

June 2022

Variation of Icosa Water Services Limited's appointment to include Coombe Hill, Gloucestershire

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On 20 April 2022, Ofwat began a [consultation](#) on a proposal to vary Icosa Water Services Limited's ("**Icosa Water**") appointment to become the water services provider for a development in Severn Trent Water Limited's ("**Severn Trent Water**") water supply area called Coombe Hill, Gloucestershire ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 18 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 Icosa Water's application and having taken account of the responses we received to our consultation, we decided to grant a variation to Icosa Water's area of appointment to allow it to serve the Site for water services. This variation became effective on 9 June 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 Icosa Water's appointment.

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

CCW response

CCW stated that in general it expects new appointments and variation appointees 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 or switch supplier like business customers can.

CCW noted that Icosa Water proposes to charge customers on the same basis as Severn Trent Water and it is disappointed that there will be no direct financial benefit to customers with it serving the Site. However, CCW recognised that Icosa Water generally match or exceed the service standards of Severn Trent Water. CCW states that overall, it supports this application as customers on the Site will be no worse off in terms of the amount that they pay or the service that they receive. For example, Icosa Water offers greater compensation for service failure than Severn Trent Water.

CCW noted that Icosa Water does not currently offer its financially vulnerable customers a social tariff in the way that Severn Trent Water does. However, CCW recognised that Icosa Water will offer the standard WaterSure tariff for qualifying customers. CCW considers that until Icosa Water can provide a formal social tariff, it is appropriate that it tailors some of the services it provides. CCW expects Icosa Water to offer appropriate flexible support to any individual in 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 Severn Trent Water's charges, Icosa Water already benefits from the cross-subsidiary Severn Trent Water's customers pay to support its social tariffs.

CCW recognised that we calculated that there will be no potential increase on the water bills of existing Severn Trent Water customers. CCW said that whilst it appreciates this, it is unclear if there are any significant benefits for Severn Trent Water's customers from this arrangement. CCW states its questions the value of a 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 new appointment and 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.

Environment Agency response

The Environment Agency's response stated that it had no objection but asked that Icosa Water note the following comments relating to the Site:

1. There was no per capita consumption ("**PCC**") information detailed in the supporting information Icosa Water had provided with its application. The Environment Agency stated that the PCC on the Site should be below Severn Trent Water's level.
2. Any new development needs to conform to the water efficiency statutory standards in the building regulations and/or the good practice standards in the Code for Sustainable Homes.
3. The area that the Site is located in is now defined by Government as being a Water Stressed Area. Icosa Water will therefore need to consider universal metering.

We shared the above with Icosa Water and it confirmed in an email, on 19 May 2022, that it has noted the above.

2. Site Map



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<p>PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF ICOSA WATER SERVICES LIMITED AND SEVERN TRENT WATER LIMITED AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON</p>	<p>8 June 2022</p> <p><i>Judy</i></p>	 <p>Technical & Development Services (Southern) Ltd 100001100001, 100001100002 Horsham, West Sussex, BN12 5AD Tel: 01403 751388</p>	<p>THE COOMBE HILL, LAND EAST OF TEWKESBURY ROAD (A38), GLOUCESTERSHIRE, GL19 4BQ WATER AREA SERVICE PLAN SCALE 1:1250</p> <p>Drawing Number: 21-043/WSA/01</p> <p>Rev: A</p>
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3. Variation Notice

**WATER SERVICES REGULATION AUTHORITY
WATER INDUSTRY ACT 1991, SECTIONS 6 TO 9**

**Variation of the Appointments of Icosa Water Services Limited and Severn Trent
Water Limited as Water Undertakers**

Made on 8 June 2022

Coming into effect on 9 June 2022

1. Icosa Water Services Limited ("Icosa Water") and Severn Trent Water Limited ("Severn Trent Water") hold Appointments as water undertakers for their respective areas ("the Appointments").¹ The areas to which the Appointments of Icosa Water and Severn Trent Water as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called Coombe Hill, in Gloucestershire, which is shown edged in red on the plan attached to this variation, ("the Site") is within Severn Trent Water's Water Supply Area. The Site is being developed by Vistry Homes Limited.
3. Icosa Water 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 Severn Trent 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 Icosa Water's application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Vistry Homes Limited, the Water Services Regulation Authority **varies**—
 - (a) the Appointment of Icosa Water as a water undertaker, so that the Site is included in Icosa Water's Water Supply Area; and

¹ Severn Trent 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. Icosa Water's original appointment as a water undertaker 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 Severn Trent Water as a water undertaker, so that the Site is excluded from Severn Trent Water's Water Supply Area.

Signed for and on behalf of the Water Services Regulation Authority

A handwritten signature in black ink, appearing to read 'Sally Irgin', is positioned above the printed name and title.

**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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