. Please refer to section 4.2 for guidance.

# **ANNEX 1 CONTESTABLE AND NON-CONTESTABLE WORK**

## **Contestable work**

- Installing on-site mains.
- Installing off-site mains in third party land and highways where SLOs have obtained the necessary easements, street authority approvals and satisfied any other legal requirements.
- Installing extensions and the new part of diversions to new development sites, where SLOs have the necessary permissions and no existing customers will be affected and/or there are no engineering reasons why this work should be non-contestable.
- Designing on-site water systems in accordance with water companies' specifications.
- Installing service pipes to water company specifications.
- Connecting service pipes to new mains (after the water company has filled the new mains with water), provided the appropriate standards are met and there are no risks to existing customers. See also the guidance on timing of service pipe connections.
- Swabbing, pressure testing and disinfecting new mains, under supervision.

## **Non-contestable work**

- Off-site work to reinforce the existing network.
- Approving on-site water system designs.
- Designing off-site water systems.
- Installing water meters.
- Determining the timing of service pipe connections to new mains.
- Connections that involve risks to existing customers.
- Connecting new mains to existing mains.
- Connecting service pipes directly to existing mains.
- Water sampling and quality testing.

## **ANNEX 2 SUMMARY OF WATER REGULATIONS AND ASSOCIATED CONTRACTOR APPROVAL SCHEME**

### **WATER SUPPLY (WATER QUALITY) REGULATIONS 1989 AND SUBSEQUENT AMENDMENTS (OR THE WATER SUPPLY (WATER QUALITY) REGULATIONS 2001 FOR WATER COMPANIES IN WALES)**

#### **Water mains and pipes approved for use in the public water supply system**

Materials for water mains and communication pipes must meet the requirements of Regulation 25. Failure to meet this requirement is an offence under Regulation 28.

The DWI enforces these Regulations.

Mains and pipes which have been so approved are listed by the DWI. The list is published twice a year, and can be obtained from the DWI (telephone 020 7944 5956) or from the web site [www.dwi.gov.uk/cpp/pagea.htm](http://www.dwi.gov.uk/cpp/pagea.htm).

The list is in the Water Fittings and Materials Directory, which is published by the Water Regulations Advisory Scheme (WRAS) (telephone: 01495 248454; or WRAS's web site address is [www.wras.co.uk](http://www.wras.co.uk)).

### **WATER SUPPLY (WATER FITTINGS) REGULATIONS 1999**

On 1 July 1999, the Water Supply (Water Fittings) Regulations replaced the Water Byelaws in England and Wales. They prevent the waste, misuse, undue consumption and contamination of public water supplies in domestic and commercial plumbing installations.

Copies of the Water Fittings Regulations are available from the HMSO web site at [www.legislation.hmso.gov.uk/stat.htm](http://www.legislation.hmso.gov.uk/stat.htm). Full text of Statutory Instruments 1999 - Nos 1148 and 1506 can be purchased by telephoning HMSO on 0870 600 5522.

The water companies enforce the Regulations. Further advice should be sought from them or from the Water Regulations Advisory Scheme on 01495 248454 or from its web site at [www.wras.co.uk](http://www.wras.co.uk). The Scheme, in partnership with DEFRA, has also produced the Water Regulations Guide to provide more detailed explanation of the requirements. Copies are now available from the Scheme, priced at £14.95 each.

#### **Approved contractor schemes**

The Regulations introduced approved contractors. Approved contractor status

carries certain statutory responsibilities. Under the Regulations, water undertakers are entitled to run approved contractor Schemes, as well as any other organisation appointed by the Secretary of State or the National Assembly for Wales. Schemes are currently being run by individual water companies or through the Water Industry Approved Plumbers Scheme (WIAPS), the Institute of Plumbing, the Association of Heating and Plumbing Contractors, and the Scottish and Northern Ireland Plumbing Employers' Federation.

The approved contractor schemes vary in their scope. The WIAPS scheme covers almost all the work for laying mains and service pipes, though not for connection to existing mains.

All work undertaken by an approved contractor must comply with the requirements of the Regulations, confirmed by a certificate. Approved contractors are excused some of the pre-installation notification requirements of the Regulations, since their certified competence removes the need for the water company to check that proposed work will not pose a risk of contamination.

## **ANNEX 3 GLOSSARY OF TERMS**

### **Adoption**

We recognise that there is no statutory provision in the WIA91 for water companies to adopt self-laid water mains. We use the term adoption to refer to water companies taking over responsibility for self-laid assets. SLOs and water companies already use this term.

### **Brownfield site**

A site that has previously been built upon (as opposed to a greenfield site that has never been built upon).

### **Commutated sum**

A single payment that is made by a developer to a water company for laying new water mains. This is paid as an alternative to relevant deficit payments (see below). This is sometimes also referred to as a lump-sum contribution or non-refundable contribution.

### **Contestable**

Open to competition.

### **Developers**

Those who organise the purchase of land, construction of new buildings and their sale.

### **Disinfection**

The process of treating water with, for example, small amounts of chlorine to ensure that it complies with water quality regulations.

### **Dry connections**

Dry connections are when service pipes are connected to new mains before they have been filled with water.

### **Easement**

A legal right of way over another person's property, which may cover the laying of pipes in that land.

### **Extensions to the network**

A single pipe that is laid from the existing network to serve new customers.

### **Existing mains/existing network**

The parts of the system already in place before a SLO starts installing pipes. These will include off-site and on-site pipework, some of which may supply existing customers.

**Guaranteed Standards Scheme (GSS)**

Customers are entitled to guaranteed standards of service from the water companies for some aspects of their service. Water companies have to pay compensation to customers if they fail to meet these standards. None of the guaranteed standards apply directly to any of the situations under discussion in this paper.

**Live main**

A main connected to the water network and filled with water.

**Multi-utility infrastructure provision**

This is where one self-lay organisation installs all utility services to a site, (which could include gas, electricity, water and telecommunications) sometimes in a single trench.

**New main**

A main laid by the same SLO as part of the same development.

**Non-contestable**

Not open to competition.

**Off-site**

In the public highway or in land owned by people other than developers.

**On-site**

Land owned by developers.

**Pressure testing**

Testing to make sure that the pressure of water in newly laid pipes is neither too high nor too low.

**Piece-ups**

Pipes connecting one phase of a development site to another phase.

**Reinstatement**

Work carried out to restore the surface of the ground to its original condition. For example, resurfacing a road after work to lay water mains.

**Relevant day**

The day following either i) the day on which the financial conditions of compliance are satisfied, or ii) the day on which the water company agrees the places for connecting water pipes to its existing main or network.

**Relevant deficit payments**

Where developers requisition new mains for domestic purposes under sections 41 to 44 of the Water Industry Act 1991, they may pay for these over 12 years

(the “relevant deficit” payments). The payments are calculated under section 43.

### **Requisition**

Water companies must provide water mains that are sufficient for domestic purposes when required to do so by a notice under sections 41 to 44 of the Water Industry Act 1991. This is known as a requisition. Water companies must provide the mains once the financial conditions of compliance are satisfied and the company has agreed the places for connecting the new pipes to its existing main/network.

### **Self-lay**

Where developers, or their contractors, install new water mains and service pipes instead of asking the water company to do the work.

### **Self-lay organisations (SLOs)**

These include developers who can lay their own mains and service pipes, contractors laying mains for the developers, and multi-utility infrastructure providers.

### **Service pipes**

A pipe supplying water from a water main to any premises (whether in the highway or in private land).

### **Swabbing**

A process to clear mains of dirt and materials before they are filled with water.

### **The Water Supply (Water Quality) Regulations 1989 and subsequent amendments**

These Regulations specify the standards used to define wholesomeness of drinking water and also specify, under regulation 25, the requirements for using approved substances and products. The DWI enforces the Regulations.

### **The Water Supply (Water Fittings) Regulations 1999**

These Regulations replaced the Water Byelaws in England and Wales and are enforced by the water companies.

### **Upsizing mains**

When a water company decides to lay a larger main than is needed to supply a new development. This might be because the company considers that the demand for water will increase in the future.

### **Wet connections**

Wet connections are when service pipes are connected to new mains after they have been filled with water.