

## Variation of Independent Water Networks Limited's appointment to include Gib Lane, Blackburn

On 15 February 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited's (“**Independent Water Networks**”) appointment to become the water and sewerage services provider for a development in United Utilities Water Limited's (“**United Utilities**”) water supply area and sewerage services area called Gib Lane, Blackburn in Lancashire (“**the Site**”). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 15 March 2022. During the consultation period, we received representations from three organisations, which are summarised in Section 1 of this document.

Following the end of the consultation period for this application, Independent Water Networks notified us on 28 July 2022 that the details of the boundary for the Site that it had provided with its application were incorrect and needed to be amended. There were no other material changes to the application and the number of properties on site remains unchanged, therefore our assessment of this application has not changed. We have notified relevant stakeholders of the changes to the Site's boundary and they had no further comments to make on the application.

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 23 September 2022.

The Site Maps 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 's appointment.

The DWI and 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

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. CCW say that this is particularly true for developments that include domestic housing, as household customers do not currently have the facility to choose or switch supplier like business customers can.

CCW noted that is it disappointed that there will be no direct financial benefits to customers from being served by Independent Water Networks instead of United Utilities since Independent Water Networks will charge customers on the same basis as United Utilities. CCW noted that under this arrangement customers will be no worse off in terms of the amount they pay, but nor will they be any better off than if United Utilities served them. However, CCW also recognises that Independent Water Networks offers discounts to customers who are able to and opt to take up e-billing or direct debit payments.

CCW stated that Independent Water Networks generally matches or exceeds United Utilities' service standards, and so overall CCW supports this application, agreeing with our assessment that customers will be no worse off being served by Independent Water Networks on the Site. 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.

However, CCW noted that due to the relatively small size of its customer base Independent Water Networks does not offer its financially vulnerable customers a social tariff in the way that United Utilities does, although it will offer the standard WaterSure tariff for qualifying customers. CCW considered that until it can provide a formal social tariff, it is appropriate for Independent Water Networks to tailor some of the services that 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 recognises that by matching United Utilities' charges Independent Water Networks already benefits from the cross-subsidy United Utilities' customers pay to support its social tariff.

CCW noted our estimate that there will be no increase on the water and sewerage bills of existing United Utilities customers as a result of the variation. Whilst CCW appreciates this, it considers that it is unclear if there will be any significant benefits arising from this arrangement for existing United Utilities customers. CCW questions the value of the New Appointment and Variation regime if it cannot deliver benefits to all customers.

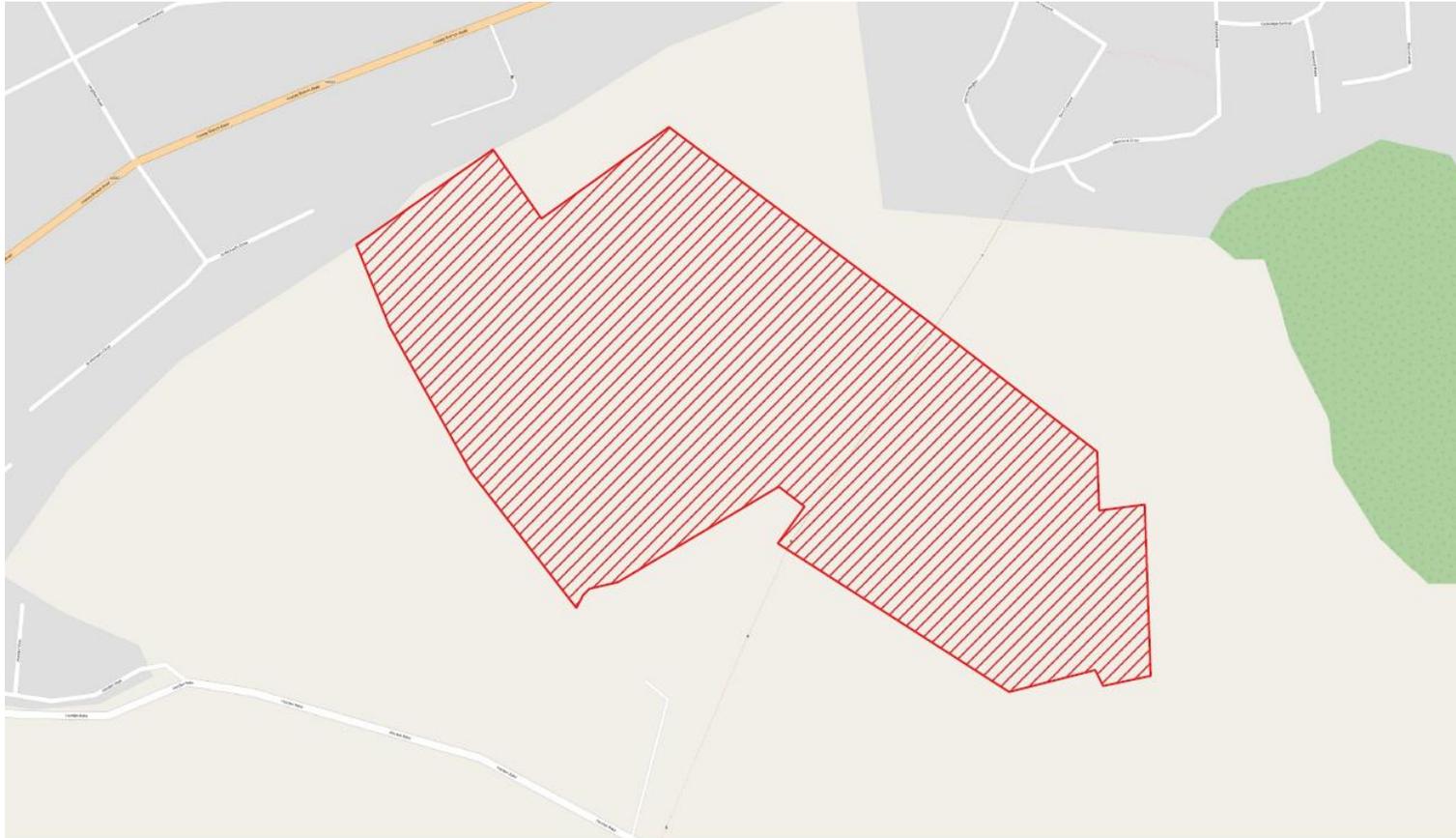
### **Our response**

One of our key policies with respect to new appointments and variations is that customers should be no worse off if a 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 Maps

### Water:



PLAN REFERRED TO IN THE VARIATION OF  
THE APPOINTMENTS OF INDEPENDENT  
WATER NETWORKS LIMITED AND UNITED  
UTILITIES WATER LIMITED, AS WATER  
UNDERTAKERS, MADE BY THE WATER  
SERVICES REGULATION AUTHORITY ON ...  
22 September 2022

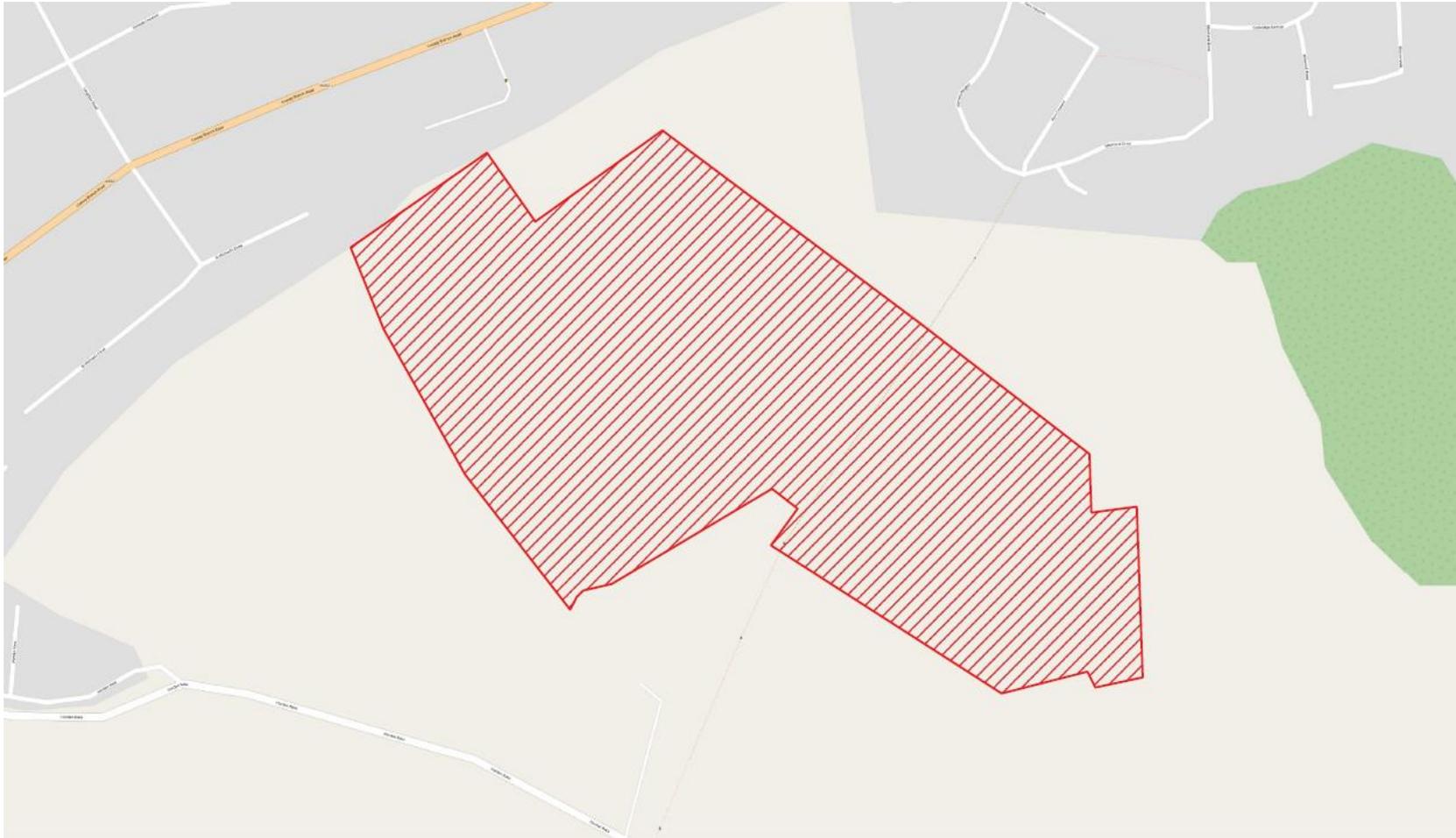
ADDRESS: GIB LANE, GREENHILLS, BLACKBURN, BB2 5BP  
OS GRID REFERENCE: 365667, 425339  
SCALE: 1:5000  
DRAWN BY: LR  
DATE: 28/07/2022

0 75 150 m

**GIB LANE  
WATER SUPPLY  
INSET MAP 1**



## Sewerage



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND UNITED UTILITIES WATER LIMITED, AS SEWERAGE UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...  
22 September 2022

ADDRESS: GIB LANE, GREENHILLS, BLACKBURN, BB2 5BP  
OS GRID REFERENCE: 365667, 425339  
SCALE: 1:5000  
DRAWN BY: LR  
DATE: 28/07/2022

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**GIB LANE  
SEWERAGE SUPPLY  
INSET MAP 1**



### 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 United Utilities Water Limited as water and sewerage undertakers**

Made on 22 September 2022

Coming into effect on 23 September 2022

1. Independent Water Networks Limited ("Independent Water Networks") and United Utilities Water Limited ("United Utilities") 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 United Utilities 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 Gib Lane in Blackburn, which is shown edged in red on the plan attached to this variation, ("the Site") is within United Utilities' Water Supply Area and Sewerage Services Area. The Site is being developed by Kingswood Homes (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 and sewerage undertaker to include the Site and for a consequential variation of United Utilities' 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 Independent Water Networks' application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Kingswood Homes (UK) Limited, the Water Services Regulation Authority **varies**–

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<sup>1</sup> United Utilities' original appointment as a water and sewerage 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 as a water and sewerage undertaker 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.

- (a) the Appointment of Independent Water Networks as a water and sewerage undertaker, so that the Site is included in its Water Supply Area and its Sewerage Services Area; and
- (b) the Appointment of United Utilities as a water and sewerage undertaker, so that the Site is excluded from its Water Supply Area and its Sewerage Services Area.

Signed for and on behalf of the Water Services Regulation Authority

A handwritten signature in black ink, appearing to read 'Sally Irgin', is written over a light grey rectangular background.

Sally Irgin  
Director of Enforcement