



Draft MINUTES of the Customer Challenge Group

Ms Teams

On 19 May 2023, 9am – 2pm

Present:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
Baroness Grey-Thompson DBE, DL	Chair of Sport Wales	BGT
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
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
Sarah Powell	Environment Agency	SP

Thames Water:

Jonathan Read	Director of Regulatory Policy and Investigations	JR
Pete Cotton	Head of Vulnerability Strategy	PC
Andrew Burton	Customer Research & Insight Manager	AB
Jamie Elborn	Customer Research & Insight Lead	JE
Kay Oakley	Customer Research & Insight Lead	KO
Mariana Simpson	Stakeholder Relationship Engagement Manager	MS

External attendees:

Rebecca Addis	Community Research	RA
Lucy Lea	Community Research	LL
Oliver Worsfold	Director, Savanta	OW
Nick Baker	Global Chief Research Officer, Savanta	NB

Agenda Item No.		Action
1.	Apologies for absence / Declarations of interests / Matters arising / Chair update	
	<p>SKS welcomed everyone to the meeting. Minutes from the previous meetings on 21 April were approved. Short discussion focused on actions from previous meetings, with the CCG noting that updates were added to the action log, and some will be discussed later at this meeting.</p> <p>SKS introduced the day highlighting key points of the upcoming agenda and provided a short update on recent activities such as her meeting with Savanta leading up to this meeting, and the upcoming Your Water Your Say session taking place later this afternoon.</p>	

	<p>DB shared a news roundup based on recent activity and group discussion between meetings, noting public and political mood in relation to the water industry as well as recent media announcements regarding £10 billion investment by water companies. CCG would like to understand what is specific to TW and whether it is all included in the Business Plan etc.</p> <p>Action: CCG asked for further information to provide clarity in what dividends have been paid out including loan repayments to the investors. CCG would also like to understand more about what customers previously paid through previous Price Reviews and was not delivered and therefore they are asked to pay again.</p> <p>SKS followed up with further information on various conversations held recently which will result in further meetings / workshops such as on open data and Strategic Roadmap. CCG members to be invited when further details are available.</p> <p>TDS shared with the group that since he started his new role at Samaritans, his work commitments have increased and therefore, regrettably he will be stepping down from CCG at the end of September when Business Plan has been submitted. SKS praised TDS for his contributions to date, especially in the workforce area and engagement when he worked closely with MW and the TW team on the AAT.</p>	
2.	PR24 update	
	<p>JR acknowledged the discussion from the start of the meeting around the level of political, stakeholder and customer awareness and concern around river quality, and how TW's position is that any untreated sewage discharges are unacceptable, and TW is committed to ensure compliance with the current regulations and invest to improve its performance beyond.</p> <p>Turning to PR24, JR provided short update focusing on the overall timetable, including key business plan assumptions as well as outstanding key decisions and inputs, some of which was causing delay to closing out the size/shape of the plan. JR explained by way of example that companies started to receive some initial findings from Ofwat / CCW collaborative research on Performance Commitments and associated Outcomes Delivery Incentives (ODIs) which determine rewards and penalties. The findings currently show some unexpected results favouring for example significant increases in supply interruptions compare to reductions in sewer flooding. TW team will analyse overall findings when full results are available in June 2023. [Note subsequent to the meeting Ofwat have communicated a change to the ODI research)</p> <p>Another focus area is prioritisation criteria. JR explained that the prioritisation of spend is currently being discussed with Executive team, and will be discussed with the Board in June. A key area of focus was regulatory engagement to set out some of the potential trade-offs that could better meet overall customer needs.</p> <p>CCG discussed the importance of climate resilience and performance and raised challenge around new developments and importance of planning authorities working with TW to ensure that developers contribute towards system improvements.</p> <p>CCG were interested to understand more how the recent media announcements regarding £10 billion investment by water companies related to the business plan tested as a part of the Affordability and Acceptability Testing. It was noted that the £10 billion investment was industry wide, and it is not directly comparable to the Thames Water Business Plan. However some elements which are linked to river health and sewer discharges will be included.</p>	

3.	Vulnerability strategy update	
	<p>CCG reflected on the Vulnerability sub group where they looked more in detail at the recent vulnerability research and welcomed TW approach to understand their customer base, especially around ethnic minorities and those with language challenges, and are keen to see how findings from this research will feed into future strategy.</p> <p>PC introduced LL and RA from Community Research and explained that while a comprehensive deck was circulated to the full CCG ahead of the meeting, the discussion will focus on two main topics: the summaries of the output and TW's response.</p> <p>LL outlined the approach to the customer research which included a comprehensive review of evidence and data to help identify the customers who are most at risk of detriment in their interactions with TW and then followed up with detailed interviews with 75 customers and 6 support organisations with the purpose of helping TW understand more about the customers' lives and how to connect with them. LL shared the most relevant findings and highlighted key takeaways in terms of raising awareness, proactive communication and making processes as simple and easy to understand for all.</p> <p>PC welcomed the research findings and found it reassuring that the additional insights re-enforced the current strategy. In addition, PC explained how each of the insights will lead to new activities which will form part of the future vulnerability strategy. Examples include:</p> <ul style="list-style-type: none"> • Raising awareness of our basic facts - New communications targeted at hard to reach audiences, using online and offline channels through partners within communities – example of messages – Drink tap water – it's safe, it saves money • Raising awareness of our support – Reach more customers by extending data sharing approach with partners • Simplified communications and channels – Promote non-digital channels more within communities • Affordability consideration – Use debt personas (from the research) in a community toolkit, to help train customer reps before any community engagement • Adapting to communities - Develop communications in different languages, using relevant imagery for different communities. Test and evaluate the success of this <p>The CCG discussed the importance of customers' ingrained behaviour especially when it comes to drinking bottled water. It was noted that to change that it would need more than just targeted messaging, it would need to be incorporated with a wider behavioural campaign. However, PC explained the focus should be on TW making sure that people are well informed to make their decisions, knowing that drinking tap water is safe and could save money.</p> <p>CCG then discussed TW Stakeholder engagement and noted that there seemed to be a vast network of stakeholders and partners which TW work with. CCG suggested they would like to understand a bit more about some of the partnerships and where CCG can help to address the gaps. PC explained that there are around 250 partners who receive updates but would welcome the list to grow.</p> <p>It was noted that this research will play an important part in the customer licence condition which Ofwat is planning to introduce, and which focuses on understanding the diverse needs of customers and companies responding to them.</p>	

	<p>PC shared TW's community engagement approach with communities which they hear less from including data led targeting, partner engagement, community toolkit and monitoring outcomes. Using TW data together with open data can help identify communities where there may be gaps which would lead to a more targeted community based approach to raise awareness of offered support.</p> <p>PC also explained that to support TW PSR and affordability support ambitions, TW will use a range of channels to engage customers including data sharing, employee spotting, marketing and partner campaigns and partner sign posting.</p> <p>CCG challenged the use of the term "hard to reach" and encouraged TW to look at some more appropriate term. Following this meeting the term "under-represented" has been agreed as a preferred term going forward.</p> <p>CCG praised PC on his work as well as the plans for community engagement and were keen to understand if the wider business has bought into the plans as the increased engagement is likely to drive increased volumes of contacts etc. PC explained that the company's BSI accreditation helps as they need to make sure that they have a policy and processes that are matched by frontline staff's behaviour although PC acknowledged that further work needs to be done to bring consistency across the business.</p>	
4.	<p>Assurance of Customer Engagement update</p>	
	<p>AB introduced OW and NB from Savanta including their company's background. AB reminded CCG that Savanta have been commissioned to complete assurance over Customer Research as well as Challenge arrangements, with the first phase focusing on assurance for customer engagement including the recently shared document "Approach to engagement". AB highlighted that some of the research is still currently in flight and therefore will not be assured at this stage alongside the challenge arrangements.</p> <p>OW reminded CCG that the aim at this stage is to provide assurance which is required by Ofwat on whether TW's customer engagement will meet the standards as set out by Ofwat. Being a research agency, they also brought in industry best practice as well as using findings for example from CCW who have provided recommendations for triangulation. Looking at the scope, OW explained five stages as laid out in the report – the research inputs, the evidence body itself, triangulation, line of sight and customer challenge, noting the 1st phase includes the first three elements in draft form.</p> <p>OW explained the methods and processes they have undertaken as a part of the assurance activity and that they have been cross checked against each of the Ofwat engagement standards and principles as well as CCW triangulation recommendations. Overall the conclusion is that TW is on track to meet all of these standards. TW's approach to engagement is well structured and has been done through an iterative process. OW also highlighted TW's 10 Customer Wants which have underpinning themes and subthemes, as well as successful methodological choices made throughout the engagement and research process. A number of recommendations have been made which would make the programme stronger and would deepen the evidence base however they are not significant or substantial enough to derail the status. It was noted that TW have provided responses to these recommendations and how some of them will be actioned.</p> <p>NB shared key findings from the 1st phase of report and raised that the important part will be how this creates a mechanism which actually connects the findings through the decisions made by the</p>	

business in the Business Plan which is something which was missing from previous submissions, and it shows an important development.

CCG were interested to understand how this process will link to the PR29 to ensure that it will iterate between the price reviews, and it will not just stop. It would be helpful if it develops a listening methodology that isn't just responding to Ofwat expectations but is informing the choices and decisions that TW makes between now and then. AB explained that in order to deliver customer service TW undertakes a number of research projects on an ongoing basis. In addition, behaviour change activity, community engagement and other research, such as the one with customers in vulnerable circumstances are commissioned outside of the Price Review and the findings from these are used straight away, however there is more that could be done. AB also reflected on CCW lessons learnt from PR19 which urged companies to maximise on ongoing engagement and minimise the peak through Price Reviews.

CCG raised question regarding limited insights from specific groups such as non-household customers and futures customers which were echoed in the Savanta report. CCG also would like to be reminded of the overall customer research framework.

Action: TW to re-share Customer Research framework

Further discussion focused on the impact generated by public perception and noise around issues such as water quality and river health. It was noted that companies can't do customer research on every single issue raised and they need to decide where to focus. On Ofwat's centralised willingness to pay research which will set out incentives rates, it was noted that while there may be some disconnect between what TW customers think and the specific centralised research, it will not be clear until the full research findings are complete.

CCG were interested in whether OW and NB looked at the customer research design and specifically whether they considered sample sizes given the number of choices that customers are being asked to make, and whether they looked at the confidence intervals they may see between options. OW confirmed that their findings show that they do meet the requirements set out by Ofwat. However OW recognised that there are different ways of doing it and while the samples are representative for some of the research they would have done things slightly differently. Further discussion focused on sampling specifically over future customers. OW shared that one of the recommendations for continuous improvement is to potentially increase the number or do more analysis of the existing findings. AB added that for the next customer research on Long Term Delivery Strategy looking into the future to 2050, TW are planning to have a more robust sample of future customers so they can isolate their view.

CCG were also interested to understand more about points raised around contextualised research. OW explained that the point made in the report was more about how the Ofwat standard 'useful and contextualised' was interpreted in research reports, and TW team will look at this issue to make sure the reports reflect Ofwat's wording. In response to another questions OW responded that generally they found the research neutrally designed, again with few instances where they could potentially design it slightly differently.

In terms of Challenge mechanism OW and NB thought it is important to be able to demonstrate the robust process of challenge and responses and show the active dialogues.

NB and OW shared their thoughts on the availability of comparative information in the water industry and the risk that information quickly becomes not equally comparable; on transparency they shared the point of TW customers' research being shared widely on TW's website.

	<p>AB added that the next phase will look at the Challenge strand which also expects use of comparative information and transparency including publishing the CCG challenge log.</p> <p>The Chair thanked OW and NB for sharing the initial findings and discussing them with CCG.</p>	
5.	<p>Affordability and Acceptability Testing (AAT) update</p>	
	<p>MW introduced the session, highlighting that since the last CCG meeting, a number of CCG members had the opportunity to attend and observe some of the AAT sessions in person and everyone was really impressed by the quality of the conversations. The quality of the expert facilitation by Accent has been really good with the diversity of the customers including a good spread across age, race, gender etc. MW noted that the customer research is still in progress and today's session will look at the interim findings.</p> <p>JE thanked CCG for their attendance and shared his views on the research so far, noting it went well and the research included all critical audiences which needed to be included with customers being able to understand all the materials with the help of the really good facilitation by Accent as mentioned earlier.</p> <p>JE reminded CCG of the three plans which were included for testing, with all three of them including six common performance commitments which were chosen by Ofwat/CCW. However the three plans included different information regarding enhancement cases which lead to differences in bill impact.</p> <p>JE shared key findings that were based on over 2/3 of household customers and businesses that were spoken to so far and potential implications for refining the plan. It was noted that all findings need to be triangulated.</p> <p>Discussion focused on weighting results, noting that this will be completed through the triangulation process. JE confirmed that all research methodology has followed all required guidance.</p> <p>CCG reflected on their attendance at the sessions and customers' views including the current economic climate and uncertainty which could potentially influence interest rates, mortgages etc. Thinking about what may be acceptable in five years must be difficult to judge, especially for the customers who are more impacted, so there could be more customers who will struggle with affordability and may need more support.</p> <p>CCG were interested in whether there was a drop out in customers due to not completing the pre-task. JE mentioned that TW saw some drop outs from the small businesses session which could be similar for when they saw the pre-task.</p> <p>Action: JE to confirm ratio of drop outs during AAT</p> <p>JE shared a plan ahead which will include the remaining sessions including in depth interviews. TW team will set up a debrief session jointly with Affinity ICG, CCG and Ofwat. (Scheduled for 9 June 2023)</p> <p>CCG were interested to understand how this research correlates with other research findings such as the enhancement cases etc. It was noted that this will feed into the Line of Sight process which will be explained more in detail at the session on 26 May.</p>	
6.	<p>Triangulation and Line of Sight update</p>	

	<p>CD introduced the session, sharing her thoughts on the CCW workshop which provided guidance on triangulation which companies should consider as a part of the process. The key takeaway from the session was the challenge of weighting different sources of information including customer research against other sources of information to where investment should be made and what priorities should be. In addition also the challenge that water companies have in dealing with conflicts of different messages in terms of priorities from different sources. Reflecting on this CD thought the important part is the magnitude of harm which can include different aspects from economic, financial, or even psychological. However this aspect seems not to be included by CCW when considering the triangulation and the line of sight.</p> <p>AB explained that the CCW guidance has been completed by SIA partners who are TW triangulation and line of sight partners. So the challenge for CCG will be to check if Sia Partners are adopting their own best practice. AB signposted sessions planned for the following week to discuss the triangulation process in detail. Papers for the session will be circulated later today, however it is worth noting that this is a live document so will continue to evolve and will help to iterate our draft business plan.</p> <p>In preparation for the session AB reminded CCG that the reason for highlighting the importance of Line of Sight throughout of the PR24 development was that his was an area where TW did not perform well in PR19, mainly due to the inconsistency in how decisions have been made as well as inconsistency in evidencing that decisions were influenced by customers views'. On a high level, it should be apparent that the size of the plan, and therefore the bill impact and the phasing of the bill has been decided referencing the customers' views. However it only means that the customers' views should be taken into consideration alongside other key aspects such as legal, regulatory and financial deliverability etc.</p>	
7.	CCG report	
	<p>SKS provided a short update on the draft CCG report circulated to the group, noting that his report will be submitted to Ofwat alongside PR24 in October. The first draft is due by the end of June, however it was noted that further iterations will be needed to close down existing gaps.</p> <p>SKS stepped through the report highlighting the structure and key points and CCG contribution to date before inviting CCG for their initial views. Discussion focused on the tone of the report and information available. Concerns were raised by CCG over the delay in the programme and uncertainty over when the full plan would be ready to be shared with the CCG.</p> <p>Session concluded with CCG members sharing reflections on today's meeting.</p>	
8.	AOB	
	Next meeting 16 June 2023	