



MINUTES of the Customer Challenge Group

Abbey Mills Pumping Station
On 16 June 2023, 10am – 3:30pm

Present:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
Jeremy Crook OBE	Action for Race Equality	JC
Doug Taylor	CCW	DT
Dr Charlotte Duke	London Economics	CD
Monica Wilson	HM Treasury	MW
Nisha Arora	Financial Conduct Authority	NA
David Brindle	Ambient Support	DB
Sarah Powell	Environment Agency	SP

Thames Water:

Sarah Bentley	CEO	SB
James Bentley	Operations Director, Thames Valley and Home Counties	JB
David Bird	Retail Director	DAB
Jonathan Read	Director of Regulatory Policy and Investigations	JR
Pete Cotton	Head of Vulnerability Strategy	PC
Jamie Elborn	Customer Research & Insight Lead	JE
Mariana Simpson	Stakeholder Relationship Engagement Manager	MS
Dina Gillespie	Catchment Manager	DG

Apologies:

Baroness Grey-Thompson DBE, DL	Chair of Sport Wales	BGT
Peter Daw	Greater London Authority	PD
Councillor Adam Jogee	Haringey Local Authority	AJ
Tiger de Souza MBE	Samaritans	TDS
Councillor Dr Pete Sudbury	Oxfordshire County Council	PS

Agenda Item No.		Action
1.	Apologies for absence / Declarations of interests	
	Apologies were noted. No additional declarations of interests have been recorded.	
2.	CEO session	
	SB started the session with thanking CCG for their engagement and work to date, recognising that TW CCG have a difficult job given the industry spotlight and constraints. SB provided a short update reflecting on the last year, and the first two years of the turnaround noting the first year was focused on fixing the basics – insourcing, and making sure we have the	

	<p>right people and structure. Highlights included a regionalised operating model, onshoring of the contact centre and insourcing water network repair and maintenance, as well as record investment to modernise sewage infrastructure and improve river health (£1.6bn) supported by insourced capital delivery model. SB acknowledged performance lagging with the company only delivering around half of performance commitments last year. SB explained that while the company is making good progress in areas such as complaints, the volatile weather exposed the legacy of severe asset deficit, and the fragility of the infrastructure had a negative impact on some key metrics such as leakage and pollution but had a positive impact on sewer discharges. In some areas, underlying performance has improved, but performance was impacted by major one-off events such as water supply in Oxford in October.</p> <p>In terms of turnaround, it was noted the plan will deliver improved operation and financial performance but will take time and will require improved operational grip, a credible and deliverable turnaround plan, and further support from key stakeholders.</p> <p>Turning to financial position, SB explained that the company has been financially constrained by significant macro-economic headwinds i.e. inflation, increase to cost base, especially by increase to energy and chemicals, some of them up to 60-80%. Overall the operating costs tend to outgrow the revenue which results in the company currently having the high debt. SB explained shareholders substantial support, noting their additional investment into the company over the recent years while not receiving a dividend for nearly six years.</p> <p>SB reflected on employee engagement and shared high level results from recent employee engagement survey “Hear for you” noting that overall score remained 69% as previous year given the tough year and amount of change is a good result, with scores improving in Health and Safety, company values and purpose. Area to focus on going forward is rebuilding confidence in Exec, senior leadership and the company ability to deliver the turnaround plan.</p> <p>The discussion focused on financial matters such as dividends and executive pay linked to the noise created by the media. SB acknowledged that these are complex matters and TW will endeavour to explain the position better in its upcoming Annual Report to provide clarity to stakeholders and customers.</p> <p>SKS thanked SB for her time, openness and transparency throughout the session and noted that CCG are in process of writing their report which they will share due course.</p>	
3.	Wholesale performance – Q4	
	<p>JB provided an update on Q4 performance focusing on a number of key metrics. It was noted that performance snapshot with provisional year end position for key measures was shared in advance of the meeting for information, but final position will be shared once Annual Report and Annual Performance Report are published.</p> <p>Starting with leakage JB explained that the forecast position is that TW will not meet leakage target. JB reminded CCG that leakage is water, which is not accounted for, which is partly contributed to by 50% gap in metering. The significantly bad weather through the year (drought and two occurrences of freeze/thaw) contributed to the level of leakage. Going forward the company needs to improve its assets and response time. It was noted that the highest impact on leakage is caused by non-visible leaks which are harder to be found.</p> <p>Moving to Supply Interruptions, JB recognised that in terms of regional variances, London sites have a lower risk of failure however the consequences would be much higher due to the population</p>	

	<p>size they serve while Thames Valley sites carry higher risk but smaller consequences. Key initiatives in this area include: increased resourcing out of hours in Thames Valley; improved incident management; new 20 tankers and storage alongside improving site resilience. Going forward while the network remains vulnerable the aim is to progressively reduce risk and targeting hotspots on the network.</p> <p>The discussion focused on the levels of internal targets and also on opportunities for customers education and comms which would provide more information in relation to leakage and metering.</p> <p>JB shared an update on pollutions performance. Building on previous sessions, JB noted that it has been a challenging year and the pollutions performance remains closely linked to blockages. Following a period when sewer depth monitors were switched off due to data overload, they have been switched back on and continue to play a key part in preventing over 390 blockages in the last month. It was noted that the performance benefit from increased sewer cleaning programme, however the company need to understand the network better to help optimise the best value work.</p> <p>Short discussion focused on drought readiness with JB noting that storage water is currently 97% in London and 99% in Oxford with normal levels of ground water and river flow which indicate a good position for summer with the benefit of 70% of lessons learnt from last year already delivered. The teams continue to hold daily supply / demand calls to assess situation.</p> <p>Action: September meeting to share internal targets for key metrics and progress against them, review of drought and discussion with NDE to showcase digital improvements to performance</p>	
4.	PR24 update / Customer preferences of Enhancement Cases	
	<p>JR introduced the topic, highlighting the critical time of planning and noting one of the key areas to share with the CCG is the latest view from customers.</p> <p>JE shared updated customer prioritisation of enhancement cases which now includes all of the research commissioned in relation to the enhancement cases. JE explained that two top priorities stayed the same and shared the key movements and related tensions such as basement flooding. It was noted that tensions usually occur between stakeholders' and customers' views. The CCG raised the point of timing of the research and suggested TW should provide a view of what was happening externally at the time of research including the media interests etc which may influence customers' views.</p> <p>Action: TW to provide a summary of the external context (media, weather etc) that may have influenced views captured in customer research and explain how this has been taken into account in the insight triangulation process.</p> <p>Discussion focused on the high quality qualitative research, and the need to exercise management judgement around incorporating other evidence and considerations (e.g. around health and safety, detrimental impact of a service failure) as part of the prioritisation. JR explained that the current prioritisation was centred around the 'maximum deliverable' plan which would need further refinement taking into account considerations around affordability and financeability.</p> <p>Action: CD to help CCG to articulate what they are looking for in this area</p> <p>Discussion then turned to the future customers with JE noting that in the upcoming Longer Term Delivery Strategy research, the team is looking at online focus groups to help with recruitment. It</p>	

	<p>was also noted that TW is planning to do specific research with future customers using more innovative methods to understand the context of future customers' views.</p> <p>Action: TW to share more information regarding how views of digitally excluded future customers and customers with health vulnerabilities are included in the business plan</p>	
5.	<p>Retail performance – Q4</p>	
	<p>DAB provided a summary performance on C-MeX and D-MeX and noted the recent focus on proactive communication including the new 'It's Everyone' Water campaign featuring Otis the otter's which focuses on social media and engagement with customers who don't in general engage with the company and positions the activities Thames is undertaking to resolve the issues most important to customers</p> <p>Turning to more granular performance, CCG discussed the area for improvement in Customer Service operations performance specifically in relation to billing contact and abandon rates. DAB explained that the recent insourcing of the contact centres had required a major transition which had resulted in some impact on service levels. Significant recruitment and cross-skilling of back office teams was now supporting improvements following the additional volumes from Annual Billing activities and a clear action plan with KPIs is being implemented.</p> <p>It was noted that for Developer Services, whilst improvements were being made to reduce backlogs, the end to end system replacement being delivered over the next 12 to 18 months was the key initiative to transform performance for this group of customers.</p> <p>Action: TW to share list of KPIs with internal targets and actions plans with progress at the September performance meeting and share outcomes of complaints review completed by Baringa</p> <p>Action: Linking customer service and company culture and recent hear for your employee survey, workshop with HR team to be arranged to look at the correlation between employee engagement and customer satisfaction.</p> <p>Discussion focused on reducing complaints and contacts which will be achieved via prioritising activities and reviewing structure. DAB outline plans to eradicate backlogs and improve internal CSAT scores by the next performance meeting in September.</p> <p>The importance of the new Customer licence condition was discussed.</p> <p>Action: TW to share their plans for the new Ofwat Customer Licence condition at September meeting</p>	
6.	<p>Social Tariff discussion</p>	
	<p>PC shared with CCG TW's current thinking on how they will potentially use their social tariff to support customers struggling to pay their bill, noting that based on the 'Alternative Plan' bills will increase and the numbers of customers needing support will increase with it. PC explained two options for targeting (low income or a ratio of bill to income) and potential additional funding from innovating tariff structure, which could create other benefits.</p> <p>Discussion focused on benefits and drawbacks of each of the options with CCG wanting to understand which customer groups would lose out, the timescales for implementation and whether</p>	

	<p>the plans would be tested with customers. It was noted that the transition period would be around 2 – 4 years and plans would be tested as a part of the Affordability and Acceptability Testing in September 2023.</p> <p>Action: PC to look at available data for customers who are currently eligible for Thames Water's social tariff but may not be in future and share further insight and share it with CCG at future meeting</p>	
7.	CCG Chair update / Minutes and matters arising	
	<p>CCG Chair has provided a brief update on activities since the last meeting noting the recent focus group on Vision 2050 engagement and the ongoing work on draft CCG report. It was noted that it continues to be an iterative process and the Chair will share the updated version with the wider CCG by Monday 10 July ahead of the CCG meeting on 14 July. The report will be shared with TW Board ahead of CCG Chair attendance at the Board meeting on 31 July.</p> <p>Draft minutes from the 19 May meeting were shared with CCG leading up to the meeting. It was agreed that minutes will be taken as approved subject to any comments received from CCG members by Wednesday 21 June.</p>	
8.	AOB	
	Next meeting 14 July 2023	
9.	Site visit	
	DG shared Abbey Mills history and background and showed CCG historic part of the site.	