



NORTHUMBRIAN WATER LIMITED

Addendum
to the
Code of Practice for England & Wales
for the
Self-Laying of Water Mains and Services
2nd Edition

(Published by WRc plc)

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All terms in this addendum will have the same meaning as in the Code of Practice for England and Wales for the Self- Laying of Water Mains and Services 2nd Edition unless specified.

1. INTRODUCTION

Northumbrian Water Ltd (NWL) is committed to providing a cost effective service for self-lay to Developers and their agents, often referred to as Self-Lay Organisation's (SLO's), while ensuring that the standards of installation work and water quality are not compromised. As such NWL has welcomed and adopted the Code of Practice for England & Wales for the Self-Laying of Water Mains and Services 2nd Edition as published by WRc plc.

This addendum, which should be read in conjunction with the Code of Practice (CoP), provides additional information and sets out any variations to the CoP including details of particular requirements, procedures and charges that may apply.

This addendum came into effect on 27 May 2009 and supersedes any earlier self-lay policy. NWL reserves the right to amend the addendum at any time without prior notice.

2. CONTACTING NWL

The NWL area of supply is made up of two regions, the northern or Northumbrian area and the southern or Essex & Suffolk area. Self-lay enquiries should be directed to the appropriate Developer Services department as follows:

Developer Services (North)	Developer Services (South)
Northumbrian Water Limited Leat House Pattinson Road Washington Tyne & Wear NE38 8LB	Essex & Suffolk Water PO Box 969 Chelmsford Essex CM2 0XL
Tel: 0845 7171100	Telephone: 0845 7820999
Fax: 0191 4196510	Fax: 01245 212861
www.nwl.co.uk	www.eswater.co.uk

When applying to self-lay new mains and services the Developer/SLO shall complete and submit the Self-Lay application form available on the NWL and ESW website. If the application is submitted by an SLO a letter of authorisation from the developer should accompany the application.

3. RELATED OFWAT DOCUMENTS

Ofwat have published guidance relating to self-lay activities that can be found on the Ofwat website: <http://www.ofwat.gov.uk> This addendum aims to align itself with the Ofwat guidance on 'Competition in Providing New Water Mains and Service Pipes'.

4. ADDENDUM SPECIFICS

CoP Part 1 - General

Ownership of Mains (CoP section 1.2)

Any water mains constructed under the self-lay option remain the responsibility of the Developer/SLO until a Vesting Certificate is issued. After issue of the Vesting Certificate the ownership, operation and maintenance of the water main rests with NWL.

The Developer/SLO remains responsible for any defective materials and workmanship for an agreed Defect Liability Period. The Defect Liability Period for NWL is 12 months. Within this period, the Developer must maintain their relationship with the SLO. This is to ensure that the SLO returns to the site within the Defect Liability Period to repair any identified defect.

Ownership of Services (CoP section 1.3)

The Developer/SLO may only undertake service connections to the water main following the issue of an NWL vesting certificate. Ownership, operation and maintenance of the service connection and communication pipe rest with NWL from the time of connection to the new main. The Developer/SLO remains responsible for any defective materials and workmanship for an agreed Defect Liability Period of 12 months from the date of connection and provision of the meter details.

Competence of Self Lay Organisations (CoP section 1.5)

Only SLO's competent in the laying of water mains and service pipes with a proven track record of similar works shall be permitted to carry out work on behalf of the Developer. NWL would normally require all SLO's to be registered and accredited with the Lloyds Register Water Industry Registration Scheme (WIRS):

<http://www.lloydsregister.co.uk/wirs.html>

Protection of Water Quality (CoP section 1.6)

The Developer/SLO shall ensure that all staff employed by them for the installation of water mains and/or services shall have an appropriate combination of education, training and practical experience relating to the construction activity to be undertaken. All personnel shall be registered on the 'Energy & Utility Skills Register' and be in possession of a valid 'Water Sector Health, Safety and Environment Passport' including a National Hygiene Card <http://www.eusr.co.uk/EUSR/>. Cards shall be carried at all times and shall be available for inspection by NWL representatives on demand.

The Agreement (CoP section 1.7)

The Self-Lay Agreement will be between NWL and the Developer and shall be entered into prior to the commencement of the works.

Contestable and Non-Contestable Work (CoP 1.8)

SLO's are allowed to make new connections to self laid water mains and to existing water mains adjacent the site where agreed with NWL.

If the SLO is WIAPS approved then compliance with the Water Supply (Water Fittings) Regulations 1999 can be self certified.

Meters can be installed by the Developer/SLO and the meters installed must align with the specification to meet the need of our network requirements. The appropriate meters can be supplied by NWL.

Finances (CoP section 1.11)

Financing New Mains

The basis of financing new mains where water is required for domestic purposes is set out in Section 42 of the Water Industry Act 1991. The calculation takes account of financing the capital cost over a 12-year period against the income (revenue) received from the properties connected to the new mains. A deficit can occur where financing costs exceed income and in this case the deficit would be payable by the Developer. Interest rates used in the calculation are determined by the Director General of Water Services and are reviewed periodically.

This methodology applies equally to the requisition option and the self lay option and in both cases any deficit is payable by the developer.

The Discounted Cash Lump Sum model (DCLS model) as used by NWL for calculating any relevant deficit follows the Ofwat guidance and an example calculation is shown in Appendices A and B of this document.

The costs that the Developer or its agents may incur in self-lay are not used in any of these calculations. The Developer will need to compare the offered asset value against its own expected self lay costs and decide whether to proceed with the self lay application.

Asset Value

The asset value for self-laid mains would be calculated as the total requisition cost less any deficit and charges for non-contestable works.

An asset value will not be offered for new mains where water is required solely for non-domestic purposes or in any circumstances where there is no specific application for permanent service connections.

CoP Part 2 – Self Lay Procedures

Initial Enquiry (CoP Section 2.2)

NWL will provide the point of connection together with any specific design parameters/constraints to enable the Developer/SLO to prepare the mains and service layout. This information will be provided locally on a site specific basis.

Design by Developer / SLO (CoP Section 2.3.1)

If the Developer/SLO undertakes the design they must submit all of the information listed in Table 4 of the Code of Practice. Wherever possible site layouts and designs should be submitted on CD or by email in DWG format compatible with AutoCAD or another agreed acceptable format. A fee will be charged by NWL for checking the design.

Design by NWL (CoP Section 2.3.2)

If the Developer/SLO requests NWL to undertake the design then they must submit all of the information listed in Table 5 of the Code of Practice to NWL with the required design fee. Wherever possible site layouts and designs should be submitted on CD or by email in DWG format compatible with AutoCAD or another agreed acceptable format.

Construction Stage (CoP Section 2.4)

A pre-start meeting shall be organised and attended by the SLO and NWL prior to the commencement of work and following confirmation that the self lay legal agreement has been completed by NWL.

Water Main Installation (CoP Section 2.4.2)

If the site layout changes, ground contamination is identified or ground conditions do not allow the main to be constructed as designed, NWL must be informed immediately. No further construction shall take place until the design has been re-evaluated and approved by NWL. If ground contamination is identified during construction then see section 3.7.2 of the Code of Practice.

CoP Part 3 – Design & Construction Guidance

Multiple Service Connections (CoP Section 3.6.4)

NWL's preference is for flats and multiple occupancy premises to have their own individual meters, the location of which will be agreed with NWL on a site specific basis.

Meter Boxes (CoP section 3.6.5)

NWL's preference is the combined meter / stop tap boundary box option – this should be a multi depth box with plastic surface box suitable for housing concentric meters (1.5qn/2.5qn) and incorporating a quarter turn spherical valve. The type of boundary box to be used is subject to approval by NWL. Other meter box types can be discussed on a site specific basis.

Boundary boxes should be installed at or adjacent to the roadside boundary or in other locations as may be agreed by the local Developer Services team.

Manifold boxes (two, four and six way) are acceptable although it should be noted that these are not necessarily available for use in contaminated land situations.

Service Connections to the Water Distribution System (CoP section 3.74)

Service connections and the associated supply pipes are subject to inspection. NWL may permit the installation of service connections prior to the completion of the new property subject to a satisfactory risk assessment carried out by NWL. The minimum requirement for inspection purposes is that the complete service pipe is installed from the main up to and including the internal stop tap. Trenches should be left open for inspection. If the SLO is WIAP's approved then compliance with the Water Supply (Water Fittings) Regulations 1999 can be self certified, subject to the relevant notification being received by NWL.

Data Capture/'As laid' Drawings (CoP section 3.7.5)

Full postal address and meter installation details need to be provided by the SLO/Developer within 5 days of the meter installation, on a property record card provided by NWL.

As laid drawings should be provided by the Developer/SLO prior to the final connection being undertaken by NWL. Final as laid drawings should be submitted to NWL as per the Code of Practice and in electronic format compatible with AutoCAD where possible.

5. CHARGES

Our standard charges scheme is available from our website. www.nwl.co.uk and www.eswater.co.uk

Appendix A – Northern Region Relevant Deficit Example**Worked example of calculating the relevant deficit, statutory commuted sum and asset payment.**

Please note this worked example is intended to be an illustration of the methodology that is used to calculate charges. As such it is an example only and is simplified.

Variables	
Total scheme cost	£100,000
Number of properties	100
Years before all properties are chargeable	5
Average income per property	£98
Interest rate for borrowing	6.25%
Discount rate	6.25%
Long term annual inflation	2.5%
Number of applicable years	12

The projected future revenue is the number of properties connected in the relevant year, (based on a cumulative occupancy) multiplied by the income per property that will be received and increased each year in line with inflation.

Calculation of relevant deficit for the installation of water infrastructure

Year	Projected future revenue	Annual borrowing costs	Income allowance	Projected relevant deficit	Discount factor	Statutory commuted sum
1	1,305	12,092	1,305	10,787	0.941	10,152
2	4,265	12,092	4,265	7,826	0.886	6,933
3	7,278	12,092	7,278	4,814	0.834	4,013
4	10,415	12,092	10,415	1,676	0.785	1,315
5	12,057	12,092	12,057	34	0.739	25
6	12,359	12,092	12,092	-	0.695	-
7	12,668	12,092	12,092	-	0.654	-
8	12,985	12,092	12,092	-	0.616	-
9	13,309	12,092	12,092	-	0.579	-
10	13,642	12,092	12,092	-	0.545	-
11	13,983	12,092	12,092	-	0.513	-
12	14,333	12,092	12,092	-	0.483	-
Total						22,439

Thus, a net figure of £77,561 [£100,000 less £22,439] is the asset payment for self laid water mains for domestic purposes.

Appendix B – Southern Region Relevant Deficit Example**Worked example of calculating the relevant deficit, statutory commuted sum and asset payment.**

Please note this worked example is intended to be an illustration of the methodology that is used to calculate charges. As such it is an example only and is simplified.

Variables	
Total scheme cost	£100,000
Number of properties	100
Years before all properties are chargeable	5
Average income per property	£106
Interest rate for borrowing	6.25%
Discount rate	6.25%
Long term annual inflation	2.5%
Number of applicable years	12

The projected future revenue is the number of properties connected in the relevant year, (based on a cumulative occupancy) multiplied by the income per property that will be received and increased each year in line with inflation.

Calculation of relevant deficit for the installation of water infrastructure

Year	Projected future revenue	Annual borrowing costs	Income allowance	Projected relevant deficit	Discount factor	Statutory commuted sum
1	1,417	12,092	1,417	10,675	0.941	10,047
2	4,631	12,092	4,631	7,461	0.886	6,609
3	7,901	12,092	7,901	4,190	0.834	3,494
4	11,307	12,092	11,307	784	0.785	615
5	13,090	12,092	12,057	-	0.739	-
6	13,417	12,092	12,092	-	0.695	-
7	13,753	12,092	12,092	-	0.654	-
8	14,096	12,092	12,092	-	0.616	-
9	14,449	12,092	12,092	-	0.579	-
10	14,810	12,092	12,092	-	0.545	-
11	15,180	12,092	12,092	-	0.513	-
12	15,560	12,092	12,092	-	0.483	-
Total						20,765

Thus, a net figure of £79,235 [£100,000 less £20,765] is the asset payment for self laid water mains for domestic purposes.