

May 2022

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

## Variation of Independent Water Networks Limited's appointment to include Church Road, Bacton

On 31 January 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited's ("**Independent Water Networks**") appointment to become the water supplier for a development in Northumbrian Water Limited's ("**Northumbrian Water**") water supply area, called Church Road, Bacton ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 28 February 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 services. This appointment became effective on 19 May 2022.

The Site map 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 's appointment.

The Environment Agency and DWI had no comments to make with regard to this consultation and did not have any objections.

### CCW's response

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

CCW noted its disappointment that there is no direct financial benefit to customers from having Independent Water Networks as their provider of water services, as Independent Water Networks intends to match Northumbrian Water's charges. However, CCW notes 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 considers that Independent Water Networks generally matches or exceeds Northumbrian Water's standards, so overall it supports the application. For example, Independent Water Networks offers greater compensation for low water pressure, or failing to read a meter once a year, and offers a free leak repair service on customers' external supply pipes.

However, CCW notes 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 the Northumbrian Water does, although it will offer the standard WaterSure tariff for qualifying customers. Until it can provide a formal social tariff, CCW considers that it is appropriate that Independent Water Networks tailors some of the services it provides. CCW sets out its expectation that Independent Water Networks would offer appropriate, flexible support to any customer in financial difficulty who would otherwise have benefitted from a social tariff and that this should not be at the expense of its other customers. CCW recognises that by matching Northumbrian Water's charges Independent Water Networks already benefits from the cross-subsidy Northumbrian Water's customers pay to support its social tariff.

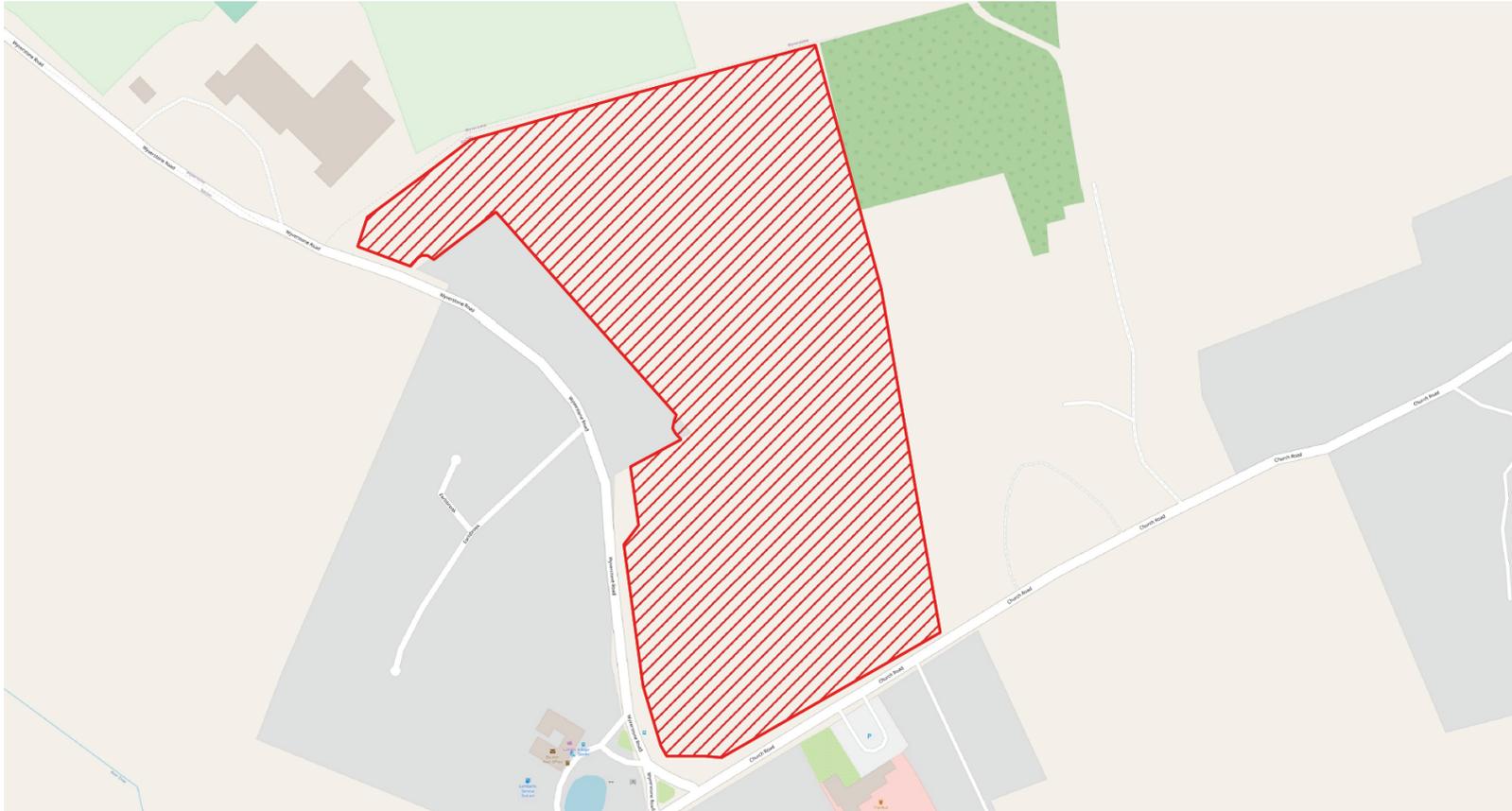
CCW notes our conclusion that, as a result of the variation, Northumbrian Water's existing customers would see no increase in their annual water bills as a result of this variation. However, it notes that it is also unclear whether there will be any significant benefits from the arrangement for the existing customers of Northumbrian Water. CCW questions the value of the NAV regime if it cannot deliver benefits to all customers.

### **Our response**

One of our key policies when considering NAV applications, is that customers should be no worse off if a NAV 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 Map



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 ...  
18 May 2022

ADDRESS: CHURCH ROAD, BACTON, STOWMARKET,  
SUFFOLK, IP14 4LQ  
OS GRID REFERENCE: 604862, 267192

SCALE: 1:4000  
DRAWN BY: MM  
DATE: 09/11/2021

*Laura Clonger*

0 50 100 m



**CHURCH ROAD, BACTON  
WATER SUPPLY  
INSET MAP 1**

**PROJECT: ...**



### 3. Variation Notice

WATER SERVICES REGULATION AUTHORITY

WATER INDUSTRY ACT 1991, SECTIONS 6 TO 9

Variation of the Appointments of Independent Water Networks Limited and Northumbrian Water Limited as Water Undertakers

Made on 18 May 2022

Coming into effect on 19 May 2022

1. Independent Water Networks Limited ("Independent Water Networks") and Northumbrian Water Limited ("Northumbrian Water") hold Appointments as water undertakers for their respective areas ("the Appointments").<sup>1</sup> The areas to which the Appointments of Independent Water Networks and Northumbrian Water as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called Church Road in Bacton, Stowmarket, Suffolk, which is shown edged in red on the plan attached to this variation, ("the Site") is within Northumbrian Water's Water Supply Area. The Site is being developed by Taylor Wimpey UK 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 undertaker to include the Site and for a consequential variation of Northumbrian Water's Appointment 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 Taylor Wimpey UK Limited, the Water Services Regulation Authority **varies**–
  - (a) the Appointment of Independent Water Networks as a water undertaker so that the Site is included in Independent Water Networks' Water Supply Area; and

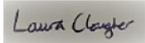
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<sup>1</sup> Northumbrian Water's original Appointment as a water undertaker was made by the Secretary of State for the Environment under sections 11 and 14 of the Water Act 1989, now replaced by sections 6 and 11 of the Water Industry Act 1991. Independent 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.

(b) the Appointment of Northumbrian Water as a water undertaker so that the Site is excluded from Northumbrian Water's Water Supply Area.

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



**Laura Clougher**

**Principal, Casework and 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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