

Variation of Independent Water Networks Limited's appointment to include Ham Farm and New House Farm, Gillingham

On 14 June 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 Wessex Water Services Limited's ("**Wessex Water**") water supply area and sewerage services area called Ham Farm and New House Farm, Gillingham in Dorset ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 13 July 2022. During the consultation period, we received representations from four organisations, which are summarised in Section 1 of this document. Given the length of time that has elapsed since the end of the consultation we requested updated confirmation that the Site remains unserved which was provided by Independent Water Networks on 10 January 2024.

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 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 7 February 2024.

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 four responses to the consultation from: the Environment Agency, the Consumer Council for Water (“**CCW**”), Dorset Council and Wessex Water. Details of these responses are set out below.

CCW

CCW provided its statement of position in relation to this Site, however did not raise any objections in relation to our proposal to grant this variation.

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

CCW is disappointed that there is no formal financial benefit to customers on the Site from having Independent Water Networks as their provider of water services, as Independent Water Networks intends to charge customers on the same basis as Wessex Water's and to match its charges. However, CCW notes that Independent Water Networks currently offers a discount of 2.5% against incumbents' charges and 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 those of Wessex Water, so overall CCW supports the application.

CCW notes that, due to its relatively small customer base, Independent Water Networks does not currently offer a social tariff to financially vulnerable customers in the way Wessex Water does, although it will offer the standard WaterSure tariff for qualifying customers. Until Independent Water Networks is able to provide a social tariff, CCW states that it is appropriate for it 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 considers that by matching Wessex Water' charges, Independent Water Networks already benefits from the cross-subsidy Wessex Water's customers pay to support its social tariff.

CCW also notes it is unclear as to whether there will be any significant benefits from the arrangement for Wessex Water's existing customers. CCW 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 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 incumbent.

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

The Environment Agency

The Environment Agency raised that Wessex Water is deemed a water stressed supply area and the housing proposal on the Site will demand more water from local public water supply abstraction sources that are already impacting the environment.

It set out that the consumption target of 110 l/h/d should be seen as a minimum and the Environment Agency recommended that further water efficient measures be included to reduce the consumption to 100 or 95l/h/d.

The Environment Agency noted that in the information provided by Independent Water Networksthe build profile total of 846 domestic properties is lower than the total figure of 961 identified in Independent Water Networks' application. It noted that the correct figure should be used in calculating the water consumption and the assumed surplus. The figure used of 846 properties gives a total demand estimate of 232.804 m³/d and a surplus of 134m³/d or 36% of the total supply. The Environment Agency noted that seemed very high and unnecessary. It noted that the risk of mis-connections will reduce risk during construction of the properties and that colour-coding of drains and other similar options could also be included to minimise mis-connections from changes by the home owners.

The Environment Agency stated that these comments were to note only and that it did not require a response or raise any objections to the proposal. Independent Water Networks confirmed receipt of these comments on 26 July 2023.

Dorset Council

Dorset Council responded to the consultation advising that it has put in part of the sewer network for the Site and it had yet to enter into an 'adoption agreement' with Wessex Water.

It noted that the Council would be unable to maintain the sewers and therefore it would require assurances that this will be taken on by Independent Water Networks. Independent Water Networks has provided confirmation that it will be adopting the wastewater network assets which serve customers located within the Site's boundary, based on a standard section 104 adoption agreement following the standard construction inspections and following maintenance period.

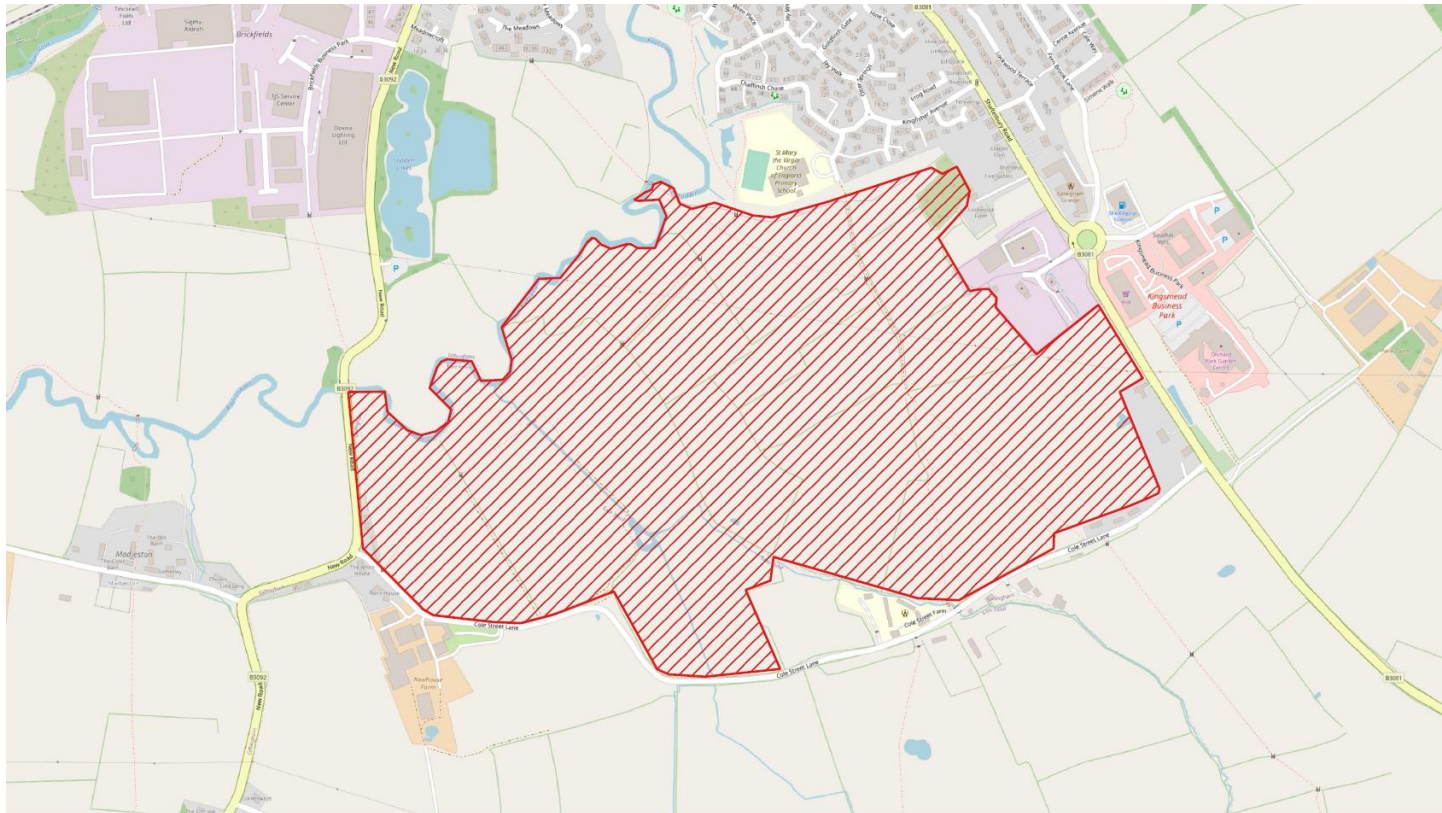
Wessex Water

Wessex Water responded to our consultation regarding this application to advise that it had several outstanding queries for the Site which at that time were yet to be agreed with both the landowner and developer. Due to ongoing negotiations with the landowner regarding infrastructure and contributions, Wessex Water was, at the time of its response in June 2022, yet to provide a point of connection to Independent Water Networks and had not entered into any discussions for a bulk supply agreement.

Wessex Water confirmed in an email of 29 January 2024, that all outstanding issues have been resolved and we have been provided with signed copies of the final bulk agreements.

2. Site Maps

Water:



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND WESSEX WATER SERVICES LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON 6 February 2024

ADDRESS: HAM FARM AND NEW HOUSE FARM, GILLINGHAM, DORSET, SP8 5JG
OS GRID REFERENCE: 381581, 125353

SCALE: 1:7000
DRAWN BY: CS
DATE: 10/03/2022

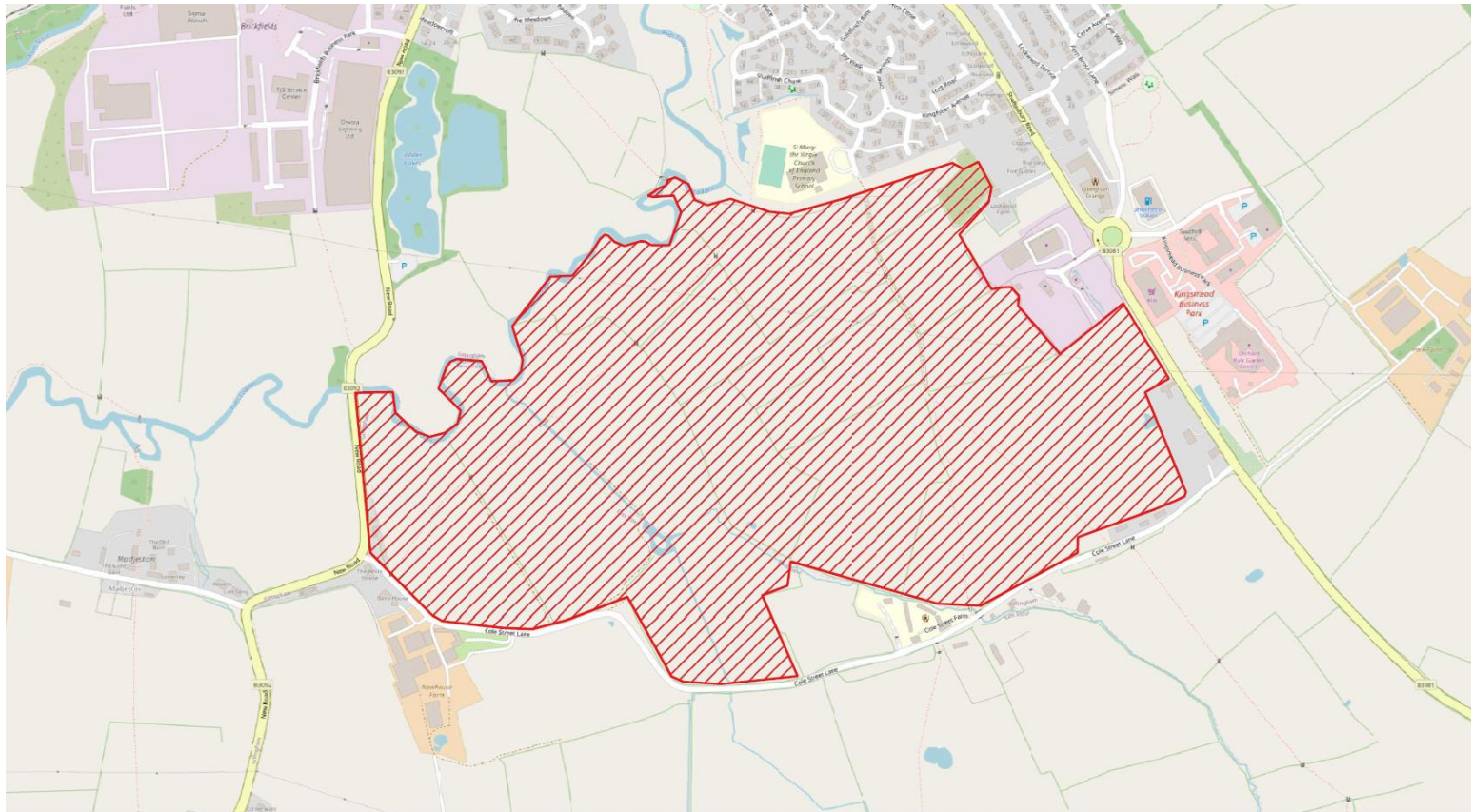
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**HAM FARM AND NEW HOUSE FARM
WATER SUPPLY
INSET MAP 1**



Sewerage:



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

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**HAM FARM AND NEW
HOUSE FARM
SEWERAGE UNDERTAKERS
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 Wessex Water Services Limited as Water and Sewerage Undertakers

Made on 6 February 2024

Coming into effect on 7 February 2024

1. Independent Water Networks Limited ("Independent Water Networks") and Wessex Water Services Limited ("Anglian Water") 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 Wessex 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 Ham Farm and New House Farm in Gillingham, Dorset, which is shown edged in red on the plan attached to this variation, ("the Site") is within Wessex Water's Water Supply Area and Sewerage Services Area. The Site is being developed by Redrow 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 Wessex 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 Independent Water Networks' application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Redrow Homes Limited, the Water Services Regulation Authority **varies**–

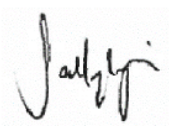
¹ Wessex Water's original Appointment as a water and sewerage undertaker was made by the Secretary of State for the Environment under sections 11 and 14 of the Water Act 1989, now replaced by sections 6 and 11 of the Water Industry Act 1991. Independent Water Networks' original Appointment was made by the Water Services Regulation Authority under sections 6 and 11 of the Water Industry Act 1991.

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.

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- (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 Wessex Water as a water and sewerage undertaker so that the Site is excluded from Wessex Water's Water Supply Area and 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