

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /0934

Date of Decision: 18 October 2018

#### Complaint

During April 2018, the customer experienced disruptions to his supply. This was due to multiple bursts on the company's mains pipework. The company has acknowledged that the pipework needs replacing but it does not propose to undertake the renewal work until between 2020 and 2023. The customer would like the renewal to be attended to sooner than this.

#### Defence

In planning its renewals programme, the company has a list of its most 'high risk' mains to deal with. It tries to prioritise accordingly. The trunk main in this case will be scheduled for renewal during the seventh Asset Management Period ("AMP7"), in accordance with the company's 2020-2025 Business Plan. The company's senior asset engineer has also confirmed that he will recommend this is a project to be completed early in the AMP7 programme, which will begin in 2020.

No offer of settlement has been made.

#### Findings

It is reasonable for the company to schedule the renewal of the trunk main only during its AMP7 programme and not any sooner. In this respect, the company has provided its services to the customer to the standard to be reasonably expected.

#### Outcome

The company does not need to take any further action.

The customer must reply by 15 November 2018 to accept or reject this decision.

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# ADJUDICATOR'S DECISION

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Date of Decision: 18 October 2018

## Party Details

Customer: [ ]

Company: [ ]

## Case Outline

### **The customer's complaint is that:**

- He experienced multiple disruptions to his supply. This was due to successive bursts on the company's mains pipework on 7, 8, 15 and 22 April 2018 ("the Bursts").
- He wanted a full explanation for what caused the Bursts and a permanent solution to be put in place to prevent any recurrence in the future.
- He would like the pipework in question to be renewed. Whilst the company has acknowledged that the pipework does need replacing, it proposes to undertake the renewal work between 2020 and 2023.
- He would like the renewal to be attended to sooner than this.

### **The company's response is that:**

- The Bursts occurred on the company's 10" main located on [ ] ("the Trunk Main").
- It is not disputed that the Bursts, in quick succession, caused significant disruption to the customer and to all the company's other customers in the area.
- It diverted water from other areas to ensure that its customers continued to receive a water supply whilst repairs were undertaken.
- None of the Bursts (individually) resulted in a loss of water exceeding 12 hours. Under its Guaranteed Standards of Service (GSS), therefore, compensation was not payable. However, in recognition of the customer's personal circumstances, with a young family at home, the company paid him £50.00 as a goodwill gesture.

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- Following the Bursts, a review was undertaken to assess the cause of these interruptions. This assessment:
  - is known as a Review of Asset Performance following Infrastructure Disruption (RAPID); and
  - is carried out by Asset Strategy and by the company's senior managers.
- The cause of the Bursts in this instance was identified as being due to a misbalance of timings between two strategic locations along the Trunk Main. There were two valves located between [A] Street and [B] Road that are set to operate differently at the weekend compared to weekday operations (to accommodate the extra demand seen at weekends.) The result of this misalignment caused a surge in pressure, which in turn resulted in the Bursts along the Trunk Main.
- After analysis, the settings of the valves were amended on 22 April 2018 ("the Amendment"). No further bursts have been experienced along the Trunk Main since the Amendment.
- The customer's claim for early renewal of such a significant pipe covers approximately 2500m. The cost of this work is likely to be in the region of £1.8million.
- Previous pipe samples of the Trunk Main have identified signs of external corrosion, which is to be expected due to the pipe being in highly aggressive soil. Due to the ongoing burst frequency and condition assessment, the Trunk Main has now been considered for future replacement projects.
- To form part of its Business Plan, the company has a list of its most 'high risk' mains to select from. It tries to prioritise:
  - by burst rate; and
  - by the consequence of failure (for example, properties that have been flooded or customers with no water following each burst).
- It has several projects that it is committed to delivering for the remainder of this year - which is 'year 4' under its current Business Plan - and during 'year 5'.
- Therefore, the Trunk Main on [B] Road will be scheduled for renewal during the seventh Asset Management Period ("AMP7"), in accordance with the company's 2020-2025 Business Plan. The company's senior asset engineer has also confirmed that he will recommend this is a project to be completed early in its AMP7 programme, which will begin in 2020.

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## How is a WATRS decision reached?

In reaching my decision, I have considered two key issues. These are:

1. Whether the company failed to provide its services to the customer to the standard to be reasonably expected by the average person.
2. Whether or not the customer has suffered any financial loss or other disadvantage as a result of a failing by the company.

In order for the customer's claim against the company to succeed, the evidence available to the adjudicator must show on a balance of probabilities that the company has failed to provide its services to the standard one would reasonably expect and that as a result of this failure the customer has suffered some loss or detriment. If no such failure or loss is shown, the company will not be liable.

I have carefully considered all of the evidence provided. If I have not referred to a particular document or matter specifically, this does not mean that I have not considered it in reaching my decision.

## How was this decision reached?

1. I have had some regard to Scheme Rule 3.5, which makes clear that the WATRS Scheme cannot be used to adjudicate disputes relating to commercial practices. As I see it, however, this is not a claim that goes to the company's commercial practices, as such. Through the publication of its Annual Report, I note that the company has referred publically and openly to its programme for the renewal of its assets. I note also that the company has not sought to raise any concerns about the potential application of Scheme Rule 3.5. For these reasons, I am satisfied that it is fair, reasonable and proportionate for me to proceed to adjudicate on the issues in this dispute (and I do so below).
2. I have reviewed all of the documents appended to the company's defence. The company's Annual Report appears at Appendix 1. On page 29 of the Annual Report, there is a section headed "*MAINTAINING OUR ASSETS*", which I have read through in detail.
3. It seems to me that the focus in this case should be on the reasonableness of the company's decision to schedule the renewal of the Trunk Main only during its AMP7 programme and not any sooner ("the Decision").

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4. On the evidence available to me, I am satisfied that the Decision is a rational, prudent and pragmatic one. I accept the company's submissions about the approach it takes to prioritising what renewal works it should undertake first. I note that, as part of this process, it takes factors such as 'burst rate' and 'consequence of failure' into account. I find the company's planning in this respect to be reasonable.
5. I acknowledge the customer's frustration that the renewal of the Trunk Main may not happen for a few years yet but I see that no further bursts have occurred along the Trunk Main since the Amendment.
6. For the reasons given above, I find that – in arriving at the Decision – the company has provided its services to the customer to the standard to be reasonably expected by the average person.
7. It follows that the customer's claim does not succeed.

#### Outcome

The company does not need to take any further action.

#### What happens next?

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 15 November 2018 to accept or reject this decision.
- When you tell WATRS that you accept or reject the decision, the company will be notified of this. The case will then be closed.
- If you do not tell WATRS that you accept or reject the decision, this will be taken to be a rejection of the decision.

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**Nik Carle**, LLB (Hons), Solicitor, DipArb, FCI Arb

**Adjudicator**

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