

June 2022

# Variation of Independent Water Network's appointment to include School Road, Kirkby-in-Furness

## Variation of Independent Water Networks Limited's appointment to include School Road, Kirkby-in-Furness

On 16 March 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Network Limited's ("**Independent Water Networks**") appointment to become the water provider for a development in United Utilities Water Limited's ("**United Utilities**") water supply area called School Road, Kirkby-in-Furness ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 13 April 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 8 June 2022.

The site Map(s) 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 's appointment.

The DWI and the Environment Agency had no comments to make with regard to this consultation and did not have any objections. Details of the 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 United Utilities. However, CCW notes that Independent Water Networks currently offers a discount of 2.5% against incumbents' charges and offers discounts to those customers who are able to and opt to take up e-billing or pay by direct debit.

CCW considers that Independent Water Networks' service levels generally match or exceed those of United Utilities, so overall CCW supports the application. For example, Independent Water Networks offers greater compensation for service failures 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 offer its financially vulnerable customers a social tariff in the way that United Utilities does. It noted that Independent Water Networks will, however, offer the standard WaterSure tariff for qualifying customers. CCW stated 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 considered that such support should not be at the expense of its other customers. CCW noted that by matching United Utilities' charges Independent Water Networks already benefits from the cross-subsidy United Utilities' customers pay to support its social tariff.

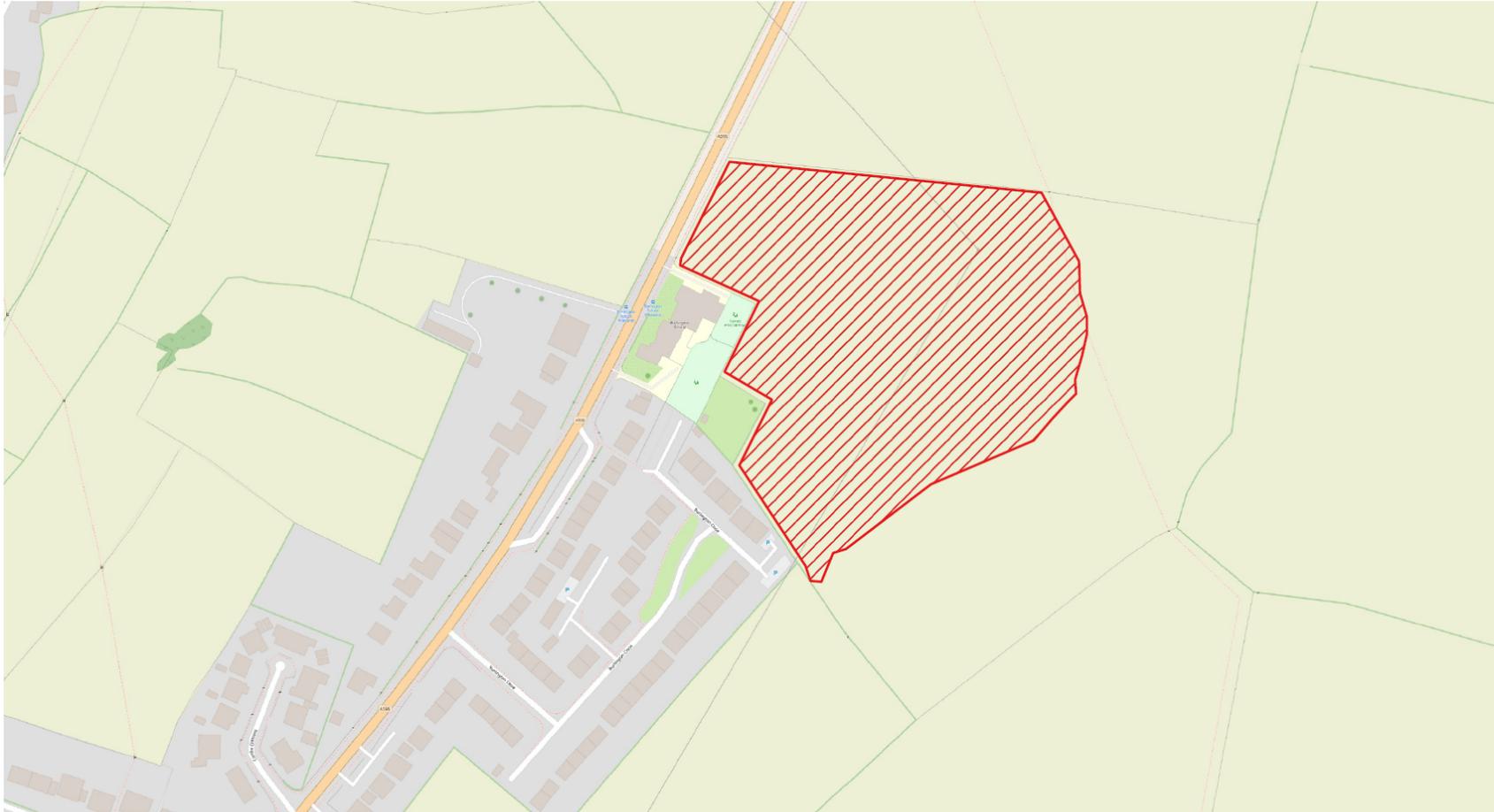
CCW notes our conclusion that, as a result of the variation, there will be no cost on the annual water bills of United Utilities' existing customers. While CCW appreciates this, it is unclear whether there will be any significant benefits from the arrangement for the existing customers of United Utilities.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



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND UNITED UTILITIES WATER LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON...  
7 June 2022

ADDRESS: SCHOOL ROAD, KIRKBY IN FURNESS, CUMBRIA, LA17 7UH  
OS GRID REFERENCE: 323316, 482738  
SCALE: 1:2500  
DRAWN BY: NS  
DATE: 10/01/2022

0 50 100 m

INSET WATER SCHOOL ROAD, KIRKBY IN FURNESS

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 United Utilities  
Water Limited as Water Undertakers**

Made on 7 June 2022

Coming into effect on 8 June 2022

1. Independent Water Networks Limited ("Independent Water Networks") and United Utilities Water Limited ("United Utilities") 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 United Utilities as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called School Road, Kirkby-in-Furness, which is shown edged in red on the plan attached to this variation, ("the Site") is within United Utilities' Water Supply Area. The Site is being developed by Lancet 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 United Utilities' 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 Lancet 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

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<sup>1</sup> United Utilities' original Appointments as water and sewerage undertakers were 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.

(b) the Appointment of United Utilities as a water undertaker so that the Site is excluded from United Utilities' 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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