

August 2020

**Notification that David Lloyd Leisure
Ltd has applied for a Water Supply
Licence and Sewerage Licence with a
self-supply authorisation**

About this document

David Lloyd Leisure Limited (“**David Lloyd**”), a registered company with company number 01516226, whose contact address is The Hangar Mosquito Way, Hatfield Business Park, Hatfield, Hertfordshire, AL10 9AX has applied for a retail water and sewerage “**WSSL**” restricted to self-supply.

This document provides notice of the application. It also sets out Ofwat’s proposal to modify the standard licence conditions that will apply to David Lloyd’s should it be granted a WSSL.

1. The application

David Lloyd Leisure is Europe's leading health, sport and leisure group, with 123 clubs - 100 clubs in the UK, a further 23 across the Republic of Ireland and mainland Europe.

On 30 July 2020, David Lloyd applied for a water supply licence and a sewerage licence, with a retail authorisation limited to self-supply. If granted, this will enable David Lloyd to provide retail services to itself and associated persons.

A WSSL limited to self-supply will only be granted to supply premises supplied or served using the water supply or sewerage system of an undertaker whose area is wholly or mainly in England.

Synopsis of the business plan

David Lloyd have around 660,000 members and currently employ over 8,000 people. Facilities include well equipped gyms, heated indoor and outdoor pools, racquets facilities, well-equipped group exercise studios and luxurious spas. The Clubs provide members with a wide range of facilities and services, which David Lloyd state delivers an overall health and wellness experience.

David Lloyd state they are the only company in their sector to hold the Carbon Trust Double Standard (for Carbon and Water). Awarded in January 2020, the Carbon Trust Standard is the world's leading independent certification of an organisation's achievements in taking action on climate change and managing and reducing water usage.

For David Lloyd, Self-Supply will form an integral part of continuing to manage water resources efficiently and innovatively, feeding into their future sustainability goals and objectives. They consider a WSSL restricted to self-supply will also provide a platform for them to be more vocal within the market.

David Lloyd believes that having a self-supply license will give them a chance to take more control of their water use and effluent discharge, dealing directly with the wholesalers and to build on the success of their water programs.

In order to facilitate this application, David Lloyd Leisure have entered into a partnership agreement with Waterscan to take on the role and responsibilities for the retail functions including meter reading, CMOS transactions, wholesaler management and finding further water efficiency savings. As such, Waterscan will

act as the managing agent for David Lloyd Leisure and provide technical support and services while the business will build on their key relationships with wholesalers and pay water and sewerage charges through the settlement process. This partnership will take the form of a contractual agreement between the parties and will be submitted as part of the licence process.

2. Standard licence conditions

Under sections 17H and 17HA of the Water Industry Act 1991 (“**Act**”), the Secretary of State has issued standard licence conditions that apply to all water and sewerage services licensees. The standard conditions can be found on the [government website](#).

Under sections 17H(6) and 17HA(7) of the Act, in granting a licence, Ofwat may exclude or modify those standard licence conditions to such an extent as Ofwat considers appropriate to meet the circumstances of a particular case.

Following consultation, on 10 September 2018, Ofwat modified the standard licence conditions to make them applicable to self-supply licensees.

Under Part A.2 of the Standard Licence Conditions Ofwat may issue a Condition A2 direction bringing certain provisions of the Standard Licence Conditions into effect. In order to regulate self-supply licensees in a proportionate manner, some of the provisions that apply to other licensees are not brought into effect for self-supply licensees. These relate to the obligation to provide an annual certificate of adequacy (A.4); the provision on arm's length transactions (A.7); and the requirement to comply with the Customer Protection Code of Practice (B.2). A provision that only applies to self-supply licensees is brought into effect, namely the requirement to publish and keep up to date, a list of all the associated companies that are being supplied by the licensee.

How to respond

Any person who wishes to make representations or objections with respect to the application and our proposal to modify the standard licence conditions should do so in writing (which includes by email) to Ofwat at Centre City Tower, 7 Hill Street, Birmingham, B5 4UA or by email to licensing@ofwat.gov.uk.

Representations must be received by Ofwat no later than 17.00 hours on 22 September 2020. 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/>

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