

May 2022

# **Variation of Independent Water Networks Limited's appointment to include Daubeney Gate, Milton Keynes**

## Variation of Independent Water Networks Limited's appointment to include Daubeney Gate, Milton Keynes

On 5 January 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 Anglian Water Services Limited's ("**Anglian Water**") water supply and sewerage services area called Daubeney Gate, Milton Keynes ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 1 February 2022. During the consultation period, we received representations from four 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 25 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 four organisations: the Consumer Council for Water (“**CCW**”), Drinking Water Inspectorate (“**DWI**”), Environment Agency and Anglian Water. We considered these responses before making the decision to vary Independent Water Network's appointment.

The DWI and Anglian Water had no comments to make with regard to this consultation and did not have any objections. The points raised in the response from the Environment Agency and CCW are set out below.

### Environment Agency

The Environment Agency made a comment regarding the capacity at the local Water Recycling Centre (“**WRC**”). The Environment Agency consider that the WRC has sufficient capacity to treat the additional flows from this development.

The Environment Agency confirmed it had no concerns with this development, providing Anglian Water were confident it had capacity in its local system to accept the bulk waste water without risking a permit breach or risk to the environment.

These comments were passed onto Independent Water Networks.

### CCW

CCW stated that in general it expects New Appointment and Variations (“**NAVs**”) to provide customers with prices, levels of service and service guarantees that match, or ideally, better those of the incumbent company, particularly for developments that include domestic housing, as household customers do not currently have the facility to choose or switch supplier, unlike business customers.

CCW is disappointed that there is no direct financial benefit to customers from having Independent Water Networks as their provider of water and sewerage services, as Independent Water Networks' intention is to match Anglian Water's charges. However, CCW did note that Independent Water Networks' offers discounts to customers who are able to and opt to take up e-billing or pay by direct debit.

CCW agreed with our overall assessment that customers will be no worse off in terms of the levels of service that they will receive from Independent Water Networks, than if they are served by Anglian Water. CCW states that the service standards provided by Independent Water Networks generally match or exceed the service standards of Anglian Water, and therefore, overall CCW supports this 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 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 Anglian Water does. It noted that Independent Water Networks will, however, offer the standard WaterSure tariff for qualifying customers who find themselves in financial difficulty. CCW stated that until it can provide a formal social tariff, it may be appropriate for Independent Water Networks to tailor some of its services. CCW 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 recognise that by matching Anglian Water's charges Independent Water Networks already benefits from the cross-subsidy the incumbent's customers pay to support its Social Tariff.

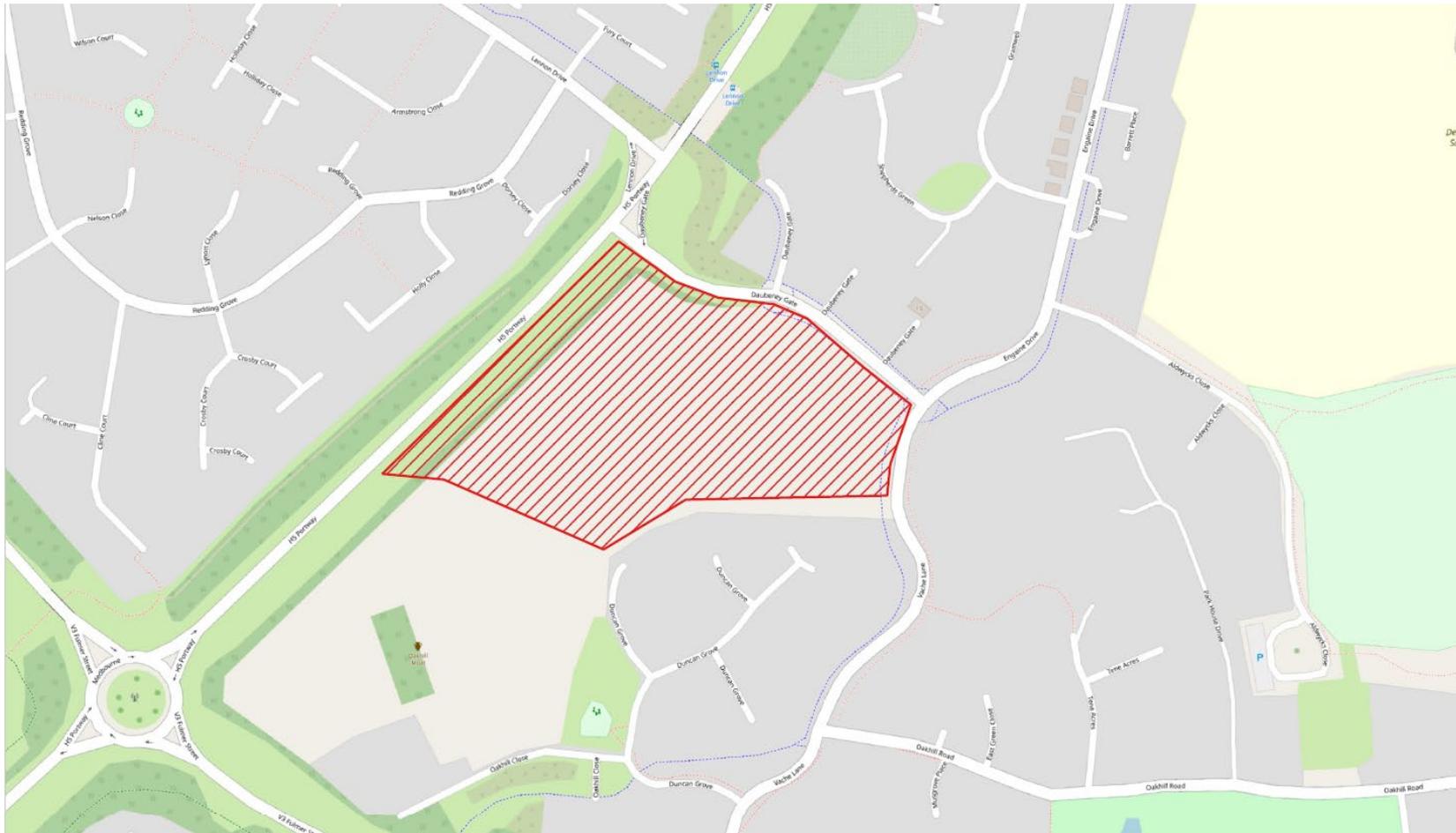
Whilst CCW noted our calculation and that the variation would have no impact on the annual bills of Anglian Water's existing customers, it also said it was unclear whether there will be any significant benefits from the arrangement for Anglian Water's customers. CCW therefore questions the value of the NAV regime if it cannot deliver benefits to all customers.

## **Our Response**

One of our key policies with respect to NAVs 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 Maps



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

ADDRESS: DAUBENY GATE, MILTON KEYNES, MK5 6EH  
OS GRID REFERENCE: 482592, 236820

SCALE: 1:3000  
DRAWN BY: CS  
DATE: 21/10/2021

0 50 100 m

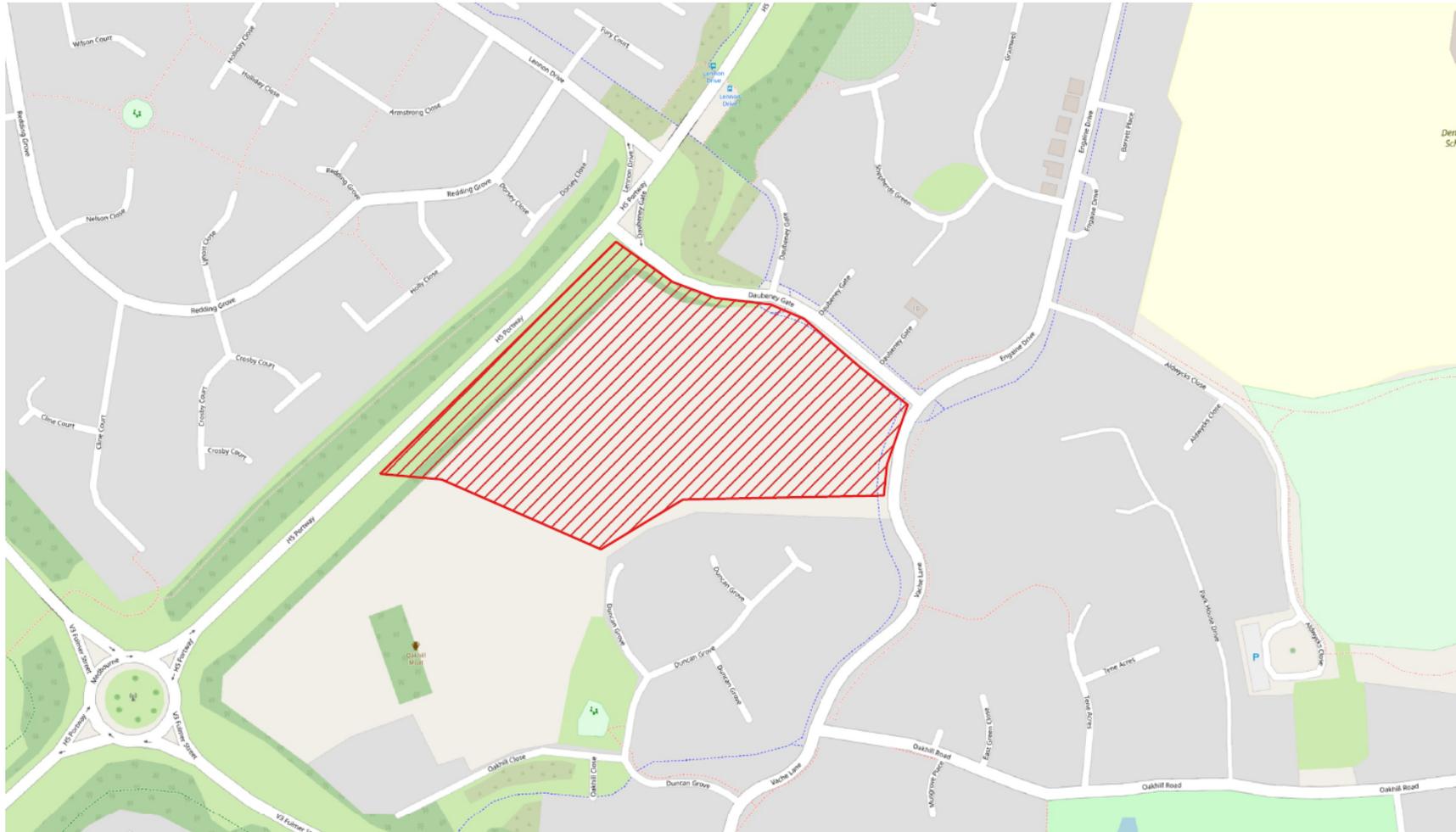


DAUBENY GATE INSET WATER

MAP 1



Variation of Independent Water Networks Limited's appointment to include Daubeney Gate, Milton Keynes



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 ...

ADDRESS: DAUBENEY GATE, MILTON KEYNES, MK5 6EH  
OS GRID REFERENCE: 482592, 236820

SCALE: 1:3000  
DRAWN BY: CS  
DATE: 21/10/2021

0 75 150 m



DAUBENEY GATE INSET SEWERAGE

MAP 1



### **3. Variation Notice**

**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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**OGL**