

Variation of Independent Water Networks Limited's appointment to include Scaur Lane, Lazonby

On 5 May 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 Scaur Lane, Lazonby (“**the Site**”). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 2 June 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 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 14 October 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 Independent Water Networks' 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 Independent Water Networks proposes to charge customers on the same basis as United Utilities and it is disappointed that there will be no financial benefit to customers being served by Independent Water Networks. However, it noted that Independent Water Networks is currently offering a 2.5% discount against the incumbent's charges and offers discounts for customers who are able to and opt to, take up e-billing and pay by direct debit. CCW considers that under these arrangements customers will be no worse off in terms of the amount that they will pay and will potentially be better off than if United Utilities was to serve the Site.

CCW noted that Independent Water Networks does not currently offer its financially vulnerable customers a social tariff in the way that United Utilities does. However, CCW recognised that Independent Water Networks will offer the standard WaterSure tariff for qualifying customers. CCW considers that until Independent Water Networks can provide a formal social tariff, it is appropriate that it tailors some of the services 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 said that it recognises that by matching United Utilities' charges, Independent Water Networks already benefits from the cross-subsidiary United Utilities' customers pay to support its social tariffs.

CCW said that it notes that Independent Water Networks generally matches or exceeds United Utilities' relevant levels of service, therefore, overall, it supports this application. CCW noted our assessment that customers on the Site, will not be any worse off in terms of the level of service they receive from Independent Water Networks, then if they were served by United Utilities and said it is satisfied that this is correct.

CCW recognised that we calculated that there will be a potential annual increase of £0.01 on the annual water and sewerage bills of existing United Utilities' customers. CCW said whilst it appreciates that this is a negligible amount, it is unclear if there are any significant benefits for United Utilities' customers from this arrangement. CCW states its questions the value of a NAV regime if it cannot deliver benefits to all customers.

Our subsequent assessment has found that the above potential annual increase of £0.01 was projected in error. We calculate no increase on the water and sewerage bills of existing United Utilities' customers, as a result of the Site. We have notified CCW of this and it has confirmed that this has been noted.

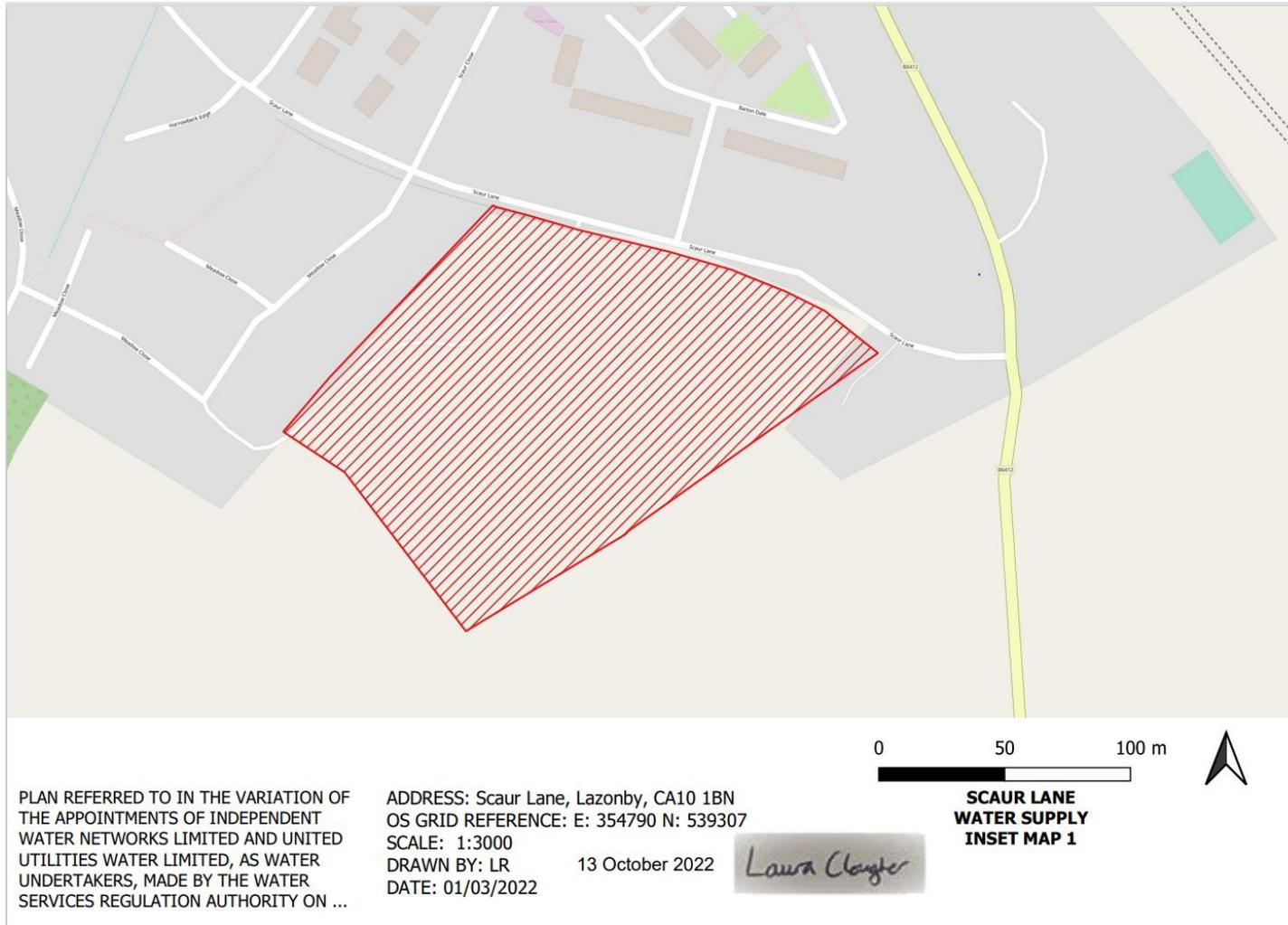
Our response

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.

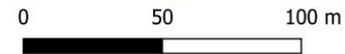
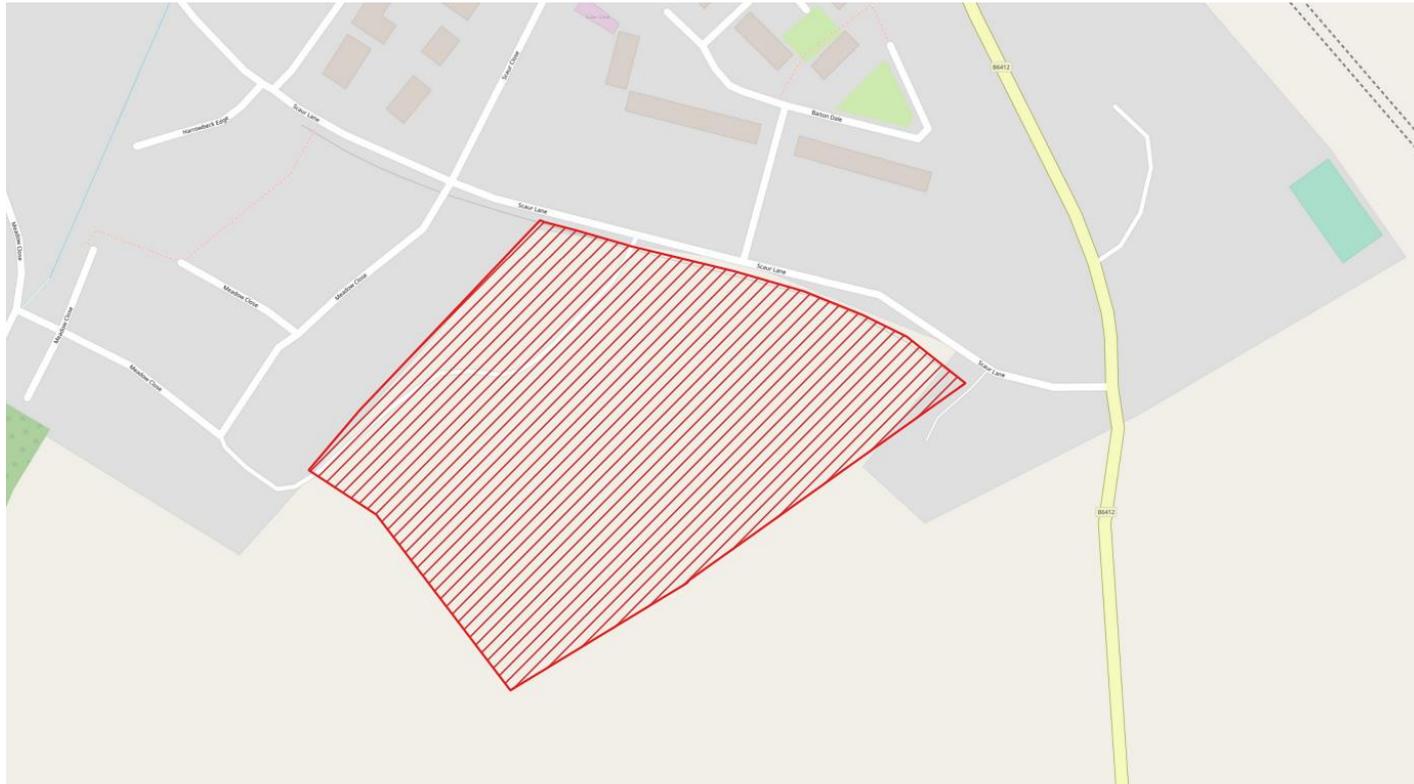
Vulnerable customers may not be aware of the social tariff that would be available to them if they were served by the incumbent rather than by the applicant. It is the responsibility of the applicant to identify and protect vulnerable customers on the Site. Although the applicant does not offer a social tariff, it should ensure customers will be no worse off.

2. Site Maps

Water



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 ...

ADDRESS: Scaur Lane, Lazonby, CA10 1BN
OS GRID REFERENCE: E: 354790 N: 539307
SCALE: 1: 3000
DRAWN BY: lr
DATE: 01/03/2022

13 October 2022

Laura Clayton

**SCAUR LANE
SEWERAGE
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 13 October 2022

Coming into effect on 14 October 2022

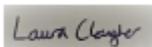
1. Independent Water Networks Limited ("Independent Water Networks") and United Utilities Water Limited ("United Utilities") hold Appointments as water and sewerage undertakers for their respective areas ("the Appointments").¹ The areas to which the Appointments of Independent Water Networks and United 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 Scaur Lane, in Lazonby, 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 Genesis 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 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 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 Genesis Homes Limited, the Water Services Regulation Authority **varies** –
 - (a) the Appointment of Independent Water Networks as a water and sewerage undertaker, so that the Site is included in Independent Water Networks' Water Supply Area and Sewerage Services Area; and

¹ 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.

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 United Utilities as a water and sewerage undertaker, so that the Site is excluded from United Utilities' Water Supply Area and Sewerage Services Area.

Signed for and on behalf of the Water Services Regulation Authority

A handwritten signature in black ink, reading "Laura Clougher", is placed on a light grey rectangular background.

Laura Clougher
Principal, Casework and Enforcement