

August 2022

Variation of Independent Water Networks Limited's appointment to include Earls Court Farm, Worcester

Variation of Independent Water's appointment to include Earls Court Farm, Worcester

On 7 July 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 Earls Court Farm, Worcester ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 4 August 2022. During the consultation period, we received a representation from two organisations, which is 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 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 response 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 8 August 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 two organisations: the Consumer Council for Water (“**CCW**”), and the Environment Agency. We considered these responses before making the decision to vary 's appointment.

The Environment Agency

The Environment Agency had no comments to make with regard to this consultation and did not have any objections.

CCW

As part of the application process Ofwat has engaged with CCW. CCW's position is that new appointments and variations (NAV) should bring benefits to customers on the proposed NAV site. CCW expects NAV Appointees to provide consumers with prices, levels of service or service guarantees that match or, ideally, better those of incumbent water and/or sewerage companies. CCW has stated that it is satisfied that Independent Water Networks, as an established NAV Appointee, offers customers on its NAV sites prices and levels of service which match or better those offered by the incumbent water and/or sewerage companies which would otherwise serve the site. CCW agrees with Ofwat's assessment that customers on the site will be no worse off if served by Independent Water Networks and so, overall, supports the proposed variation of appointment.

CCW has also considered the impact on an incumbent's existing customers when a NAV site is approved. It notes that in many cases there is a potential cost on the annual water and/or sewerage bills of these customers. While this cost is negligible on an individual site basis, CCW is unclear of the wider benefits of the NAV regime for incumbents' customers, particularly as the number of sites in each incumbent area increases and the cumulative cost rises.

Our response

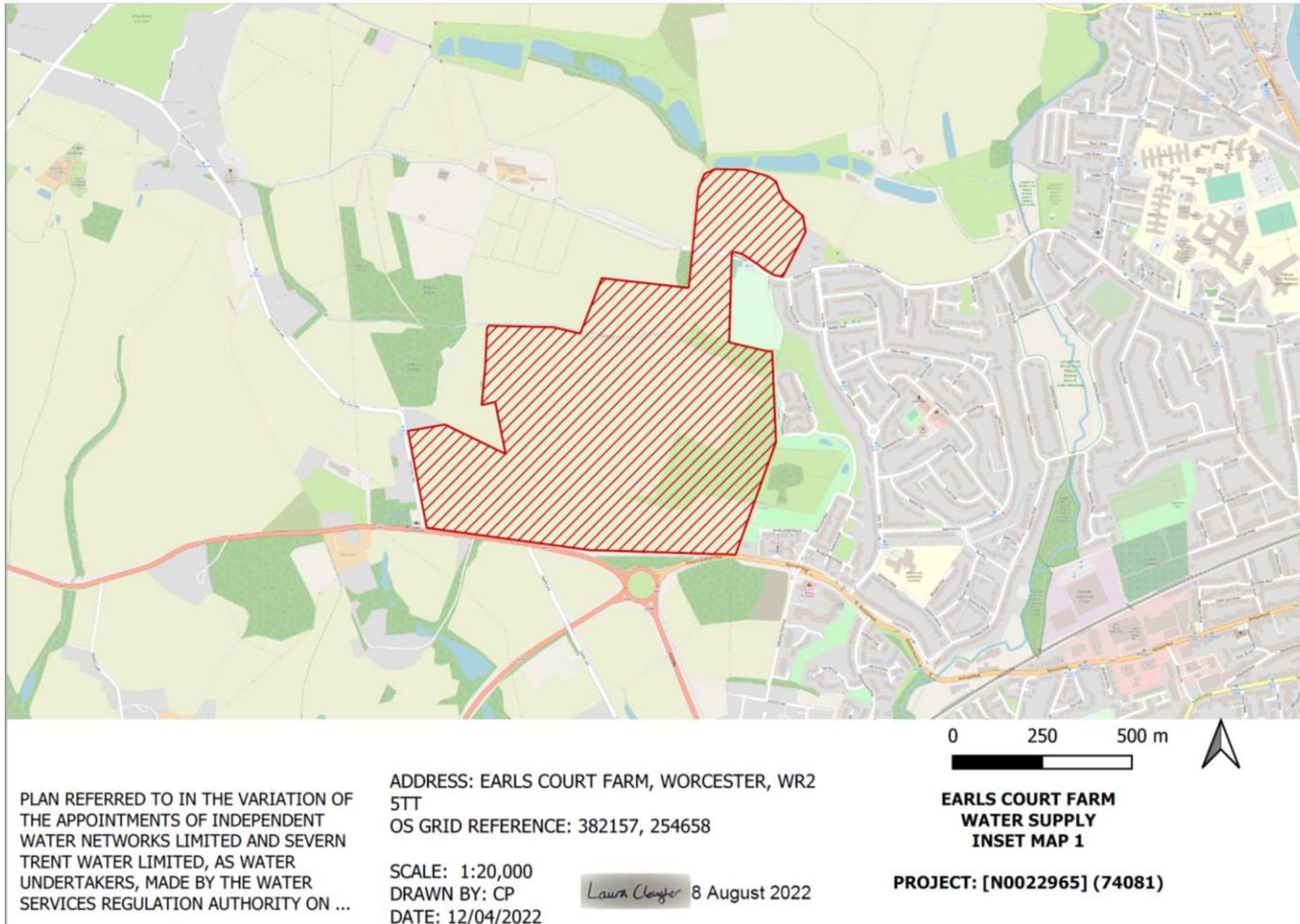
One of our key policies when considering NAV applications is that customers should be no worse off if a NAV is granted. That is, an applicant must ensure its new customers are made no worse off in terms of charges and service than if they had been supplied by the previous appointee. We do not require applicants to better the service and price of previous incumbents.

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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



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 August 2022

Coming into effect on 8 August 2022

1. Independent Water Networks Limited (“Independent Water Networks”) and Severn Trent Water Limited (“Severn Trent Water”) hold Appointments as water undertakers for their respective area (“the Appointment”).¹ The areas to which the Appointment of Independent Water Networks and Severn Trent Water as water undertakers relate (“Water Supply Area”) is set out in their Instruments of Appointment.
2. The site called Earls Court Farm, Worcester which is shown edged in red on the plan attached to this variation, (“the Site”) is within Severn Trent Water's Water Supply area. The Site is being developed by Redrow Homes Limited and Taylor Wimpey UK 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 Severn Trent 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 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.

¹ Severn Trent Water'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.

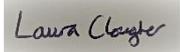
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5. Therefore, as provided by sections 7(2) and 7(4) b of the Act, and with the agreement of Redrow Homes Limited and Taylor Wimpey UK Limited, the Water Services Regulation Authority **varies**–

(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 Water as a water undertaker so that the Site is excluded from Severn Trent Water's Supply Area.

Signed for and on behalf of the Water Services Regulation Authority

A rectangular box containing a handwritten signature in black ink that reads "Laura Clougher".

Laura Clougher
Principal, Casework and 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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