

# Circular L11/2004 16th November, 2004

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**16 November, 2004.**

**Circular L11/2004.**

**To each County Council.**

## **Grants for the Installation of Water Treatment and Disinfection Equipment in Privately Sourced Group Water Schemes**

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### **1. Action Plan for Rural Drinking Water Quality 2003 –2006**

The **Action Plan for Rural Drinking Water Quality 2003 –2006**, published by the National Rural Water Monitoring Committee, sets out a national strategy for bringing privately sourced group water schemes into compliance with the Drinking Water Regulations. The provision of stand-alone water treatment and disinfection equipment is the only practicable and cost-effective means of achieving the objectives of the Action Plan in many of these cases. In addition to treatment and disinfection, other works may also be needed to facilitate effective operation of the completed treatment equipment. Depending on age, condition and layout, distribution networks may also require substantial upgrading and renewal.

The upgrading of privately sourced schemes should be approached by local authorities on a phased basis with the *First Phase* giving priority to bringing water quality into compliance with drinking water standards. The purpose of this Circular is to give guidance to local authorities in relation to the type of upgrading that would generally be regarded as appropriate to the *First Phase*. Apart from the treatment and disinfection equipment itself, this would normally be confined to works that are considered essential by the local authority for the satisfactory operation of the completed treatment facilities.

**2. Current Capital Grants for Upgrading of Privately Sourced Group Water Schemes.** Circular L 18/02 sets out the Departments policy for the provision of water treatment and disinfection facilities in privately sourced group water schemes based. The policy is based on employment of Design, Build, Operate procurement, coupled with the bundling of a number of schemes under a single contract. The procurement procedures for the appointment of Technical Advisers and Contractors are set out in the **Guidance Document for the Procurement of Small Water Services Schemes – Part A.**

**Circular L10/2000** sets out the scale of capital grants for group water schemes. In the case of DBO contracts, they may be summarised as follows:

- Up to 100% of the approved cost of essential water treatment and disinfection facilities and associated electrical and telemetry equipment
- Up to 85% of the approved cost of associated civil works including buildings, water abstraction, sumps, pumping plant, reservoirs, rising mains, access roads, etc.
- Up to 100% of cost of fees associated with the appointment of Technical Representatives (treatment plant plus associated civil works).

These rates are subject to a maximum capital grant of €6,476 per grant eligible house for both Mechanical and Electrical (M&E) and associated civil works.

It is envisaged that many schemes participating in bundled DBO projects will require further investment in network upgrading and renewal. These works will be carried out under the *Second Phase* of upgrading and will be eligible for a grant of up to 85% of the approved cost.

### **3. Enabling Works for DBO projects**

In compiling the Design Review Reports for each individual group scheme within a bundled DBO project, the Technical Adviser is required to outline the works required to facilitate the provision, commissioning and operation of the water treatment and disinfection equipment, referred to below as "enabling works". Enabling works may include:

- Reservoirs and contact tanks as appropriate.
- Rising mains to new reservoir sites.
- Intake works including weirs or embankments.
- Access roads to sites.
- Interlinking mains to deliver treated water to schemes where a single treatment plant will serve a number of contiguous schemes.

All the above works are grant aided at up to 85% of approved cost as set out at Paragraph 2 above.

As a general rule, the DBO contract will include the M&E plant, associated buildings and enabling works. In some instances, however, it may be practicable and cost effective to procure some of the enabling works by way of a separate contract. Public procurement rules must be complied with for all such contracts and the requirements in this regard are set out in the **Guidance Document for the Procurement of Small Water Services Schemes, Part C**.

### **4. Water Conservation, Leakage Control and Water Demand Management for DBO Schemes.**

Available data in relation to schemes in progress indicates that Unaccounted for Water (UFW) is extremely high (up to 75%) in some group schemes. In order to minimise the size and cost of DBO plants, and to ensure the long-term financial viability of schemes, UFW has to be reduced to an acceptable level. For the purposes of DBO contracts, water treatment plant capacity should be capped at current demand levels, plus an allowance in respect of projected growth demand over a 20 years horizon, plus an allowance of 25% for unaccounted for water.

Once new DBO plants become operational, group schemes that previously supplied only untreated water will have to implement substantial water conservation and leakage control measures in order to meet customer demand within the limit of plant capacity. Group water schemes must, therefore, implement active leakage control programmes over the 20 years O&M phase. It is the responsibility of group schemes to ensure that leak detection and control works are adequate to maintain UFW below the 25% ceiling.

Where water conservation measures and major upgrading and renewal of the group scheme networks are needed, this work will generally be done as *Second Phase* upgrading. Grants of up to 85% of cost, subject to a maximum grant of €6,476 per grant eligible house, will be available for these works.

However, in some cases it will be necessary, for the viability of the DBO contract, that certain critical sections of main that are subject to frequent bursts and substantial leakage are replaced under the *First Phase*. These works will be eligible for capital grants in conjunction with the DBO works, provided the overall grant maxima are not exceeded.

## **5. First Phase Active Leak Detection and Eradication**

The implementation of an active leak detection and eradication programme is fundamental to the success of DBO schemes, particularly those with high UFW. This is contingent on the availability of stop boxes and isolating valves/stop valves in order to isolate service connections and to determine the integrity of the network. *First Phase* upgrading may include the following works:

**(i) Critical mains replacement.** Only those critical sections of the network which must be replaced in advance of the commissioning of the DBO plant will be eligible for grant assistance under First Phase upgrading;

**(ii) Provision of Pressure Reducing Valves.** Design Review Reports have shown that high operating pressures are contributing to water losses in some schemes. Where appropriate, pressure reducing valves may be provided and included for grant assistance;

**(iii) Provision of stop boxes and metering of service connections.** As far as practicable, all service connections should be provided with a stop box and isolating valve or stop cock. As an integral part of the universal metering of all connections to group water schemes participating in bundled DBO projects, capital grants are payable in respect of the following:

(a) provision of stop boxes, isolating valves and consumer meters on all domestic connections to a group scheme. The amount of grant payable for these works is 85% of cost subject to a maximum grant of €300 per domestic connection;

(b) provision of stop boxes and isolating valves (but not meters) on all other connections to a scheme. The amount of grant payable in respect of these works is 85% of cost subject to a maximum grant of €250 per connection. In accordance with the Polluter Pays Principle, capital grants may not be paid in respect of the provision of meters on non-domestic connections.

Grant eligibility is contingent on the above works being undertaken in respect of all connections to a scheme and subject to prior approval by the county council. Public procurement rules must be complied with and payment of grants is subject to verification by the county council.

## **6. Procurement of Services and Works Contracts.**

Procurement of Works and Services Contracts in respect of DBO projects must be carried out in accordance with **Part A of the Procurement Guidance Document**. The Brief for the Appointment of the Client's Representative sets out the role and principal duties of the Consultant in this regard. Heretofore, works involving water conservation, leakage control, installation of stop boxes, isolating valves and meters, would not generally have been included in the Brief. Public procurement rules must apply to the appointment of consultants for these works, as well as to all related supply and works contracts.

While it may be desirable, in some circumstances, to have the DBO consultant undertake the critical mains replacement and water conservation elements of projects, it should be noted that public procurement procedures must be complied with where these works are not defined in the original Brief. The Department should be consulted in all cases where it is proposed to extend the Consultant's Brief to undertake works in addition to those agreed in the approved Brief. Fees arising

in respect of any works relating to the upgrading of networks, critical mains replacement or water conservation measures may be grant aided at up to 85% of cost.

## **7. Partnership arrangements between the County Council and the Group**

### **Water Schemes**

Participating group water schemes and the local authority must enter into agreements for the procurement and administration of bundled DBO and related contracts, and to enable the local authority to act as "Employer". In cases where DBO enabling works, as described at Paragraph 3, or other works are carried out under a separate contract, and by way of a partnership between the groups and the local authority, appropriate forms of agreement should also be drawn up.

The local authority, as Employer under the Conditions of Contract, will be liable for all payments due to the contractor. The agreements made between the group schemes and the local authority should address how the groups share of the cost (15% typically) will be recouped to the authority and how any moneys owing to the authority can be recovered from defaulting groups.

## **8. Enquiries**

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