



# MINUTES of the Customer Challenge Group

On 25 July 2025, 09:00am – 3:00pm, Ms Teams

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## Present:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
David Brindle	Ambient Support	DB
Sarah Powell	Environment Agency	SP
Peter Daw	Greater London Authority	PD
Dr Charlotte Duke	London Economics	CD
Rob Scarrott	National Highways	RS
Jane MacBean	Buckinghamshire Council	JMB
Natalie Jakomis	Rightmove	NJ
Catherine Jones	CCW	CJ

## Thames Water:

Chris Weston	CEO	CW
Huw Thomas	Head of Engagement – Thames Valley and Home Counties	HT
Andrew Tucker	Water Demand Reduction Manager	AT
Andrew Gibbons	Head of Retail Reporting and Planning	AB
Jonathan Read	Director of Policy and Investigations	JR
Mariana Simpson	Regulatory Engagement Manager	MS

## Visitors:

Gemma Rosenblatt	Ofwat	GR
Geraint Davies	Ofwat	GD
Ida Indrelid	Ofwat	II

## Apologies:

Catherine Jones	CCW	CJ
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Agenda Item No.		Action
1.	Apologies for absence / Declarations of interests / Minutes from previous meeting / Chair update	
	Apologies were noted and no additional declarations of interests have been recorded. The minutes from the meeting on 27 June 2025 were approved subject to amendment. An update was provided on a number of actions from previous meeting.  CCG discussed the topic of comms around price increase, highlighting that their overarching concerns were not previously covered. It was agreed to include a note in the June minutes to	

	<p>ensure this has been captured. It was also noted that CCW are planning all companies workshop on this topic and CCW representative will provide feedback at the future CCG meeting.</p> <p><b>Action:</b> Forward plan to include CCW slot to provide feedback on industry workshop regarding communication bill increases.</p> <p>When discussing action regarding “report a leak”, the CCG noted the low 1% update of customers wanting further updates and asked for more insights, if possible, whether leaks are reported multiple times etc</p> <p>The Chair shared with the group that NJ has resigned and will be stepping down from CCG at the end of August due to taking up a new full-time role. The Chair thanked NJ for her contribution over her appointment and asked that she attend the Customer Services Strategy session arranged for Sep (Now Oct)</p> <p>PD shared with the group an update on Healthy Rivers initiative which is moving forward with a number of subgroups taking place focusing on water quality; nature-first approaches and inclusion, access and engagement. It was noted that Bloomberg is working on draft plan aiming to make technical content more accessible to a general audience.</p> <p>The group discussed the agenda for the day and agreed key focus areas.</p>	
2.	<p><b>Cunliffe review – initial analysis of final report</b></p> <p>JR shared a summary of the recently published Independent Water Commission report and its implications. Key highlights included:</p> <p><b>Government Direction:</b> Strong recommendation for a clearer national water strategy with a 25-year horizon and simplified strategic guidance to regulators.</p> <p><b>Regional Planning:</b></p> <ul style="list-style-type: none"> <li>• Establishment of Regional Water Authorities aligned to river basins (8 regions + Wales).</li> <li>• Planning across 5, 10, and 25-year horizons.</li> <li>• Reduction of planning documents from 9 to 2: one for water, one for environment (including waste).</li> </ul> <p><b>Regulatory Reform:</b></p> <ul style="list-style-type: none"> <li>• Proposal for a new regulatory body to unify expectations across DWI, EA, and economic regulators.</li> <li>• Introduction of a systems planner to coordinate cross-regional strategic projects (e.g., Severn-Thames transfer).</li> </ul> <p><b>Customer Focus:</b></p> <ul style="list-style-type: none"> <li>• National social tariffs</li> <li>• Creation of a Water Ombudsman (expanding CCW's powers)</li> <li>• Broader access to CMA appeals for customers and environmental groups</li> <li>• Transfer of customer advocacy from CCW to regional bodies</li> <li>• Inclusion of customer representation on regional planning board</li> </ul> <p><b>CCGs (Customer Challenge Groups):</b></p>	

- The report is not definitive on their future role and whether they will be mandated or how they will interact with new structures.

TW continue to assess the impact of recommendations. JR acknowledged that some uncertainty remains around how regional oversight and structural changes will affect the development of future business plans, and how this interacts with the supervisory regulator functions.

CCG recognised the quality, scope and level of detail in the IWC report. CCG thought that they are two contrasting narratives around the report: one focused on constructive reform while another more political, critical of the sector.

Having reflected on the recommendations, CCG shared their initial views:

#### **National Social Tariff**

CCG thought that while a national standard is welcome, they were concerned that it could dilute strong regional schemes like TW's existing social tariff, potentially disadvantaging high-performing areas.

#### **New Regulator Structure**

The idea of unified regulator is welcome, but CCG thought there are certain risks of creating new silos if the new structures are not carefully designed. Their initial view was that functions such as coastal and river flooding would need to be integrated thoughtfully to avoid fragmentation, although noted that flooding was not in the scope of the IWC's recommendations.

Concern was expressed around the impact moving staff from the EA into the new regulator would have on the EA's ability to manage critical incidents (e.g. flooding) where this required a 'whole organisation' response.

#### **Operational Distraction Risk**

Given AMP8 will see record investment alongside an ambitious package of regulatory and institutional reform, CCG recognised the risk that companies may lose focus on core delivery while navigating complex legal and institutional/regulatory structure changes.

#### **Regional planning model**

CCG were concerned whether the new regional planning model will adequately reflect the unique challenges in London and the Southeast, such as high costs of modernising ageing infrastructure or rising demand from water-intensive developments like data centres, which are heavily concentrated in the TW region. JR in response said he believed that one of the motivations behind the regional planning model was to better take these differentiating elements into account, but also to align with other sectoral investment priorities that were also considered regionally (e.g. highways)

CCG noted that companies will be expected to map all assets and report on resilience metrics which could lead to higher data management costs and expose technical capacity gaps. CCG were not sure whether TW is fully committed to this level of transparency. JR explained that TW supports the development of risk-based resilience standards and improved asset transparency but acknowledged that this will require long-term effort and clear government policy outcomes, especially around trade-offs (e.g. resilience vs environmental) set against consumer affordability.

3.	<b>CEO session</b>	
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CW shared an update on Thames Water's financial and regulatory situation, expressing cautious optimism about Thames Water securing a market-based solution to restructuring its balance sheet and in doing so avoiding Special Administration Regime (SAR). Discussions between creditors and regulators are continuing. A recapitalisation plan is being developed by the creditors which is likely to involve a lower level of AMP8 expenditure reflecting constraints in the supply chain, but it also reflects the constraints of the final determination. If agreed between the regulator and creditors, this will likely involve a debt write-down swapping debt for new equity and at the same time a crucial regulatory recalibration of performance commitments and environmental improvement trajectories. CW explained that while the government has indicated it prefers a market-based solution, it continues to insist on the company meeting its legal and compliance obligations.

CCG asked about TW's plans to manage public perception, especially around debt restructuring and its impact on customers. While the CCG recognises the good work happening internally it highlighted concern that the public sentiment, often influenced by media coverage, may react poorly to news of debt being written off as being equivalent to a 'bail out'. In response, CW acknowledged this, stressing that the Board were acutely aware of the need for all stakeholders to be seen to hold the company and its owners to account, but equally how agreeing a way forward from the status quo was ultimately in the interests of customers. CW observed that despite progress in improving understanding among informed commentators, TW was likely to remain a lightning rod for negative comment, but that the steady success of the turnaround's implementation would start to counteract some of that, although this would take time.

CCG were interested how TW will help customers better understand improvements in service quality and transparency. CW explained that improving customer communication and transparency is a major focus, supported by dedicated teams. TW is one of the leaders in the sector in publishing data such as the real time discharge map and pollution categorisation. The company actively engages customers during planning and infrastructure projects and is working to enhance local visibility of investments through social media and its website. Over the next five years, the goal is to further increase transparency and help communities understand the benefits of local projects, while continuing to prioritise infrastructure that will underpin delivery of many of customers' highest priorities. The CCG welcomed this and will monitor the impact at local level. They emphasised the importance of transparency and accuracy in building trust with customers.

In response to a question regarding customer voice and local engagement, CW highlighted that TW places strong emphasis on listening to and engaging with local communities through frontline staff, liaison officers, and public consultations. The company responds directly to incidents and actively involves customers in discussions around major projects, such as the SRO schemes. While infrastructure remains the core focus, there is a clear commitment to understanding and reflecting the lived experience of customers in specific areas, aiming to build trust and relevance through hyper-local communication and meaningful dialogue.

Reflecting on previous conversations, CCG wanted to know how CW reconciles TW's identity as an infrastructure company with the customer-facing nature of its services. CW reiterated TW's identity as an infrastructure company, highlighting that strong infrastructure is essential to delivering reliable customer service and environmental outcomes. While acknowledging the importance of customer engagement, he believes the best way to serve customers is by investing

	<p>in and improving the underlying infrastructure, which has suffered from decades of underinvestment.</p> <p>Turning to the IWC Final Report, CCG were interested what aspects of the proposed reforms are most encouraging and how will TW ensure continued delivery amid potential disruption. CW supports the direction of reform, particularly the unification of regulatory bodies and greater focus on company performance and cost-benefit analysis. While CW acknowledged risks around regional structures and legislative complexity the company's long-term plan, clear implementation priorities and delivery focus will ensure the transition will not impact day to day operations.</p> <p>CCG asked how the proposed changes in performance commitments align with customer priorities. CW explained that customer priorities, such as reducing pollution and leakage, remain unchanged. The regulatory reset aims to identify more realistic targets that reflect operational constraints, avoiding punitive penalties that could harm the company's financial stability. By adjusting targets to achievable levels, TW can continue improving performance in line with customer expectations while maintaining financial resilience and avoiding a cycle of failure.</p> <p>CCG were interested in how a regulatory reset can be reconciled with the need for a level playing field across water companies. CW thought that a solution could be a turnaround regime, where companies facing significant challenges, like TW, could access a reset alongside elevated regulatory oversight, a commitment to a sustainable financial restructuring, including restrictions on dividends during the period that a company was in such a 'turnaround oversight regime'. CW believes such a framework, as was also made clear in the IWC report, should be available to all companies in comparable circumstances.</p> <p>The session concluded with discussion around the political sensitivity around TW and the water sector, and how could a regulatory reset be possible politically. CW indicated that the government's position was that a market-led solution would be preferable to SAR. CW believed that most stakeholders were acutely aware of the importance of recognising the reality of the situation, and the need for pragmatic solutions to fix the long-standing issues at the company, alongside broader regulatory reform.</p> <p>The CCG Chair thanked CW for his time and openness.</p>	
4.	<p><b>Drought update</b></p> <p>Following introductions, HT provided an update on the current position, highlighting that a regional hosepipe ban was introduced this week in the far west of the Thames Water catchment, covering areas like Swindon, Oxfordshire, and parts of North Wiltshire, due to low rainfall, pressure on groundwater-fed reservoirs and increased demand during heatwaves. Unlike previous bans, this is targeted rather than region-wide, reflecting varying water resource conditions. TW has delivered extensive communications including emails, texts, media coverage, and website updates, to inform affected and exempt customers, with strong engagement seen online. The ban follows months of proactive water efficiency messaging and aims to manage demand while protecting supply in the most impacted areas. TW continues to monitor conditions weekly across both affected and unaffected regions, using a range of indicators to guide future decisions.</p> <p>In response to a question about how TW's current approach differs from past drought restrictions, AT explained that historically, action began only once drought conditions were declared. Now, demand reduction is embedded year-round through smart meter rollout, water efficiency programmes, and proactive customer engagement. These efforts form 80% of the water resource management plan. During the hosepipe ban, communications increase significantly, with targeted emails and texts informing customers of the situation, restrictions, and Thames Water's actions.</p>	

Real-time data dashboards now allow daily monitoring of water usage, weather, and customer behaviour, enabling rapid insight and adaptation. This marks a shift from reactive to proactive, data-driven drought management. CCG wanted to know the coverage of email data among customers and how they assessed efficacy of digital communications as research indicates that customers have to receive the same message more than once before it registers.

CCG were interested in how representative TW's smart meter data is of the overall customer base, AT explained that around 42,000 households in the SWOX area currently have smart meters, out of a population of just over one million. While not comprehensive, this sample size provides meaningful insights, especially when broken down by property type. The data shows clear patterns, households with outdoor space respond rapidly to temperature and rainfall, driving peak demand increases of up to 50%. These insights help target restrictions and water efficiency messaging. Additionally, TW is proactively addressing internal leaks and sharing business customer data with retailers to reduce continuous flow, achieving a 90% self-fix rate from customers, a major step forward in demand management.

CCG asked whether TW is considering the areas bordering the hosepipe ban zone, given past confusion among customers. AT confirmed that while direct communications are focused on affected areas, wider public awareness which is driven by media, social media etc. is influencing behaviour across the region. Although it's hard to separate the impact of formal restrictions from general awareness, the topic is highly visible and helping drive positive water-saving actions.

CCG noted that some customers remain confused where hosepipe bans apply, even with postcode level details being shared. This highlights the need for clearer, repeated communication. It was also noted that public understanding often improves with frequent messaging—especially as water efficiency and demand reduction now make up 80% of Thames Water's long-term water management strategy. The plan looks ahead 70–100 years and balances current infrastructure with future needs, including smart meter rollout and development of new water sources like reservoirs.

Follow up discussion focused on drought related customer research. It was noted that TW specific customer research related to the frequency of TUB has been put on hold. However, there is upcoming regional research driven by WRSE.

Turning back to the data use, CCG asked how TW is using data and communications to manage demand, especially during drought periods. AT explained that smart meter data informs everyday and drought-related messaging, helps identify leaks, and supports targeted customer engagement. Customers receive personalised alerts and can track usage online, with a new portal launching next year to provide feedback and rewards. Green Redeem offers incentives for water-saving behaviour. While weather remains the biggest driver of demand, TW is working to link long-term data, communications, and billing to better understand and influence customer behaviour over time.

CCG raised concerns about mixed customer responses to the hosepipe ban. AG explained that while only 23 formal complaints were received in the first two days, Thames Water staff faced significant abuse on social media and in call centres. It was noted that around 2,000 contacts were received in total, with 40% handled via automated messaging. Much of the initial backlash came from customers outside the affected area, and although the volume of complaints has since declined, the emotional response was stronger than in previous bans. CCG also asked whether customers had questioned paying the same charges as those in unaffected areas, but no significant feedback on that issue has been reported so far.

	CCG Chair concluded the session encouraging TW's use of hyperlocal messaging to explain the hosepipe ban but noted a disconnect between localised issues and more generic leakage responses. She highlighted key challenges around communications and demand management, including the need for message repetition, live data use and clearer customer incentives. The group also discussed confusion around water vs wastewater providers and encouraged deeper data insights over time.	
5.	<b>DWMP – CCG Feedback from L1 stakeholder forum</b>  JMB shared a background on the Drainage and Wastewater Management Plan (DWMP), a statutory 25-year strategy required under the Environment Act. It aims to ensure future resilience, sustainability, and benefits for communities and the environment. Thames Water is developing the plan within Defra's framework, integrating it with other strategic plans and stakeholder input. JMB provided an update from the Level 1 stakeholder forum which she attended. Key challenges include climate change, infrastructure gaps, and future housing growth. The team has begun stakeholder engagement, mapped out performance indicators, and committed to digital consultation. The CCG is encouraged to prepare a coordinated response to support the plan's development. The group reflected on the complexity of wastewater planning compared to water resources, reinforcing the need for targeted stakeholder input.  The group discussed the consultation, focusing on the need to distinguish between long-term trends and short-term variability in wastewater flows, particularly due to rainfall. There was interest in how Thames Water balances demand-side and supply-side measures, and concern about the effectiveness of sustainable drainage systems (SuDS) in planning. Given the tight consultation deadline and limited visibility of future trends, it was agreed that it would be hard to provide a full response to the consultation. Instead, there would be a note focussing on the key points:  1. That it feels rushed and it is important that this long term piece of work has appropriate resources and adequate time for stakeholder engagement. At this stage, CCG does not feel confident that this is the case and all the factors relevant for the forward time horizon have been considered (e.g. full list of factors not yet published). 2. The current level of water stress in SE needs to be adequately reflected in the plans.  3. The need for more accurate prediction of demand based on the government commitment to growth and new demand from e.g. data centres.  4. Relationship with regional planning as proposed by ICW and the point about local adaptation.  <b>Action:</b> JMB to share draft response with the group for comment before submission on 15 August.	
6.	<b>CCG feedback on Customer Strategy session</b>  NJ reflected on the recent meetings with TW's data and customer teams where they provided context on their strategic intent, performance metrics, and the development of a unified data platform. The framework presented outlines key areas such as measurable customer outcomes, proactive risk management, and a customer-focused culture. The discussion centred on digital inclusion, where TW has committed to multi-channel access (e.g. phone, post, in-person), but lacks clear metrics to demonstrate equitable service across digital and non-digital channels. Suggestions included tracking assisted digital usage, co-designing services with digitally excluded groups, and improving segmentation of vulnerable customers. Concerns were raised about vague responses regarding customer digital capabilities and trust in digital tools, particularly around data	

privacy. The group agreed that while TW recognises the importance of inclusion, more robust data and KPIs are needed to ensure no customer is left behind. These points will be revisited when Thames Water presents further updates in the future meeting.

NJ explained that TW has been strengthening its data capabilities by building a more reliable and modern data platform. Recently, they've shifted focus to creating strong foundations that now support smarter use of data and analytics.

They're starting to see real benefits, including:

- Predicting and preventing customer debt
- Fixing operational issues before customers notice
- Using real-time data to manage risks more effectively

The platform is now more advanced and future-ready, setting the stage for more impactful insights and innovation. NJ said there's still work to do—especially in tailoring insights and connecting data with frontline services—but the direction is promising.

CCG had expected greater progress. Chair acknowledged the intense scrutiny TW is currently under, driven by regulatory pressures and media attention during a critical period of turnaround and wondered if that presented limitations in resourcing. In terms of scrutiny, the CCG wanted to recognise the challenging environment in which the company is operating. In terms of individual members to staff at TW, to be supportive of efforts to improve delivery in line with customer needs and expectations.

Recent engagements have shown a positive shift in how Thames Water presents to CCG—moving away from slide-heavy sessions toward more thoughtful, responsive dialogue. CCG particularly values when presentations directly address questions submitted in advance. It was felt our questions had been overlooked on this occasion.

Looking ahead, CCG encourages greater honesty and transparency. This means going beyond reporting activities to focus on what those activities actually deliver for customers—what's actionable, what's improving, and what remains a challenge. Framing updates around customer outcomes (e.g. “leaks fixed”) helps clarify impact.

CCG also welcomes openness about the more difficult aspects of the work not just the positives. Sharing challenges helps build a clearer understanding of the real issues and supports more constructive engagement.

## 7. Session with Ofwat

Following introduction GR provided an update on several recent research projects which have focused on issues directly affecting TW customers:

**Billing Research:** TW was the only company included in both stages of a major billing study, due to the high volume of stage two complaints. The research explores customer experiences with billing issues beyond simple transactions, aiming to understand complaint journeys and identify areas for improvement.

**Incident Research:** TW participated in a joint programme examining five water supply incidents, including one at Camberley sewage treatment works. Additional evidence was gathered around the Crystal Palace incident, prompted by concerns raised by MPs.

	<p><b>Sewage in Homes:</b> While not detailed in the presentation, this remains a priority area for future focus.</p> <p><b>Cost of Living Survey:</b> Unpublished data reveals concerning trends around tap water consumption in London, suggesting potential trust or quality issues.</p> <p><b>Price Review Engagement:</b> Work is underway with CCW to refine guidance for the next price review, with a shift toward more prescriptive quantitative monitoring of customer priorities.</p> <p>The first part of the discussion focused on the billing complaints research. CCG wanted to understand why there was only limited number of companies included in the research and why TW was included in both stages. Ofwat explained that it was due to budget constraints and desire for meaningful sample sizes. Companies were selected on complaints risk, geographic spread and performance (both high and low). TW's high volumes of Stage 2 complaints made it important to study their customer journeys in depth. CCG asked about Thames' fragmented data systems and whether this contributed to repeated customer contact. Ofwat acknowledged this as a possible issue, though not unique to Thames, and noted that other companies also struggle with tracking customer interactions. It was noted that Stage 2 research includes deeper exploration of how vulnerable customers are supported.</p> <p>CCG expressed some concern about the methodology for the research and whether the sample sizes were adequate.</p> <p>Further discussion focused on the Crystal Palace incident with Ofwat describing the response as inadequate given the small scale of the incident; and cost of Living Survey which showed low trust in tap water in London. It was noted that cultural factors, misinformation, and infrastructure concerns may play a role. The discussion raised concerns that vulnerable customers are spending disproportionate amounts of limited income on bottled water and more should be done to highlight the high standards of drinking water.</p> <p>The session concluded with Ofwat outlining next steps, including publishing Stage 2 findings by November 2025.</p>	
8.	<p><b>AOB</b></p> <p>The next CCG meeting will take place on 15 August 2025 in Oxford. The group discussed the proposed agenda, with the Chair emphasising that it presents a valuable opportunity for the CCG to engage directly with local stakeholders and hear first-hand about their challenges and insights.</p>	