

## Variation of Independent Water Networks Limited's appointment to include Northwood Street, Birmingham

On 11 August 2021, 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 Severn Trent Water Limited's (“**Severn Trent Water**”) water supply area and sewerage services area called Northwood Street, Birmingham (“**the Site**”). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 8 September 2021. During the consultation period, we received representations from three organisations, which are summarised in Section 1 of this document. On 25 January 2023 Independent Water Networks made us aware that the Site's boundary was going to be altered; the new boundary has an area removed from the east side of the previously provided boundary area, however the customer numbers on the Site will remain the same. In light of this alteration to the Site boundary, we allowed statutory consultees additional time to provide any representations; we did not receive any responses.

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 March 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 three responses to our consultation, from 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 Environment Agency and DWI had no comments to make with regard to the consultation. The points raised in CCW's response are set out below.

### CCW

CCW states that in general it expects new appointment and variation appointees to match or ideally better the incumbent's prices, service levels and service agreements. This is particularly true for developments that include domestic housing, as household customers are not able to choose or switch supplier like business customers can.

CCW noted that Independent Water Networks proposes to charge customers on the same basis as Severn Trent Water. It is disappointed that there will be no direct financial benefits to customers on the Site from having Independent Water Networks as their water and sewerage provider. However, CCW noted 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 generally matches or exceeds Severn Trent Water's levels of service, and so overall it supports the application. By way of example, it noted that Independent Water Networks offers greater compensation for low water pressure or for failing to read a meter once a year. Independent Water Networks also offers a free leak repair service on customer's external supply pipes.

However, CCW noted that, due to the relatively small size of its customer base, Independent Water Networks will not be able to offer its financially vulnerable customers a social tariff in the way that Severn Trent Water does, although it will offer the standard Water Sure tariff. CCW states that until it can provide a formal social tariff, it may be appropriate for Independent Water Networks to tailor some of its services. CCW expects Independent Water Networks to offer appropriate flexible support to any individual in financial difficulty, who would otherwise benefit from a social tariff, and that this should not be at the expense of other customers. CCW would expect Independent Water Networks to research the views of its customers on any proposed cross-subsidy before introducing any social tariffs.

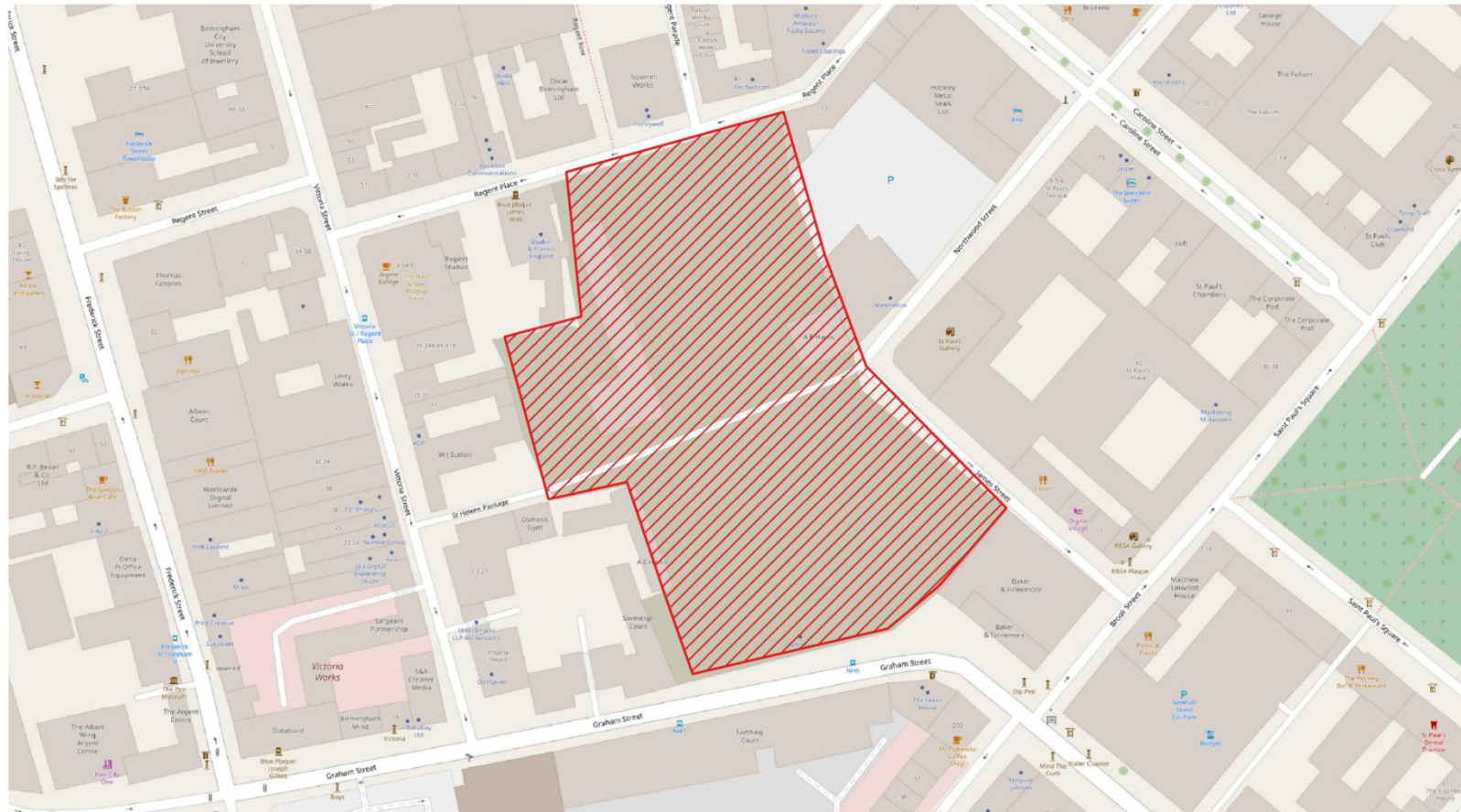
CCW notes our estimate that there will be no cost to Severn Trent Water's customers as a result of the variation. But it notes that it is unclear whether there will be any significant benefits for these customers from the arrangement. CCW questions the value of the NAV regime if it cannot deliver benefits for all customers.

## **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



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SEVERN TRENT WATER LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ... 22 March 2023

ADDRESS: Northwood Street, Birmingham, B3 1SZ  
OS GRID REFERENCE: 406302, 287508

SCALE: 1:1500  
DRAWN BY: SC  
DATE: 25/01/2023

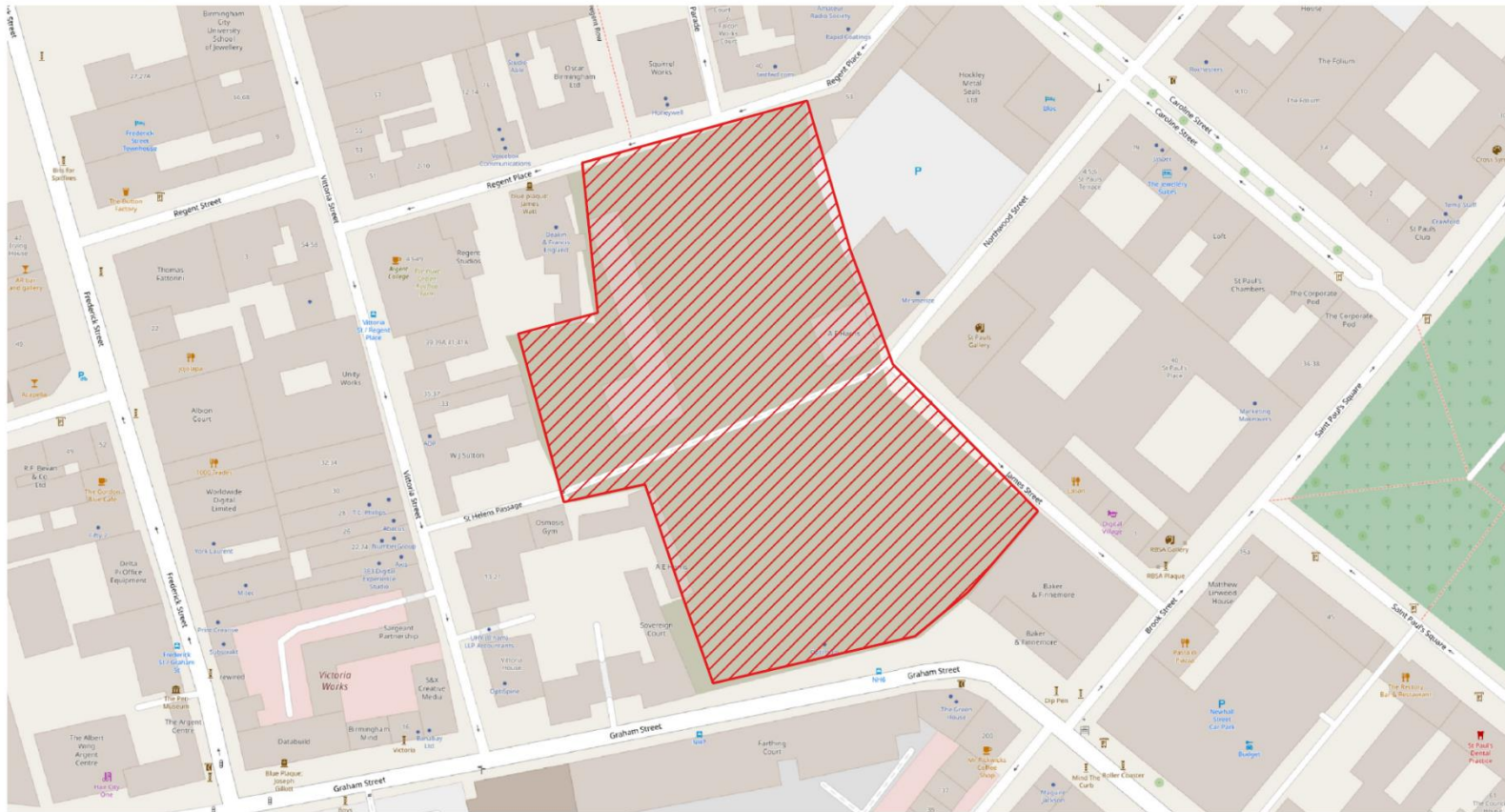
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**NORTHWOOD STREET**  
**INSET WATER MAP 1**

Variation of Independent Water Networks Limited's appointment to include Northwood Street, Birmingham

Sewerage



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SEVERN TRENT WATER LIMITED, AS SEWERAGE UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ... 22 March 2023

ADDRESS : Northwood Street, Birmingham, B3 1SZ  
OS GRID REFERENCE: 406302, 287508  
SCALE: 1:1500  
DRAWN BY: SC  
DATE: 23/01/2023

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**NORTHWOOD STREET**  
**INSET SEWERAGE 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 Severn Trent  
Water Limited as Water and Sewerage Undertakers**

Made on 22 March 2023

Coming into effect on 23 March 2023

1. Independent Water Networks Limited ("Independent Water Networks") 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 Independent Water Networks 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 Northwood Street in Birmingham, 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 Galliard Homes Limited.
3. Independent Water Networks has applied under section 7(4)(a) and (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 Independent Water Networks' application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Galliard 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 its Water Supply Area and its Sewerage Services Area; and

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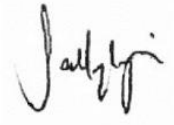
<sup>1</sup> Severn Trent Water's original Appointment as a water and sewerage undertaker was made by the Secretary of State for the Environment under sections 11 and 14 of the Water Act 1989, now replaced by sections 6 and 11 of the Water Industry Act 1991. Independent Water Networks' original appointment was made by the Water 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.

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Birmingham

(b) the Appointment of Severn Trent Water 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 positioned above the printed name and title.

**Sally Irgin**  
**Director of Enforcement**