



# MINUTES of the Customer Challenge Group

Ms Teams

On 31 March 2023, 9am – 4pm

## Present:

Baroness Grey-Thompson DBE, DL	Chair of Sport Wales / Deputy CCG Chair	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
Sarah Powell	Environment Agency	SP

## Thames Water:

Cathryn Ross	Director of Regulatory and Strategy Affairs	CR
Jonathan Read	Director of Regulatory Policy and Investigations	JR
Alex Smyth	Regulatory Delivery Manager	AS
Andrew Burton	Customer Research & Insight Manager	AB
Jamie Elborn	Customer Research & Insight Lead	JE
Simon Wood		SW
Anna Bridgen	Head of Customer Experience Design & Communications	ABr
Mark Cooper	Head of Service Delivery	MC
Andrew Tucker	Demand Reduction Strategy Manager	AT
James Bentley	Operations Director, Thames Valley and Home Counties	JB
Mariana Simpson	Stakeholder Relationship Engagement Manager	MS

## Apologies:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
Councillor Adam Jogee	Haringey Local Authority	AJ
Councillor Dr Pete Sudbury	Oxfordshire County Council	PS
Tiger de Souza MBE	National Trust	TDS
David Bird	Retail Director	DAB

Agenda Item No.		Action
1.	<b>Apologies for absence / Declarations of interests / Matters arising / Chair update</b>	
	<p>BGT welcomed everyone to the meeting and noted apologies. Minutes from the previous meetings on 20 January and 3 February were approved.</p> <p>BGT set out the agenda for the day highlighting key topics and CCG contributors for the day. BGT provided a short update on recently published Industry and Regulators Committee report – “The affluent and the effluent: cleaning up failures in water and sewage regulation” highlighting some of the key recommendations covering single social tariff, national water strategy, accelerated planning process, transparency, financial resilience and others. BGT also reminded CCG about</p>	

	<p>the Chair’s attendance at recent TW Board committees and referred to a summary email shared by SKS with the group with key questions posed to both RSC and CSC over board assurance, PR24 risks and customer engagement gaps.</p> <p>JC and PD provided short update on meeting held between GLA and TW on vulnerability which took place on 20 March. The discussion focused on TW proposition and data sharing to explore opportunities what data could be shared. PD and his team at GLA will connect TW with London Councils in first instance. CCG discussed the challenges around data sharing especially linked to data protection, BGT suggested exploring blue badge data sharing.</p>	
2.	<b>PR24 Update</b>	
	<p>JR provided an update on overall programme, noting the programme is running behind at some areas, partly due to some of the external strategic decisions having yet not been made. He reaffirmed the aim of deliver gold plan for TW Board in June 2023 which will take in account the Affordability and Acceptability Testing as well as outcomes of “Your water, your say” challenge session taking place on 19 May.</p> <p>JR shared the key factors affecting the gold plan development such as deliverability and to what extent it would be affordable and acceptable to customers; and the regulatory engagement on the relative balance across compliance, performance and resilience alongside testing the alternative plan with customers. JR explained that some of the key inputs are still outstanding such as feedback from EA on WINEP or results of Ofwat/CCW collaborative research. JR explained guiding prioritisation principles used for AMP8 before stepping through the remaining timeline to submission, three plans scenarios which are being tested with customers as a part of the Affordability and Acceptability Testing and highlighting two proposed bespoke Performance Commitments which are being submitted to Ofwat mid-April.</p> <p>The discussion focused on potential regulatory support for alternative plan noting that there is an ongoing engagement with regulators on the aspects of the plans, however the regulator will need to see the full details of all the plans across the industry to be able to assess them in consistent and fair way.</p> <p>CCG recognised the amount of the work and tight timeline in which Thames needs to deliver it and raised concerns over where their involvement fits into it, recognising that if their engagement is squeezed towards the submission, their capacity and ability to comment will be difficult. JR re-assured CCG that the team is looking at the timelines to ensure CCG gets visibility and opportunity to comment on various strands of the Business Plan as it becomes available. There was a recognition that the engagement may need to be split into various sub groups to enable the best value.</p> <p>Further discussion focused on the alternative plan, with CCG keen to understand more about options for cost funding between Customers and Shareholders and what the alternative plan could potentially mean for social tariffs. JR explained that the Affordability and Acceptability Testing is testing the impact on customers’ bills as this will allow the biggest potential impact to be tested. On the social tariff, JR explained that the vulnerability team is currently looking at scenarios and completing modelling which will determine impact on customers. Thames will share the information with CCG once available. It was noted that it will be only the ‘alternative plan’ which will be included in the “Your water, your say” challenge session.</p> <p><b>Action:</b> TW to share outcomes of scenarios and modelling planning in terms of affordability.</p>	

	<p>When discussing the plan scenarios, CCG raised the importance of how the information is presented to the customers and that any bill increases should be presented in £s rather than percentages. JR and AB confirmed that this is how it is presented as part of the Acceptability and Affordability Testing with customers and percentage increase was used for CCG illustration only.</p> <p>The last part of the discussion focused on the two potential bespoke Performance Commitments, where CCG wanted to understand more details in what each of them will deliver and how they will be measured, especially around the Water resilience. JR and CR explained that this bespoke PC would follow up on the existing conditional allowances which deal with similar issues and ultimately it would help deal with resilience for specific hotspots on the water network.</p> <p>Recognising the amount of work to be done in short timescales, CCG committed to review proposed engagement plan in detail and comment as appropriate.</p>	
3.	<p><b>Long Term Delivery Strategy</b></p>	
	<p>AS shared with CCG the concept of Long Term Delivery Strategy (LTDS) highlighting that LTDS will form an essential part of the PR24 submission, and it will be one of the quality criteria for the plan’s assessment. It will help to evidence that TW has a good understanding of its long term risks, and the plans are flexible enough to adapt to future uncertainties.</p> <p>AS explained the LTDS principles, TW’s approach to LTDS, followed by an explanation of how it the 2050 vision had been tested with customers and stakeholders. Noting that the LTDS is currently being developed this is only an introductory session and TW will return to CCG in May 2023 to share more details once adaptive planning work on enhancement cases is more advanced.</p> <p>The discussion focused on customer engagement and the complexity around long term outcomes which are harder to make relevant to customers. For examples, customer’s find it more difficult to engage on long term water resource considerations, when there are many uncertainties and unknowns when planning beyond 25 years. This is a consistent theme when engaging customers. CCG was keen to understand what thoughts TW has given this and especially how they will capture the views of future customers and also if Ofwat have been prescriptive in this area. AB explained the complexity of customer engagement on long term issues and that Vision 2050 tested with customers previously was the starting point for the LTDS based on what customers would expect today (e.g. minimal impact by leakage, pollutions, supply interruptions, etc) and that as with any other customer engagement on long-term issues completed by TW, there will be a segment of young adults who are future bill payers. Further, specific customer engagement may be required to meet Ofwat’s guidance on LTDS, and in particular engaging with customers on the indicative bill impact of our long term plans when known, including intergenerational fairness aspects. This will be confirmed by end of April 2023 and will take circa 6 weeks if commissioned. On the point of Ofwat guidance it was noted that it should be aligned with other acceptability testing. It is envisioned that this will be taken back to the CCG in May.</p> <p>Further discussion focused on the drivers for LTDS, using investing in a reservoir as an example based on assumptions used in WRMP such as climate change and growing population which may lead to tight water resource headroom in the South East. AS explained that they will share more about the scenarios used for adaptive planning at the follow up session with the CCG in May</p>	
4.	<p><b>What Customers, Communities and Stakeholders Want v17 / Challenge the Plan update</b></p>	

MW provided an update on her and TDS engagement with TW team in terms of Affordability and Acceptability Testing focusing mainly on two areas – the sampling recruitment and the actual customer research stimulus. MW referred to the paper shared ahead of the meeting which describes all specific challenges and their responses and highlighted two significant changes which were made as a result in terms of disability and ethnic minorities representation in the sample. MW noted that the Affordability and Acceptability testing is heavily prescribed by Ofwat which leaves little room for challenge, however both TW team and Accent who run the research were open to questions and challenges where possible to make it as accessible as possible to customers.

JE shared progress on the research overall highlighting how the feedback from testing as well as CCG will be incorporated and how the sessions will run, including examples of materials which explain bill impacts. JE invited CCG to observe the research in person when it starts. CCG were interested in how inflation and price increases are set and presented, noting it has been prescribed by Ofwat.

**Action:** JE to share details of AAT sessions for CCG to attend (complete)

**Action:** JE to share outcomes of the cognitive testing with CCG or CCG subgroup

CCG queried the split and format for NHH customers, highlighting that they recently identified Business customers as a potential gap and challenged the point of not being able to observe in-depth interviews with large business customers. JE explained that this is down to the method as they are one-to-one interviews rather than in a group setting, and not suitable for viewing, but the summary of the interviews will be available to CCG.

**Action:** JE to check whether NHH interviews are being transcribed and whether they could be shared with CCG.

Discussion followed over the three plan scenarios used for AAT, including the names of the plans “must do, proposed and alternative” and their definitions and information available to the participants and moderators during the session if questions are raised over more details such as efficiency.

AB provided a short update on the Your Water, Your Say challenge session which will take place on 19 May and CCG members have been invited to attend. The content for the session, which will consist of the briefing for the Independent Chair and presentation, will be shared with CCG for comment. The promotional activity will take 6 weeks leading up to the event. AB suggested that using subgroup for detailed review would be beneficial – MW offered help to include it in the wider Challenge the Plan subgroup. It was noted that BGT and SKS also wanted to be involved in the detail. It was noted that Anglian YWYS was already held, and SP provided short feedback from attendee point of view. CCG thought it will be very important for the Independent Chair to give voice to all customers and stakeholders equally.

AB then shared an update on What Customers, Communities and Stakeholder Want v17 document highlighting key updates and changes, specifically around simplifying the original customers wants into 10 themes which will run through the TW business plan and will help with transparency and line of sight.

Discussion focused on the triangulation and decision making criteria, with CCG wanting to understand how customer insights are used for making decisions alongside other criteria, as well as over the relative priorities and how they have been ranked. In response to the CCG challenge

	<p>over the prominence of leakage in the new themes, AB and JE agreed to reword the relevant outcome to make the importance of leakage more prominent.</p> <p><b>Action:</b> JR to share an update on decision making criteria and how the customer insights are used</p> <p><b>Action:</b> AB and JE to update AMP8 Outcome wording to reflect the importance of leakage (complete)</p>	
5.	<p><b>Customer journeys</b></p>	
	<p>DT introduced the session followed by introductions from SW, ABr, MC and AT. ABr provided an overview of work done on reimagining customer journeys and more specifically in the home move space before moving to smart metering initiative. ABr explained that customer journeys focus on end to end customer experience through every channel they could use and what experience they will receive. ABr then shared improvements made to the home move explaining the objective has been to make the customer interaction as easy as possible and tailored to their situation.</p> <p>CCG raised a challenge from the previous meeting over contact centre phone number not being displayed on the TW home page and TW aim to move customers to online and self-serve rather than telephone contact. ABr explained that the improvements were made to all channels in parallel and while there may be 80% customers happy with online channels, TW wanted to ensure that the customer experience for the 20% customers who would prefer telephone contact is also positive, and to achieve this TW has introduced changes to agents' screens and process to make it more seamless. SW explained that when designing the website, the main contact number is not hidden but the website was specifically designed to provide customers with the opportunity to find relevant information while getting to the main number in three clicks. The CCG challenge over having the main contact number more prominent remains outstanding.</p> <p>ABr shared plans for proactive customer comms as a part of the move home journey ranging from welcome emails, to targeting messages suggesting setting up payment plans, meter readings as well other supporting information that we know it is important for customers (e.g. information about priority service register, reducing water consumption etc.) Discussion focused on the customers behaviour changes in response to company communication, with further topic being on the company's multi touch approach to ensure customers are aware of ways they can get help with bill if they have affordability difficulties.</p> <p>AT and MC focused on discussing questions shared in advance of the meeting covering:</p> <ul style="list-style-type: none"> <li>• different types of meters,</li> <li>• reasons for smart meter installation (e.g. growing population and climate change may result in not enough water, especially in the South East England),</li> <li>• challenges of installing meters to every property (e.g. flats, buildings without single connections to the networks etc.)</li> <li>• Benefits of smart metering (average reduction about 13% in daily usage, helping customers to understand their usage and control their spend, helping customers spot issues such as leaks etc)</li> </ul> <p>Further discussion focused on the responsibility between company and customers for fixing leaks, and what other intervention can TW offer to support customers who may still struggle to pay bills even with the benefits of lower consumption / lower bills or their property not being able to be metered such as average household charge, taking advantage of the existing propositions such as social tariffs, WaterSure and WaterHelp tariffs.</p>	

	The session concluded with discussion on use of smart meter data which company now can use to monitor customers' consumption during extreme weather events such as drought and then help to target communication to drive reduced consumption.	
<b>6.</b>	<b>Wholesale Q3 performance</b>	
	<p>JB provided an update on Q3 performance focusing on leakage and pollutions. It was noted that the performance report for all measures was shared in advance of the meeting.</p> <p>Starting with leakage JB explained that the significantly bad weather contributed to the spike in performance and also impacted the response time to visible leaks which reputationally customers are most worried about. However, they are not the most significant drivers for leakage so to drive better performance, JB explained how TW needs to deal with both visible and not visible leaks. The biggest challenge is around prioritising work so the increased resources we have in place are achieving the highest impact. Following the spike in performance TW increased the work of leak repair and completed on average over 1300 repairs a week. JB shared a number of initiatives taking place to improve the performance e.g. using a specialist company called Teccura in the Kempton area who focused on identifying the most significant leaks in the area and reduced leakage in the area by 12% within a month.</p> <p>Discussion focused on the leakage insight report which showed customer dissatisfaction in Q2 and Q3 which was related to impact of the drought and cold weather. CCG was also interested to understand the volume of leaks not being fixed. JB explained that the data around outstanding leaks is only based on the leaks detected or leaks reported but will provide further details which correlate with the current 1300 repaired leaks a week. CCG recognised the amount of work TW has done in this area however raised concerns over the severe weather events becoming more frequent going forward and were interested to know how TW will prepare for it. JB explained that we have maximised resourcing, so it is about working smarter and using new innovative ways to identify the most significant leaks and fixing them to make the difference. CCG were also interested in whether TW is monitoring public perceptions around leakage especially with the visible vs no visible leaks.</p> <p><b>Action:</b> JB to share more data around known leaks and leaks fixed.</p> <p><b>Action:</b> JB to share more details around public perception regarding visible and non-visible leaks.</p> <p>JB shared an update on pollutions performance. Building on the session from January he noted that it has been a challenging year. He explained that many pollution incidents result from blockages which have been reducing year on year. The focus on ensuring that we maintain the increased sewer cleaning and continue with the installation of sewer depth monitors will continue to reduce blockages and, over time, pollution events.</p> <p>Discussion focused on serious pollutions and the implications of raising mains failure which can result in catastrophic consequences due to the pressure they operate under. TW has completed an assessment of the 71 highest risk rising mains to identify necessary asset improvements and has increased the availability of tankers to enable us to reduce the impact when rising mains burst. JB also noted TW plans for replacing priority rising mains across AMP7 and AMP8. CCG was also interested at TW performance prediction for next 12 – 18 months with JB indicating TW will get progressively better but acknowledged there is much work to be done.</p>	
<b>7.</b>	<b>Away day follow up</b>	
	DB reflected on the CCG away day from 3 March and praised the contribution from Indepen who brought in richness into the session and helped to set the challenge ahead. DB reminded the	

	<p>group about challenges and gaps identified mainly in terms of tight PR24 timeline, engagement with future and business customers. Following on from the away day, DB suggested that the group should look and possibly refine the CCG outcomes they have previously identified to make them more actionable.</p> <p>Discussion focused on the CCG outcomes and priorities and how they compare to priorities identified in the WCCSW. The CCG agreed that the priorities still feel important, but they may need refining making them more specific and practical and agree where they have made an impact already. The CCG recognised that for some such as Choices the objective originally set out may not be achievable and will need to be refined while others may have a longer timeline given where information were not yet available or could not be progressed due to other priorities.</p>	
8.	<b>CCG Challenge log / CCG PR24 report</b>	
	<p>NA shared a progress on work done in creating and populating CCG challenge log which mapped all the challenges made to date to the CCG outcomes. NA highlighted that currently it mainly includes the challenges captured through main meetings alongside of information shared by CCG members through a questionnaire but recognised there were potentially other discussions / challenges that took part outside of the regular meetings which should be incorporated to show the richness of CCG work and added value. To enable this it is important that CCG members share the details going forward so they can be built into the overall challenge log and also into the CCG report which will help to evidence how TW and CCG met Ofwat's minimum standards on challenge.</p> <p>Discussion focused on the way the proposed Challenge log was structured and the reasons behind the score of each Outcomes. The CCG recognised that this piece of work and CCG report will need significant contribution from the group.</p> <p><b>Action:</b> CCG members to review and comment on CCG Challenge log and share any additional engagement and challenge which is currently not captured.</p>	
9.	<b>AOB</b>	
	Next meeting 21 April 2023	