



MINUTES of the Customer Challenge Group

Microsoft Teams

On 16 December 2022, 9am – 2pm

Present:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
Jeremy Crook OBE	Action for Race Equality	JC
Baroness Grey-Thompson DBE, DL	Chair of Sport Wales	BGT
Doug Taylor	CCW	DT
Dr Charlotte Duke	London Economics	CD
Councillor Adam Jogee	Haringey Local Authority	AJ
Councillor Dr Pete Sudbury	Oxfordshire County Council	PS
Monica Wilson	HM Treasury	MW
Tiger de Souza MBE	National Trust	TDS
Nisha Arora	Financial Conduct Authority	NA
David Brindle	Ambient Support	DB

Thames Water:

Ian Marchant	Chair of Thames Water Board	IM
Hannah Nixon	NED, Chair of Regulatory Strategy Committee	HN
Warren Buckley	Retail Director	WB
David Bird	Interim Retail Director	DAB
Norma Dove-Edwin	Digital and Transformation Director	NDE
Andrew Burton	Customer Research & Insight Manager	AB
Heather Marshall	PR24 Stakeholder Engagement Manager	HM
Nevil Muncaster	Operations Director, London	NM
Mariana Simpson	Stakeholder Relationship Engagement Manager	MS

Apologies:

Peter Daw	Greater London Authority	PD
Sarah Powell	Environment Agency	SP

Agenda Item No.		Action
1.	Apologies for absence / Declarations of interests / Matters arising	
	<p>SKS welcomed everyone to the meeting, followed by introductions from TW and CCG attendees. Apologies were noted, including PS for part of the meeting. Minutes from the previous meeting on 3 November were approved.</p> <p>It was noted that updates to actions raised are being updated at the action tracker on the SharePoint site.</p> <p>SKS set out the agenda for the day highlighting key topics and CCG contributors for the day and reminded all of the CCG 'critical friend role' especially when discussing TW performance. SKS noted that the final part of the day will focus on taking stock of what CCG achieved in their first year and interview with IM and HN led by DB.</p>	

2.	Retail Q2 performance	
	<p>Q2 performance report taken as read.</p> <p>WB introduced the session by sharing his news on plans to retire in January 2023 and introduced DAB who joined TW as Interim Retail Director and will be taking over the role fully from January 2023. WB stressed that the company is remaining fully committed to its turnaround plan. DAB shared that all his previous roles involved transformations programmes where customers and consumers are put in the heart of the transformation programme. Customers are definitely at the centre of all conversations across the business.</p> <p>WB shared an overview of the retail performance, noting that in Q1 TW identified three key focus areas for Q2 – marketing campaign linked to improvement that TW want to make in C-MeX, greater focus in clearing the backlog especially in the vulnerable customers and extra care services, and lastly, recovery items such technology issues.</p> <p>Q2 was dominated by two key things – mid June – late July challenges linked to supply and demand followed by a period of drought. One of the key aspects was the way TW communicate to customers; there was more comms in Q2 than in the last few years. WB reminded CCG the challenges of direct emailing to customers, noting focus in the future will be on building a platform and collecting direct customers contacts to make it easier. Marketing campaign in Q2 had to be amended as well.</p> <p>Positive feedback received from EA on customer comms during drought.</p> <p>CCG were encouraged by TW efforts to communicate about the drought and what it was doing to mitigate its impact. The Drought Newsletter was useful and better since it was simplified and aimed at engaging customer/stakeholders in the issues.</p> <p>In the background, work continued on the digital transformation plan which resulted in a more agile delivery for customers. Examples of developments of the new services include:</p> <ul style="list-style-type: none"> • improving ways customers can report their meter reading; • creating online capability of the income and expenditure form, and working with pay plan to share the process with others – this came from a day spent with CCG in Swindon listening to customers just a few months ago; • realigning social tariffs levels to the real living wage; • first set of changes to simplify screens for our agents which help to reduce call handling time, and the time customers need to spend with us on the calls. <p>Despite all the effort WB noted that the performance for Q2 remains unsatisfactory.</p> <p>WB reflected on the work TW have completed in the vulnerability space and really encourage TW to be the lead in this area.</p> <p>In response to SKS questions on Priority Services Register (PSR) data – WB explained that while the end of the journey data is still being collected, the measure itself has been aligned to the Ofwat requirement.</p> <p>On vulnerability, one of the key issues identified the different views between data on the TW PSR list and the PSR lists held by Local Authorities. Work is ongoing with local resilience forums and Local Authorities to ensure consistency of data.</p>	

	<p>WB explained the challenges in meeting the right levels in contacting customers on PSR to confirm whether they still need to be on PSR, and TW are working on number of initiatives to simplify this including introducing a webpage and WhatsApp channels. Work is also being carried out to create a new platform for managing PSR which will help to identify PSR customers during incidents. To help support vulnerable customers during incidents a number of investments are taking place – dedicated Customer Rep teams, third plan agreement for bottled water delivery, the most vulnerable customers in specific areas – we will deliver bottled water every 6 months proactively.</p> <p>Discussion focused on the comms between TW and Local Authorities and there was a recognition there is more to do. This is being followed up at the 20 Jan CCG meeting.</p> <p>DT commended WB and TW for the work in this area, and improved relationships will ultimately result in better served customers.</p> <p>When discussing the proactive customer engagement PC, it was noted that Smarter Home Visits were paused while approach has been revisited, and the plan is to increase these going forward to help with ongoing preparations for potential drought next year.</p> <p>NA was interested in whether TW is making progress getting to the 16th position.</p> <p>Discussion focused on complaints reduction/progress and WB recognised that while progress has been made, TW unfortunately remains the company with most complaints. Some of the Satisfaction level are linked to the decision to stop offshore and insourcing - more than a100 new people have been recruited. This year it will be first time in 21 years to have all customers contact done in house.</p> <p>Three areas to revisit in New Year: questions on what we can learn from LAs and PSRs, billing in Q4, metering – how does metering reflect customers priorities.</p> <p>SKS thanked WB for his expertise, passion and recognised the progress made and foundation laid for the next year and wished WB happy retirement.</p>	
3.	<p>Digital Transformation</p>	
	<p>WB, MW, AJ and NDE set out the context for the session noting the conversations leading up to the CCG meeting which helped to shape the content.</p> <p>NDE started the presentation focusing on the purpose – to become digitally intelligent and a connected organisation which will enable our staff to serve our customers better and faster. It will also enable customers who chose to communicate digitally to be capable to do so and it will allow more time for dealing with vulnerable and digital excluded customers, and ways TW will deliver it – including the principle, that challenge and outcome needs to be the starting point of each conversation to follow with the right digital solution. CCG praised NDE for the inclusive approach.</p> <p>Initial discussion focused on information available from customer research and how the digital transformation can help with accessibility of the data and how the research findings can be applied to all different customers groups. Going further TW started to bring customers in to be the part of the digital solution development, such as the home journey. NDE explained that building on from a complex legacy will take time, but the goal and focus has been agreed.</p>	

	<p>NDE shared improvements already delivered as a part of the Reimagined journeys in the retail sector, which delivers benefits for front line staff and enable them to deliver a better experience for customers.</p> <p>Working with the data factory to deliver on our commitments for open data, a number of initiatives were established to share more data, such as Discharge Alert Manager (single source of data and information for sewage treatment work flow to treatment, storm and the environment); Sewer Level Alert Management (preventing customer reported blockages and the knock on impacts of flooding and pollutions);</p> <p>The discussion focused on the engagement with local stakeholders on enabling sharing data and how this can be used, although WB recognised that an associated risk in being more transparent with the volume of data may drive customers contact in this area and TW needs to be prepared to handle it.</p> <p>CCG were interested in whether TW will be able to uphold the investment for these improvements which will deliver benefits in years to come rather than being overtaken by short urgent issues. NDE explained that digitising the assets is an important cause and TW are committed to ringfence the investment. There was a recognition that sharing the full set of data in terms of discharge will need to be followed up with how TW are responding and improving in this area in general, even though it may not be directly at a given customer’s patch.</p> <p>The session concluded with an update on website improvements which delivered rapid enhancements for TW Online Account holders, including the redesign and rebuild of the submit a meter read, set up payment plan & set up direct debit journeys.</p> <p>CCG welcomed NDE’s improvement plans for digital capable customers but stressed that the support for digitally excluded customers needed to be as good. This was echoed by WB, who recognised that moving customers to digitally self-serve will make contact centres even more important because they will be dealing with the most vulnerable customers.</p> <p>CCG noted that the proposed level of transparency could be a game changer for TW reputation among customers, communities and stakeholders.</p> <p>Action: NDE to provide further explanation on how much capacity will be freed up by the digital transformation to support digitally excluded customers (e.g. by doing this work we anticipate to free up XY capacity, and it will help us to deliver better quality of work for customers choosing to engage in an analogy way)</p>	
4.	<p>Challenge the plan (Acceptability & Affordability Testing and Open Challenge Sessions)</p>	
	<p>TDS introduced the session which focussed on Acceptability & Affordability Testing and Open Challenge Sessions, now called “Your Water – Your Say”, and set out the key questions for the CCG to think about, principally the confidence level in the group’s capability to provide assurance based on Ofwat final methodology expectations, and what role does the CCG want to play in the Open Challenge Sessions.</p> <p>AB set out the context, noting that the teams are still analysing Ofwat’s requirements on both the Acceptability Testing and the Open Challenge Sessions and will reach out to the CCG with more detailed thoughts in the New Year.</p>	

	<p>HM highlighted there were not material changes to the guidance at this stage and noted the potential challenge this new activity may bring is the requirement for the Open Challenge Sessions to be open to both local and national stakeholders and customers, with a particular requirement to include digitally excluded customers. TW is also considering wider consultation activity which would support the minimum requirements.</p> <p>The discussion focused on the needs of TW's customer base and use of the vulnerability deep findings which should help to determine who are the hard to reach groups and what additional engagement is needed. CCG highlighted additional risk of the discussion being dominated by stakeholders with louder voices – this should be moderated by an Independent Chair. AB explained that findings from these sessions need to be taken in the round alongside other engagement and research completed.</p> <p>SKS thought that one of the existing CCG actions, supporting TW to build an inclusive list of stakeholders, could create opportunity to improve TW stakeholder relationships but also empower some of the hard to hear voices to be part of the conversations.</p> <p>Action: Revisit Stakeholder list action (AJ)</p> <p>TDS suggested that this whole area is one where the CCG should work closely with HM, AB and teams to help develop it rather than waiting for proposals to be shared to enable the CCG to add more value. As a part of the discussion HM stated she would welcome CCG input in the Open Challenge Sessions regarding:</p> <ul style="list-style-type: none"> • Reflecting on Ofwat requirements on the sessions to be open and how it can be achieved • Helping TW to clearly articulate what will be addressed and what will not • Frame the content in a way that sets out what it means for customers today and in the future and to allow them to ask meaningful questions <p>Regarding the Acceptability Testing research the Ofwat requirements are more tightly defined but there are discretionary elements and AB would welcome CCG engagement on topics such as sampling, design, weighting and how TW makes it more meaningful to customers.</p> <p>It was agreed that subset of the CCG will focus on this area to allow to work in an agile way. CCG to agree how different subgroups best complement their work.</p>	
5.	Wholesale Q2 performance	
	<p>NM shared an update on TW performance for key operational metrics as requested by CCG – Supply Interruptions, Water quality and Leakage. The update focused on current performance as well as on improvement plans going forward. Further performance updates shared in the Q2 performance report were taken as read.</p> <p>It was agreed that further discussion will be held either through a standalone meeting or at the next CCG meeting on 20 January.</p> <p>NM started with a short overview of the year which has seen challenges due to extreme weather, from hot weather which led to a drought and lately freezing temperatures followed by the inevitable thaw. All these events put pressure on the system and created one of the toughest years which impacts on performance. TW have learnt some valuable lessons regarding how the system responds to climate change and what it means for resilience for the future.</p>	

Water quality (CRI)

While underlying performance has been good across the year, failing CRI performance has been driven by two large incidents linked directly to London process plants, Coppermills and Hampton. Both of these were related to ingress water into the tanks and coliform failure as a result. TW is focusing on how to prevent and reduce risk of the big events and have extensive water quality improvement plans in place including Coliform Zero plan which NM shared more in detail.

CCG shared their concerns about the understanding of asset health and impact on customers. Breaches were becoming more regular and more frequent. NM stated that water quality is a number one priority, and a strong programme is in place to build resilience to keep London in supply today, and in the future. DB suggested that more could be done about Customer comms to build their understanding. CCG wanted to hear more about the programme to build resilience into the London supply.

Supply interruptions

Underlying performance across the year is good, and by November was below Ofwat's target, however the performance has been impacted by two incidents in Netley and Oxford. Learning from each event helps reduce the chance of a big event happening again. The learning includes – focus on repeated single points of failure, ambulance style response of teams, investing in more tankers which helps managing water supply (e.g. providing water supply to hospitals during incidents)

The discussion focused on Customer comms during incidents. CD commented on the TW website where the last update regarding the current Guildford incident was several hours ago. She emphasised the importance of real time reporting or as close as possible to real time and more regular updates on the situation.

Leakage

The Leakage recovery plan in place for the last three months has focused on data and models, detection, planning and scheduling, repair and maintenance, and programmes which reduce stress on the system. NM focused on the work done on visible leakage which delivers consistent reduction, and benefits brought in by insourcing repair capability with over 200 new technicians trained.

NM shared some of the successful work with external parties which lead to innovation in leakage detections and repair such as Aqua pea and some examples of other smart technology used.

The discussion focused on company vs customers responsibilities for pipes. TW comms had sought to help customers understand when leaks were their responsibility. However, recent social media responses suggested that people thought TW might be passing the onus to them. CCG recommended that TW follow through on the campaign to continue to build customer understanding about leaks.

CCG also highlighted the huge mismatch in expectations about stopping leaks. OFWAT agreed targets of e.g. 20% while seeming reasonable from a corporate perspective, appeared wholly unreasonable to customers seeing thousands of litres of water leaking on bursts on nearby streets that aren't always attended to. Customers encouraged to report local leaks often complain that there is then no response from TW. DT highlighted the value of 'proactive action' perhaps just informing customers that they had been 'down their street' even if they were unable to provide an immediate fix.

6.	CCG annual review	
<p>The Chair introduced the session which comprised of two parts 1) overview of CCG activity and success in their first year and 2) interview with IM and HN led by DB.</p> <p>BGT reflected on the CCG first year in post recognising all the skills, knowledge, and expertise which all CCG members brought to the group and noted that the group continue to evolve in terms of the scope and forward plan as well as the evolving relationship with TW. The CCG engagement and challenge included topics such as performance, Affordability and vulnerability, workforce, longer term planning (PR24, DWMP, WRMP/WRSE), stakeholder engagement to mention a few. Going forward CCG would like to focus more on the wider regulatory landscape, their impact on customer expectations, and what success would look like for CCG.</p> <p>The discussion focused on four broad areas: pace of improvement; customer comms and their relationship with water; regulation and conflicting demands; and lastly the role of CCG including what is in/out of scope.</p> <p>Reflecting on newspapers articles from pre-Christmas 2021 DB thought that this year could be written in a very similar way and was interested how IM had seen the year go: <i>IM reflected on the year recognising strengthening the Management Team, the nature of the assets with significant failure, environmental response to the London flooding review and the most significant drought the country has seen in decades. Recognition that this year have felt like making a 1 step forward, 1 step back which can be relentless for the company. The whole industry increased focus on cleaner rivers which has been driven by the media interest. Reflecting on the 5 years of being the Chairman of TW Board – IM highlighted the progress in terms of insourcing, capital investment and more, however the external environment became more challenging at the same time.</i> <i>HN added that the relationship with regulators have improved over the last few years, but the regulation concept has not changed and there is a need to think differently. There was a recognition that due to the company size, changing the company does take much longer than anyone would like to see. The challenge is how to explain the company’s turnaround to the external stakeholders and to get the buy in and show the traction of the change. Improved relationship with regulators means that the discussions are still challenging but at the same time more constructive that in the past with increased credibility.</i></p> <p>CCG were interested to know what the biggest concerns are –</p> <p><i>IM said they were:</i></p> <ol style="list-style-type: none"> <i>1) resilience of asset - which is the biggest strategic challenge of operating the old Victorian assets and combining new innovative things at the same time</i> <i>2) resilience of people – as a 24/7 business there is no time for pause and it is relentless.</i> <p>CCG welcomed the move to the catchment based management and also for the insourcing.</p> <p>Further discussion focused on the industry relationship and discussion with regulators.</p> <p>Focusing on communication, DB shared some recent examples of customers experiences in relation to leaks. <i>IM thought the company needs to still get better on a customer individual level, local level, general level via the website as well as with senior stakeholders. Unfortunately most complaints do have an element of comms. Some of the challenges come from a technical engineering background and it is an area where the focus needs to remain as a high priority.</i></p>		

	<p>IM spoke about the importance of involving customers at the delivery of solutions. He felt it is important to start with good customer research as well as to have Customer representative group such as CCG in place to bring the customer voice. It is also important to continue with an ongoing education of all customers across the water industry, which will help to explain the complexity of the water industry. In addition, smart metering will also help customers' behaviours / relationship to water.</p> <p>SKS commented on the relationship with regulators, in particular the nature of the indicators which are mostly lagging rather than leading. This makes it more difficult for regulators to see the company's trajectory.</p> <p><i>IM said this is one area where the CCG can really help and champion independent support for customers' priorities. This will help strengthen the influence and co-create better outcomes for customers.</i></p> <p>CCG was interested to get IM and HN view on where they see CCG scope and whether they should be commenting publicly on key issues such as sewerage spills, river health, desal plan. <i>IM thought the biggest value is to really reflect customers views based on the customer research and customers wants and needs; internally continue to hold the Exec to account as although some of the key observations are the same as the Board, CCG also have additional points too. While customers may not be interested in the long term issues, CCG can bring views on behalf of customers to really push the resilience point for the future generations, such as the tideway tunnel.</i></p> <p><i>HN reinforced this point - that bringing customer voice, independent challenge, and act as the critical friend to the Board and RSC will really help to play out the difficult conversations regarding PR24.</i></p> <p>CCG is keen to work with the TW to increase the transparency with open communication to help improve trust with the wider public. There was a recognition that where there is no trust, it is harder to get to the starting point and it will take time, as an important but difficult thing is the measure the trust of customers who do not engage / don't have a reason to engage.</p> <p>The last part of the discussion focused on the desalination plan not operating during the drought – <i>IM explained decisions about the investment, and work on the desal plan were made around Feb 2022, well before signs of the drought. Regarding the wider conversation on future water resource, TW should contribute more to the discussion but recognised that desal is not the best solution for the future due to the intensive energy use and it is not compatible with Net Zero.</i></p> <p>The Chair thanked IM and HN as well as the CCG and TW team for the contribution to the meeting and the preparations which goes into it. On behalf of the CCG she thanked DB for facilitating the conversation.</p> <p>Chair and BGT will look at the forward plan and subgroups, for the next year in early January which will be discussed at the CCG away day on 3 Feb.</p> <p>IM thanked CCG for their time and contribution.</p>	
6.	AOB	
	Next meeting is planned for 20 Jan 2023. No AOB raised	