



MINUTES of the Customer Challenge Group

Hammersmith Depot / Microsoft Teams

On 24 November 2023, 10am – 3:00pm

Present:

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

Thames Water:

Jonathan Haskins	Strategy and Regulatory Affairs Director - Interim	JH
Jonathan Read	Director of Regulatory Policy and Investigations	JR
Pete Cotton	Head of Vulnerability Strategy	PC
Adam Harmon	Chief Economist	AH
Armenak Antinyan	Behaviour Economist	AA
Mariana Simpson	Stakeholder Relationship Engagement Manager	MS

Apologies:

Councillor Dr Pete Sudbury	Oxfordshire County Council	PS
Councillor Adam Jogee	Haringey Local Authority	AJ
Baroness Grey-Thompson DBE, DL	Chair of Sport Wales	BGT

Agenda Item No.		Action
1.	Apologies for absence / Declarations of interests / Minutes from previous meeting	
	Apologies were noted and no additional declarations of interests were made. Minutes from the previous meeting on 13 October were approved.	
2.	Customer licence condition	
	PC provided a summary of the new licence condition proposed by Ofwat which creates a duty for water companies to provide 'high standards of customer care' through high level principles. It was noted that guidance is currently only partially available. When guidance was published around Affordability services (the 'Paying Fair' guidelines) TW undertook six initiatives to meet the guidelines. A live consultation on Vulnerability services is not complete but is largely in line with TW's capabilities with the exception of a proposed new compensation scheme. As further	

	<p>guidance becomes available, the company will complete gap analysis and put a plan in place to close any gaps identified. The licence is expected to go live in April 2024.</p> <p>PC shared that Thames Water’s response to Ofwat’s consultation is that the company is broadly meeting the customer care principles at a foundational level. A new external policy will be published alongside annual evidence how the company meets the requirements.</p> <p>CCG raised concerns whether Thames Water had given sufficient thought to the high level principles as no gaps were currently identified. CCG welcomed the plan to establish a new customer strategy and external policy – embedding it within the company culture will be critical. PC acknowledged that as further guidance is published, gaps may be identified and that consistency in application will be a challenge.</p> <p>Discussion focused on how the policy will help Thames Water to deliver its obligation and align to company’s priorities and turnaround plan. CCG recommended a key area to focus on will be customer comms especially during incidents. They also suggested that meeting the customer needs and diversity of the customer base will be important. JH agreed that the principles are sensible and the company want to provide great service to its customers so the focus should be on embedding these principles in everything the company does. Thames needs to be relentlessly customer focussed and it is that which should drive our culture rather than a licence obligation.</p> <p>It was noted that changes to licence conditions is reserved matter for the Company Board and Thames Water board was very supportive of accepting this.</p> <p>Action: TW to share further information on how TW plans to implement any changes required to meet the customer care principles.</p> <p>Action: TW to share draft policy when appropriate</p>	
3.	PR24 update	
	<p>JR provided an update on PR24, noting the PR24 submission to Ofwat is only phase one of the process with the next phase focusing on responding to queries from Regulators. The queries largely relate to proposed prioritisation choices TW is making, as well as queries on all aspects of the plan from customer engagement, bill levels through to customer outcomes.</p> <p>JR thanked CCG for their input into material for Your water, your say’ public session which will take place on 30 November and highlighted that the company is still in listening mode and getting feedback on their plans from customers and stakeholders through this engagement is very important.</p> <p>The discussion focused on the extent to which the submitted plan fully reflects the statutory requirements, in particular on WINEP, JR explained the reasoning behind deliverability and financeability considerations and to the bill impacts of a further step up in investment. The company is engaging with regulators on this point.</p> <p>Given the considerable expectations of customers and stakeholders around the scale of change required, which was putting further upward pressure on bills, the CCG discussed how the company could go even further on social tariffs to support vulnerable customers.</p>	

	<p>The CCG suggested that it will be important for the company to communicate clearly with their customers on both the journey and outcomes of the PR24, including clear view of what it means for them.</p> <p>JH provided a short update on the Green Economic Recovery project which sought to accelerate smart metering programme. The impact of the 2022 drought had been to precipitate a spike in leakage, which in turn had impacted the company's 3 year rolling average leakage target. Achievement of this target was a gateway criterion to the GER funding, and Ofwat had declined TW's request to use its discretion to modify this funding criterion that would have enabled the planned delivery of smart meters in AMP7. Ofwat has declined to do so meaning TW is now looking at different options to progress the smart metering programme.</p>	
4.	Behaviour initiatives	
	<p>Following introductions, AH set out the purpose for the session. AA stepped through the presentation providing introduction to behavioural economics, focusing on examples how TW can use Behavioural initiatives and interventions to reach desired outcomes such as reduce customers' demand, blockages reduction or help more vulnerable customers. Discussion focused on explanations of potential interventions and incentives for customers alongside the desired outcomes and benefits for some of the key examples.</p> <p>Thinking back to start of the meeting, CCG were interested whether Behavioural Initiatives can be used in meeting the customer licence condition and the customer strategy. While this had not been explored in detail yet, AH thought there are lots of opportunities at this space, especially where it is linked to keeping customers up to date and proactive comms.</p> <p>Action: The next update on Customer licence condition to include how behavioural approaches are included in the overall strategy.</p> <p>Follow up discussion focused on the diversity of customers noting that TW aim to influence broadest possible group of customers irrespective of their background, however having insights into how different demographics respond to various communications will help to tailor initiatives in the future. These insights will come from trials and testing in controlled environment so the results can be compared.</p> <p>CCG Chair thanked AH and AA for their presentation and discussion noting CCG will look forward hearing some of the outcomes from the testing the behaviour interventions discussed, not only the successes and also the unexpected outcomes.</p> <p>Action: Follow up with AH/AA and CD/SKS on the strategy behind the approach to behavioural economic priorities in TW. (Complete)</p>	
5.	CCG annual review and report	
	CCG closed session. No minutes recorded.	
6.	AOB	
	JR provided an update on recent supply interruption event in Guildford area which impacted thousands of customers. It was agreed that further session will be scheduled for early 2024 when lessons learnt session have been completed.	

	<p>CCG Chair thanked Doug Taylor for his contributions and support over the last two years while he was part of the CCG and noted this is DT's last meeting as he will be leaving CCW at the end of December 2023.</p>	
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Next CCG call 8 December 2023