

Variation of Icosa Water Services Limited's appointment to include Inkersall Road, Chesterfield

On 27 October 2021, Ofwat began a [consultation](#) on a proposal to vary Icosa Water Services Limited's ("Icosa Water") appointment to become the sewerage services provider for a development in Yorkshire Water Services Limited's ("Yorkshire Water") sewerage services area called Inkersall Road, Chesterfield ("the Site"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 24 November 2021. 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 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 Icosa Water's area of appointment to allow it to serve the Site for sewerage services. This variation became effective on 13 September 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. Independent Water Networks Limited previously applied to supply water services to the same Site. The variation for that application was granted on 6 July 2022, the published decision document can be viewed [here](#).

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 Environment Agency and DWI had no comments to make, CCW's comments are detailed below.

CCW

In general, CCW expects new appointees and variations (“**NAVs**”) to provide consumers 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 do not currently have the ability to choose or switch supplier like business customers can.

CCW notes that Icosa Water proposes to charge customers on the same basis as Yorkshire Water, and to match its charges. CCW is disappointed that there is no direct financial benefit to customers from having Icosa Water as their sewerage services provider. Under these arrangements, customers will therefore be no worse off in terms of the amount they pay, but nor will they be any better off than if Yorkshire Water served the Site.

As part of the application process, CCW compared Icosa Water's voluntary and statutory service standards with those of Yorkshire Water. CCW expects NAV appointees to match an incumbent's own standards at least. In this case, CCW considers that Icosa Water generally matches or, in some cases, exceeds the relevant levels of service of Yorkshire Water, for example by offering greater compensation for service failure and providing a disturbance allowance following sewer flooding in some instances.

CCW notes that due to the relatively small size of its customer base Icosa Water does not offer its financially vulnerable customers a social tariff in the way that Yorkshire Water does, although it will offer the standard WaterSure tariff for qualifying customers who find themselves in financial difficulty. CCW considers this is a dis-benefit of the proposed variation, and states that until Icosa Water can provide a formal Social Tariff, it is appropriate that it tailors some of the services that it provides. CCW expects NAV companies to offer appropriate flexible support to any individual in financial difficulty who would otherwise benefit from a Social Tariff, which should not be at the expense of its other customers. CCW

recognises that by matching Yorkshire Water's charges Icosa Water already benefits from the cross-subsidy Yorkshire Water customers pay to support its Social Tariff.

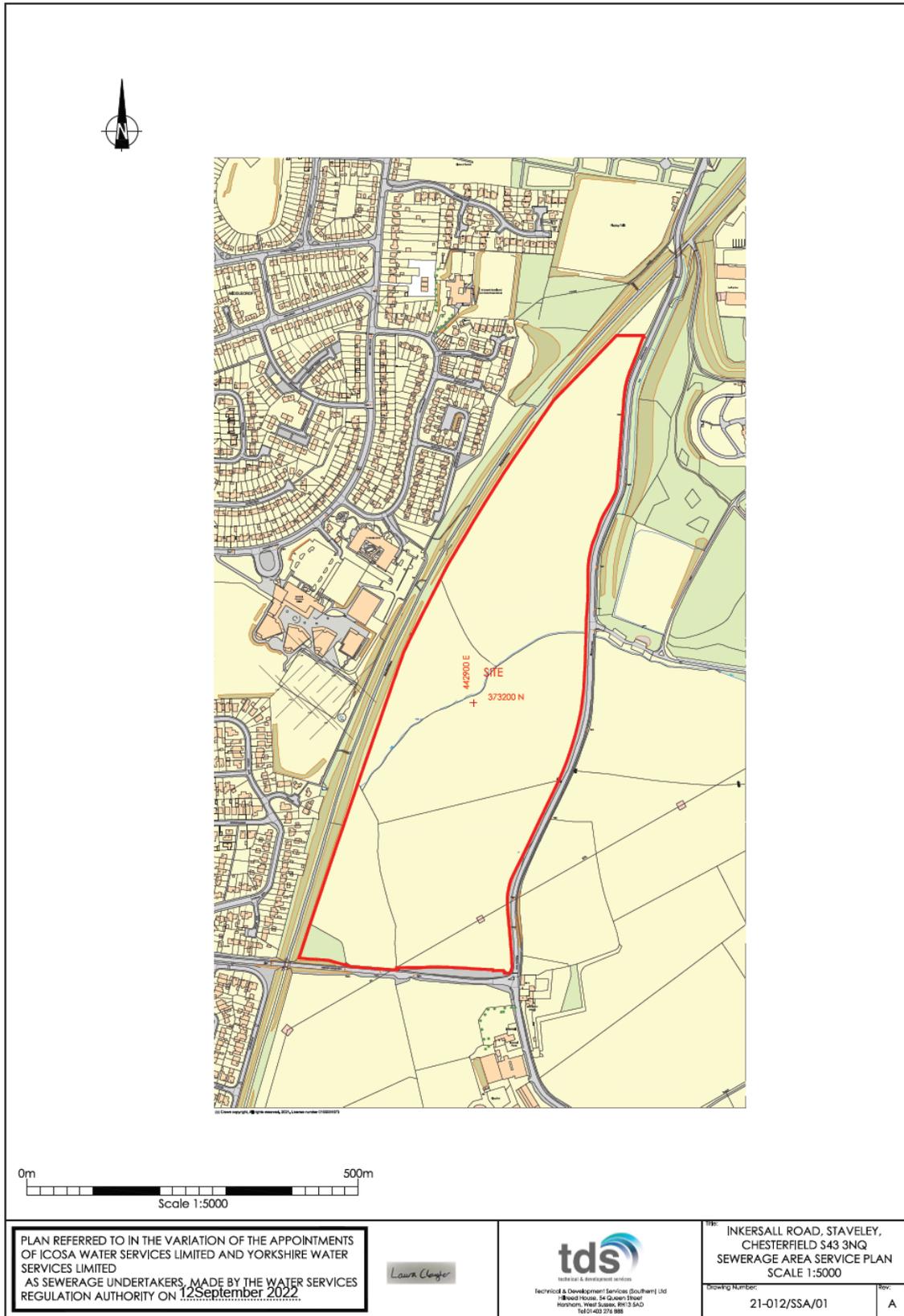
CCW notes that Ofwat has calculated that there will be a £0.02 cost on annual bills for Yorkshire Water's existing sewerage customers as a result of this variation. CCW notes that this is a very small increase, but that it is unclear whether there will be any significant benefits from the arrangement for existing customers of Yorkshire Water. CCW 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 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 Yorkshire Water Services Limited as Sewerage Undertakers

Made on 12 September 2022

Coming into effect on 13 September 2022

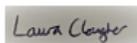
1. Icosa Water Services Limited ("Icosa Water") and Yorkshire Water Services Limited ("Yorkshire Water") hold Appointments as sewerage undertakers for their respective areas ("the Appointments").¹ The areas to which the Appointments of Icosa Water and Yorkshire Water as sewerage undertakers relate ("Sewerage Services Area") are set out in their Instruments of Appointment.
2. The site called Inkersall Road, Chesterfield, which is shown edged in red on the plan attached to this variation, ("the Site") is within Yorkshire Water's Sewerage Services Area. The Site is being developed by BDW Trading Limited.
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 sewerage undertaker to include the Site and for a consequential variation of Yorkshire 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 Icosa Water's application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of BDW Trading Limited, the Water Services Regulation Authority **varies**–
 - (a) the Appointment of Icosa Water as a sewerage undertaker so that the Site is included in Icosa Water's Sewerage Services Area; and

¹ Yorkshire Water's original Appointment as a 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. Icosa Water's original Appointment as a sewerage undertaker 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 Yorkshire Water as a sewerage undertaker so that the Site is excluded from Yorkshire Water's Sewerage Services Area.

Signed for and on behalf of the Water Services Regulation Authority

A handwritten signature in black ink that reads "Laura Clougher". The signature is written in a cursive style and is placed on a light grey rectangular background.

Laura Clougher
Principal, Casework and Enforcement