



MINUTES of the Customer Challenge Group

Microsoft Teams

On 13 October 2023, 09am – 2:30pm

Present:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
Doug Taylor	CCW	DT
David Brindle	Ambient Support	DB
Councillor Adam Jogee	Haringey Local Authority	AJ
Baroness Grey-Thompson DBE, DL	Chair of Sport Wales	BGT
Dr Charlotte Duke	London Economics	CD
Sarah Powell	Environment Agency	SP
Peter Daw	Greater London Authority	PD

Thames Water:

David Bird	Retail Director	DAB
Nina White	Director of Billing & Financial Customer Care	NW
James Bentley	Operations Director, Thames Valley and Home Counties	JB
John Brocking	Interim Digital Transformation Director	JAB
Adam Harmon	Chief Economist	AH
Stuart Jordan	Regulatory Economist	SJ
Jonathan Haskins	Strategy and Regulatory Affairs Director - Interim	JH
Mariana Simpson	Stakeholder Relationship Engagement Manager	MS

Apologies:

Jeremy Crook OBE	Action for Race Equality	JC
Monica Wilson	HM Treasury	MW
Nisha Arora	Financial Conduct Authority	NA
Councillor Dr Pete Sudbury	Oxfordshire County Council	PS
Jonathan Read	Director of Regulatory Policy and Investigations	JR

Agenda Item No.		Action
1.	Apologies for absence / Declarations of interests / Minutes from previous meeting	
	No additional declarations of interests have been recorded. Minutes from the previous meeting on 22 September will be shared week commencing 16 October for review.	
2.	CCG closed session	
	No minutes recorded.	

3.	Q1 performance - Retail	
	<p>DAB and NW provided an update on Retail performance up to August 2023 focusing on Revenue & Billing; Customer Demand; Cash Collections and Financial Costs.</p> <p>First part of the discussion focused on the increase of assessed billing and home moves and rentals' impact on revenue; as well as metering – CCG was interested in details regarding accuracy of metering and whether it impacts on cost of living pressures. Turning to social tariff, NW reminded CCG that the eligibility moved from low income to affordability threshold which enabled more customers to be eligible. In addition, TW is providing an extra support scheme for customers who had income and expenditure review and have no disposable income with credits up to 50% of their bills.</p> <p>Action: TW to share data on uptake over social tariff across the TW region, especially at the most deprived areas</p> <p>Further discussion focused on customer demand, specifically smart metering roll out and recent funding challenges as a part of Green Economic Recovery which is linked to leakage performance. Further dialogue continues with Regulator but at the moment there is current possibility that there will be a reduction in the volume of smart metering between now and of the next year due to funding not being available. CCG queried the implication on the Water Resource Management Plan which is dependent on leakage and demand reduction through metering. DAB explained that companies are looking at all potential options to reduce demand alongside smart metering such as behaviour change. However TW continue to be committed to smart metering roll out programme and plan to have 1 million of smart meters in the next AMP. CCG also discussed the dependency of the smart metering roll out on the proposed innovative tariff. NW confirmed that the innovative tariff which TW plan to bring in the mid of next AMP is going to target high water users and the challenge around the scale of smart metering roll out will not be material to the programme.</p> <p>Action: TW share metering update as a part of turnaround update in December meeting – tbc</p> <p>Last part of the discussion focused on customer complaints and the backlog reduction. This is being delivered through a model office environment which has been put in place to look at the complex issues with some real deep dive root cause analysis, redesigning our process to really understand exactly all the complexity and to try and make it a far smoother and cleaner customer journey. CCG were concerned over the length of time it takes to resolve some of the complaints and were interested to understand what complex issues may cause delays in resolving complaints. DAB explained that TW are targeting cases where customers are getting high bills, often as a result of customer supply leakage. It was agreed to provide further update in December meeting</p> <p>Action: TW to share update on model office in December 2023</p>	
4.	Q1 performance – Wholesale (including digital improvements)	
	<p>JB and JAB provided an update on key metrics as a part of wholesale performance as per shared Board report and digital improvements. Key discussion points are covered below,</p> <p>Water quality compliance</p> <p>Following on from historical difficulties over the last few years, the company has put in place a public health transformation plan which includes actions related to water treatment works and service reservoirs which has resulted in improved performance . However JB emphasised that one</p>	

failure in one of the key London sites would have a significant impact on overall performance in this area.

Supply interruptions

Performance year to date is significantly better than recent years. However, as with water quality compliance, JB emphasised that we remain vulnerable to the risk of individual significant events. By way of example, was the recent outage of Hampton and Ashford Common plants caused by a power failure could have led to a major customer impact. However, excellent response from the team resulted in the impact being limited to less than 1second.

Leakage

The leakage measure for our Performance Commitment is based on a 3 year average. Given the extreme weather events of last year, drought and freeze-thaws and the corresponding impact on leakage, we are not on target for the 3 year average. However, between the exit of last year and the end August 2023, the volume of leakage has reduced by nearly 10%. CCG were interested to understand how much of the performance improvement is due to weather. JB acknowledged that TW has benefitted from a milder summer, but that we have also improved ways of working, focusing on prioritising fixing the most important leaks and targeting areas where apparent consumption is high, rather than increasing costs and resources.

In terms of digital improvement, TW deployed acoustic loggers into network so the data can correlate with other data and identify where leakage occurs. This can also be used to detect burst pipe due to audio patterns. In the future we intend that this will be integrated into automated tooling to raise jobs for field workers.

PCC

Action: JB to confirm latest PCC position.

Blockages

Blockages performance is better than last year and in some months has outperformed the performance commitment driven in part by better response to sewer depth monitor data, allowing proactive removal of blockages before they become regulatory blockages and lead to pollution or flooding incidents. In terms of digital improvements the use of various data and AI tools help to identify blockages location and predict where they may occur and deploy workforce in prioritised areas where they would be most impactful.

Flooding

Positive performance of Q1 compared to previous year with benefit from the proactive work on blockages prevention. Self-reporting improving to 70%. The effort is focusing on two strands of activity improving network solution performance and improving sewage treatment plant pollution performance. It was noted that due to changes in methodology, reported results will be likely to get worse before they improve and CCG urged TW to ensure they focus on how they are going to manage media in this area. Discussion focused on the system resilience given recent significant weather events.

Further discussion focused on digital improvements in the wider business including Retail where the team is planning to analyse data from call recording to look for repeated patterns where customers are raising same issues but may not be spotted through agents.

CCG were interested in return on investment in the technology spend and while there was a recognition that in some areas is too early to say, JB explained that for example in blockages the volume of proactively removed blockages more than doubled thanks to using the data.

5.	PR24 – Industry analysis	
	<p>AH shared company initial analysis of companies Business Plans submissions to Ofwat on 2 October. The key focus areas included bill impacts, Totex, Performance Commitments and Finance.</p> <p>AM acknowledged that TW has taken a pragmatic approach to their submission highlighting challenges the company faces which differentiate them from the rest of the submissions.</p> <p>Discussion focused on the Weighted Average Cost of Capital (WACC) which is set by the regulator to determine companies' allowable return on investments in absence of market. There is a risk that Ofwat's current level of WACC could lead to not securing the required level of equity which would lead to negative impact on customers. It was noted that a number of companies raised a risk of their plans being not financeable as a part of their submissions, Ofwat will evaluate companies' proposed WACCs as a part of their assessment which will also include ambition and compliance.</p> <p>CCG questioned company's mention in the media that there was limited information available in relation to the business plan submission. TW confirmed that all details were submitted to Ofwat on time, however they were published on the company website within few days of the submission which raised the news.</p>	
6.	Your water, your say – phase 2 update	
	<p>MS shared an update on upcoming Your water, your say scheduled for 30 November, 17:00 – 19:00. Registration for the event went live alongside the Business Plan publication with soft launch. More intensive promotion will be in place from Start of November. It was noted that TW will share with CCG promotional plan, draft briefing and presentation for their review and comments.</p> <p>As with the first event, promotion will include media, social media and direct invites. CCG were interested whether attendees from the YWYS session in May will be interested.</p> <p>CCG were interested in whether TW will share pre-reading with attendees ahead of the session, consistent with other companies who go first, such as Affinity. MS confirmed that the pre-reading will be based on Customer friendly summary of the plan which is already published on TW website.</p> <p>In response to a CCG question, it was confirmed that TW will be directly inviting attendees from the first session in May, as long as they indicated that they want to hear about the second session due to GDPR.</p>	
7.	CCG closed session / AOB	
	<p>No minutes recorded.</p> <p>Next meeting 24 November 2023.</p>	