

## Variation of Icosa Water Services Limited's appointment to include Land off Martley Road, West Worcester (Phase 1)

On 13 June 2022, Ofwat began a [consultation](#) on a proposal to vary Icosa Water Services Limited's ("Icosa Water") appointment to become the water and sewerage services provider for a development in Severn Trent Water Limited's ("Severn Trent Water") water supply area and sewerage services area called Land off Martley Road, West Worcester (Phase 1) ("the Site"). Details of the application and our assessment of it were set out in the consultation document.

Due to an error on the initial map, we consulted on this matter twice, to take into account that the original boundary Icosa Water submitted with its application was incorrect. The first consultation ran from 13 June to 11 July 2022, and the second consultation from 25 October to 22 November 2022. During the consultation periods, 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 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 water and sewerage services. This appointment became effective on 16 January 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 two organisations: the Consumer Council for Water (“**CCW**”), and the Environment Agency. We considered these responses before making the decision to vary Icosa Water's appointment. Details of these responses are set out below.

### Environment Agency

The Environment Agency responded to the initial consultation stating that it had no objection to the proposed variation and asking Icosa Water to note that discharge from the development should not commence until any required improvements to the sewer network have been made and that Icosa Water and Severn Trent Water should work together to ensure that build rate and occupancy do not out strip any capacity improvements. It also noted that the target for per capita consumption on the Site should be 110 litres per person per day for water stressed areas, and should certainly meet building regulations and be lower than Severn Trent Water's targets. Icosa Water noted these comments accordingly.

The Environment Agency sent a response to the second consultation stating that it had no further comments or objections to this variation.

### 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 the case for developments that include domestic housing, as household customers are not able to choose or switch their supplier like non-household customers can.

CCW noted its disappointment that there will be no direct financial benefit to customers from the variation because Icosa Water plans to match the charges of Severn Trent Water.

CCW acknowledged that Icosa Water is proposing to offer guaranteed and voluntary standards of service that generally match or exceed the standards offered by Severn Trent Water. It noted that Icosa Water exceeds some service levels, for example, Icosa Water will offer greater compensation in many instances of service failure.

However, CCW also pointed out that due to the relatively small size of its customer base Icosa Water does not currently offer its financially vulnerable customers a social tariff in the way that Severn Trent Water does, although it will offer the WaterSure tariff for qualifying customers. CCW stated that until Icosa Water can provide a social tariff it may be appropriate for Icosa Water to tailor some of the services it provides. CCW noted its expectation that Icosa Water offer appropriate flexible support to any individual in financial difficulty who would

otherwise benefit from a social tariff. It noted this should not be at the expense of its other customers. CCW noted that by matching Severn Trent's charges Icosa Water benefits from the cross-subsidy Severn Trent's customers pay to support its social tariff.

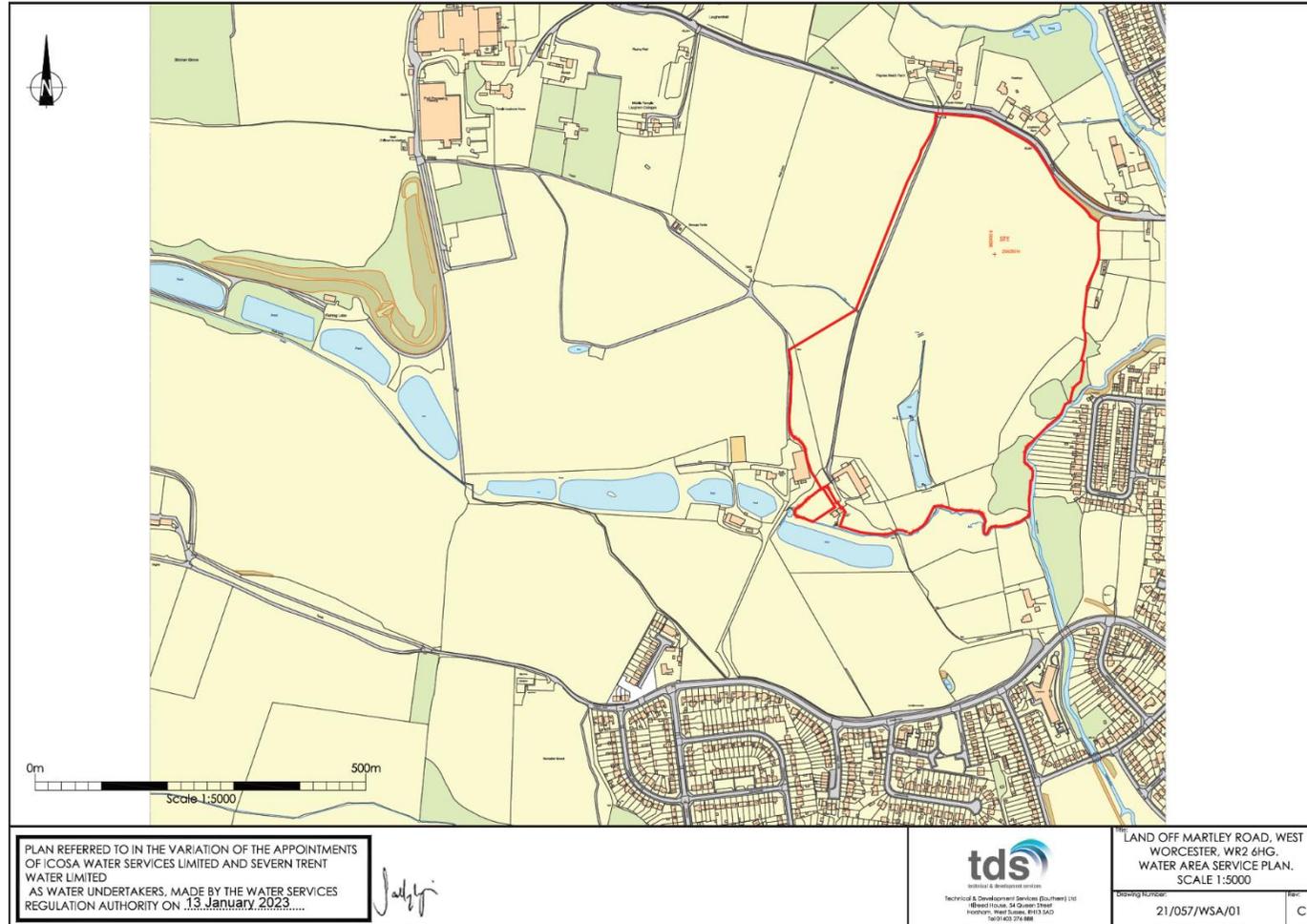
CCW agreed with our overall assessment that customers will be no worse off in terms of its level of service or the amount they pay. CCW noted our estimate that Severn Trent Water's customers would see a £0.01 increase on both their water and sewerage bills as a result of this variation. It stated that whilst these are negligible increases CCW was unclear whether there will be any significant benefits for Severn Trent Water's existing customers arising from this arrangement. CCW questions the value of the NAV regime if it cannot deliver benefits to all customers.

### **Our response**

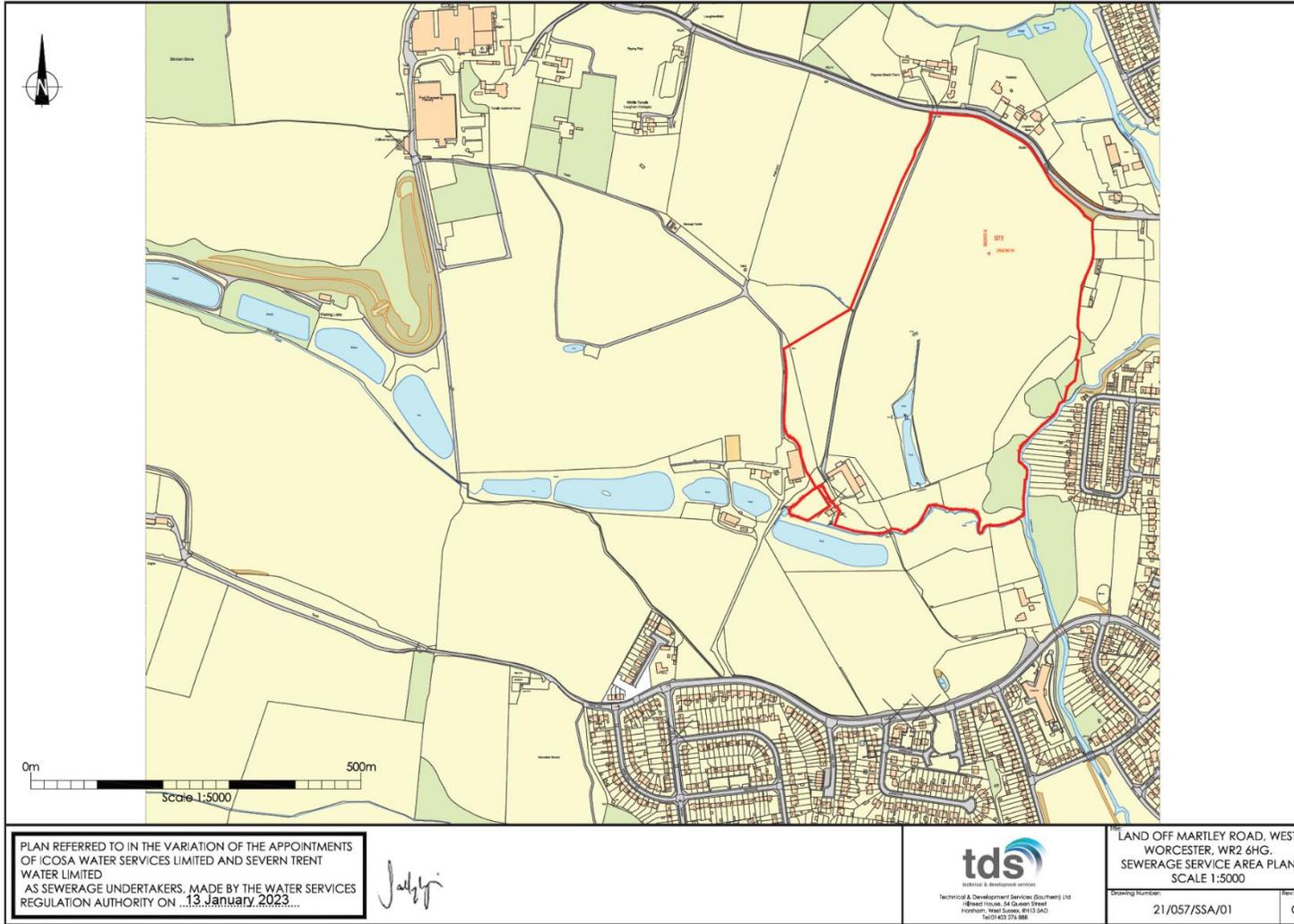
One of our key policies is that customers should be no worse off if a NAV is granted. That is, an applicant must ensure its new customers are made no worse off in terms of charges and service than if they had been supplied by the previous appointee. We do not require applicants to better the service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



### 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 Severn Trent Water Limited as Water and Sewerage Undertakers**

Made on 13 January 2023

Coming into effect on 16 January 2023

1. Icosa Water Services Limited ("Icosa Water") and Severn Trent Water Limited ("Severn Trent Water") hold Appointments as water and sewerage undertakers for their respective areas ("the Appointments").<sup>1</sup> The areas to which the Appointments of Icosa Water and Severn Trent Water 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 Land off Martley Road, West 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 and Sewerage Services Area. The Site is being developed by Bloor Homes 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 water and sewerage 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 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 Icosa Water's application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Bloor Homes Limited, the Water Services Regulation Authority **varies**–

<sup>1</sup> Severn Trent Water's original Appointments as water and sewerage undertakers were 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 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 Icosa Water as a water and sewerage undertaker so that the Site is included in Icosa Water's Water Supply Area and Sewerage Services Area; and

(b) the Appointment of Severn Trent Water as a water and sewerage undertaker so that the Site is excluded from Severn Trent Water's Water Supply Area and Sewerage Services Area.

**Signed for and on behalf of the Water Services Regulation Authority**



**Sally Irgin  
Director of Enforcement**