

CCG REPORT 2025

Thames Water Customer Challenge Group – Annual Review 2025

Foreword from the Chair

It has been another uncertain year for Thames Water — and therefore a critical year for independent scrutiny and customer voice.

As most customers will be aware, the company continues to operate under exceptional pressure. Investment proposals by a preferred bidder unexpectedly collapsed mid-year and the focus shifted to refinancing discussions. The Cunliffe Review for government of the water and waste sector (and now the White Paper), has turned the spotlight on regulation and called for a more fundamental rethink of how the industry is governed.

Against this backdrop, Thames Water continues to pursue its transformation plan. We are seeing early signs of improvement — in performance discipline, operational grip, communication and a willingness to be open about what isn't working. But the road to recovery will be long.

For customers, the stakes could not be higher. They were hit by steep bill increases in 2025, in a climate of unprecedently low confidence in the industry, continuing concern about river pollution and hostility to perceived excessive rewards for senior executives. It is precisely in this environment that the Customer Challenge Group (CCG) has sought to add the greatest value: testing Thames Water's plans against customer expectations, challenging its priorities, seeking better balance between immediate challenges and longer-term risks and constantly reminding its Board, its regulators and the wider public that customers' voices must not be lost amid the noise of restructuring.

The CCG has directly shaped priorities, influenced communications and improved assurance. Our meetings are minuted and publicly available, and every challenge documented in an Action Log is rigorously followed up to ensure completion or explanation. Where the response is unsatisfactory, issues are escalated to the Board via the Chief Executive, Chairman or Customer Service Committee. This report sets out the key areas of impact and remaining concerns.

This year, our greatest impact has been on improving the quality of communications with customers. There are clear efforts from the company to talk with and engage customers and increasing emphasis on demonstrating how bill increases will help to improve local supply now and in the future. Accountability on climate change is clearer with different reporting lines to the Board now co-ordinated. Teams leading on supply interruptions listened to us when we said that interaction with customers on the ground was as important as the engineering fix — we've seen them find solutions to improve access to bottled water stations and liaise with local authorities to prioritise access for those on the Priority Services Register.

While underlying performance at Thames Water is improving, the CCG views inconsistency across the services - not lack of capability - as the primary risk.

Sukhvinder Kaur-Stubbs

Who We Are and How We Work

The Thames Water Customer Challenge Group provides independent scrutiny and challenge on how the company engages with, listens to, and delivers for its customers.

Our standards are straightforward and applied with a set of guiding principles:

- **Independence** – we are not part of the company, nor do we speak for it.
- **Transparency** – our work is evidence-based, documented, and open to review.
- **Constructive Challenge** – we recognise progress, but test claims rigorously.
- **Customer Value** – we focus on what matters most to households, businesses, and communities.

The Group comprises members with experience across consumer advocacy, environment, regulation, social policy, and business ([Thames Water CCG](#)). We meet regularly with the Thames Water Chief Executive, Chair and Executive team, and the CCG Chair attends the Customer Service Committee of the Board. This relationship ensures that customer insights feed directly into the company's decision-making.

We pay particular attention to the wide range of customer interests in this large and diverse region spanning London, Thames Valley and the Home Counties. This includes ensuring that less-vocal customers, and those at risk of vulnerability, are properly heard and reflected in decision-making. Our concern for the environment is intrinsic to the customer interest – recognising the value of natural assets and the need for fairness between current and future generations.

The CCG also acts as an external reference point for the economic regulator, Ofwat, demonstrating that Thames Water is engaging meaningfully with customers in shaping its priorities and investment plans.

The Year in Context

The wider environment has been one of uncertainty and flux. The water sector as a whole has operated under sustained criticism over the legacy of chronic under-investment and failures in regulation. For customers, the main issues include:

- Uncertainty over Thames Water's **£20bn business plan**, with a potential Competition and Markets Authority redetermination still pending and the continuing possibility of changes to the company's future investment levels and customer bills.
- The **collapse of investment proposals** by preferred bidder KKR, reinforcing the fragility of the company's financing model and the need for investor confidence grounded in long-term stability, not short-term returns.
- The **Cunliffe Review** proposals for far-reaching changes to water sector governance, including regulation and customer representation and raising the possibility of hiatus in the five-year planning process.

- New leadership at **Ofwat** and, in government, at Defra, disrupting continuity but perhaps bringing opportunities for a reset in how risk, performance and customer outcomes are balanced.
- Within the company, the **Transformation Programme** continuing to focus on operational improvement, data integrity, and culture — showing promising signs in some areas, but inconsistency in others. During the year, Thames Water incurred a record £122.7m fine by Ofwat for breaching rules on sewage spills and shareholder dividend payments.

For customers, this has meant uncertainty over future bills, and continued frustration with billing accuracy and complaints handling, but some reassurance that operational performance in areas like drought response and incident management is strengthening.

Despite these setbacks, the CCG has seen evidence of underlying improvement. In Customer Service, teams have managed 90-second response times and reduced call abandon rates to 5% or one in 20. Thames Water has reached 7th place of the 15 largest companies in BR-MeX (an industry measure of business customer and retailer service experience). This demonstrates that progress is achievable when focus, accountability and execution align.

What We Did

1. Customer Experience and Service Performance

The CCG undertook multiple deep dives into the drivers of customer dissatisfaction.

- **Billing and Complaints:** Despite clear warnings and advice from the CCG, billing issues were the main driver of more than 55,000 complaints in the first half of 2025-26 (up from fewer than 32,000 in the same period of 2024-25), largely due to communication failures over the scale of increases and their differential impact and the inability of agents to resolve issues at first contact.
- **Smart Metering:** We reviewed progress ‘in the round’ on record levels of smart meter deployment (180,000), focusing on customer trust, functionality, data accuracy and the communications strategy.
- **Vulnerability:** The CCG scrutinised Thames Water’s vulnerability programme and data-sharing practices. The strategy has been rated exemplary by Ofwat. Progress has been made in mapping vulnerable customers with 80,000 customers added to the Priority Services Register. The CCG look forward to further progress on data integration and internal ownership.
- **Affordability and Social Tariffs:** The CCG has played an active role in encouraging innovation in affordability support, including challenge on the design and potential

Key Wins for Customers

Continued incentives for reduced consumption despite disproportionate rises in some fixed charges.

Increased support for financially vulnerable customers.

Alignment of water savings strategy with affordability.

benefits of a stepped social tariff. Thames Water reports that it has delivered £145m of cross-subsidy to customers so far this year (November YTD), which it describes as the largest affordability intervention in the sector. The CCG supports the intent and scale of this approach, while continuing to seek assurance on take-up, targeting, customer understanding and long-term affordability outcomes.

- **Retail Transformation:** We examined the company's proposed new customer strategy, probing what differentiates it from previous initiatives and how its delivery will be tracked.

Our relentless focus on customer experience prompted a learning exercise, improving understanding of the causes of delays in smart meter readings. We await the data to show how much this reduces bill enquiries in future years.

2. Infrastructure and Operational Resilience

As part of its turnaround, Thames Water reinforced improvements in its operational performance and the CCG met regularly with the Chief Operating Officer to probe areas of greatest interest to customers.

- **Mains Replacement:** We explored the cost differential between London and other urban areas and reviewed innovative methods showcased in the Embankment project. More evidence is needed to show progress in reducing impact and cost to customers.
- **Drought Management:** We focused on drought planning to seek to ensure lessons had been learned from the hot summer of 2022 and applied. We judged that planning had been handled well, with proactive customer communication and robust coordination with local authorities. This was especially important as Thames Water was for the first time applying water use restrictions only to customers in certain areas.
- **Leakage** performance remains below target, though planning integration has improved and communication to customers is markedly better. As leakage remains stubbornly high, we need to see more evidence of how plans to manage any supply-demand risk.
- **Serious Incidents:** We reviewed the company's handling of major incidents, notably the clear shortcomings in dealing with the mains burst at Crystal Palace in February, and we welcomed evidence of strong learning being applied across the organisation.

Key Wins for Customers

Proactive communications with customers affected by temporary use bans (TUBs).

Less road disruption through greater use of innovation and collaboration in mains replacement.

Commitment to better use of multiple water points and public transport routes during serious incidents in inner cities.

Greater liaison with local authorities on access to water for those on the Priority Services Register and those at risk of vulnerability.

- **DWMP:** We engaged on the Drainage and Wastewater Management Plan, testing how long-term resilience planning is being embedded.

Through our probing, the CCG has secured greater transparency on the criteria for prioritising and phasing operational performance and increasing assurance that investment aligns with customer interests.

3. Environmental Stewardship and Place

The Group maintained its focus on the environmental and the priority that customers set for avoiding passing on costs to future generations.

- We undertook a **site visit to Oxford** to understand what it feels like to be a resident in an area facing the combined impact of a proposed major reservoir (SESRO), burst mains, local road disruption and restricted sewage treatment capacity. A major upgrade of the local treatment works is under way and the CCG welcomed significant reductions in planned cost of the works. However, local groups like ORIC¹ shared with us their concerns, including whether the upgrade would be sufficient for projected demand, and we discussed these and other issues with Cllr Susan Brown, Leader of Oxford City Council. Oxford East MP Dame Anneliese Dodds reinforced the importance of community and customer engagement.
- We encouraged the company to **integrate environmental and community engagement** more visibly into its planning and performance metrics – reinforcing not just improvements to biodiversity but economic benefits to the communities, too.
- We continued to examine how **chalk catchments** are managed relative to other important habitats.
- We challenged the Board on its **line of sight on climate change** – current, not future, weather extremes already indicate the need to review plans to increase the resilience of Thames Water's infrastructure and to reduce sewage overflows. We have seen improvements in climate governance, in particular the designation of a nominated non-executive lead on the Board to ensure the climate change agenda is aligned across all aspects of the business.
- We expressed continued dissatisfaction with Thames Water's performance in limiting **pollution events** and required clarity on further transparency in the use of Event Duration Monitoring and other data to report on them.

Key Wins for Customers

Regular alerts and a 'Biggest Upgrade' communications drive about proposed new investment and its capacity to meet projected demand.

Increased focus on SESRO around the legacy it will leave for jobs and the economy

¹ Oxford Rivers Improvement campaign <https://www.windrushasp.org/single-post/introducing-oric>

- Members of the CCG were invited to join the **Mayor of London's Campaign on Clean and Healthy Waterways**, which we welcomed.

The CCG's ongoing engagement with operational teams sought and received assurance on the need for communications with stakeholders alongside engineering precision. In particular, the Programme Delivery Team were able to assure us that they had reduced projected costs and committed to work with the local authorities to develop the economic benefits for local communities.

4. Investment, Governance, and Future Direction

The CCG met with Chairman Sir Adrian Montague and, separately, Chief Executive Chris Weston, on multiple occasions to discuss the implications of the company's financial position for customers. The CCG also presented to the Board and attended quarterly Customer Services Committees.

- The CCG hosted an **external witness session** exploring investment options for Thames Water and potential imposition by government of a Special Administration Regime (SAR) and what this might mean for customers.
- We submitted a **response to the Cunliffe Review**, examining its proposals for a new supervisory structure and their potential impact on customer representation.
- We welcomed Thames Water's decision not to pay any further **bonuses** to Executive Directors and supported the government's subsequent measures to restrict their payment by any water company. We recognised a case for making selective retention payments to key senior staff to avoid damaging instability, but supported Thames Water's decision to defer such proposed payments in December.
- We continued to review the company's **Transformation Plan**, noting improvement in transparency, consistency of reporting and senior leadership tone.
- We acknowledged that the prospect of fresh, long-term investment by leading shareholders and shifts in **Ofwat/Defra leadership** might open space for a more constructive alignment between customer expectations and investor behaviour.

Key Wins for Customers

Increasing focus on customers throughout the business.

Greater engagement between engineering and customers services teams in resolving issues.

Establishment of a new Board committee on safety, sustainability and water supply planning.

In our discussions with Board members, we have heard a clear shift in language and recognition of our priorities for greater integration of operational and customer services teams and a cultural re-orientation towards bill-payers.

What We've Seen

Our overall assessment is of **steady operational progress**, but **continued inconsistency** in customer outcomes.

- The company is **increasingly open in acknowledging challenges and sharing data** — a marked improvement from previous years.
- **Customer focus** is becoming more evident in tone and culture, particularly in CEO presentations to the Group.
- However, **the persistence of systemic data billing failures** is disappointing and remains unacceptable, given the CCG's repeated advice.
- A commitment to a new **Customer Service Strategy** is welcome and CCG would like to see greater clarity on sequencing, and increased pace in delivery.
- We remain to be convinced that the company yet fully understands the depth of customer feeling on river pollutions and the dangers posed by rapid **climate change**. The approach to climate change lies well behind that of industry leaders and although we have seen evidence of improvements, more needs to be done.
- Operationally, **drought planning and learning the lessons of serious incident management** are clear examples of what effective, customer-centred delivery can look like.

The contrast between these strong and weak areas highlights the need for greater **consistency of leadership, discipline and accountability** across the business.

We have seen parts of the organisation respond strongly to customer needs — probing root causes, applying learning quickly and making better use of data to anticipate and prevent problems. Where this has happened, performance has improved, notably in the handling of serious incidents and the quality of drought communications

Elsewhere, performance continues to lag. Some teams appear less open to scrutiny and slower to adopt innovation that could improve efficiency and resilience. Proven approaches, such as modular trunk replacement at Embankment in London have not yet been applied consistently. The CCG believes a more uniform, customer-focused leadership culture is essential to closing this gap.

This unevenness is reflected in the number of operational issues that escalate unnecessarily into complaints. The link between operations and customer service remains fragile, and Thames Water does not yet operate, from a customer's perspective, as a single, joined-up organisation.

Restoring Reputational Value

At a time when perceptions of value and fairness are under strain — with bills rising faster than customers can see tangible benefits — **customer engagement is critical to legitimacy**. Trust is shaped by three core factors: transparency, consistency and agency.

The CCG has sought assurance that Thames Water is moving beyond simply presenting its investment plan towards explaining clearly what it means for customers and their communities, now and in the future. We have seen early progress, including **more localised communications** that focus on issues customers recognise and experience directly.

Technology can support trust when it reduces friction and increases clarity. Predictive analytics are helping to prevent repeat failures and digital tools are improving front-line responses. However, customers still lack clear, local visibility of incidents affecting them. Better integration between operational and customer systems is needed for customers to experience ‘one company’ rather than disconnected services.

Trust in environmental performance remains fragile. Customers need to see what causes incidents, the actions taken and progress over time. Environmental investment should be clearly linked to improvements in local rivers, wildlife and recreational spaces that people value.

Customers do not expect perfection, but they do expect honesty and timely action. When responses feel slow or seem opaque, the gap between expectations and experience widens, regardless of wider political or financial context. While customer trust is influenced by some factors beyond Thames Water’s direct control, the CCG believes it is shaped over time by consistent delivery, transparency and responsiveness. For that reason, we recommend that customer trust is monitored as a **core performance measure** – not as a proxy for all external noise, but as a way of focusing attention on the quality and consistency of controllable actions that matter most to customers.

In setting out these observations, the CCG is not prescribing operational solutions. Our role is to test credibility and assurance. Accountability for delivery rests with the Board and Executive.

Reflections and Recommendations

1. **Execution Consistency** – The company must close the gap between well-performing and under-performing areas, ensuring common standards of leadership, better data utilisation and customer responsiveness.
2. **Customer Strategy Delivery** – Thames Water should expedite the delivery of its customer strategy, including the accelerated adoption of modern technology, and reflect this in revised milestones and stronger metrics on the culture change needed for it to succeed.
3. **Evidencing Benefit** – At the heart of all activities, the company should evidence how and why the decisions it makes in delivery are giving the best value to customers now and in the future.

Looking Ahead

The CCG will continue its work through 2026, providing continuity and assurance during what is expected to be a major leadership transition for both the Board and Executive.

Our focus for the coming year will include:

- Monitoring delivery of the new **Customer Service Strategy**.

- Tracking **improvements in billing** performance and the effective handling of enquiries to forestall complaints.
- Evaluating **progress on vulnerability** and implementation of the innovative social tariff.
- Probing for improved **performance against leakage targets** and environmental commitments while ensuring plans to address climate change are coordinated, impactful and, where possible, accelerated.
- Analysing response to **serious incidents**.
- Assessing how **new investor and regulatory arrangements** align with customer interests.

The CCG's purpose remains clear: to ensure that, in every decision Thames Water takes, **the customer remains at the heart of the conversation**.