

May 2022

Variation of Independent Water Networks Limited's appointment to include Hailsham Road, Pevensey, East Sussex

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On 21 April 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited ("Independent Water Networks") appointment to become the water services provider for a development in South East Water Limited ("South East Water") water supply area called Hailsham Road, Pevensey, East Sussex ("the Site"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 20 May 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 26 May 2022.

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

The legal Variation Notice can be found in Section 3 of this document.

1. Responses received to the consultation

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

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

CCW

CCW stated that in general it expects NAV appointments and variations 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 services, as Independent Water Networks intends to match South East Water's charges. However, CCW notes that Independent Water Networks is currently giving a 2.5% discount to water customers for 2022-23, a discount that it reviews annually. Independent Water Networks also offers discounts to those customers who are able to and opt to take up e-billing or pay by direct debit. CCW comments that under these arrangements, customers will therefore be no worse off in terms of the amount they pay and will potentially be better off than if South East Water provided water services to the Site.

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 South East Water. CCW states that the service standards provided by Independent Water Networks generally match or exceed the relevant levels service standards of South East Water, and therefore, overall CCW supports this application.

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 South East Water does. However, CCW noted that Independent Water Networks will offer the standard WaterSure tariff for qualifying customers. CCW stated that this is a dis-benefit of this proposed variation. CCW stated that until Independent Water Networks can provide a formal social tariff, it is appropriate that it tailors some of the services it provides. CCW expects Independent Water Networks to offer appropriate flexible support to any individual in

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financial difficulty, who would otherwise benefit from a social tariff. It noted that this should not be at the expense of its other customers. CCW said that it recognises that by matching South East Water's charges, Independent Water Networks already benefits from the cross-subsidiary South East Water's customers pay to support its social tariffs.

Whilst CCW noted our calculation and that the variation would not cause an increase on the annual water bills of South East Water's existing customers, it also said it was unclear whether there will be any significant benefits from the arrangement for South East 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 incumbent. We do not require applicants to better the service and price of previous incumbents.

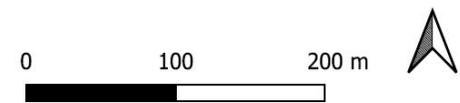
Vulnerable customers may not be aware of the social tariff that would be available to them if they were served by the incumbent rather than by the applicant. It is the responsibility of the applicant to identify and protect vulnerable customers on the Site. Although Independent Water Networks does not 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 SOUTH EAST WATER LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...
25/05/2022 *Laura Clinger*

ADDRESS: HAILSHAM ROAD, STONE CROSS, PEVENSEY, EAST SUSSEX, BN24 5EB.
OS GRID REFERENCE: 561685, 104600
SCALE: 1:3500
DRAWN BY: NS
DATE: 04/03/2022



HAILSHAM ROAD INSET WATER
MAP 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 and [South East Water Limited](#) as Water Undertakers

Made on 25 May 2022

Coming into effect on 26 May 2022

1. Independent Water Networks Limited ("Independent Water Networks") and [South East Water Limited](#) ("South East Water") hold Appointments as water undertakers for their respective areas ("the Appointments").¹ The areas to which the Appointments of Independent Water Networks and South East Water as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called Hailsham Road, Pevensey, East Sussex, which is shown edged in red on the plan attached to this variation ("the Site") is within [South East Water's](#) Water Supply Area. The Site is being developed by Persimmon 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 undertaker to include the Site and for a consequential variation of [South East 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 Services² 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 Persimmon Homes 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

¹ [South East Water's](#) original Appointment as a water undertakers 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.

² 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 [South East Water](#) as a water undertaker so that the Site is excluded from South East Water's Water Supply Area.

Signed for and on behalf of the Water Services Regulation Authority

Laura Clougher

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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