

Variation of Independent Water Networks Limited's appointment to include Burneside Road, Kendal, Cumbria

On 27 May 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited (“**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 Burneside Road, Kendal, Cumbria (“**the Site**”). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 29 June 2022. During the consultation period, we received representation from one organisation, 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 response we have received to the consultation has not changed that view.

Having assessed Independent Water Network's application and having taken account of the response we received to our consultation, we decided to grant a variation to Independent Water Network's area of appointment to allow it to serve the site for water and sewerage services. This appointment became effective on 9 February 2023.

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 one organisation: the Consumer Council for Water (“**CCW**”). We considered this response before making the decision to vary Independent Water Network's appointment.

CCW

CCW states that in general it expects applicants for a new appointment and/or variation (“**NAV**”) to provide customers 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 cannot choose or switch supplier.

CCW is disappointed that there will be no direct financial benefit to customers from having Independent Water Networks as their provider of water and sewerage services, as Independent Water Networks intends to match United Utilities charges. However, CCW notes that Independent Water Networks offers discounts to those customers who are able to and opt to take up e-billing or pay by direct debit. CCW considers that Independent Water Networks' service levels generally match or exceed United Utilities, so overall CCW supports the application.

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 United Utilities does, but notes that it will offer the standard WaterSure tariff for qualifying customers. CCW states that it is appropriate for Independent Water Networks 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 considers that by matching the incumbent's charges Independent Water Networks already benefits from the cross-subsidy the incumbent's customers pay to support its social tariff.

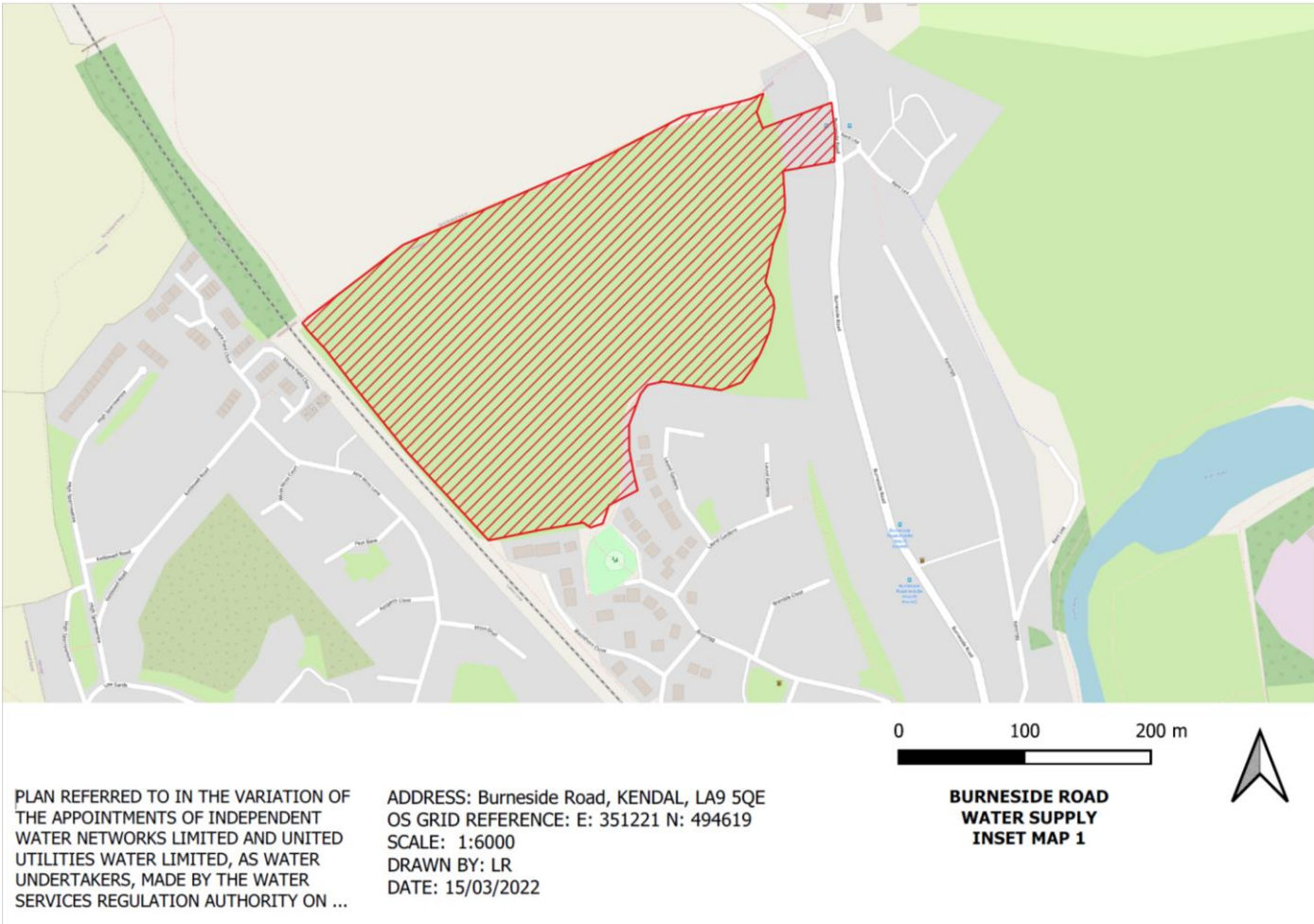
CCW notes our conclusion that, as a result of the variation, United Utilities existing customers would see there will be no potential cost on the annual water or sewerage bills of United Utilities' existing customers. CCW appreciates this is negligible but is unclear whether there will be any significant benefits to the existing customers of United Utilities. It questions the value of the NAV regime if it cannot deliver benefits to all customers.

Our response

One of our key policies when considering NAV applications 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 boundary

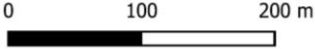


Sewerage boundary



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: Burnside Road, KENDAL, LA9 5QE
OS GRID REFERENCE: E: 351221 N: 494619
SCALE: 1:6000
DRAWN BY: LR
DATE: 15/03/2022



**BURNESIDE ROAD
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 8 February 2023

Coming into effect on 9 February 2023

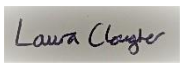
1. Independent Water Networks Limited ("Independent Water Networks") and United Utilities Water Limited ("United Utilities") hold Appointments as water and sewerage undertakers for their respective area ("the Appointments")¹. The areas to which the Appointments of Independent Water Networks and United 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 Burneside Road, Kendal, Cumbria, 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 Russell Armer 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.

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 was made by the Water and Sewerage 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.

5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Russell Armer 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
 - (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



Laura Clougher

Principal, Casework and Enforcement