

TALKING POINT

What is in store for the subsidence repair industry? Roger Boddy explains.



Scarborough seeks advice on coastal scheme

SCARBOROUGH BOROUGH Council said last month it was considering suing contractor Edmund Nuttall over the costs of a coastal defence scheme in the Yorkshire seaside town.

The council has been in dispute with Edmund Nuttall over the final cost of the coastal defence project which doubled from £27M to £54M (*GE* December 05). The council, under advice from consultant High-Point Rendel, has said it is only willing to pay £34M.

As *GE* went to press, Scarborough councillors were seeking independent expert advice on whether to sue or ask Nuttall to repair or replace them in exchange for a final payment.

The council, as well as the funders of the flood defence scheme the Department for the Environment Food and Rural Affairs, is continuing to negotiate a settlement with Nuttall should it be decided that pursuing litigation is too risky.

A report prepared by the council's legal team said litigation would be the most likely way to determine whether damage to mass concrete Accropodes used to defend the coastline was due to faulty construction. It said: "Short of a determination by a judge in a litigation process it is unlikely that certainty as to the cause of damage to the Accropodes can be achieved."

Scarborough is also considering whether to claim compensation from High Point Rendel over its handling of the compensation events under the Engineering Construction Contract used on the project.

Fast snow melt triggered Scots landslip derailment

HEAVY SNOW followed by heavy rain caused a landslide that derailed a train near Inverness in Scotland on 26 November.

The train travelling from Inverness to Edinburgh at 7.20am ploughed into an estimated 120t of earth causing the front carriage to derail.

A spokeswoman for Network Rail said investigations of an embankment found that rainfall that followed heavy snow the day before the incident had melted the snow quickly and caused the land to slip out of the embankment and on to the line.

Police, ambulance, the fire brigade, the RAF and RAF mountain rescue teams were called to the scene at Moy, 16km south of Inverness. Nine people with minor injuries were airlifted to safety and the rest of the passengers were walked from the scene. The earth was removed from the line and a speed restriction put in place.



In 1971, when a major insurer introduced "subsidence and landslip" cover, a new industry was born. But while technical innovations have flourished, a

generation of experienced underpinning specialists are attempting to retain their expertise in a marketplace where the insurance industry continually changes its views on how subsidence claims can be best serviced.

So can the underpinning industry continue to provide a service, when the workload in the insurance-related subsidence industry is diminishing every year?

For a significant proportion of the past 25 to 30 years the underpinning industry was totally unregulated until the introduction of the Association of Specialist Underpinning Contractors. Over a period of more than 10 years, the organisation, now known as ASUCplus, has grown into a trade association representing 20 member companies.

But where has the workload gone? After the much feared "surge" following the dry hot summer of 2003, the insurance industry now reports that only 5% of its claims result in domestic properties requiring underpinning.

Historically, property owners used to be represented by local structural, consulting or surveying practices and received independent advice and guidance for their structural problems.

Today, the majority of the major UK insurers are represented by project managed loss adjusting practices to decide how claims should be technically and financially controlled.

This change in strategy, combined with an array of repair techniques which do not involve foundation strengthening, is contributing to the significant downturn in the underpinning industry.

But are insurers, by using techniques that have not stood the test of time, building a volume of future claims which will come back to haunt them?

The collective experience of ASUCplus members is they are already beginning to see evidence of this, resulting in substantial high value

claims being presented to insurers.

A project in south London is one example. Over a 10 year period the structure had three different phases of repair works costing nearly £100,000. But continuing structural instability meant the final correctly engineered solution cost an additional £300,000.

A concern for ASUCplus members is that while techniques and procedures are developed and tested over a period of time, how do they maintain individual organisations and retain technical, management and site skills?

Many companies over the past five years have diversified into alternative areas of civil engineering, but if the flood gates ever reopened with another "surge", would the industry be able to cope and provide the standard and scale of service required?

Two years ago at a London conference, ASUCplus expressed concerns and instigated the Subsidence Forum – currently chaired by John Parvin of Zurich Insurance. The forum provides the opportunity for all parties involved in the subsidence industry to exchange views, share experiences and voice genuine concerns at senior levels.

It has advanced best practice procedures and the development of a customer care charter to which all marketplace sectors are expected to sign up to.

In 2006 discussion will focus on payment terms and whether it is in the insurance industry's best interests to reduce the number of underpinning companies.

Outside of the insurance-funded subsidence marketplace the underpinning and mini piling sector is buoyant. This is a result of continued construction developments nationwide and within the housing sector, particularly in major cities with the trend for retro fit basements.

In addition, membership within ASUCplus is developing as it continues its commitment to raising standards within the industry with particular emphasis on training and health and safety.

Roger Boddy is the chairman of ASUCplus and managing director of Euro Underpinning.