

July 2022

Variation of Independent Water Networks Limited's appointment to include Charlton Road, Telford

Variation of Independent Water Networks Limited's appointment to include Charlton Road, Telford

On 12 May 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited's ("Independent Water Networks") appointment to become the water services provider for a development in Severn Trent Water Limited's ("Severn Trent Water") water supply area called Charlton Road, Telford ("the Site"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 13 June 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 services. This appointment became effective on 6 July 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 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 responses from the Environment Agency and CCW are set out below.

The Environment Agency

The Environment Agency's consultation response stated that it was supportive of the application in principle but it asked for further information before the variation was granted. It noted that the Site is in a water stressed area and therefore the Environment Agency expects Independent Water Networks to implement a per capita consumption level of 110 l/p/d on the Site. It also asked why Independent Water Networks had decided not to implement compulsory metering on the Site and whether it would be engaging with customers to promote water efficiency.

Independent Water Networks responded to the Environment Agency with further information on its water efficiency measures and confirming are no existing properties on the Site for which compulsory metering would be relevant. The Environment Agency confirmed to us that it was satisfied with the response.

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.

CCW is disappointed that there will be no formal financial benefit to customers from having Independent Water Networks as their provider of water services, as Independent Water Networks intends to match Severn Trent Water's charges. However, CCW is aware that Independent Water Networks currently offers a discount of 2.5% against incumbents' charges and offers discounts to customers who are able to and opt to take up e-billing or pay by direct debit. It notes that customers therefore will be no worse off in terms of the amount they pay and will potentially be better off than if served by Severn Trent Water. CCW considers that Independent Water Networks' service levels generally match or exceed those of the incumbent, so overall CCW supports the application.

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 Severn Trent Water does, but will offer the standard WaterSure tariff for qualifying customers. CCW states that it is appropriate for Independent Water Networks to tailor some of the services that it provides until it can provide a formal social tariff. 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 considers that by matching Severn Trent Water's charges Independent Water Networks already benefits from the cross-subsidy that Severn Trent Water's customers pay to support its social tariff.

CCW notes our conclusion that, as a result of the variation, Severn Trent Water's existing customers would see no increase on their annual water bills. CCW appreciates this but is unclear whether there will be any significant benefits to the existing customers of Severn Trent Water. It questions the value of the NAV regime if it cannot deliver benefits to all customers.

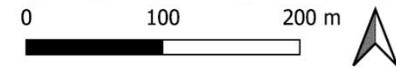
Our response

One of our key policies when considering 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

Water Boundary



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

ADDRESS: CHARLTON ROAD, TELFORD, TF1 3LE
OS GRID REFERENCE: 364622, 313199

SCALE: 1:6000
DRAWN BY: CP
DATE: 04-02-2022

**CHARLTON ROAD, TELFORD, TF1 3LE
WATER SUPPLY
INSET MAP 1**

PROJECT: N0022822 74009

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 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 undertakers for their respective areas ("the Appointments").¹ The areas to which the Appointments of Independent Water Networks and Severn Trent as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called Charlton Road, Telford, which is shown edged in red on the plan attached to this variation, ("the Site") is within Severn Trent's Water Supply Area. The Site is being developed by Vistry 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 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 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 Vistry Partnerships 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 as a water undertaker so that the Site is excluded from Severn Trent's Water Supply Area.

Signed for and on behalf of the Water Services Regulation Authority



Sally Irgin
Director of Enforcement

¹ Severn Trent'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.

² 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.

**Ofwat (The Water Services Regulation Authority)
is a non-ministerial government department.
We regulate the water sector in England and Wales.**

Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA
Phone: 0121 644 7500

© Crown copyright 2021

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

This document is also available from our website at www.ofwat.gov.uk.

Any enquiries regarding this publication should be sent to mailbox@ofwat.gov.uk.

OGL