



MINUTES of the Customer Challenge Group

Microsoft Teams

On 8 December 2023, 9:00am – 2:30pm

Present:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
Jeremy Crook OBE	Action for Race Equality	JC
Baroness Grey-Thompson DBE, DL	Chair of Sport Wales	BGT
Monica Wilson	HM Treasury	MW
Nisha Arora	Financial Conduct Authority	NA
David Brindle	Ambient Support	DB
Sarah Powell	Environment Agency	SP
Councillor Adam Jogee	Haringey Local Authority	AJ

Thames Water:

Jon Haskins	Interim Strategy and Regulatory Affairs Director	JH
Jonathan Read	Director of Regulatory Policy and Investigations	JR
Esther Sharples	Operations Director - London	ES
David Bird	Retail Director	DAB
Nina White	Director of Billing & Financial Customer Care	NW
Lucy Kinder	Head of CS Shared Services	LK
Angela Booth	Director of Wholesale Services (acting)	AB
Mark Cooper	Head of Service Delivery	MC
Richard Channell	Head of Smart Metering Strategy	RC
Maria Teneke	Head of Customer Demand Management	MT
Mariana Simpson	Stakeholder Relationship Engagement Manager	MS

Apologies:

Councillor Dr Pete Sudbury	Oxfordshire County Council	PS
Dr Charlotte Duke	London Economics	CD
Doug Taylor	CCW	DT
Peter Daw	Greater London Authority	PD

Agenda Item No.		Action
1.	Apologies for absence / Declarations of interests / Minutes from previous meeting	
	Apologies were noted and no additional declarations of interests have been recorded. Minutes from the previous meeting on 24 November will be shared for approval at meeting on 26 January 2024.	
2.	Q2 Wholesale performance	

Following introductions, ES provided update on key operational measures based on the performance report shared with group in advance, noting that TW just published half year results which include further detail. Key points and discussion are captured below.

Water quality – Positive progress made with public health transformation plan delivering a 90% reduction in water quality compliance risk index in the first three quarters of this calendar year. There was a recognition there is still lots of interventions planned to be made to TW assets, some which are part of the PR24 plan (e.g. UV treatment in Coppermills and Hampton which will help to treat crypto levels coming out of the river). CCG were interested to understand more around risk based approach and systemic investment to minimise failure in water quality.

Action: Future meeting to include deep dive on Water quality (Potentially performance meeting on 23 Feb 2024)

Supply Interruptions – The half year results look favourable with 60% reduction to under 3 min – these results benefited from collaborative work between site and control room teams which seen returning customers to supply in record short time following failure in some of our site in the 1st six months of the year. It was noted that results do not include recent events in Guildford which took place in November and impacted around 13 000 customers. CCG queried whether any Incident response plans will change as a result learning of this incident.

Action: Future meeting to include lessons learnt from Guildford incident.

Action: Invite Caroline M to CCG / session on customer comms – to be scheduled for March / April 2024 – to include link to behavioural economics

Pollutions – It was noted that there is an ongoing work on how TW look internally at pollutions and its root causes which is also a key part of the turnaround plan. There was a recognition that different types of pollutions will need different interventions but clearing blockages and regular sewer cleaning helps to prevent some pollutions

Action: Future meeting to include deep dive on pollutions (Potentially performance meeting on 23 Feb 2024)

Further discussion focussed on staff engagement / understanding of how each of them play the part in working towards the turnaround plan which focuses on core capabilities, systems and processes.

Leakage – Reduction by 6% during the half of the year, with a significant effort to get performance on track to reach its target. Going forward, TW is focusing on prioritising fixing bigger and visible leaks first, understanding real consumption as well as introducing some innovative solutions such as aqua pea which help to fix leaks without the need to cause disruptions by digging holes etc.

Discussion focused on customer side leakage and how is the company supporting customers in resolving these, as well as details of the innovative solutions.

The closing part of the session focused on customer comms and customer engagement such as Your water, your say sessions which highlighted the low trust. CCG thought that more could be done to broaden customers' understanding regarding water quality and the high standards which are imposed by DWI which could lead to customers using more tap water over bottled water.

	<p>It was agreed that each interaction with customers helps to paint the bigger pictures and therefore it is important that all teams understand that every part of communication including information boards will help to build up transparency and trust with customers.</p>	
3.	<p>Q2 Retail performance update</p>	
	<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 billing and customers' consumption, noting that the team have seen evidence of lower than expected consumption linked to estimated bills rather than actual meter reads. Going forward TW will focus on increasing meter reads aiming to reach around 88% of issued bills to be on actual reads. CCG were keen to understand what impact this may have on customers' and affordability. It was noted that if bills are marginally higher, the team have review processes in place to ensure bills are correct and customers are supported if they struggle to afford their bills.</p> <p>Action: Next performance meeting (Feb 24) to include more information on customer impact linked to increased metering reads</p> <p>Turning to recent changes in organisational structure, DAB noted that by insourcing contact centre teams and by focusing on resolving long standing complaints, the backlogs have reduced by nearly two thirds and service levels are at much more acceptable levels. It was noted that there is a separate session on complaints later in the meeting. Discussion focused on the staff impact and what services will the company stop doing as a result of the staff reduction, DAB explained that front line roles were not impacted and the services most impacted / reduced will be activities such as marketing campaigns, customer research and other back office functions. Further changes will see streamlining of processes and end to end customer journeys' accountability.</p> <p>Moving on to tariffs, DAB reminded CCG that as a part of the PR24, the company is looking to increase bills significantly, depending on the final determination, to fund increased investment to support network resilience and to mitigate the impacts of climate change. The teams are reviewing what is the best approach to the bill profiles to minimise customers impact.</p>	
4.	<p>Complaints deep dive</p>	
	<p>Following introductions, LK and SH set out the purpose for the session and stepped through the presentation explaining the context of customer complaints within turnaround plan, complaints categorisation between Operations and Retail functions while noting this is a cross company focused area. Key focus is on unlocking data to help fully understand customer journeys, analyse problems and fix any broken elements which will lead to preventing complaints occurring at the first outset. It will also drive reducing cost and increase efficiencies. The ambition is to build on the significant progress over the last two year and move to 'middle of the pack' in complaints league table.</p> <p>Discussion focused on enablers which will help to drive improvements in Customer journeys and help to achieve complaints reduction programme, one example being data warehouse which will help to bring all various data together. It was noted that funding will occur in current AMP and have already been approved by the Board. Further discussion focused on improvements to other customer journeys such cash and debt collection – LK and DAB explained that through all plans, the team is considering customer vulnerability and making sure that they support customers who</p>	

	<p>do need it most, with plans to increase the number of people who are supported with financial vulnerability up to 530,000.</p> <p>Turning to complaints performance CCG noted that TW do have 2.6 times more complaints than the industry median in the industry, with LK highlighting that the largest driver for those is billing and explained the plan for the next two years to reduce it.</p> <p>Turning to Operations, SH explained that they have seen 16% reduction compared to the previous year, with some of the drivers being weather related such as drought. One of the key contributors to the success is rolling out salesforce management solution which enables to automate customer communications, keep customers updated every step of their journey as well as optimise the speed of response. Discussion focused on customer comms as one of the drivers for complaints – noting both the volume and accuracy of information as well as frequency of updates for example during incidents.</p> <p>LK and SH shared some of the highlights where progress was made so far including introduction of more comms channels such as webchats and WhatsApp, dedicated contact line for customers on priority services register, as well as significant increase in managers call backs – overall providing customers with the options and choice of contact which works for them.</p> <p>SH used leakage complaints as one of the examples where the volumes have been significantly reduced with the help of automated communication through to the final stage of confirmation that issue have been resolved.</p> <p>The session concluded by looking ahead what will be different when the programme is delivered. CCG suggested that the team should work closely with the Behavioural Economists to help to land the right messaging.</p> <p>Action: schedule follow up call on complaints with Lucy and Sukhvinder (plus any CCG members who are interested) This is likely to be February. Scoping call scheduled for 12 January 2024</p>	
5.	<p>Metering deep dive</p>	
	<p>Following introductions, AB set out the purpose for the session and MC provided an update on AMP7 Metering Programme delivery progress, highlighting that over 1 million smart meters have been installed in Thames Water which contributed to water demand benefits alongside other activities such as Smart Home Visits (SHVs) and Customer Side Leakage (CSL) fixes.</p> <p>As a part of the presentation, MC shared more details around not progressing Green Economic Recovery Programme (GER) which would have accelerate smart metering programme and deliver additional smart meters in Thames Valley. It was noted that the programme is not progressing due to the company not meeting one of the conditions linked to leakage target to unlock the conditional funding. Discussion focused on investment made already as a part of the programme and the company’s plans to make sure that the investment is not wasted. MC explained the preparatory work which have been done can be used at later stage while RC provided more details around the technology alongside of the benefits and richness of data which it will provide. TW will be shortly deciding on their supplier going forward, the end-to-end investment in new systems will provide consumption data insights across both Household and Non-Household customers.</p> <p>Further discussion focused on customer journeys through metering uptake – MC provided an overview of the customer journey focusing on making it easy for customers with tailored communication, comparison bills across all four seasons, Smart Home Visits more flexible</p>	

	<p>workforce. MC recognised that over the last year around 40% customers will end up with lower bills while around 60% of customers will be paying more. To help with any affordability concerns, customers are provided with the full information regarding payments plans, direct debits, Priority Service Register and social tariffs to ensure support is provided where needed.</p> <p>CCG were interested to know more about TW contractors' terms on diversity and inclusion – shared example highlighted use of charity which have in place local employment model but it was agreed to share more details in the future.</p> <p>To conclude, MC shared ambitious AMP8 metering programme to install over 1 million new smart meters which have been submitted as a part of PR24.</p> <p>Action: Follow up session to be set up in 6 months or so depending on progress. Session to include information contractors' terms around diversity and inclusion (MC / MS to agree timing)</p>	
6.	Turnaround update	
	<p>JH started the session by providing a short update and clarification on the recent media coverage on TW financial matters, noting that £500 million contribution was received from existing shareholders. Further clarification on this matter will be provided to EFRA Select Committee in the upcoming week by both current Interim Co-CEOs.</p> <p>Turning to Turnaround Plan, JH shared the overall vision to build a more resilient and investable Thames Water that delivers positive outcomes for customers, communities and the environment, under-pinned by strong foundational capabilities, noting that the Turnaround Plan is constructed on four pillars – operational performance, financial efficiency and Business Resilience and foundational capabilities. The plan has been developed by using a structured and rigorous step-wise process and it will deliver 24 key outcomes over a 3-year period under each of the four pillars. To manage delivery, the company has established an active Turnaround Management Office (TMO) which will not only provide tracking and reporting, it will also proactively support the initiative to help deliver turnaround benefits. The reporting will support the governance at Executive and Board reviews and will focus on progress, outcomes and key decisions.</p> <p>Discussion focused on key metrics which the Turnaround Plan will deliver e.g. improvements in Leakage, Pollutions, reducing complaints and hold stable performance in areas such as Water Quality (CRI) and Supply Interruptions. CCG were keen to understand what as a result TW will stop doing and associated risk of penalties. JH explained that the focus is on prioritising the key metrics while other de-prioritised areas such as main replacements or C-MeX / D-MeX will continue to be delivered through reduced activity. It was recognised that Ofwat will continue to hold the company to account for delivery of all of its AMP7 performance commitments. Activities which will be stopped are more linked to for example marketing spend etc which is linked to C-MeX.</p> <p>Another part of the discussion focused on customer comms – JH recognised that timely comms on progress etc will help to build trust with customers and stakeholders going forward and some of this topic will be picked up in future meeting when Customer comms is discussed. In the meantime TW just published their 6 months results as well as Service Commitment Plan which outlines what performance improvements will be delivered for</p>	

	<p>customers between now and end of AMP7. The company is committed to providing regular (every 90 days) updates on the progress that it is making in delivering the Turnaround Plan.</p> <p>Action: Share statement regarding financial results - Annual Report Investors About us Thames Water</p> <p>Action: Share Service Commitment plan: Our service commitment plan About us Thames Water</p> <p>Last part of the discussion focused on PR24 update, noting continuous engagement with regulators as well as reviewing opportunities to make the plan more compliant while considering deliverability, financeability and bill impact on customers.</p>	
7.	CCG annual report	
	CCG discussed proposed amendments and comments on their Annual report and agreed that final document will be circulated once final amendments have been processed. The CCG Chair thanked the group for their input and to DB for his extensive work to draft and finalise the report.	
8.	AOB	
	Next CCG call 26 January 2024	