



# MINUTES of the Customer Challenge Group

On 17 October, 09:00am – 3:00pm, Ms Teams

## Present:

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

## Thames Water:

Przemek Milewicz	Director of Customer Strategy	PM
Hannah Rose	Head of Household Customer Strategy	HR
Isabelle Bartlett	Strategy Manager	IB
Amanda Frost	Head of Complaints Transformation	AF
Jonathan Hagan	Director of Economic Regulation	JH
Molly Burke	Head of Water Performance	MB
Mariana Simpson	Regulatory Engagement Manager	MS

## Apologies: None

Agenda Item No.		Action
1.	<b>Apologies for absence / Declarations of interests / Minutes from previous meeting</b>	
	No additional declarations of interest were made. The minutes from the CCG meeting held on 19 September will be circulated to the group ahead of the October meeting.	
2.	<b>Chair update</b>	
	<p>Acknowledging the group's valuable contribution and impact, TW wishes to extend the role of the CCG in its current form for another year. The Chair expressed appreciation to all members for their individual and collective efforts. She plans to hold one-to-one conversations with members to:</p> <ul style="list-style-type: none"><li>• Reflect on their contributions and learning.</li><li>• Identify areas of interest for the coming year.</li><li>• Confirm continued commitment, especially from appointed members.</li></ul> <p>The Chair outlined her expectations for the upcoming year which may evolve depending on TW's and wider sector developments arising from the new Water Bill. She also noted that Pete Daw will be joining CCG as independent member.</p>	

	<p>TW's creditors are awaiting regulatory and government responses to a recapitalisation proposal that, if approved by stakeholders and the courts, could lead to a change in ownership and control in spring 2026, and with that new board appointments. She explained how the CCG will seek engagement with the company and any new owners to ensure customer interests continue to be represented. Although the full details of the government's response to the IWC recommendations were not yet available, including the status of the CCG in the longer term, it was noted that the CCG may nevertheless be given a formal mandate in the next Price Review, now expected in 2031. CCG noted other recent developments including a recent Indepen report proposing a framework for future CCG operations, and Water UK's proposal for potential collaboration between CCGs and customer panels.</p> <p>CJ updated CCG on the CCW consumer panels, noting the research agency has been appointed and is recruiting panels for each company. In addition, CCW will be requiring two moderated accountability sessions annually, with selected panel members presenting broader questions to avoid individual complaints. Between sessions, light-touch research and monthly sentiment reports will track public perceptions, helping maintain engagement and inform company feedback. These reports are expected to begin in late November 2025. CCG were interested how the panels are being recruited and what is the specific breakdown for TW panel.</p> <p><b>Action:</b> CCW / TW to share recruitment quotas for TW when available.</p> <p>The group discussed the limitations of small panel samples for research, noting they offer useful insights but aren't representative of TW's wider customer base. Targeted recruitment of vulnerable groups was suggested to improve relevance, and concerns were raised about self-selection bias in opt-in panels.</p> <p><b>Action:</b> CCW to share how potential biases will be overcome.</p>	
<b>3.</b>	<b>Vulnerability and affordability update</b>	
	<p>Following introductions, CD set out the context for the session, thanking HR and PM for the presentation slides, which offered valuable insights into social tariffs and water consumption. CCG were also interested in the findings that customers on social tariffs may use more water than expected, prompting interest in further analysis and discussion on the impact on the upcoming Defra consultation.</p> <p>HR shared an update on affordability, demand, and consumption trends, followed by a review of the national social tariff and a forthcoming vulnerability campaign. HR shared TW's recent award recognition for its auto-enrolment initiative, which has delivered substantial financial support to thousands of customers through data-sharing with local authorities. Building on this success, the team is now exploring improvements in household charging accuracy and identifying vulnerable customers needing alternative water supply, with growing collaboration helping shape national thinking on affordability.</p> <p>TW has seen strong growth in support access, with a 90% increase via phone and agent routing and 155% through the new web form. Efficacy analysis shows support is reaching the right customers, and early indicators suggest bills are becoming more affordable. CCG welcomed the</p>	

	<p>findings, noting they respond directly to the CCG's request for assurance on targeting, while acknowledging further improvements are needed.</p> <p>Turning to data sharing, CCG welcomed TW's efforts to expand data sharing with local authorities and suggested that enhanced data sharing could improve targeting and tracking of alternative water supply during incidents. HR thought that the data sharing can enable identifying more customers in vulnerable circumstances and the recent changes to GGS increased requirements on companies to have a better reporting on alternative water supply for customers in vulnerable circumstances.</p> <p><b>Action:</b> The next update to include more information on GGS changes and further reporting on alternative water supply for customers in vulnerable circumstances.</p> <p>HR shared findings from a recent analysis comparing water consumption between social tariff recipients and a control group. The data showed that customers in water poverty consistently consume more water but pay less due to affordability support, validating earlier PR24 research. The group also discussed whether fixed standing charges discourage water-saving behaviour. Initial data suggests they do not, but further analysis is needed to confirm this over a longer period.</p> <p>The next part of discussion explored how TW could better align its water efficiency programme with its social tariff and vulnerability strategies. CCG suggested using existing consumption data to target support for low-income customers, helping reduce usage and bills. While HR confirmed shared data use across teams, PM noted that water efficiency currently operates separately from vulnerability efforts. CCG challenged this separation, advocating for closer integration. CCG agreed to explore stronger alignment and proposed adding water efficiency and behaviour change to next year's priorities, alongside monitoring the impact of fixed charges.</p> <p>CCG welcomed TW's use of existing internal data to analyse customer behaviour and affordability was recognised as a smart, cost-effective approach that avoids the need for expensive new data collection. The discussion also highlighted the importance of considering broader external influences, such as drought-related restrictions, public awareness campaigns, and smart meter rollout, when interpreting consumption trends.</p> <p>Moving to the national social tariff (NST), HR highlighted that the topic is being revisited by government and industry stakeholders, with renewed interest in aligning it to broader poverty strategies. TW has been actively engaged with Defra, sharing its experience as a sector leader in affordability support and auto-enrolment. The framework is still under development, with Defra considering operational and equity challenges before finalising the approach.</p> <p>CCG asked about the potential distributional impacts of the proposed national social tariff (NST), drawing parallels with issues in the energy sector where fixed charges increased significantly due to centralised cost recovery. It was noted that redistributing affordability funding across companies could penalise more efficient providers and create inequities. Defra is aware of these challenges and is exploring ways to ensure the NST is fair, consistent, and operationally viable, though the framework remains under development.</p>	
4.	<b>Customer Strategy</b>	
	<p>Following introductions, IB reminded CCG of TW's customer strategy aims to become the easiest water company to deal with, which is supported by six core objectives and three additional focus</p>	

	<p>areas. Implementation is driven through a monthly cross-functional forum where progress is tracked using strategy cards, KPIs, and deep dives. The approach fosters collaboration, accountability, and continuous improvement across teams, ensuring alignment with customer needs and business goals.</p> <p>The discussion focused on the importance of customer impact. CCG asked for clearer links between the customer strategy priorities and tangible improvements for customers, including examples and areas for further enhancement. IB shared that key challenges include resolving issues from the customer's perspective, reducing internal handoffs, and improving case management systems. TW is addressing these through better journey mapping, AI-driven tools, and cross-team collaboration to strengthen customer culture and service delivery.</p> <p>CCG noted ongoing challenges with complaints resolution, with key concern being that 44% of customers contacted TW more than six times, suggesting that issues aren't being resolved efficiently. PM and IB explained that improving case management is a priority in the company's digital roadmap, with pilots underway to test end-to-end journey management. However, it was also pointed out by CCG that systems alone won't fix everything - internal processes and team handovers play a big role. IB shared examples of strong collaboration across teams, but also of breakdowns within departments that had led to poor customer experiences. It was agreed that both system upgrades and cultural improvements are needed to deliver consistently better outcomes for customers.</p> <p>Turning to the KPIs, IS explained how they are now more clearly aligned with TW's strategic objectives and customer outcomes, offering a direct line of sight from strategy to impact. While many are lagging indicators like CMEX and PCC, the team is also tracking leading KPIs to monitor progress and drive action. The group welcomed the structured process and cross-departmental collaboration but requested greater clarity on how current KPIs differ from previous ones and how they reflect customer priorities.</p> <p>The group reviewed the specific example of building the C-mex proxy survey, which clearly demonstrated how customer feedback from the CMEX proxy survey is being used to shape and measure performance—linking sentiment around resolution and communication directly to strategic KPIs. CCG members emphasised the value of such real-world examples and requested future KPI updates to include both successes and areas needing improvement, helping to illustrate how performance data translates into meaningful customer outcomes and supports the cultural change underway.</p> <p><b>Action:</b> CCG meeting on 12 December to include a deeper dive into KPIs and their link to the customer priorities, including examples to help illustrate cultural change and incremental progress against strategic goals. (PM/IB)</p>	
5.	<b>Complaints deep dive</b>	
	<p>Following introductions, AF presented a strategic overview of TW's complaint transformation work. CCG emphasised the need for clearer links to customer outcomes. AF shared findings from Ofwat research which showed that 78.6% of complaints this year were billing-related, with 44% of affected customers contacting the company more than six times, highlighting serious issues with resolution and communication. In response, TW conducted a deep dive into contact drivers, identifying poor updates and lack of acknowledgements as key pain points. A new "keeping customers informed" strategy was introduced, alongside improvements in refund tracking, customer-side leakage policy, and smart metering journeys. These initiatives aim to reduce repeat</p>	

	<p>contact and improve resolution. The group welcomed this outcome-focused approach and encouraged continued transparency, requesting more data-driven insights and examples of impact in future sessions.</p> <p>The group explored how TW's complaints strategy could evolve toward a more seamless, customer-centric experience. CCG raised the importance of packaging improvements in a way that mirrors best-in-class utilities like Octopus Energy, prompting AF to share insights from a recent visit to Octopus and the company's ambition to deliver "destination easy" journeys. She outlined ongoing pilots focused on customer ownership and resolution, moving away from transactional handling. The group emphasised the need for omni-channel accessibility and faster, more intuitive service. CCG suggested expanding the contact analysis to different times of day to ensure a representative view of customer needs, which AF said would be considered for inclusion in future research.</p> <p>Thames Water shared its evolving approach to customer experience, anchored in a new strategic framework called "Destination Easy." Developed with Gallagher, the initiative aims to simplify customer interactions and embed consistent service standards across teams. A five-chapter customer story was launched to align leadership and frontline teams, supported by a "Make It Easy" framework with 12 core service ingredients and coaching tools. Over 200 leaders have participated in workshops, and the programme is being embedded across partner organisations, including Tech Mahindra and EXL, with strong engagement and branding.</p> <p>A customer safari exercise revealed that key service behaviours were not consistently present in TW interactions with customers which had prompted targeted training and a redesign of the quality framework to encourage more human, empathetic conversations. Early changes include shifting caller contact detail validation to later in contact centre conversations and scheduling callbacks rather than asking customers to recontact. These efforts reflect a broader cultural shift toward customer ownership, simplicity, and proactive service.</p> <p>Discussion focused on sustainability and impact. AF confirmed pilots are underway to test single case ownership, showing early improvements in resolution and CSAT. CCG raised concerns about cost and scalability, prompting AF to explain that pilots will help assess feasibility and potential efficiencies, such as reducing repeat contacts. CCG asked how success will be measured and whether control and treatment analysis is being used; AF confirmed that internal metrics like repeat reduction, resolution rates, and CSAT are being tracked, and pilots are designed to isolate impact before wider rollout. The group welcomed the approach and encouraged continued focus on measurable outcomes and cultural change.</p> <p>The session concluded with CCG expressing support for TW's "Destination Easy" programme and its pilot initiatives aimed at improving customer experience. AF confirmed that the pilot on single case ownership will continue into December, with results to be reviewed early next year. The group agreed to revisit progress in future meetings and welcomed the cultural shift toward more human, empathetic service.</p> <p><b>Action:</b> CCG forward plan to include follow up session on complaints in 2026 (AF).</p>	
6.	PR24 update – input into lessons learnt	

	<p>JH provided a summary of the CMA's provisional determination following appeals from six water companies. The CMA placed strong emphasis on customer affordability, rejecting 80% of proposed revenue increases and criticising poorly evidenced submissions. While their approach was largely traditional, they introduced a new LASSO-based model for base cost assessment, which resulted in lower allowances overall. However, an issue raised by CCG was how this model choice by the CMA does not adequately account for regional cost differences, leading to inconsistencies such as higher allowances for water services over wastewater. JH noted that this approach contradicts recommendations from the Independent Water Commission, which called for greater use of judgement alongside benchmarking and econometric modelling.</p> <p>CCG asked about the implications for TW. JH explained that while changes to WACC and other components would likely result in slightly higher allowances compared to the Final Determination, the new base cost model significantly reduces Thames Water's funding. He added that if the CMA had retained Ofwat's base cost model, Thames Water would have received a notable uplift. The group acknowledged the need for further engagement with TW on these issues, particularly implications for fairness and practicality of the CMA's modelling approach.</p> <p>JH explained that the CMA halved the ODI rate for pollutions, keeping performance expectations unchanged but reducing financial penalties. For supply interruptions, the CMA replaced Ofwat's flat five-minute target with a linear glide path over five years. While this maintains the same end goal, it delays improvement. CCG raised concerns that these changes reduce accountability and may lead to a deterioration in service standards. The group also questioned whether the CMA's decisions, including an increased WACC, favour investors over customers. CCG highlighted the perceived risk of declining customer outcomes despite the CMA's stated focus on affordability</p> <p><b>Action:</b> JH to check and circulate the CMA's position on the return on regulated equity (RORE), to help the group understand the overall investor impact in the context of changes to ODIs and WACC.</p> <p>JH shared TW's internal PR24 lessons learned process, structured around key phases of the regulatory cycle. Early findings show alignment between internal and CCG feedback, highlighting issues such as compressed timelines, unclear priorities, and limited engagement on affordability. Positive reflections included early CCG involvement and integration of customer priorities. These insights will inform planning for PR29, with a full readout expected in November.</p> <p>The group stressed the need for earlier, more collaborative planning and clearer communication of trade-offs when customer feedback cannot be fully reflected. JH noted that stronger customer research and earlier engagement, would be key to building a better plan.</p> <p>Members also reflected on the role of the CCG in balancing customer priorities with what is feasible for TW. They emphasised the value of deliberative research, particularly focus groups exploring trade-offs and long-term impacts. While this research was seen as meaningful, concerns were raised that the final plan did not reflect customer input. The group agreed that future engagement should avoid tokenism and focus on fewer, better-prepared sessions with clear intent and follow-through.</p>	
7.	Water quality – transformation plan	

Following introductions, RS introduced the session by emphasising that water quality consistently ranks as a top customer priority. The discussion aimed to provide an overview of how the water quality system operates, how performance is measured, and where TW currently stands. Key areas of interest included lessons from the recent cryptosporidium incident in Brixham, and how TW is using technology to future-proof water quality, particularly in response to evolving challenges such as changing algal bloom patterns in reservoirs. The session brings an opportunity for a deeper dive into performance, risks, and long-term planning for maintaining high water quality standards.

MB presented a comprehensive overview of the company's water quality strategy, centred on its Public Health Transformation Plan. She outlined the varied risks across TW's sources (rivers, reservoirs, and groundwater) and how treatment processes are tailored accordingly, from simple chlorination to advanced methods like reverse osmosis. Emphasis was placed on proactive monitoring, seasonal variability, land use changes, and catchment understanding to prevent contamination. Water quality is measured through manual sampling, online instrumentation, and statutory programmes set by the Drinking Water Inspectorate, with performance tracked via the Compliance Risk Index (CRI) and customer acceptability metrics. TW performed strongly last year, achieving a CRI score of 2 (well above the industry average of 5.2) and receiving fewer customer contacts about water quality than most companies. However, a September failure at a major site means the CRI target will not be met this year. The company continues to focus on innovation, incident learning (e.g. Brixham, in South West Water's region), and long-term investment through AMP planning, with a strong operational focus and commitment to improving customer trust and experience.

The discussion focused on TW's water quality strategy, performance, and future investment plans. TW's Compliance Risk Index (CRI) performance was reviewed, with MB noting historically strong results but recent fluctuations due to isolated sample failures at large treatment works like Hampton (2022) and Coppermills (2025). These failures, while not posing public health risks, significantly impact CRI scores due to the scale of affected sites. Asset health, particularly tank condition, was identified as a contributing factor in 2022 with the 2025 investigation still underway.

The group explored the impact of increasing development on infrastructure, particularly in high-growth areas. MB explained that rising demand reduces operational headroom, making maintenance more difficult and increasing pressure on treatment works. MB highlighted the trade-offs in risk management and the importance of prioritising public health.

TW's Public Health Transformation Plan was presented as a key initiative to improve water quality, with targeted interventions such as enhanced hazard reviews, predictive technologies like flow cytometry, and UV treatment installations to address Cryptosporidium risks. The group discussed the suitability of UV technology, noting its scalability advantages despite high energy use, and considered ceramic membranes as a potential future alternative.

Customer experience improvements were also discussed, including better data mapping, proactive communication, and faster escalation of customer-reported issues. Lessons from the Brixham incident, where Cryptosporidium contamination was linked to a faulty air valve, prompted TW to implement a comprehensive air valve inspection and maintenance strategy, backed by regulatory commitments.

MB outlined the AMP8 investment plan, with nearly £1 billion allocated to water quality improvements. Key areas include replacing lead communication pipes, rebuilding service reservoirs, and installing UV treatment at major sites. The group reflected on the importance of long-term sustainability and futureproofing, encouraging TW and regulators to prioritise bold, enduring solutions over short-term fixes.

	<p>The CCG raised concerns were raised about the significant portion of AMP8 funding allocated to site security under the Security and Emergency Measures Directive, which limits discretionary investment. MB confirmed this spend is mandated by the DWI and essential for legal compliance.</p> <p>The session concluded with the group acknowledging the thoughtful and risk-based approach TW is taking, including its focus on customer perceptions such as water aesthetics. A future session on innovation was proposed to explore sustainable technologies and their alignment with customer outcomes.</p>	
<b>8.</b>	<b>CCG closed session</b>	
	<p>The group reviewed the CCG's current work programme and action log, noting that many open actions are already embedded in ongoing workstreams but not clearly tracked. Members agreed on the need to sharpen focus on fewer, high-impact areas and improve alignment between actions, lines of inquiry, and desired outcomes. One suggestion included linking enquiry topics to measurable outcomes or performance metrics to clarify what success looks like for customers.</p> <p>It was agreed to include link to the action log within the minutes to encourage more regular review and integration into meeting planning.</p> <p>To improve session effectiveness, the group emphasised clearer objectives, stronger coordination, and assigning ownership within both the CCG and Thames Water. One proposal was to include framing sessions around specific challenges to prompt targeted responses and better track impact. Members agreed that pre-session engagement with presenters improves relevance and focus and shared positive experiences of preparatory calls. MS highlighted the importance of early clarity on session purpose and noted that shifting priorities can affect presenter preparation.</p> <p>The group discussed balancing structure with flexibility, ensuring the work programme remains responsive to emerging issues while maintaining continuity. The Chair encouraged members to take individual ownership of themes and maintain regular contact to support collective oversight. Another suggestion was to align the CCG's programme with TW's planning cycle. The group agreed to continue incremental improvements, including clearer lines of inquiry, themed meetings, and stronger follow-through, to enhance scrutiny and deliver meaningful customer outcomes.</p>	
<b>9.</b>	<b>AOB</b>	
	<p>The group received an update from CJ on CCW's upcoming industry workshop focused on lessons learned from recent communications challenges, particularly around price rises. The workshop, scheduled for 30 October, will bring together communications and customer teams from all water companies to share insights and develop future commitments. While the session is closed to external attendees, CJ offered to provide a summary afterward.</p> <p>The Chair outlined next steps for the CCG's annual review and 2026 work programme. She will begin drafting the annual review next week, with support from DB and circulate it for feedback in November. Planning for next year's work programme will begin with input from TW team, informed by one-to-one member conversations and reflections on this year's impact. A half-day session is proposed for late November to agree on key themes, lines of inquiry, and member ownership to ensure clarity and continuity.</p> <p>DB raised the opportunity for CCG members to attend upcoming SESRO public consultation meetings, with JMB volunteering to represent the group.</p>	