

7 December 2017

Trust in water

Proposal to grant a variation of appointment to Independent Water Networks to enable it make a small amendment to the area of a site called Brooklands, Milton Keynes, to which it currently provides water services

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1. About this document

This notice is a consultation (under section 8(3) of the Water Industry Act 1991 (“WIA91”)), on our proposal to grant a variation of appointment to Independent Water Networks Limited (“**IWN**”) as a water company and vary the appointment of Anglian Water (“**ANH**”) as a water company..

The consultation period will last for 35 days from the date of publication of this notice, to take into account the seasonal bank holidays. Having considered any representations submitted during the consultation period in response to the consultation, Ofwat will decide whether or not to grant the variations of appointment set out above.

2. The Site

IWN successfully applied to be the water and sewerage company for Brooklands (“**the Site**”) in 2009. The site is in Milton Keynes and at the time of the 2009 application, IWN expected it to consist of 2,501 residential customers and 14 business customers when fully built. IWN applied under the unserved criterion set out in section 7(4)(b) of the Water Industry Act 1991 (“**WIA91**”).

This variation asks to redraft the boundary of the Site to take into account an error in the original application. The rationale for the redraft is that the original Water Supply Area map included two areas comprising eight domestic units and five commercial units (“**the Properties**”), which did not meet the unserved criterion. This variation will be by consent of both parties, and will return the responsibility for the above properties from IWN, to ANH.

3. The applicant

IWN is a new appointee operating in England and Wales. It was granted its appointment as a water and sewerage undertaker in October 2007 at a site called Long Croft Road in ANH's area. Since then, it has been granted a further thirteen variations to its appointment to serve specific sites across England and Wales.

4. The proposal

Ofwat proposes to:

- grant a variation of appointment to IWN as a water company; and
- vary the appointment of ANH as a water company by removing the Properties from IWN's supply area.

By means of the above, ANH will become the water supplier for the Properties. The changes are outlined in the maps in section 8 of this document.

5. Our approach to the assessment of this application

The new appointment and variation mechanism, set out in primary legislation¹, provides an opportunity for entry and expansion into the water and sewerage sectors by allowing one company to replace the existing appointee as the provider of water and / or sewerage services for a specific area. This mechanism can be used by new companies to enter the market and by existing appointees to expand their businesses.

When considering applications for new appointments and variations, Ofwat operates within the statutory framework set out by Parliament, including our statutory duty to protect consumers, wherever appropriate by promoting effective competition. When assessing applications for new appointments and variations, the two key policy principles we apply are that:

- customers, or future customers, should be no worse off than if the site had been supplied by the existing appointee; and
- Ofwat must be satisfied that an applicant will be able to finance the proper carrying out of its functions as a water and/or sewerage company.

We clarified these two policy principles in February 2011 when we published our New appointments and variations – [policy](#) and [process](#) documents. In November 2012, we published our '[Statement on our approach for assessing financial viability of applications for new appointments and variations](#)'. This states that we will adopt a company-based assessment of financial viability, rather than a detailed site-based assessment, where it is appropriate to do so.

¹ The legal framework for new appointments is set out in the Water Industry Act 1991 (WIA). Section 7 of the WIA sets out the criteria by which an appointment or variation may be made. Section 8 sets out the procedure for making that appointment or variation.

6. The application

IWN has applied to remove their responsibility for water for part of the site as they did not meet the unserved criterion, set out in section 7(4)(a) of the Water Industry Act 1991 (“**WIA**”).

6.1 Consented status of the Site

To qualify under the consent criterion, an applicant must provide a letter of consent from the existing appointee consenting to the application and consenting to the variation of its area of appointment corresponding to the applicant’s application.

ANH has agreed that these sites should return to it as they did not meet the unserved criterion.

6.2 Unique aspects

This application is unique in that it involves a current NAV, IWN, returning sites it took over in error to an incumbent water supplier, ANH. Due to this and the very small number of properties affected, it is not necessary to carry out the usual cost, service, and finance checks, as the beneficiary of this transfer, ANH, is a regulated incumbent supplier, whose functions are already regulated by Ofwat.

7. Conclusion and next steps

In assessing IWN's application, we have considered the general benefits of redrafting the boundary of the Site to take into account an error in the original application. Our view is that our two key policy principles would be met in this case, as customers would be no worse off, and ANH would be able to finance, and carry out, its functions. We have also considered the effects of granting the proposed variation on the existing customers of IWN.

We are currently minded to grant the new appointment under the consent criterion. We are consulting on our proposal to do so.

Where to send submissions

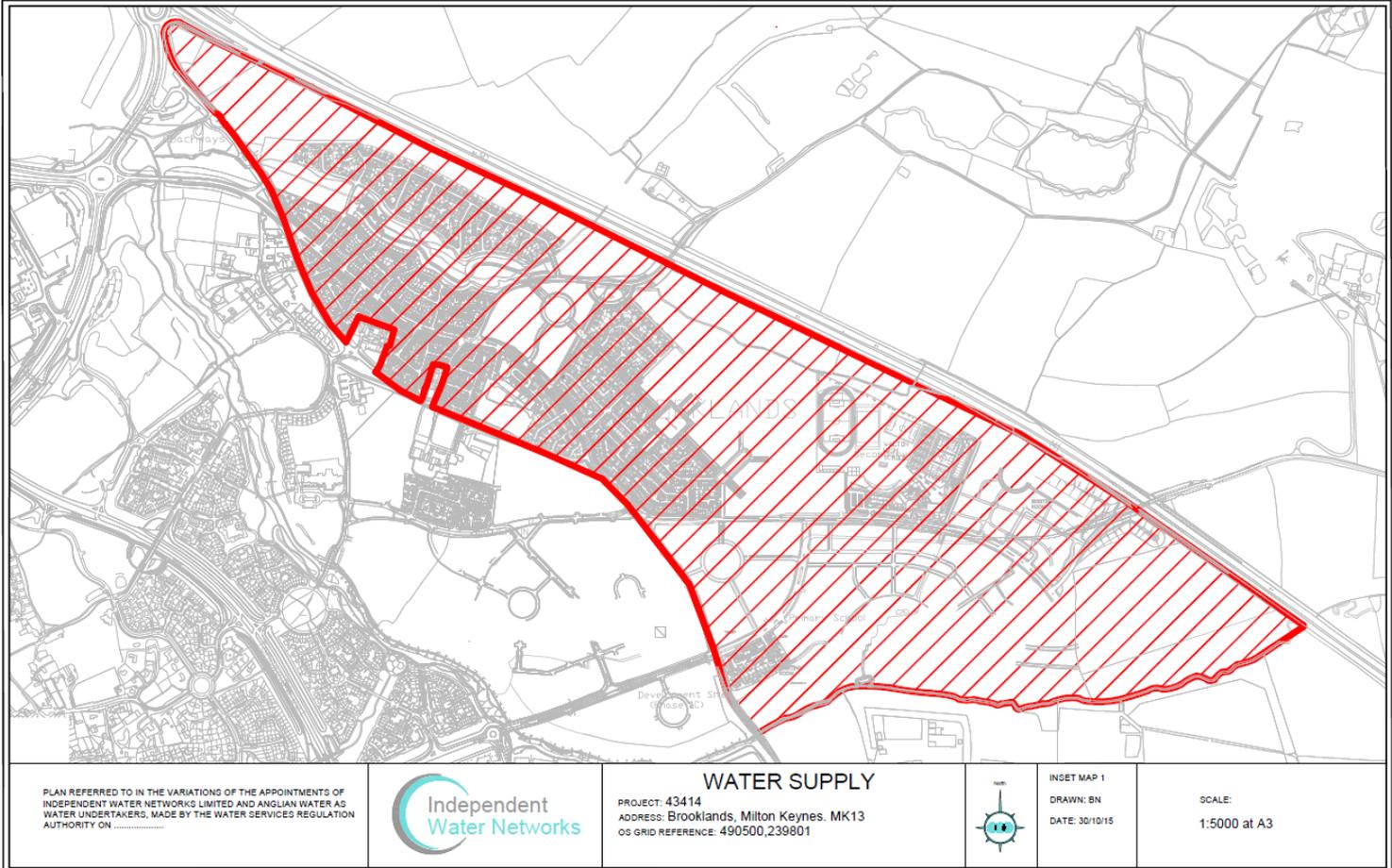
Any person who wishes to make representations or objections with respect to the application should do so in writing (which includes by email) to Ben Groom at Centre City Tower, 7 Hill Street, Birmingham, B5 4UA or by email at Ben.Groom@ofwat.gsi.gov.uk

Representations must be received by Ofwat no later than 17.00 hours on 11 January 2018. Further information about how to make representations or objections, including information on the treatment of confidential information, can be obtained from Ofwat at the above address or at <http://www.ofwat.gov.uk/foi/>

Ofwat will only use the information you have provided for the purpose of this consultation. We will retain your information in accordance with Ofwat's retention schedule and will not share with third parties unless we have a legal obligation to do so. For further information please see Ofwat's Privacy Policy in our [Publication Scheme](#).

8. Site maps

Amended site map



Original site map from 2009 application

