

PUBLIC MINUTES of the Customer Challenge

Group

Held at: London Councils

On 14th June 10am – 3pm



Present:

Anne Heal – Chair	Independent
Anthony Redmond	CC Water
Harry Hodgson	Federation of Small Businesses
Gill Tishler	Independent
Karen Gibbs	CC Water
Kay Lacey	Chair - Pang Valley Flood Forum
Geoffrey Fowler	London University Technical College

Thames Water:

Kelly Macfarlane	Customer Experience Director
Lawrence Gosden	Asset Management Director
Jill Jones	Head of Customer Strategy and Insight
Andrew Burton	Customer Research Manager
Tonia Lewis	Head of PR19 Finance
Yvette Degaris	Head of Environmental Regulations
Ashley Jonas	DWI Transformation Project Manager
Alex Nickson	Water Resources and Growth Lead
Sarah Dennis	Regulatory Analysis Manager
Mariana Simpson	Stakeholder Relationship Programme Manager
Sophie Dunlop	CCG Secretary

Thames Water Board:

Catherine Lynn	Independent Non-Executive Director
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Agenda Item No.	
1.	Apologies for Absence
	Apologies were noted.
	Declaration of Interest
	A CCG member had a close family friend of many years standing who was a senior audit partner in Pricewaterhouse. The second was that the Sulham Brook catchment was a beneficiary of Thames' WINEP scheme and work was being planned for the catchment under AMP 6. The Sulham Brook was their local main river and directly affects Pangbourne.
3.	Chair's update
	The CCG Chair welcomed Catherine Lynn, one of TW's Independent Non-Executive Directors who joined in November 2018.

	A TW Executive updated the CCG about the evolution of TW's Executive team and their key priority areas Thames must focus on.
2.	Minutes and Matters arising from the meeting on 24 May 2019
	<p>The Minutes of the meeting held on 24 May 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>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>
4.	Thames Water performance monitoring & reporting update
	<p>A TW Executive provided an update on the status of TW's performance commitments in the following areas:</p> <ul style="list-style-type: none"> • Wholesale Water – Measures with annual targets in 2018/19 • Wholesale Water – Measures with five-year targets (forecast) • Wholesale Wastewater – Measures with annual targets in 2018/19 • Wholesale Wastewater – Measures with five-year targets (forecast) • Thames Tideway Tunnel performance – Annual measures <p><u>Wholesale Water – Measures with annual targets in 2018/19 – Some points highlighted</u></p> <ul style="list-style-type: none"> - All of TW's water quality related measures for water treatment works show a stable or improving position to last year - Asset Health infrastructure performance for 2018/19 was marginal - Supply interruptions - the higher than usual reported number was largely due to the exceptional hot and dry weather in July and August - Security of supply – TW were confident this would get to 100 this coming year - Energy imported reduction related to extra pumping during the hot weather experienced over the summer of 2018 - Leakage had shown a small improvement on the previous year which TW were happy with - During 2019/20, TW were continuing with their lead pipe replacement programme and targeted mains flushing to address iron accumulation <p><u>Wholesale Water – Measures with five-year targets (forecast) – Some points highlighted</u></p> <ul style="list-style-type: none"> - Flooding resilience – TW had delivered protection to four sites. The cost of delivering the remaining 268Ml/d in year 5 was currently forecast to be significantly more than they estimated at PR14. As a result, TW were currently reviewing alternative delivery solutions and delivery routes in order to reduce the cost. If they were found to be no longer cost beneficial to customers, then an amount would be returned to customers. Modelling work was currently ongoing. <p><u>Wholesale Wastewater – Measures with annual targets in 2018/19 – some points highlighted</u></p>

- STW discharge compliance – 100% absolute standard. Really hard standard within the industry to hit; TW 100% last 6 months.
- Asset Health infrastructure – TW had met all targets and performance was stable
- Internal flooding incident had improved for the third year running and since TW's April PR19 resubmission

Wholesale Wastewater – Measures with five-year targets (forecast) – some points highlighted

- Improving phosphorus levels in rivers
- Compliance with environmental regulations - TW were on track to achieve their end of AMP target with all schemes due by the end of Year 4 delivered.

Thames Tideway Tunnel performance – Annual measures

- Improving trend – effective engagement.

Euston & Hampton Events – update.

TW gave an update to the CCG on the two recent events in Euston and Hampton.

Retail performance update

A TW Executive provided an update on the status of TW's performance commitments in the following areas:

Retail – Measures with annual targets in 2018/19 - Some points highlighted:

Complaints across revenue, water and waste water

- Impacted from weather conditions in 2018
- Contact centre not closing work down quickly enough. In addition to this - supply interruptions/leakage results not being reported to customers, impacted both 1st and 2nd stage complaints
- TW have implemented a complaints task force focusing on key areas which will be reviewed on a weekly/fortnightly/monthly basis to bring the results down and what to do differently.

Customer Experience

- Increase the number of bills based on actual meter reads was on target. There was a lot of focus on this especially with Spring
- Spring was on track
- Cash collection rates have been adversely affected by customers switching to metered from unmetered tariffs and the change with LAHA so expected but would recover.

Complaints

TW's Executive ran through the historic and current performance on complaints which gets reviewed with CCWater on a regular basis.

5.	APR & Assurance update

	A TW representative provided an update on TW's Assurance and APR activity.
6.	Leakage update
	<p>A TW Executive explained TW's current leakage position in some detail. They said that the antidote is fixing the leaks. Under discussion, TW were looking at ways to utilise their metering gangs so getting ahead with the smart metering programme and reallocating more experienced technicians to fixing main leaks.</p> <p><u>Leakage task force work stream and delivery summary</u></p> <p>TW's Executive ran through each workstream including how TW plan to enhance, understand and deliver on leakage. They summarised each workstream including deliverables.</p> <p>The CCG Vice Chair was impressed with the organisation/delivery of the team when they visited Clear Water Court last.</p>
7.	DWI update
	<p>A TW representative provided an update on TW's drinking water transformation programme including their focus on the following four workstreams:</p> <ul style="list-style-type: none"> - WS 1 – Crypto All Catchments/Crypto All sites, Crypto Upgrades and Risk of Flooding - WS 2 – Turbidity All Sites - WS 3 – London Slow Sand Filters (SSF) - WS 4 – Management & Competency – Inc. decision making. <p>All workstreams were on target with DWI and agreed action plans in place.</p>
8.	Business planning & Finance sub group update
	No BPFSG meeting so no update given.
10.	Customer Engagement sub group update
	<p>A TW representative gave a brief update on TW's customer research forward plan including:</p> <ul style="list-style-type: none"> - Customer immersion update at the September CESG subgroup - TW considering new charging arrangement for developers - TW working on their vulnerability insight report - GSM research was going ahead using Britain Thinks - TTT new questionnaire to be reviewed at next meeting. <p><u>Drought resilience and chalk streams results</u></p> <p>TW had already reported the results to the CCG at a previous meeting so would not highlight the results again without the environmental group present.</p>
11.	Environmental update
	A TW representative gave an update to TW's environmental programme since the last meeting. They said TW delivered all agreed schemes on the National Environment Programme for the period 2018/19 and were making good progress on the schemes with 2019/20 deadline. Work

	<p>was underway to prepare and start the 20/21 programme, although there were challenges caused by Ofwat's position on Enhancement Opex..</p> <p>TW's representative asked the CCG to consider a small adjustment to the SC4 performance commitment.</p> <p>As some key environmental members of the CCG were not present the CCG Chair felt a decision could not be ratified at the meeting, despite support from those who were in attendance.</p> <p><u>'One Thames' Catchment Partnerships Approach</u></p> <p>The TW representative updated the CCG on TW's catchment partnerships and emphasised that Ofwat wanted to see more partnership working. In dealing with pressures from external engagement and a drive from Ofwat, TW have adopted a 'One Thames' catchment partnerships approach providing a coordinated way to manage external engagement by utilising existing framework and creating further efficiencies at no additional cost. TW can build on partnerships and will look to go beyond regulatory asks and demonstrate environmental leadership. TW have created an information hub and an ArcGIS App.</p> <p>TW were at the start of the process and would need to understand more to determine the best way forward.</p>
12.	WRMP update including strategic regional solution update
	<p>A TW representative provided a recap on the WRMP19 plan to 2030 which sets out TW's preferred plan and proposes alternative pathways. Investigations of the preferred and alternative pathways will be undertaken in parallel and will inform a decision in 2022/23. Customers had and would be consulted with the pros and cons being highlighted early on.</p> <p>Next steps – TW to consider evolving frameworks, collaborative studies with other water/waste companies which TW were currently doing, and any future uncertainties when coming to their decision point in 2022-23 to provide enhanced resilience to severe drought by 2030 and deliver a regional scheme by 2037/38.</p> <p><u>Ofwat's IAP and TW's response</u></p> <p>TW's representative went through what Ofwat had included within their IAP.</p> <ul style="list-style-type: none"> - Ofwat's allocated up to £358m to six companies - Phased funding for gateway process – TW needs to develop mechanisms in line with studies and customers - TW need a collaborative approach with other companies <p>Future engagement - Work programme was in development and TW propose to share this with the CCG at the September meeting.</p>
13.	Any other business
	<p>TW to update and share key findings with the CCG regarding the letter from Ofwat to all CEOs. TW have until October to respond.</p>
14.	CCG closed session
	<p>Actions were recorded separately.</p>

15.	Date of next CCG meeting
	26 th July 2019

Commentary on the 14th June 2019 CCG Minutes by the Thames Water CCG chair

June was a quarterly performance review meeting, so the CCG heard about progress across the customer commitments Thames had made. Before that, however, the CCG welcomed Catherine Lynn, one of Thames's non-executive director. The CCG also heard about some changes in Thames's management team, and an evolved approach to Thames's priorities, which included a greater focus on cost transformation. The CCG were also briefed specifically on the major incidents at Hampton and Euston and on progress regarding leakage. The performance review included an update on Thames's environmental programme and on its progress with the Water Resources management plan.