

August 2022

**Variation of Independent Water
Networks Limited's appointment to
include Kings Hill (Phase 5, Area 5.1),
West Malling**

Variation of Independent Water Networks Limited's appointment to include Kings Hill (Phase 5, Area 5.1), West Malling

On 14 June 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 South East Water Limited ("South East Water") water supply area called Kings Hill (Phase 5, Area 5.1) in West Malling ("the Site"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 11 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 services. This appointment became effective on 14 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 two organisations: the Consumer Council for Water (“**CCW**”) and the 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 is disappointed that there is no direct financial benefit to customers from having Independent Water Networks as their provider of water services, as Independent Water Networks intends to match the charges of South East Water. However, CCW acknowledges that Independent Water Networks currently offers a discount of 2.5% against incumbents' charges and offer discounts to customers who are able and opt to take up e-billing or pay by direct debit. CCW notes that therefore customers will be no worse off in terms of the amount they pay and will potentially be better off than if they were to be served by South East Water.

CCW notes that Independent Water Networks generally matches or exceeds the service standards of South East Water. Therefore, CCW supports this application as it notes that customers will no worse off in terms of the service that they receive or the price that they pay.

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 South East Water does, 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 notes that by matching South East Water's charges Independent Water Networks already benefits from the cross-subsidy that South East Water's customers pay to support its social tariff.

CCW notes our assessment that, as a result of the variation, there would be no potential increase on the annual water bills of existing South East Water customers. It notes that it is

unclear whether there will be any significant benefits to the existing customers of South East Water and questions the value of the NAV regime if it cannot 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 Map



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SOUTH EAST WATER LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...
13/07/2022

ADDRESS: KINGS HILL PHASE 5 AREA 5.1, KINGS HILL AVENUE, KINGS HILL BUSINESS PARK, TONBRIDGE AND MALLING, ME19 4UY
OS GRID REFERENCE: 567463, 156026

SCALE: 1:2000
DRAWN BY: CS
DATE: 06/04/2022

0 50 100 m

**KINGS HILL PHASE 5 AREA 5.1
WATER SUPPLY
INSET MAP 1**



Variation of Independent Water Networks Limited's appointment to include Kings Hill (Phase 5, Area 5.1), West Malling

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 South East Water Limited as Water Undertakers

Made on 13 July 2022

Coming into effect on 14 July 2022

1. Independent Water Networks Limited ("Independent Water Networks") and South East Water Limited ("South East Water") hold Appointments as water undertakers for their respective areas ("the Appointments").¹ The areas to which the Appointments of Independent Water Networks and South East Water as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called Kings Hill, Phase 5, Area 5.1 in West Malling, which is shown edged in red on the plan attached to this variation ("the Site"), is within South East Water's Water Supply Area. The Site is being developed by Bellway 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 undertaker to include the Site and for a consequential variation of South East 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.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Bellway Homes 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

¹ South East 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 Limited's 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.

(b) the Appointment of South East Water as a water undertaker so that the Site is excluded from South East 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.**

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