

July 2022

# **Variation of Independent Water Networks Limited's appointment to include KP3, Houlton, Rugby**

## Variation of Independent Water Networks Limited's appointment to include KP3, Houlton, Rugby

On 6 January 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited (“**Independent Water Networks**”) appointment to become the water and sewerage services provider for a development in Severn Trent Water Limited (“**Severn Trent Water**”) water supply area and sewerage services area called KP3, Houlton, Rugby (“**the Site**”). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 3 February 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 and sewerage services. This appointment became effective on 6 July 2022.

The Site Maps 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 three responses to our consultation; from the Consumer Council for Water ("**CCW**"), the Environment Agency and the Drinking Water Inspectorate ("**DWI**"). We considered these responses before making the decision to vary Independent Water Networks' appointment.

The DWI had no comments to make with regard to this consultation and did not have any objections. The points raised in the response from the Environment Agency and CCW are set out below.

### Environment Agency

In response to the consultation, the Environment Agency stated that whilst it was supportive of the application in principle it requested further information about the ability of Severn Trent Water's existing network and wastewater treatment works to receive the additional flows from the Site without causing damage to the receiving network and environment.

Independent Water Networks responded to advise that all wastewater will connect into proposed adopted foul sewers as part of the overall foul network design for this large development site and has therefore been designed to accommodate the proposed flows. It stated that foul flows will be going to the wastewater treatment works at Rugby. Independent Water Networks advised that Severn Trent Water is currently undertaking a scheme for new sewers to take flows to the works. Independent Water Networks understands that upgrades will be required at the treatment works and that these may be phased over the years it will take to build out the whole development of houses in Houlton, Rugby. The Site is one of the phases.

The Environment Agency confirmed on 20 June 2022 that it did not have any further questions for Independent Water Networks; however it did wish Independent Water Networks to note that discharge from the Site should not commence until foul drainage capacity has been confirmed by Severn Trent Water and any required improvements to the sewer network and/or receiving wastewater treatment works have been made. The Environment Agency noted that Independent Water Networks and Severn Trent Water should work together to ensure that the Site's build rate and occupancy do not out strip any capacity improvements in the receiving network. Independent Water Networks has confirmed receipt of these comments.

## CCW

CCW stated that in general it expects NAV appointments and variations to provide customers with prices, levels of service and service guarantees that match, or ideally, better those of the incumbent company, particularly for developments that include domestic housing, as household customers do not currently have the facility to choose or switch supplier, unlike business customers.

CCW is disappointed that there is no direct financial benefit to customers from having Independent Water Networks as their provider of water and sewerage services, as Independent Water Networks intends to match Severn Trent Water's charges. However, CCW notes that Independent Water Networks 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, but nor will they be any better off than if Severn Trent Water served the Site.

CCW agreed with our overall assessment that customers 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 Severn Trent Water. CCW states that the service standards provided by Independent Water Networks generally match or exceed the relevant levels service standards of Severn Trent Water and therefore, overall CCW supports this application. For example Independent Water Networks offers greater compensation for low water pressure, or failing to read a meter once a year and offers a free leak repair service on customers' external supply pipes..

CCW noted 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 Severn Trent Water does. However, CCW noted that Independent Water Networks will offer the standard WaterSure tariff for qualifying customers. CCW stated that until Independent Water Networks can provide a formal social tariff, it is appropriate that it tailors some of the services it provides. CCW expects Independent Water Networks 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, Independent Water Networks already benefits from the cross-subsidiary Severn Trent Water's customers pay to support its social tariffs.

Whilst CCW noted our calculation that there would be no increase on the annual water or sewerage bills of Severn Trent Water's existing customers, it also said it was unclear whether there will be any significant benefits from the arrangement for Severn Trent Water's

customers. CCW therefore questions the value of the NAV regime if it cannot deliver benefits to all customers.

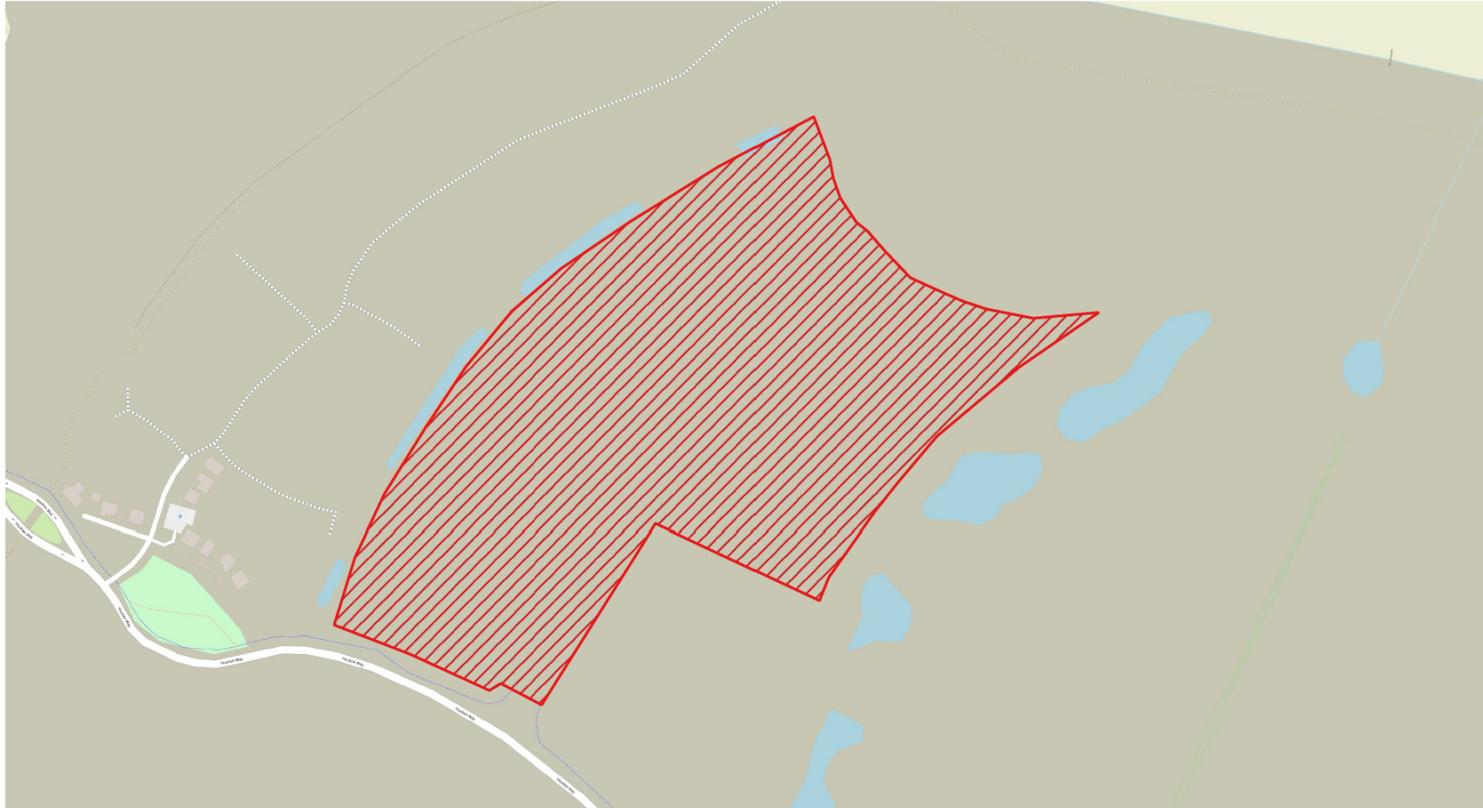
### **Our response**

One of our key policies in relation to new appointments and variations, 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 incumbent. We do not require applicants to better the service and price of the previous incumbent.

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 Maps

### Water Boundary



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SEVERN TRENT WATER LTD, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ... 05/07/2022

ADDRESS: KP3, HOULTON, RUGBY,  
WARWICKSHIRE, CV23 0AU  
OS GRID REFERENCE: 454361, 274781

SCALE: 1:5000  
DRAWN BY: MM  
DATE: 27/10/2021

0 75 150 m

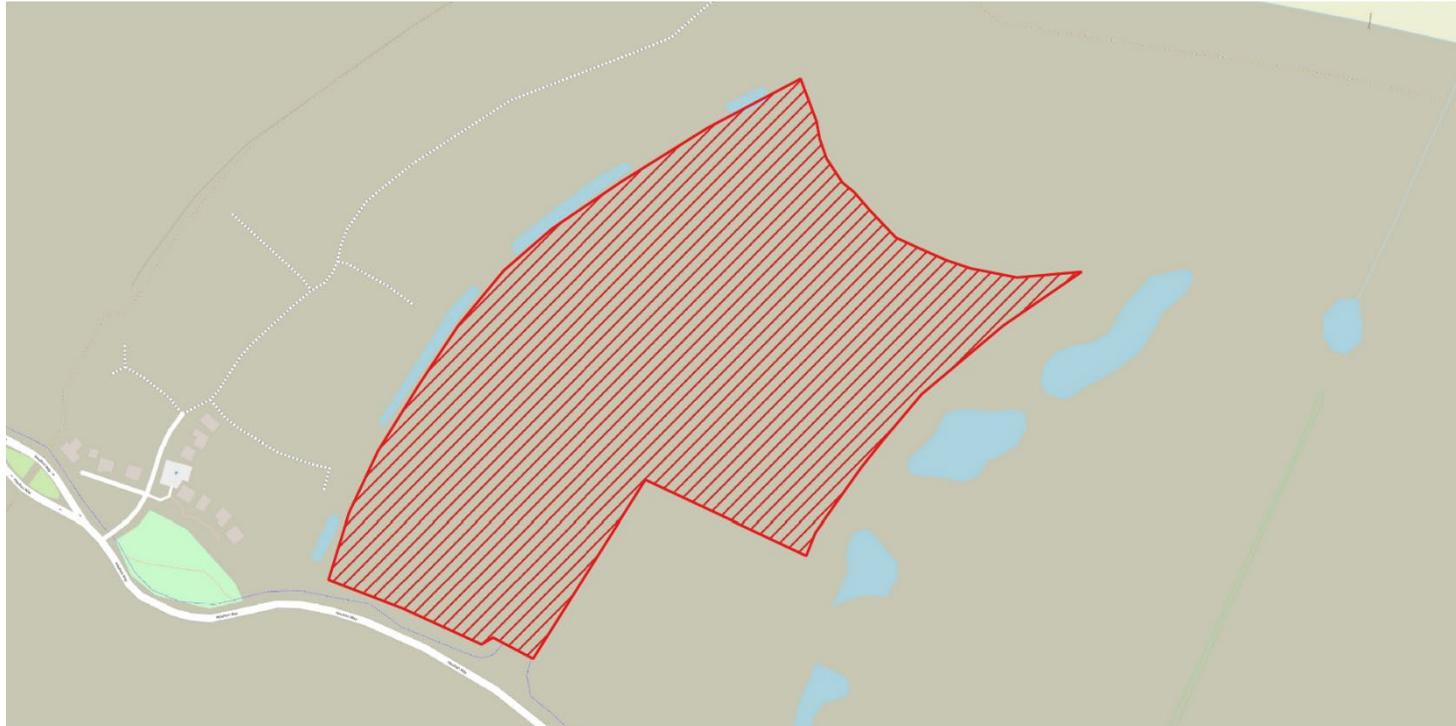


**KP3  
WATER SUPPLY  
INSET MAP 1**

**PROJECT: N0022657**



## Sewerage Boundary



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SEVERN TRENT WATER LTD, AS SEWERAGE UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ... 05/07/2022

ADDRESS : KP3, HOULTON, RUGBY, WARWICKSHIRE, CV23 0AU  
OS GRID REFERENCE: 454361, 274781

SCALE: 1:5000  
DRAWN BY: MM  
DATE: 27/10/2021



**KP3  
SEWERAGE UNDERTAKERS  
INSET MAP 1**

**PROJECT: N0022657**



### 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 Severn Trent Water Limited as Water and Sewerage Undertakers**

Made on 5 July 2022

Coming into effect on 6 July 2022

1. Independent Water Networks Limited ("Independent Water Networks") and Severn Trent Water Limited ("Severn Trent") 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 Severn Trent 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 KP3, Houlton, Rugby, which is shown edged in red on the plan attached to this variation, ("the Site") is within Severn Trent's Water Supply Area and Sewerage Services Area. The Site is being developed by Mulberry 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 Severn Trent's Appointments 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 Mulberry Homes Limited, the Water Services Regulation Authority **varies**–

(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

<sup>1</sup> Severn Trent's 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 Severn Trent as a water and sewerage undertaker so that the Site is excluded from Severn Trent's Water Supply Area and Sewerage Services 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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