

## Leak Allowances

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# Good Practice Guide

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*To provide standardisation and guidance for Retailers, Wholesalers and Customers on Non-Household Leak Allowances in the water industry.*

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*“This document has been deemed as a Water Retail Market Guidance or Good Practice Document by the Trading Parties involved in the Retailer Wholesaler Group (RWG). The document is designed to bring together in one simplified guidance/good practice document the different Wholesaler or Retailers Policies or Practices.”*

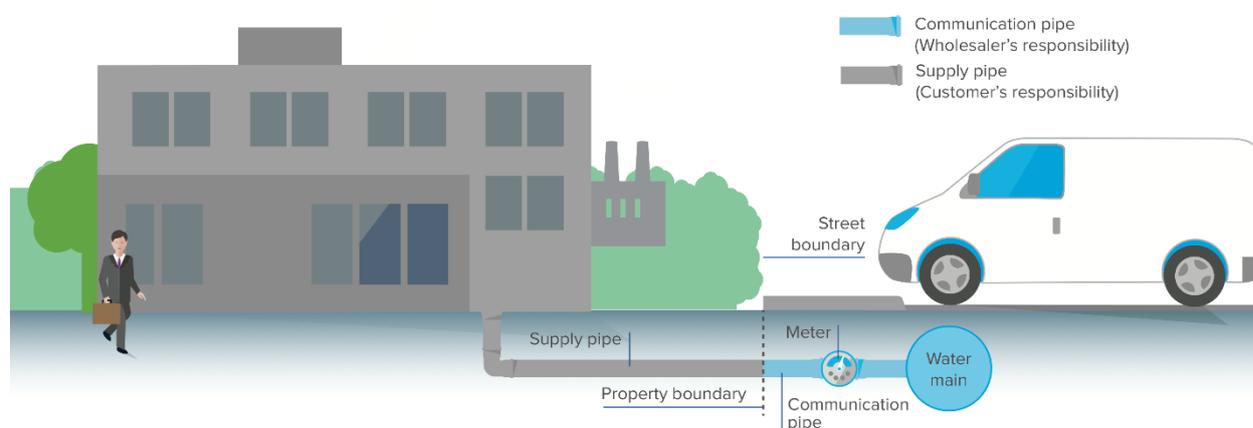
*It is important to note that Wholesaler or Retailer policies and practices change from time to time and whilst every effort is made to maintain the accuracy of this document if there is any doubt the current policy or practice should be checked with the relevant Wholesaler or Retailer.*

## 1. Objectives

- Provide an industry wide good practice guide
- Encourage a consistent and collaborative market approach
- Reduce market complexity for Retailers, Non-Household Customers (Customers), their representatives and third party intermediaries
- Provide clear guidance on ownership and responsibility for leaks on Customers private pipework
- Comply with the Wholesale-Retail Codes & Market Codes

## 2. Responsibilities

Wholesalers and Customers are legally responsible for different sections of pipework that supply drinking water to an Eligible Premise, this is summarised in the image below (also see Appendix 1):



There are three different types of water pipes:

1. Water mains are the large pipes that distribute water around the network. They are often, but not always, laid under highways.
2. Communication pipes carry water between the water mains and the boundary of private property. If a Wholesalers stop tap has been fitted, this will normally mark the end of pipework that is the responsibility of the Wholesaler and pipework that is the responsibility of the Customer. Not all properties will have their own stop tap in the footpath but where one has been fitted, this is normally the responsibility of the Wholesaler to maintain.
3. Supply pipes are the smaller pipes that carry water from Wholesalers pipework into the property. Supply pipes run from the boundary of the property (where there may be a company stop-tap) up until the first water fitting or stop tap inside the property. Stop-taps along the length of the supply pipe, and any water fittings, are the Customer's responsibility to maintain.

## 2.1 Wholesaler Responsibility

- 2.1.1 The Wholesaler owns all Mains pipework and Communication pipework<sup>1</sup>.
- 2.1.2 In most cases the Wholesaler will take ownership of all pipework up to the boundary of the Eligible Premises or the location of the external stop tap but this is not always the case.
- 2.1.3 Meter unions are part of the meter installation and any leaks on these will be the responsibility of the Wholesaler to repair unless there is evidence of wilful damage.
- 2.1.4 If the Wholesaler becomes aware of a potential leak on a Customer's private pipework they must make reasonable endeavours to inform the Customer.
- 2.1.5 A Leakage notice will be issued to the Customer under Section 75 of the Water Industry Act 1991. This will inform the Customer of the leak and their responsibility to undertake a repair within 14 days. If the leak is not repaired within this timeline, the Wholesaler reserves the right to carry out the repair using its statutory powers and recharge the Customer accordingly. Alternatively, the supply may be turned off to prevent waste of water, damage, or contamination in accordance with Section 75(9) of the Water Industry Act 1991. The Retailer will be notified when a Leakage notice is served on their Customer and will be kept informed during this process. A Retailer may offer additional services to help the customer meet the requirements of the Notice and charge for this.
- 2.1.6 If a customer provides evidence of mitigating circumstances why they cannot repair a leak within the required timescales, this should be considered both when pursuing the repair of the leak and when considering an allowance request.
- 2.1.7 The Wholesaler will consider a request for allowance, where a Customer has been proactive and repaired a leak prior to a Retailer reading. i.e. the leak had started and was repaired in between two meter reads.
- 2.1.8 The Wholesaler is obliged to grant an allowance following a first time meter installation, under the Wholesalers water licence (Condition I section 8.2).
- 2.1.9 If a Customer cannot isolate their supply to undertake a leak repair i.e. they cannot locate their external stop tap, they should contact their Wholesaler and the Wholesaler will assist the Customer.
- 2.1.10 The Wholesaler will accept both Customer and Retailer meter reads when considering an allowance request.
- 2.1.11 If requested by the Retailer, the Wholesaler will provide substantive historical information on allowances awarded to the Customer for the past 3 years.

## 2.2 Customer Responsibility

- 2.2.1 It is advisable for Customers or Landlords to undertake regular meter readings (where it is safe to do so) to avoid high bills and identify any leaks. If a Customer suspects they have a leak, i.e. they receive an abnormally high bill, they should contact their Retailer for advice and assistance on next steps
- 2.2.2 If a Customer or Landlord identifies a leak on a stop tap, water meter or pipe work which is owned by the Wholesaler they should contact the Wholesaler directly, as soon as possible
- 2.2.3 The Customer or Landlord is responsible for all external pipework from the boundary<sup>2</sup> of the Eligible Premises, including any stop taps fitted along its length. (See Appendix 1 for more information).

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<sup>1</sup> It is important to note that there are exceptions to this, and the diagram provided in Appendix 1. If a customer is unsure of whether a pipe is their responsibility or the Wholesalers they should ask the Wholesaler for clarification

<sup>2</sup> See also Appendix 1, there will be scenarios when a Customer is responsible for the pipework beyond the boundary.

- 2.2.4 The Customer or Landlord is responsible for the internal plumbing in a building excluding any meters and meter unions that are owned by the Wholesaler.
- 2.2.5 Leaks should be repaired within 30 days of a Customer becoming aware of a leak on the supply pipe. If the Customer is issued with a Waste/Leakage notice issued under Section 75 of the Water Industry Act 1991 they must comply with this which may require that they repair the leak within 14<sup>3</sup> days. Customers can ask their Retailers for advice or for assistance in responding to the notice but compliance with the notice will remain the Customers responsibility.
- 2.2.6 If a Customer believes there are mitigating circumstances which mean they cannot repair the leak within the required timescale they must make the Wholesaler aware of this.
- 2.2.7 If the Customer does not own the premises they need to advise the Wholesaler of the relevant Landlord information to ensure that the waste notice can be issued correctly.
- 2.2.8 If a Customer cannot isolate their supply to undertake a leak repair i.e. they cannot locate their external stop tap, they should contact their Wholesaler.

## 2.3 Retailer Responsibility

The Retailer is responsible for:

- 2.3.1 Proactively reviewing high usage and contacting Customers to alert them to a possible leak (to enable the Customer to take prompt action to carry out a repair within 30 days). Appendix 2 details questions Retailers should ask Customers to gather the required information.
- 2.3.2 Assisting a Customer in identifying the cause of high bills. This can be by added value services or consumption and leak education
- 2.3.3 Advising the Customer if an allowance claim is realistic, using this document for guidance.
- 2.3.4 Submitting an allowance request via a H01 form, in accordance with the relevant Wholesalers Policy (see the Addendum table in Appendix 3).
- 2.3.5 Where possible a Retailer will share all relevant information with the Wholesaler, i.e. logger data, meter reads etc.
- 2.3.6 Supplying a read on completion of the leak repair and one subsequent read (Customer read accepted) and updating this on CMOS.
- 2.3.7 Facilitating Customer understanding of the leak allowance guide.
- 2.3.8 Passing any allowance onto the Customer within 21 days of the volume adjustment being agreed by the Wholesaler.
- 2.3.9 Liaising with Wholesalers regarding previous allowances.
- 2.3.10 If the Customer has two Wholesalers (water and/or sewerage) allowance requests need to be made separately.

## 3. Time to repair the leak

- 3.1 The leak must be repaired within 30 days of the Customer or Retailer becoming aware of the leak on the supply pipe. If a Waste/Leakage Notice has been issued this can be reduced to 14 days or immediate disconnection of the water supply may be required.
- 3.2 Extensions may be given due to extenuating circumstances, an extension must be sought from the Wholesaler in advance by the Retailer and or Customer.
- 3.3 If the leak is on the communication pipe and the Wholesaler is repairing the leak, the Retailer will not be penalised for any delays by the Wholesaler in undertaking the repair.

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<sup>3</sup> Additional time can be sought from the Wholesaler in extenuating circumstances.

## 4. Type of Allowance

- 4.1 If the leak is found on the supply pipe an allowance may be given for (water<sup>4</sup> and) sewerage.
- 4.2 If the leak is found on the communication pipe after the meter but before the boundary (Wholesaler responsibility- see fig 1) an allowance will be given for water and sewerage. If the leak is located on a third party's land (e.g. meter on neighbour's farm) an allowance may be given at the Wholesaler's discretion.

## 5. How long do I have to apply for an allowance?

- 5.1 The Retailer must apply to the Wholesaler with all relevant supporting information within six months of a repair being completed.

## 6. What period will the allowance be granted for?

### 6.1 Communication pipe or other Wholesaler apparatus

- 6.1.1 If the leak occurred on the Wholesalers apparatus and it was the Wholesalers responsibility to undertake the repair an allowance will be applied for all additional charges raised, covering the whole period of the leak and be applied on each occasion a leak occurs on the Wholesalers assets.
- 6.1.2 Leaks that occur on the Wholesalers apparatus will not affect a customer's ability to claim a future allowance for a leak on their pipework.

### 6.2 Supply pipe leak

- 6.2.1 An allowance will be granted for a maximum period of 12<sup>5</sup> months from the date of the repair where the leak was the Customer's responsibility to repair. This applies to monthly and 6 monthly read meters.
- 6.2.2 Waste/Leakage Notices are issued by Wholesalers using Statutory Powers under Section 75 of the Water Industry Act 1991. Should the Customer not repair the leak in the required time frame, an allowance will not be granted unless there are mitigating circumstances of why the Customer couldn't repair the leak within the required timescale and the Wholesaler gave the customer additional time to carry out the repair.
- 6.2.3 If there are no **actual (Retailer or Customer) meter reads** for the 12 month period prior to the leak being repaired, an allowance may be granted for a greater period, but this will be at the discretion of the Wholesaler. For example; if it can be proved that the meter has not been read due to a failure of the Wholesaler.

## 7. How many allowances can be requested?

- 7.1 Only one allowance will be granted within any 24 month period.

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<sup>4</sup> Not all Wholesalers award allowances for water, please see the Addendum Table in Appendix 3 for details

<sup>5</sup> Wholesalers who provide water (and sewerage) allowances do not tend to grant allowances for 12 months, see the Addendum for details

- 7.2 Any further request in the same 24 month period will be assessed on a case by case basis, and at the discretion of the Wholesaler. The Customer would have to demonstrate good practice and show improvements made to their infrastructure but if a customer believes there are mitigating circumstances which should be considered as part of a claim these should be provided to the Wholesaler.
- 7.3 Exceptions to the above conditions will only be granted if a leak is the result of negligence on the part of the Wholesaler.
- 7.4 If the occupier has changed within 24 months of an allowance being granted at the premise, the new occupier can make a claim and will not be penalised for a previous occupiers claim.

## 8. Calculating the allowance

- 8.1 Where the Wholesaler grants a leak allowance to the Retailer, it will normally be calculated as the difference between the average daily consumption for the same calendar period in the previous financial year and the average daily consumption for the duration of the leak. This is to ensure that seasonal usage is appropriately taken into consideration.
- 8.2 If a Customer or Retailer believe the usage following the leak repair is a more accurate reflection of the site usage rather than the previous year's use, an explanation of why this is the case should be submitted as part of the claim.
- 8.3 Where the Wholesaler considers a similar calendar period in the previous financial year is not a representative period, it reserves the right to use an alternative period for the purposes of calculating a leak allowance.
- 8.4 Where appropriate historical consumption data is not available, two actual reads following the repair of the leak may be used, at the Wholesaler's discretion.
- 8.5 Where the Customers site is cross border, i.e. Water and Sewerage services are provided by different Wholesalers, the Sewerage Wholesaler should, where possible, align the calculation of the allowance (i.e. average daily consumption) with that used by the Water Wholesaler. If the Sewerage Wholesaler disagrees with the methodology used by the Water Wholesaler they should discuss and agree the allowance. It is accepted that the allowances may be applied for different periods but using the same basis of calculation will improve the service to the Customer and should reduce the likelihood of queries being raised.

## 9. Conditions

- 9.1 Leak allowances will only ever be granted for metered supply points.
- 9.2 If a Retailers actions result in a leakage allowance being submitted outside of the Wholesalers permitted claim period, the Retailer must provide the Wholesaler with a reasonable evidenced basis for any delay and the Wholesaler should consider the claim. It is important that the Retailer takes mitigating actions to avoid delays.
- 9.3 Leak allowances are granted to the Retailer not directly to the Customer. The Retailer will credit the Customer as per their internal processes within 21 days of being processed by the Wholesaler.
- 9.4 There must be appropriate and sufficient evidence that the leak has been repaired. This can be demonstrated by the Retailer providing a copy of the repair bill and/or providing at least two actual reads after the repair, at least 2 weeks apart, to ensure that the consumption is back to normal. In some situations, at the Wholesaler's discretion, both pieces of evidence may be required.

- 9.5 The Wholesaler will not grant an allowance where there is evidence that the leak was caused by negligence of the Customer, Retailer or a third party.
- 9.6 A read on completion of the leak repair must be supplied with the application. A Customer read is acceptable, preferably with a photo of the meter dial or outreader. Readings submitted as part of a leakage claim should be entered into CMOS by the Retailer.
- 9.7 It is the responsibility of the Customer and the Retailer to monitor meter readings, to help identify when there is an increase in consumption and determine whether there is a leak on the Customer's side of the meter. Where any leak is suspected to have occurred on the Wholesaler's apparatus, the Retailer/Customer should report it the Wholesaler immediately.
- 9.8 When a Customer, or Third Party working on behalf of the Retailer is undertaking a leak repair within a building or on plumbing connected to a water meter, permission must be obtained from the Wholesaler to remove and refit the meter, if this is required to aid repair.
- 9.9 The Retailer continues to be liable for full wholesale charges at a supply point whilst any application for a leak allowance is being processed.
- 9.10 Leak allowance requests due to leaking internal fixtures and fittings or caused by vandalism will be rejected.
- 9.11 The award of a leak allowance, including those in exceptional circumstances, will be at the Wholesaler's discretion. The Wholesaler reserves the right to reject any application for a leak allowance.

## 10. Disputed Allowances requests

- 10.1 If a Retailer disputes a given allowance, they should refer to the issuing Wholesaler's internal dispute/escalation process.
- 10.2 If the Customer or Retailer do not agree with the Wholesaler's escalation findings, they can submit a complaint, using the Market Code F5 complaint form/process.
- 10.3 There may occasionally be mitigating circumstances outside of the Customer's control which should be considered as part of a claim. The Retailer should submit details of any mitigating circumstances to the Wholesaler within 3 months (where possible), when challenging a declined allowance request.

## 11. Risks

There is currently no facility in CMOS to:

- 11.1 Record leak allowance requests that were not granted. It will be taken on good faith that participants notify relevant parties if previous leak allowances have been requested and declined.
- 11.2 Identify if a previous leak allowance was granted where the leak was the responsibility of a Wholesaler or Customer. It will be taken on good faith that Retailers will notify the Wholesaler if previous leak allowances have been granted where it was the responsibility of the Customer to repair the leak.

## 12. Multiple Retailers

- 12.1 Where a leakage allowance claim is submitted for a period that crosses multiple Retailers. The Wholesaler should accept the request from the current Retailer.

- 12.2 If the allowance is for a previous Retailer, the previous and current Retailer should be able to request the allowance. The previous Retailer should discuss with the Wholesaler how to facilitate the request.
- 12.3 The Wholesaler will apportion any allowance against the charges raised to both Retailers and both Retailers will credit customers for the period of the allowance due for when they were the Retailer of the site. The allowance should be passed onto the customer by both Retailers within 21 days of being processed by the Wholesaler.

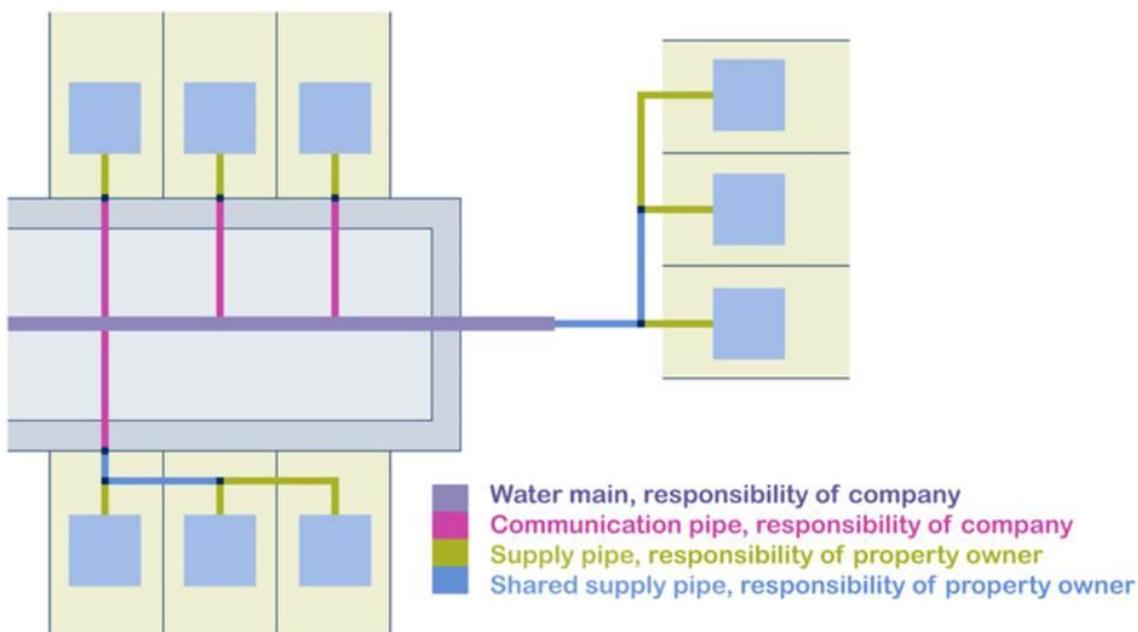
## **13. Addendum Table**

- 13.1 Whilst the main aim of this document is to bring consistency across the market for leak allowances, there may be some circumstances where the Wholesalers policy may differ from this guide, these are detailed in the Addendum at Appendix 3.

## Appendices

### Appendix 1 - Guidance on Pipework and Fittings Ownership and Responsibility<sup>6</sup>

#### Pipework



It is important to note that there are exceptions to the diagram above as in some circumstances the meter chamber or external stop tap may be located some distance from the property boundary or responsibility for the supply pipe could be shared by several parties. The table below gives further guidance or for clarification please speak to the Wholesaler who will confirm ownership and responsibility.

Type of pipe	Laid under	Responsibility for pipe
Water mains	Highway	Water wholesaler
	Property owner's land Land owned by someone else	
Communication pipe	Highway	Water wholesaler
Supply pipe serving a single property	Highway	Property owner
	Property owner's land Land owned by someone else	
Shared supply pipe serving more than one property	Highway Land owned by any of the property owners served by the pipe Land owned by someone else	Joint responsibility of all property owners served by the pipe

<sup>6</sup> The information in this section is correct for the majority of scenarios but there will always be exceptions.

Stop Taps:

Asset	Location	Responsibility of Asset
Stop tap including chamber and cover	Public Highway	Wholesaler
Stop tap including chamber and cover	Within boundary of Eligible Premise	Customer (Wholesaler if within 1 meter of boundary)
Stop tap including chamber and cover	Inside a building	Customer

Water Meters<sup>7</sup>:

Asset	Location	Responsibility of Asset
Water meter including chamber and cover & meter unions	Public Highway	Wholesaler
Water meter including chamber and cover & meter unions	Within boundary of Eligible Premise	Wholesaler
Water meter and meter unions	Inside a building	Wholesaler

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<sup>7</sup> This section refers to Wholesaler owned meters only not Private meters.

## Appendix 2 – Retailer Questions

### Leakage allowance claim

1. Please provide the reason for the allowance request

**Allowance due to a leak between the meter and the property boundary where the meter is located outside the property boundary. Please provide further details on the location of the leak by ticking one of the following boxes**

The Leak was found and repaired directly on a supply pipe within the property boundary

The leak was found and repaired within a building or premise, or upon a fixture or fitting within the property

The leak could not be directly located but was resolved with a new installation of supply pipe within the private network or the disconnection of the leaking supply.

None of the above describe the location OR more than one leak was found (describe in comments below)

Comments:

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**Allowance due to a leak on the meter, in the meter chamber or within 1 metre of the property boundary or any leak which was the responsibility of the Wholesaler to repair**

2. What happened to the water that leaked?

The leaked water soaked away into the ground

The water entered the mains drainage system

To be awarded an allowance for sewerage charges the Wholesaler needs to be confident that the water didn't enter the sewer network. Please add any additional information the customer has provided to demonstrate their answer to this question, this could be a description of the ground surface where the leak was, or a photograph.

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3. What caused the leak?

<p><input type="checkbox"/> Third party damage</p> <p><input type="checkbox"/> Asset deterioration</p> <p><input type="checkbox"/> Burst pipe / fitting</p> <p><input type="checkbox"/> Other, please give more details below</p> <hr/> <hr/>
<p><b>4. When was the leak repaired?</b> Click or tap to enter a date.</p>
<p><b>5. Please provide at two meter readings taken after the repair has been completed. The readings should be updated in CMOS.</b></p> <p>Meter reading 1</p> <p>Date of reading Click or tap to enter a date.</p> <p>Meter reading 2 (if available)</p> <p>Date of reading Click or tap to enter a date.</p>
<p><b>6. If the customer took longer than 30 days to repair the leak please confirm why and if appropriate provide evidence?</b></p> <hr/> <hr/>
<p><b>7. Please provide any additional evidence of the leak repair provided by the customer to support the allowance claim, e.g. a sketch showing the location of the leak, a copy of the repair bill, photos.</b></p>

### Appendix 3 – Addendum Table

Please see separate document