

Public MINUTES of the Customer Challenge Group



Held at: Tideway Offices
On 26th July 10am – 3pm

Present:

Anne Heal – Chair	Independent
Anthony Redmond	CC Water
Steve Bloomfield	Independent
Gill Tishler	Independent
Karen Gibbs	CC Water
Kay Lacey	Chair - Pang Valley Flood Forum
David Howarth	Environment Agency
Jeremy Gould	GLL

Thames Water:

Ian Marchant	Executive Chairman
Kelly Macfarlane	Customer Experience Director
John Beaumont	Chief Digital Officer
Nick Fincham	Strategy and Regulation Director
Andrew Burton	Customer Research Manager
Andrea Gysin	Head of Innovation
Mariana Simpson	Stakeholder Relationship Programme Manager
Sophie Dunlop	CCG Secretary

External:

Natasha Rudat	Head of Engagement - Tideway
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Agenda Item No.	
1.	Apologies for Absence
	Apologies were noted.
	Declaration of Interest
	No declaration of interest.
.	Chair's update
	Chair welcomed Ian Marchant, Thames Water Executive Chairman and suggested she will provide update throughout the meeting. Chair was interested in Thames Water Executives views' regarding the draft determination and what it meant for the CCG's contribution. Following the CCG Chair's meeting, the CCG's were not required to do anything but could do so if deemed appropriate.

9.	Minutes and Matters arising from the meeting on 14 June 2019
	<p>The Minutes of the meeting held on 14 June 2019 were <u>agreed</u> subject to specific comments and amends duly noted.</p> <p>The Public Minutes of the same meeting were to be completed and once agreed were to be placed on the TW website along with the Chair's blog.</p> <p>TW Executive provided an update on the two major events which occurred in London (Euston & Hampton) the month before. TW experienced problems with the time it took for ambassadors to arrive on site. Since the incidents TW explained that they have been practicing their response and good progress has been made in the speed in which the first water stations were set up and manned. TW were exploring linking in with local sports centres as alternative locations for water stations. The CCG were encouraged by this learning with a CCG member offering to assist as a point of contact with GLL regarding collaboratively working together.</p> <p>Matters arising – Updates were provided for outstanding matters arising and where appropriate they were kept open for future meetings. Where responses were provided, matters arising were closed accordingly and will not be featured on future issues.</p>
2.	Executive Chairman's update
	<p>Executive Chairman gave an introduction to his background, an update to the CEO position at TW; providing some industry context to the shortlisted candidates. He then explained the changes within the Executive team and an update on TW's shareholders.</p> <p>He discussed the key priorities in place keeping the One Thames philosophy and that TW would be reviewing their values in the coming weeks.</p> <p>There was an open discussion regarding TW's priorities with the Executive Chairman addressing the CCG's questions.</p> <p>Executive Chairman provided an update on the current political situation following the recent change of prime minister and what it would mean for TW.</p>
3.	PR19 DD – Initial reflections
	<p>Thames Water Executive discussed Ofwat's draft determination and TW's summary to the Draft Determination (DD) with a response required by 30 August in some detail; highlighting the significant cost challenges that remain.</p> <p>Overall Ofwat want to see lower WACC, lower totex, tougher performance commitments with greater downside underpayment penalties and Ofwat imposing their gearing sharing mechanism and expect the Board to assure that TW is financeable on a notional and actual basis in the response to the DD.</p> <p>Ofwat had imposed tougher performance commitments targets for Leakage, PCC, Supply interruptions, Internal sewer flooding and unplanned outage and greater underperformance commitment targets. From a retail perspective, Ofwat had not responded positively to TW's concerns about C-MeX, they had increased the potential penalties and rewards for D-MeX thereby exposing TW to a greater financial risk and rejected R-MeX.</p> <p>Thames Water Executive shared TW's current thoughts on a potential response to the DD and</p>

	<p>advised the CCG that TW were considering all aspects and scenarios to any DD response including:</p> <ul style="list-style-type: none"> i. Submitting a revised high-level business plan (a scenario) ii. Closing the gap between TW and Ofwat iii. A CMA referral (NF briefly explaining the challenge and risks associated) <p>The various scenarios were discussed. Thames Water Executive acknowledged the work needed over the next few weeks which would include delivering a coherent, credible response to the Ofwat DD and highlighting that 87% of customers who had been consulted were in support of the plan which had not been acknowledged in Ofwat’s DD.</p> <p>TW plan to have ongoing engagement with the CCG on their response to Ofwat’s DD with a BPFSG meeting to be scheduled w/c 12th August for a further update.</p> <p><u>Executive Chairman reflections</u></p> <p>Executive Chairman asked for the CCG to remain patience with TW, welcomed their feedback and asked them to continue to challenge TW’s prioritisation.</p>
4.	Spring & Digital update
	<p><u>Spring</u></p> <p>Thames Water Executive provided an update on: where TW were with Spring and what had been learnt from the P2 migration, what they plan to test and learn in P3 and provided a visual plan with all Spring migration milestones.</p> <p><u>Digital</u></p> <p>Thames Water Executive ran through the current state of TW’s website with the end to end problems. The new website replaces the existing one, integrating all 6 channels into 1 single digital channel; with a different architecture allowing for rapid change very quickly. He discussed the new websites categories and next steps and provided a step by step guide through TW’s online channel roadmap.</p> <p>The CCG’s ongoing challenge for an App was discussed providing an update to the “report a problem” aspect of the online channel development. The CCG were pleased to hear about the App and welcomed further development.</p>
5.	FBPSG update
	<p>FBPSG meeting to be scheduled for week commencing 12 August.</p>
6.	CCG closed session
	<p>Notes & actions recorded separately.</p>
10.	Customer Engagement sub group update
	<p>Thames Water representative provided an update from 26 June customer engagement subgroup meeting, sharing the following results:</p>

Final acceptability test, offline top up – Results and feedback showed that the levels of acceptability and affordability for offline customers were in line and consistent with online customers.

HomeServe and Customer Side Leakage research – Due to the study being conducted at such a fast pace, TW were unable to consult the CESG about it or invite members to observe the group. AB apologised and assured the group that this would not happen again. The research had given TW the confidence to continue the partnerships with HomeServe and extend the proposition to operational issues in the future.

Bin It Don't Block It – The two-burst campaign has had a positive impact on customers' perception of TW.

TTT research – Briefly went through the proposed changes that the CESG had already noted at the last CESG meeting and the potential outcomes for end AMP6 performance.

Thames Water representative then went through the results and key findings from the gearing sharing mechanism research. Customers wanted to see the surplus reinvested back into the network, rather than contributing to lower customer bills.

Customer research forward plan

Thames Water representative said TW were planning a short quantitative survey among vulnerable customers to help determine the best messages for a campaign to encourage sign up to the Priority Services Register and would share relevant material in due course.

It was noted by all that there was no expectation on TW to do any further research or engagement with customers between Ofwat's draft determination and TW's response as TW had a vast amount to work with already.

12. Innovation update

Thames Water representative provided insight into TW's innovation activities including their priorities, emerging innovation model and key programmes allowing TW to be challenge led, focusing on the most difficult problems in their business.

When discussing the types of innovation, CCG member felt there was no mention of collaborating with the higher education sector. Thames Water representative assured the CCG that TW had and were working collaboratively with the University of Surrey, Imperial college and Cranfield University on research projects and studentships. The CCG asked for a short paper highlighting this as they felt TW needed to make this more visible.

Thames Water representative then went through TW's key research and development programmes highlighting the impact relevant to TW customers.

Pre-filtration trials

This solution would play a role in reducing supply restrictions and/or interruptions, whilst simultaneously reducing TW's operating costs.

Underwater Skimming

Leads to improved resilience that would play a role in reducing supply interruptions thereby reducing TW's cost to serve.

Trunk mains research

	<p>This research gave TW insight that would allow them to replace those sections of their trunk mains that are at greatest risk of failure, thereby reducing the risk of supply interruptions.</p> <p><u>Leakage</u></p> <p>TW are continuing to test temperature sensors to establish if the technology can help TW to identify leaks both on their assets and on customers' assets.</p> <p><u>Fats, oils and greases</u></p> <p>The management strategies that TW were developing and testing would reduce the number of blockages on their network, in turn reducing pollutions.</p> <p><u>Real-time control</u></p> <p>Real-time control would reduce TW's operating costs.</p> <p><u>Low phosphorus schemes</u></p> <p>This research enabled TW to select the most cost-efficient solution for each site, ensuring that they deliver value for money for their customers.</p> <p>The CCG wanted to know how TW would respond to Ofwat's innovation consultation and would like to be kept updated when available.</p> <p>CCG asked how TW measured innovation. Thames Water representative said it was measured around financial measures, but TW were looking at becoming more sophisticated in the metrics used.</p>
11.	TTT update
	<p>Thames Tideway Tunnel representative provided an update on the projects progress highlighting that it was 45% complete and over 4km of tunnel constructed. She provided some aerial views to show its progress.</p> <p>The programme was on track to be delivered in 2024 with the most unpredictable phase of the project now complete. The support for the project had increased and Tideway had been praised for its collaborative, proactive and transparent communication. The TV programme aired earlier in the year received positive feedback which supports Tideway's strong engagement.</p> <p>At the last TTT update back in October, the CCG requested some detailed statistics of data on the nature of complaints to the Independent Compensation Panel (ICP) and Independent Complaints Commissioner (ICC). Although TTT representative provided some information, the CCG wanted to know the % of successful cases.</p>
13.	Any other business
	Meetings through August regarding TW's response to Ofwat's DD were discussed.
14.	Date of next CCG meeting
	27 th September 2019

Commentary on the 26th July 2019 CCG Minutes by the Thames Water CCG chair

In July, the Chairman of Thames Water, Ian Marchant, visited the CCG. It was a timely visit as the CCG also heard about Thames's initial response to Ofwat's draft determination, which had been recently published. Thames had a number of serious concerns with the determination, which it outlined during the meeting. The CCG was not required to respond to Ofwat, but could do so if it wished. As well as this update, the CCG heard about Thames's approach to innovation, and also about the progress that is being made with the Tideway Tunnel. As usual, the CCG had an update about research and engagement during the month.