

## Variation of Independent Water Networks Limited's appointment to include Harrow Lane, Hastings

On 15 June 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited's ("Independent Water Networks") appointment to become the water and sewerage services provider for a development in Southern Water Services Limited's ("Southern Water") water supply area and sewerage services area called Harrow Lane, Hastings ("the Site"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 12 July 2022. During the consultation period, we received representations from two 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 and sewerage services. This appointment became effective on 27 July 2022.

The Site Maps 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 two organisations, the Consumer Council for Water (“**CCW**”) and Environment Agency. We considered these responses before making the decision to vary Independent Water Networks' appointment.

The Environment Agency 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

In general, CCW expects that new appointments and variations (“**NAVs**”) should bring benefits to customers on the proposed NAV site, such as matching or improving the pricing, levels of service or service guarantees. This is particularly true for developments that include domestic housing, as household customers cannot choose or switch supplier.

CCW notes that Independent Water Networks proposes to charge customers on the same basis as the incumbent for water and sewerage services. CCW is disappointed that this means there is no formal financial benefit to customers from having Independent Water Networks as their provider of services. However, CCW is aware that Independent Water Networks currently offers a discount of 2.5% against incumbents' charges and offers discounts to those who are able to take e-billing or pay by direct debit. Customers will therefore be no worse off in terms of the amount they pay and will potentially be better off than if served by the incumbent company.

CCW notes that due to the relatively small size of its customer base, Independent Water Networks does not currently offer a social tariff to financially vulnerable customers in the way incumbent companies do, but it will offer the standard WaterSure tariff for qualifying customers. CCW states that until Independent Water Networks can provide a formal social tariff, it is appropriate for it to tailor some of the services that 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 is satisfied with Ofwat's assessment that overall customers will be no worse off in terms of the levels of customer service they will receive from Independent Water Networks than if served by incumbent companies and particularly note Independent Water Networks' policy on leak repairs on customer's supply pipes.

CCW notes that in some cases there may be a financial cost on the incumbents' customers' annual bills as a result of a NAV site. Whilst this is negligible on an individual site basis, CCW recognises that the total cost of numerous sites in any incumbent area could have a more significant impact. CCW states that it is unclear as to what benefits are for the existing customers of incumbents. It would welcome Ofwat being more explicit in any such benefit. CCW questions the value of the NAV regime if it does not deliver benefits to all customers.

## Our response

One of our key policies 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 Independent Water Networks 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 Maps

Water:



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SOUTHERN WATER SERVICES LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...

26 July 2022

ADDRESS: HARROW LANE, HASTINGS, TN37 7PR  
OS GRID REFERENCE: 579894, 112824

SCALE: 1:4000  
DRAWN BY: CS  
DATE: 07/04/2022

0 75 150 m



**HARROW LANE  
WATER SUPPLY  
INSET MAP 1**



Variation of Independent Water Networks Limited's appointment to include Harrow Lane, Hastings

Sewera

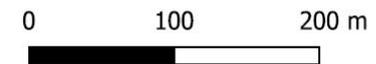


PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SOUTHERN WATER SERVICES LIMITED, AS SEWERAGE UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...

ADDRESS: HARROW LANE, HASTINGS, TN37 7PR

OS GRID REFERENCE: 579894, 112824

SCALE: 1:4000  
DRAWN BY: CS  
DATE: 07/04/2022



**HARROW LANE  
SEWERAGE UNDERTAKERS  
INSET MAP 1**



26 July 2022

A handwritten signature in black ink.

### 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 Southern Water Services Limited as Water and Sewerage Undertakers**

Made on 26 July 2022

Coming into effect on 27 July 2022

1. Independent Water Networks Limited ("Independent Water Networks") and Southern Water Services Limited ("Southern Water") hold Appointments as water and sewerage undertakers for their respective areas ("the Appointments").<sup>1</sup> The areas to which the Appointments of Independent Water Networks and Southern Water as water and sewerage undertakers relate ("Water Supply Area" and "Sewerage Services Area") are set out in their Instruments of Appointment.
2. The site called Harrow Lane, Hastings, which is shown edged in red on the plan attached to this variation, ("the Site") is within Southern Water's Water Supply Area and Sewerage Services Area. The Site is being developed by Ilke 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 and sewerage undertaker to include the Site and for a consequential variation of Southern 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 Ilke Homes Limited, the Water Services Regulation Authority **varies**–

---

<sup>1</sup> Southern Water's original Appointment as a water and sewerage 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 and sewerage undertaker so that the Site is included in Independent Water Networks' Water Supply Area and Sewerage Services Area; and
- (b) the Appointment of Southern Water as a water and sewerage undertaker so that the Site is excluded from Southern Water's Water Supply Area and Sewerage Services Area.

**Signed for and on behalf of the Water Services Regulation Authority**

A handwritten signature in black ink, appearing to read 'Sally Irgin', is written over a light grey rectangular background.

**Sally Irgin**  
**Director of Enforcement**

