

# Thames Water Customer Challenge Group (CCG)

## Terms of Reference

Approved at the meeting of the Customer Challenge Group on 17 June 2015

Revised October 2016

### **1 Purpose**

The primary role of the group is to act as an independent body that will provide independent reporting to Ofwat and/or the public on both the performance against, and preparation of Thames Water's Business Plans. The group will challenge, comment and advise the company on its plans to inform and consult its customers on the development and delivery of Thames Water's Business Plans (2015-2020). It will do this by facilitating inclusive discussion in an open and transparent manner. It will also ensure that the customer preferences that are expressed are appropriately and fully reflected in the Business Plan.

### **2 Activities**

- 1) Review, input and comment on the delivery of Thames Water's commitments to its customers:
  - Monitor and challenge Thames Water's delivery of its performance commitments, balancing this alongside the role CCWater has in monitoring the company's performance commitments.
  - Examine, in particular, those commitments which involve customer communications, research and engagement.
  - Review the delivery of all performance commitments by challenging the internal Thames Water team and reviewing external assurance processes to ensure a proportionate and transparent approach.
  - Understand and challenge the plans for recovery of any underperformance.
  - Monitor and input into how Thames Water communicates with its customers on performance.
  - Challenge Thames Water to produce clear and accurate communications with their customers regarding how the company is performing.
  - Provide an independent report to Ofwat and/or the public on how the company has delivered against its performance commitments. This will be written by the Chair and Vice-Chair of the CCG with support from the independent secretariat and approved by members.
  
- 2) Review, challenge and comment on the development of Water 2020 in terms of reflecting whether the plan represents needs of both customers and the environment;
  - Monitor, challenge and input into Thames Water's ongoing research/engagement programme with customers.
  - Understand and challenge the use of customer engagement in preparing the Water 2020 business plan.
  - Challenge the company on how it acquires and interprets customers' views and decides how to reflect them in its long-term strategy and business plan.

- Advise and challenge on the phasing of delivery or outcomes to maximise the affordability and acceptability of the overall business plan.
  - Challenge longer-term views around risk and resilience to ensure customer views are fully represented.
  - Challenge regulation, legislation and compliance with regard to the environment from a customer perspective.
  - Challenge the company to work with other water companies in areas of overlap for the wider interest of the customers e.g. explanation of the Thames Tideway Tunnel, the environment and water resources in the South East.
  - Provide an independent report to Ofwat and/or the public on the effectiveness of the company's engagement programme with its customers and stakeholders; whether the level of engagement undertaken is proportionate to the materiality of the company's business plan proposals and whether the company's strategy and business plan reflect the views of both customers and stakeholders. This will be written by the Chair and Vice-Chair of the CCG with support from the independent secretariat and approved by members.
- 3) Review and comment on the company's developing strategy for market opening as needed in the prevailing circumstances
- Specifically reviewing the communication with customers
  - Reviewing the strategy to ensure fairness across all customers.

## 2 Membership

A Chair and Vice-Chair will be appointed to the group, which will have two types of membership:

- The core team will attend the main monthly meetings
- The Environmental panel will be invited to attend quarterly meetings to discuss environmental issues. Members of the Environmental panel are also welcome to attend any main meetings and will be sent all CCG correspondence.

**The core team** will represent both our domestic and retail customers, with members invited from the following organisations:

- CCWater
- Federation of Small Businesses
- Large Business Customer
- London Chamber of Commerce
- CLA
- Greater London Authority
- Local authority (Thames Valley)
- London Sustainability Exchange
- Independent
- Citizens Advice Bureau
- Mind
- Mencap
- Further Education representative

Note: Ethnic minority groups will be represented via specific sampling in the research (see Sampling Strategy)

**The Environmental Panel** will represent our environmental and quality regulators as well as wider environmental groups:

- Drinking Water Inspectorate (to be invited to attend when possible)
- Environment Agency
- Natural England
- Environmental NGO (Sustainability /biodiversity) or Environmental Independent

The Chair, independent members and charity organisations will be paid a day rate for attendance at meetings. All members will be reimbursed for reasonable expenses incurred in relation to their membership of the CCG.

### **3 Meetings**

#### *Frequency*

- Meetings of the CCG with the Thames Water team will be held at monthly intervals, unless otherwise agreed by the group.
- Private meetings of the CCG without the Thames Water team may be held as frequently as required and at the request of any CCG member to the Chair/Secretary.
- The frequency of meetings of any Subgroup will be as agreed by the Subgroup.

#### *Quorum*

The Quorum necessary for the transaction of business at main CCG meetings is four CCG members.

#### *Sub - Groups*

The CCG may establish ad hoc sub-groups in addition to the above-mentioned panel to consider specific topics where it thought by the membership to be beneficial to fulfilling the purpose of the group. Sub-groups will appoint a chair from amongst themselves.

The terms of reference of each sub-group will be agreed by the sub-group and ratified by the CCG. Sub-groups will provide feedback to CCG meeting, to demonstrate that they are effectively contributing to the purpose of the CCG.

#### *Administration*

- Thames Water will provide independent secretariat services to the CCG
- The agenda and papers for each meeting will be emailed to members or uploaded to a website hosted by Thames Water, not less than five working days before each meeting. Members of the group will be provided with access to the website
- Minutes of the meeting will be taken and a draft distributed no later than three weeks after each meeting
- Confidential items will be duly marked in the Minutes for member's information and redaction.

#### *Agendas*

Whilst it will be for the Chair, in consultation with Thames Water, to determine agendas for the meetings, the following will normally be included:

- Minutes and matters arising from previous meetings

- Quarterly update on the delivery of performance commitments
- Update of ongoing customer research / engagement
- Feedback from sub-groups

#### **4 Governance**

##### *Chair and Vice-Chair*

The Chair will be appointed through an open interview process and the Vice-chair will be appointed from the general membership of the group.

- The role of the Chair and Vice-Chair is to oversee the group in an objective manner, encourage full, frank and inclusive debate, identify areas of consensus, summarise differences and distil possible solutions emerging or needing to be investigated further.
- The roles should be sufficiently independent from the company to be able to ensure they can challenge effectively, to give proportionate assurance to both Ofwat and Thames Water customers.
- The Chair and Vice-Chair will have regular meetings with an independent non-executive member of the Thames Water Board to provide feedback and assurance.

##### *Members*

- All members will be required to sign a confidentiality agreement.
- Members will be required to formally approve the Group's Terms of Reference.
- Members will be required to formally endorse appointment of the Chair and Vice-Chair.
- If at any time a member/members have concerns around confidence in either the Chair or Vice Chair they may contact the secretary for escalation to an independent non-executive member of the Thames Water Board.
- A work programme and modus operandi (approach) will be agreed with members of the group. This will be discussed and adjusted with agreement from the group as requirements are further understood.
- Agendas, materials and minutes will be provided in a timely and accessible way by the group's secretariat.

#### **5 Outputs**

The principal outputs of the CCG will be:

- Minutes of all meetings
- Annual report on the delivery of Thames Water's commitments to its customers
- Independent report to Ofwat and/or the public to accompany Thames Water's Water 2020 Plan.
- Reports/responses to other Consultations as needed.

#### **6 Review of the CCGs Terms of Reference**

The Terms of Reference for the CCG shall be reviewed and agreed by the membership from time to time, including a formal review in light of guidance from CCWater and in June 2017, in light of any further information supplied by Ofwat for the purpose of Water 2020 preparation.

## Appendix 1

Ofwat's customer engagement policy statement and expectations for PR19 (25 May 2016) states that:

- I. *The CCG Report should discuss 1.Outcomes, 2.Performance commitments, 3.ODIs, 4.affordability and 5.bill profiling***
  
- II. *The CCG Report should address the following key questions:***
  - a. Has company developed a genuine understanding of customers' priorities, needs and requirements?*
  - b. Where appropriate, has company engaged with its customers on a genuine and realistic range of options (including co-creation and co-delivery)?*
  - c. Has customer engagement been on-going?*
  - d. Has company effectively engaged with and understood the needs and requirements of different customers?*
  - e. Has company effectively engaged on longer term issues including resilience, affordability, future customers?*
  - f. Has company effectively informed and engaged customers on its current performance?*
  - g. Has evidence from customers (including day-to-day contact) genuinely driven the business plan?*