

May 2022

# **Variation of Independent Water Networks Limited's appointment to include Broad Road in Bacton, Suffolk**

## Variation of Independent Water Networks Limited's appointment to include Broad Road in Bacton, Suffolk

On 21 February 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited's ("Independent Water Networks") appointment to become the water and sewerage services provider for a development in Northumbrian Water Limited's ("Northumbrian Water") water supply area and Anglian Water Services Limited's ("Anglian Water") sewerage services area called Broad Road in Bacton, Suffolk ("the Site"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 21 March 2022. During the consultation period, we received representations from three organisations, which are summarised in Section 1 of this document.

We will only make an appointment or variation if our assessment concludes that the application meets the criterion it has been made under; that customers or future customers on the site will be no worse off than if the site had been served by the existing appointee; and if the applicant will be able to finance the proper carrying out of its functions as a water and/or sewerage company. As set out in our consultation we are satisfied this is the case. The responses we have received to the consultation have not changed that view.

Having assessed Independent Water Networks' application and having taken account of the responses we received to our consultation, we decided to grant a variation to Independent Water Networks' area of appointment to allow it to serve the Site for water and sewerage services. This appointment became effective on 3 May 2022.

The Site Maps for the variation can be found in Section 2 of this document.

The Variation Notice legally making the variation can be found in Section 3 of this document.

## 1. Responses received to the consultation

We received responses to our consultation from three organisations: the Consumer Council for Water (“**CCW**”), Drinking Water Inspectorate (“**DWI**”) and Environment Agency. We considered these responses before making the decision to vary Independent Water Networks' appointment.

The DWI and the Environment Agency confirmed that they had no comments on the application. The points raised in CCW's response are set out below.

### CCW

CCW stated that in general it expects new appointments and variation appointees (“**NAVs**”) to match or ideally better the incumbent's prices, service levels and service guarantees. This is particularly true for developments that include domestic housing, as household customers do not currently have the ability to choose to switch supplier like business customers can.

CCW noted that Independent Water Networks proposes to charge customers on the same basis as Northumbrian Water and Anglian Water. It is disappointed that there are no direct financial benefits to customers being served by Independent Water Networks instead of by Northumbrian Water and Anglian Water. However, CCW recognises that Independent Water Networks offers discounts to those customers who are able to and opt to take up e-billing or pay by direct debit.

CCW recognises Independent Water Networks generally matches or exceeds Northumbrian Water's and Anglian Water's levels of service and so overall CCW supports this application. It noted that Independent Water Networks offers greater compensation for low water pressure and failing to read a meter once annually, and offers a free leak repair service on customers' external supply pipes.

However, CCW noted that due to the relatively small size of its customer base, Independent Water Networks does not currently offer its financially vulnerable customers a social tariff in the way that Northumbrian Water and Anglian Water do. It noted that Independent Water Networks will, however, offer the standard WaterSure tariff for qualifying customers. It stated that until Independent Water Networks can provide a formal social tariff, it is appropriate for Independent Water Networks to tailor some of its services. CCW stated that it expects Independent Water Networks to offer appropriate and flexible support to customers in financial difficulty who would otherwise benefit from a social tariff. CCW considered that such support should not be at the expense of its other customers. CCW recognised that by

matching both Northumbrian Water's and Anglian Water's charges, Independent Water Networks already benefits from the cross-subsidy Northumbrian Water and Anglian Water customers pay to support their social tariff.

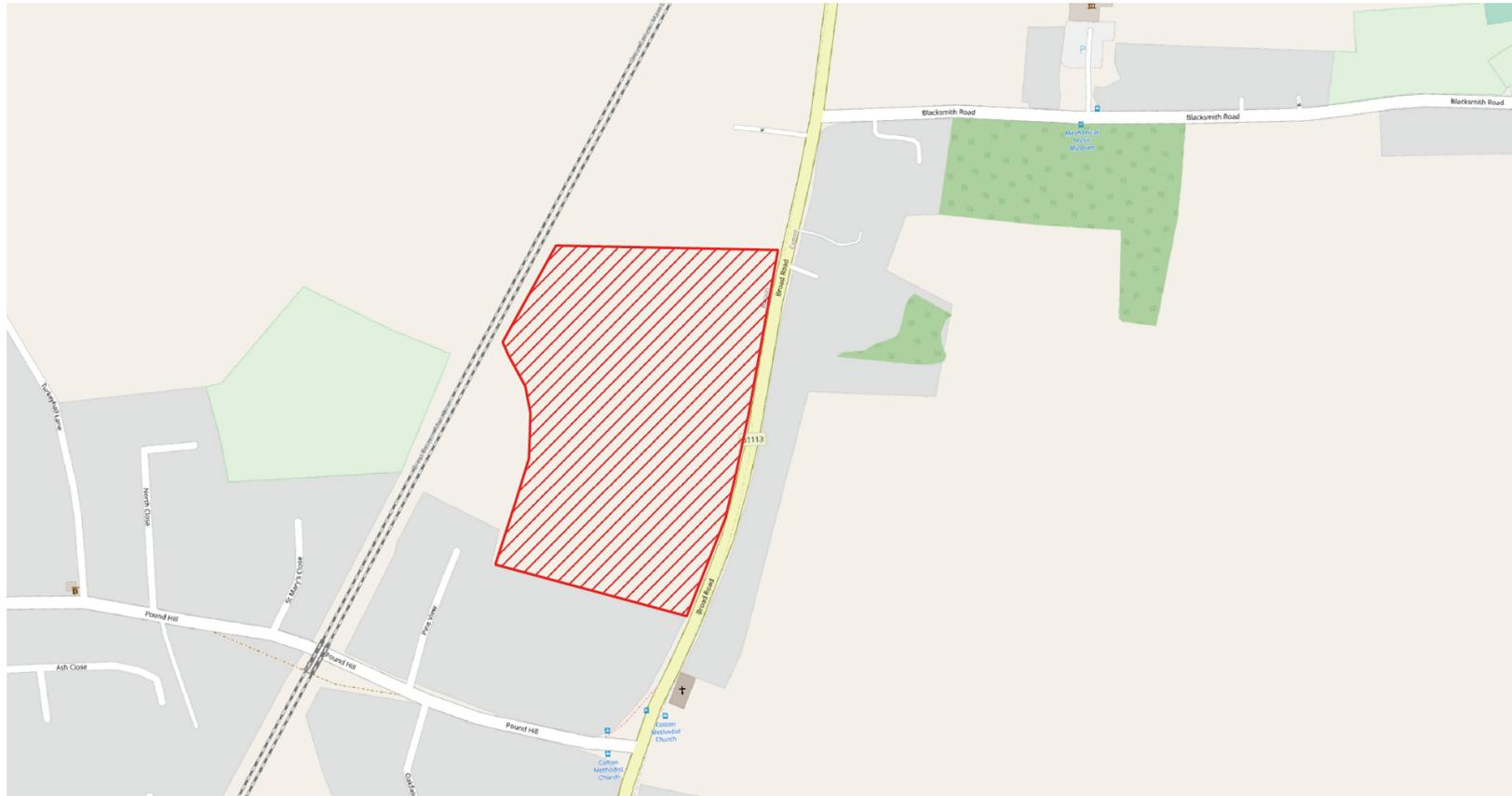
CCW noted our calculation that there will be no increase on the annual water and sewerage bills of existing Northumbrian Water and Anglian Water customers as a result of the variation. CCW stated that whilst it appreciates that there will be no impact on bills, it considers that it is unclear if there will be any significant benefits arising from this arrangement for existing Northumbrian Water and Anglian Water customers. CCW questions the value of the NAV regime if it cannot deliver benefits to all customers.

### **Our response**

One of our key policies with respect to new appointments and variations is that customers should be no worse off if a variation is granted. That is, an applicant must ensure its new customers are made no worse off in terms of charges and service than if they had been supplied by the previous appointee. We do not require applicants to better the service and price of previous incumbents.

Vulnerable customers may not be aware of the social tariff that would be available to them if they were served by the incumbent rather than by the applicant. It is the responsibility of the applicant to identify and protect vulnerable customers on the Site. Although the applicant does not offer a social tariff, it should ensure customers will be no worse off.

## 2. Site Maps Water



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND NORTHUMBRIAN WATER LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...29 April 2022

ADDRESS: BROAD ROAD, BACTON, STOWMARKET, SUFFOLK, IP14 4ND  
OS GRID REFERENCE: 606221, 267391

SCALE: 1:3000  
DRAWN BY: CP  
DATE: 10/11/2021

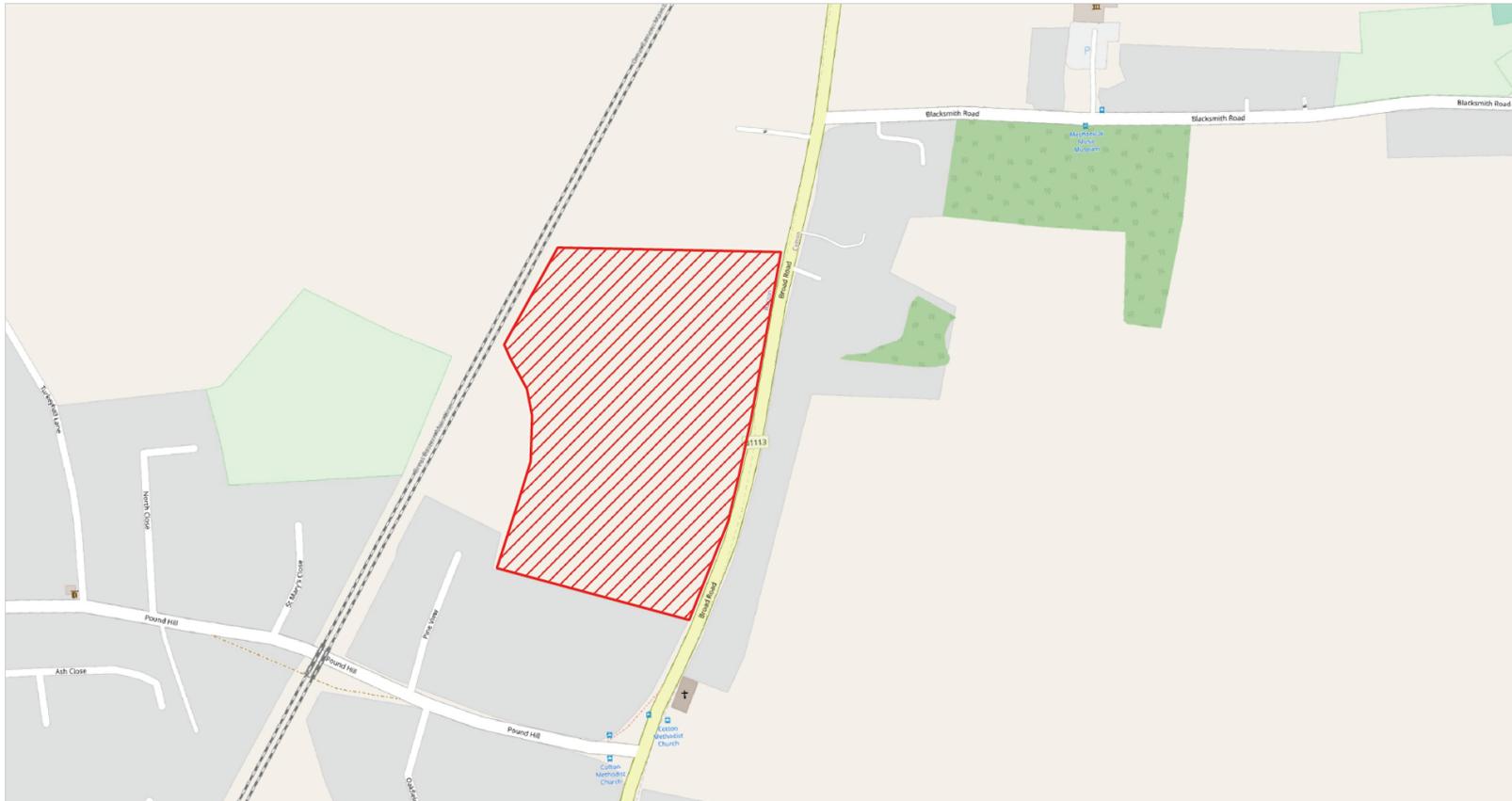
0 50 100 m



**BROAD ROAD  
WATER SUPPLY  
INSET MAP 1**

**PROJECT: [N0022728-1]**

## Sewerage



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND ANGLIAN WATER SERVICES LIMITED AS SEWERAGE UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ... 29 April 2022

ADDRESS: BROAD ROAD, BACTON, STOWMARKET, SUFFOLK, IP14 4ND  
OS GRID REFERENCE: 606221, 267391

SCALE: 1:3000  
DRAWN BY: CP  
DATE: 10/11/2021

0 50 100 m



**BROAD ROAD  
SEWERAGE  
INSET MAP 1**

**PROJECT: [N0022728-1]**

### 3. Variation Notice

WATER SERVICES REGULATION AUTHORITY

WATER INDUSTRY ACT 1991, SECTIONS 6 TO 9

Variation of the Appointments of Independent Water Networks Limited, Northumbrian  
Water Limited, and Anglian Water Services Limited as Water and Sewerage Undertakers

Made on 29 April 2022

Coming into effect on 3 May 2022

1. Independent Water Networks Limited ("Independent Water Networks"), Northumbrian Water Limited ("Northumbrian Water") and Anglian Water Services Limited ("Anglian Water") hold Appointments as water and sewerage undertakers for their respective areas ("the Appointments").<sup>1</sup> The areas to which the Appointments of Independent Water Networks, Northumbrian Water and Anglian Water as water and sewerage undertakers relate ("Water Supply Area" and "Sewerage Services Area") are set out in their Instruments of Appointment.
2. The site called Broad Road, Bacton, Stowmarket in Suffolk, which is shown edged in red on the plan attached to this variation, ("the Site") is within Northumbrian Water's Water Supply Area and Anglian Water's Sewerage Services Area. The Site is being developed by Keepmoat Homes Limited.
3. Independent Water Networks has applied under section 7(4)(b) of the Water Industry Act 1991 ("the Act") for a variation of its Appointment as a water and sewerage undertaker to include the Site and for a consequential variation of Northumbrian Water's and Anglian Water's Appointments to exclude the Site.
4. On 27 June 1995, the Secretary of State for the Environment and the Secretary of State for Wales acting jointly and pursuant to sections 6(1) and 7(2) of the Act authorised the Director General of Water Services<sup>2</sup> to make variations such as those contained in paragraph 5 below. After public consultation, as required by section 8 of the Act, the Water Services Regulation Authority has decided that it should grant Independent Water Networks' application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Keepmoat Homes Limited, the Water Services Regulation Authority **varies**–

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<sup>1</sup> Northumbrian Water's and Anglian Water's original Appointments as water and sewerage undertakers were made by the Secretary of State for the Environment under sections 11 and 14 of the Water Act 1989, now replaced by sections 6 and 11 of the Water Industry Act 1991. Independent Water Networks' original Appointment was made by the Water Services Regulation Authority under sections 6 and 11 of the Water Industry Act 1991.

<sup>2</sup> With effect from 1 April 2006 the functions of the Director General of Water Services were transferred to the Water Services Regulation Authority in accordance with section 36 of, and Schedule 3 to, the Water Act 2003.

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Suffolk

- (a) the Appointment of Independent Water Networks as a water and sewerage undertaker so that the Site is included in Water Supply Area and Sewerage Services Area;
- (b) the Appointment of Northumbrian Water as a water undertaker so that the Site is excluded from Northumbrian Water's Water Supply Area; and
- (c) the Appointment of Anglian Water as a sewerage undertaker so that the Site is excluded from Anglian Water's Sewerage Services Area.

**Signed for and on behalf of the Water Services Regulation Authority**



**Sally Irgin  
Director of Enforcement**

**Ofwat (The Water Services Regulation Authority)  
is a non-ministerial government department.  
We regulate the water sector in England and Wales.**

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