

June 2022

# **Variation of Independent Water Networks Limited's appointment to include Fountain Lane, Oldbury**

## Variation of Independent Water Networks Limited's appointment to include Fountain Lane, Oldbury

On 7 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 Staffordshire Water PLC's (“**South Staffordshire Water**”) water supply area called Fountain Lane, Oldbury (“**the Site**”). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 6 May 2022. During the consultation period, we received representations from three organisations, which are summarised in Section 1 of this document.

Subsequent to the conclusion of the formal consultation period, Independent Water Networks informed Ofwat of a change in the boundary to the Site, in order to exclude premises that will be served by South Staffordshire Water. We have notified those who responded to the formal consultation in order to check whether the new information has any impact on the response provided, and all respondents have confirmed that their responses remain unchanged. As no other parts of the assessment were affected by the new information, our decision is not affected by the revised boundary..

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

The DWI and the Environment Agency advised that they did not have any comments to make on the consultation. The points raised in CCW's response are set out and addressed below.

### CCW

CCW states that in general it expects applicants for a new appointment and/or variation (“**NAV**”) to provide customers with prices, levels of service and service guarantees that match or, ideally, better those of the incumbent. This is particularly true for developments that include domestic housing, as household customers cannot choose or switch supplier, unlike business customers.

CCW states that it is disappointed that there will be no formal financial benefit for customers from having Independent Water Networks as their provider, since it proposes to charge on the same basis as South Staffordshire Water. 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 Staffordshire Water provided water services to the Site. However, CCW notes that Independent Water Networks is currently giving a 2.5% discount against incumbent water companies' charges (that is, for 2022-23), 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 notes that the service standards provided by Independent Water Networks generally exceed most of the service standards of South Staffordshire Water. Therefore, CCW is in overall support of this application and agreed with our overall assessment that customers on the Site 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 Staffordshire Water.

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 incumbent company 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 South Staffordshire Water's charges Independent Water Networks already benefits from the cross-subsidy South Staffordshire Water's customers pay to support its social tariff.

Whilst CCW appreciated that an increase of £0.01 on the water bills of South Staffordshire Water's existing customers, when the Site is built out, is "negligible", it states that it is unclear whether there will be any significant benefits arising from this arrangement for existing 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 Map



0 50 100 m



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SOUTH STAFFORDSHIRE WATER PLC, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON 31 May 2022

ADDRESS: Fountain Lane, Oldbury, B69 3BH OS  
GRID REFERENCE: X:399096 Y:289937  
SCALE: 1:2500  
DRAWN BY: LR DATE: 10/05/2022

**FOUNTAIN LANE  
WATER SUPPLY  
INSET MAP 1**

**PROJECT: N0022633 / 73918**

### 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  
Staffordshire Water PLC as Water Undertakers**

Made on 31 May 2022  
Coming into effect on 1 June 2022

1. Independent Water Networks Limited ("Independent Water Networks") and South Staffordshire Water PLC ("South Staffordshire 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 South Staffordshire Water as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called Fountain Lane, Oldbury, which is shown edged in red on the plan attached to this variation, ("the Site") is within South Staffordshire Water's Water Supply Area. The Site is being developed by Lovell Partnerships 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 Staffordshire 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 Lovell Partnerships Limited, the Water Services Regulation Authority **varies**-

<sup>1</sup> South Staffordshire 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.

- (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
- (b) the Appointment of South Staffordshire Water as a water undertaker so that the Site is excluded from South Staffordshire Water's Water Supply 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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