

June 2022

Variation of Independent Water Networks Limited's appointment to include Kirklington Road, Bilsthorpe, Nottinghamshire

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

The consultation ended on 17 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. This appointment became effective on 31 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 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 states that in general it expects applicants for a new appointment and/or variation (“**NAV**”) to exceed or at least match the incumbent's prices, service levels and service guarantees. This is particularly true for developments that include domestic housing, as household customers cannot choose or switch supplier like business customers can.

CCW is disappointed that there will be no direct financial benefit to customers from having Independent Water Networks as their provider of water, as Independent Water Networks intends to match the charges of Severn Trent Water. 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 Severn Trent Water provided water services to the Site.

CCW considers that Independent Water Networks' service levels generally match or exceed those of Severn Trent Water, so overall CCW supports the application.

However, CCW notes that, due to the relatively small size of its customer base, Independent Water Networks does not offer its financially vulnerable customers a social tariff in the way that Severn Trent Water does. It notes that Independent Water Networks will, however, offer the standard WaterSure tariff for qualifying customers. CCW states that until it can provide a formal social tariff, it is 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 considers that such support should not be at the expense of its other customers. CCW notes that by matching Severn Trent Water's charges Independent Water Networks already benefits from the cross-subsidy Severn Trent Water's customers pay to support its social tariff.

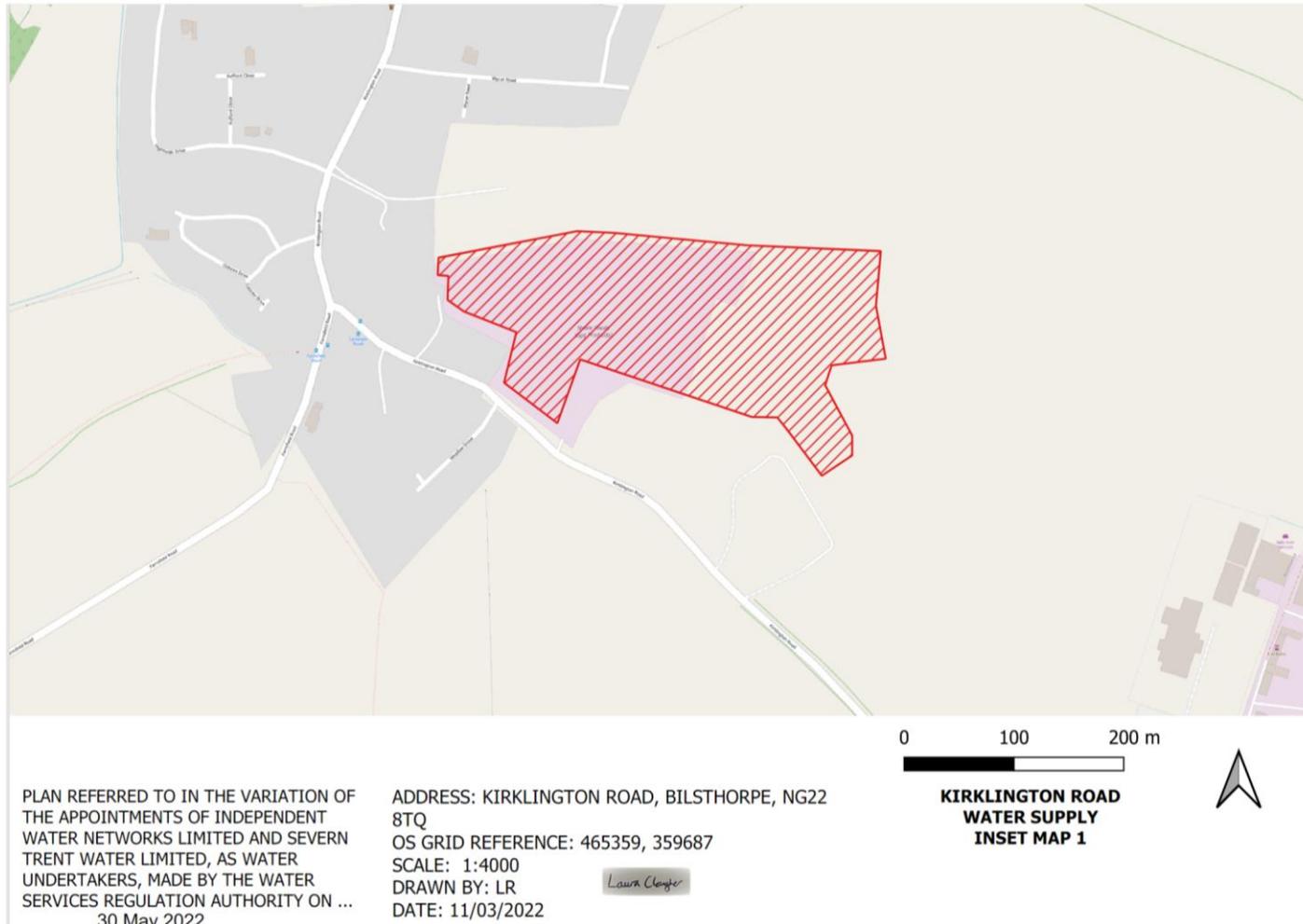
CCW notes our conclusion that, as a result of the variation, there will be no cost to Severn Trent Water's existing customers' annual water bills. While CCW appreciates this result, it is unclear whether there will be any significant benefits from the arrangement for the existing customers of Severn Trent 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 consider 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



3. Variation Notice

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

Variation of the Appointments of Independent Water Networks and Severn Trent Water Limited as Water Undertakers

Made on 30 May 2022

Coming into effect on 31 May 2022

1. Independent Water Networks Limited ("Independent Water Networks") 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 Independent Water Networks and Severn Trent Water as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called Kirklington Road, Bilsthorpe 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 Harron 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 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 Independent Water Networks' application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Harron 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
 - (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



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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