

July 2022

# **Variation of Icosa Water Services Limited's appointment to include Orchard Close, Gravenhurst**

## Variation of Icosa Water Services Limited's appointment to include Orchard Close, Gravenhurst

On 26 April 2022, Ofwat began a [consultation](#) on a proposal to vary Icosa Water Services Limited's ("**Icosa Water**") appointment to become the water services provider for a development in Anglian Water Services Limited's ("**Anglian Water**") water supply area called Orchard Close, Gravenhurst ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 23 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 Icosa Water's application and having taken account of the responses we received to our consultation, we decided to grant a variation to 's area of appointment to allow it to serve the Site for water services. This appointment became effective on 12 July 2022.

The Site Map 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 Icosa Water'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 CCW's response are set out below.

### CCW

CCW stated that in general it expects new appointments and variation appointees to match or ideally better the incumbent's prices, service levels and service guarantees. This is particularly true for developments that include domestic housing, as household customers do not currently have the ability to choose or switch supplier like business customers can.

CCW noted that Icosa Water proposes to charge customers on the same basis as Anglian Water and it is disappointed that there will be no direct financial benefit to customers with it serving the Site. However, CCW recognised that Icosa Water generally match or exceed the service standards of Anglian Water, for example by offering greater compensation for service failure than Anglian Water.. CCW states that overall, it supports this application as customers on the Site will be no worse off in terms of the amount that they pay or the service that they receive.

CCW noted that Icosa Water does not currently offer its financially vulnerable customers a social tariff in the way that Anglian Water does. However, CCW recognised that Icosa Water will offer the standard WaterSure tariff for qualifying customers. CCW considers that until Icosa Water can provide a formal social tariff, it is appropriate that it tailors some of the services it provides. CCW expects Icosa Water 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 Anglian Water's charges, Icosa Water already benefits from the cross-subsidy Anglian Water's customers pay to support its social tariff.

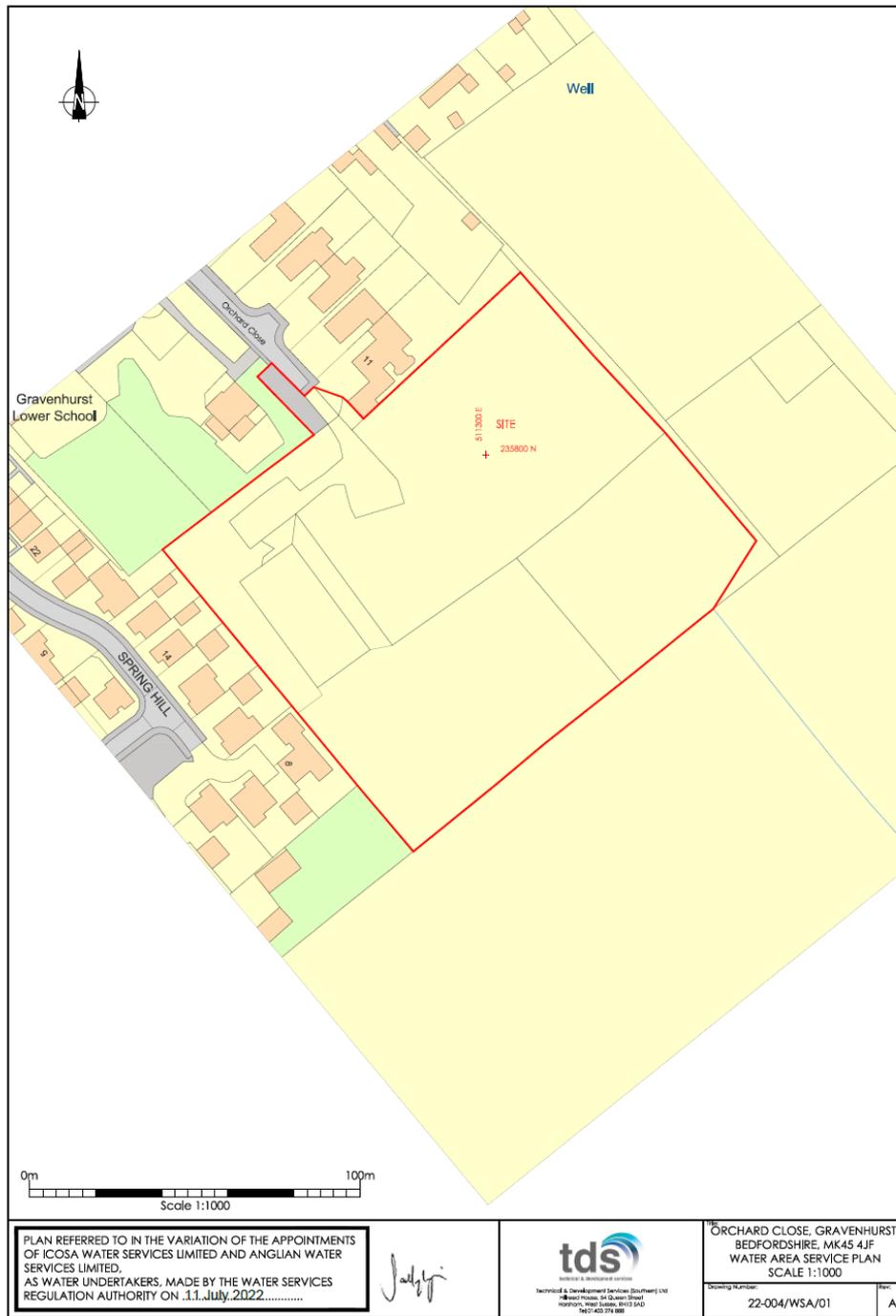
CCW recognised that we calculated that there will be no increase on the annual water bills of existing Anglian Water customers. CCW said that whilst it appreciates this, it is unclear if there are any significant benefits for Anglian Water's customers from this arrangement. CCW states its questions the value of a 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 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 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 Icosa Water Services Limited and Anglian Water Services Limited as Water Undertakers**

Made on 11 July 2022

Coming into effect on 12 July 2022

1. Icosa Water Services Limited ("Icosa Water") and Anglian Water Services Limited ("Anglian Water") hold Appointments as water undertakers for their respective areas ("the Appointments").<sup>1</sup> The areas to which the Appointments of Icosa Water and Anglian Water as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called Orchard Close, Gravenhurst, which is shown edged in red on the plan attached to this variation ("the Site") is within Anglian Water's Water Supply Area. The Site is being developed by Settle Group.
3. Icosa Water 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 Anglian 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 Icosa Water's application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Settle Group, the Water Services Regulation Authority varies—
  - (a) the Appointment of Icosa Water as a water undertaker so that the Site is included in Icosa Water's Water Supply Area; and

<sup>1</sup> Anglian Water's original Appointment as water 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. Icosa Water's 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 Anglian Water as a water undertaker so that the Site is excluded from Anglian Water's Water Supply 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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