



MINUTES of the Customer Challenge Group

Hammersmith Depot / Microsoft Teams

On 22 March 2024, 09:30am – 3:00pm

Present:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
Jeremy Crook OBE	Action for Race Equality	JC
Monica Wilson	Department of Education	MW
Baroness Grey-Thompson DBE, DL	Chair of Sport Wales	BGT
Nisha Arora	Financial Conduct Authority	NA
David Brindle	Ambient Support	DB
Sarah Powell	Environment Agency	SP
Peter Daw	Greater London Authority	PD
Dr Charlotte Duke	London Economics	CD
Councillor Adam Jogee	Haringey Local Authority	AJ
Catherine Jones	CCW	CJ

Thames Water:

Chris Weston	CEO	CW
Jonathan Haskins	Director of Regulatory Delivery, Compliance & Reporting	JH
Lucy Kinder	Head of Programme Delivery	LK
Martyn Whitlam	Senior Manager Data Reporting & Insight	MW
Pete Cotton	Head of HH Customer Strategy	PC
Mariana Simpson	Regulatory Engagement Manager	MS

Apologies:

Jonathan Read	Director of Regulatory Policy and Investigations	JR
Councillor Dr Pete Sudbury	Oxfordshire County Council	PS

Agenda Item No.		Action
1.	Apologies for absence / Declarations of interests / CCG closed session	
	Apologies were noted and no additional declarations of interests have been recorded. No minutes recorded.	
2.	Introductory session with Chris Weston, CEO	
	Following introductions, CW provided insight into his career to date, noting Thames Water ('TW') is 8 th company he has run and highlighting the incredible role which TW plays every day in terms of providing safe, clean, wholesome drinking water and taking away waste which is often taken for granted. Reflecting on his role as CEO so far, CW touched on the company's turnaround plan	

which currently includes 20 initiatives, highlighting his focus on health and safety, drinking water quality, pollution and leakage. CW stated that making progress on pollutions over the next few years would help to turn the corner and build trust. CW thought that everything can be fixed with consistent leadership and priorities, time and money.

Turning to customers, CW recognised that the company needs to get the basics right consistently including billing, customer service and dealing with complaints, while dealing with its issues and living within the settlement which will improve financial resilience.

The discussion focused on a range of topics such as leadership, workforce morale, climate change, environmental performance, outsourcing, external communications, and media with a few highlights of the discussion included below. The following specific points were raised by the CCG:

The ongoing importance of water quality (as measured by CRI) was discussed. CW noted that Thames Water has made significant progress on CRI during the course of 2023 and expects overall performance to be within the DWI 'deadband' following a very poor 2022 outturn. Whilst noting the positive progress that had been made, CCG emphasised that water quality must never be taken for granted.

CW highlighted that making progress on pollutions over the next few years was a key priority for the business. CCG recognised that this was critical in order to build public trust and confidence but queried whether that meant that our areas of importance to customers were being de-prioritised. The CCG noted the need to need to focus on a smaller number of priorities but expressed concerns about the extent to which this translates to a focus on customer needs. CCG members stated that they were keen to maintain a line of sight about what the turnaround plan was delivering for customers and the environment. CCG members asked about anticipated bill rises in AMP8 and queried whether customers were going to be able to see what they were getting for their money, particularly noting that the company is currently underperforming against several of its key metrics (including leakage and pollutions). CW stated that in his opinion, there had been underinvestment in Thames Water's core infrastructure over the last 30 years and noted that these issues will need time to fix.

CCG members were pleased to hear CW talk about his emphasis on people and inclusion. He acknowledged that the company is in turnaround and the need for consistency in leadership and priorities, time, and money. CCG noted that recent media coverage suggested that neither time nor money were in Thames' favour. Regarding inclusion, CCG was pleased to hear how important inclusion is to CW and discussed what this means in terms of recognising the diversity of Thames Water customers (especially those at risk of vulnerability) and of the workforce.

CW said the company was involved in ongoing dialogue with Ofwat regarding its PR24 Business Plans but was unable to provide an ongoing commentary on discussions. CCG noted that it would like to understand the position on financing and what this might mean for customers.

On leadership, CW outlined his recent changes to the Executive team which has been reduced and introduced the role of Chief Operating Officer who will be overseeing the full asset lifecycle.

	<p>Consistent leadership and having a workforce where people can thrive, make decisions and grow in their jobs will improve morale but also performance and will lead to better customer service.</p> <p>Turning to media coverage and external communications, CW agreed it does distract from the aim of the company and it is important the company gets the external comms right. CW praised the work of the recently appointed Director of Communications and her team, highlighting the recent positive coverage of some of the complex work which the company does.</p> <p>Noting the proposed PR24 bill increases and current level of performance CCG were keen to understand what improvements customers will see in the next AMP and whether the company continue to focus on customer priorities as they have been identified through What Customers, Communities and Stakeholders Want (WCCSW) as a part of PR24 development. CW thought that the priorities in WCCSW and turnaround initiatives are largely aligned, and the company will focus on delivering the basics right – providing reliable water and sewerage services.</p> <p>CW recognised that climate change is a big worry and extreme weather events make the progress of the turnaround plan harder. With many contributing factors including potentially more intense rainfall incidents and droughts having an impact on our performance and resilience, the company needs to build on and improve infrastructure which was not built for today’s new demands.</p> <p>It was noted that much of the future investment and improvements will depend on the PR24 Final Determination, as mentioned earlier the company will need to continue to operate within its final settlement.</p> <p>The session concluded by discussing customers’ education and changing customer behaviours, CW recognised that while the company would love to do more in this area, currently the direct marketing and campaign are not the priority while TW focus on the turnaround initiatives, but the company continues to work on this through Water UK initiative.</p> <p>It was agreed that future session will take place later in the year.</p> <p>CW was positive about the CCG. He felt we add value by ensuring the company don't operate in a bubble and continue to act as a critical friend, ask the challenging questions and act as advocates.</p> <p>The Chair thanked CW for his time and openness. CCG appreciated his candour about the challenges faced by TW and his clarity on priorities. It was reassuring to hear CW speak about ‘people – customers- profit’ and perhaps at the next conversation, we could hear more about his approach to people and customers.</p>	
3.	PR24 update	
	<p>JH provided an update on the latest developments in the PR24 programme, noting the company continues to engage with regulators and respond to Ofwat’s queries while they scrutinise the PR24 submission. It is expected that the query process will conclude shortly as Ofwat turn to writing their Draft Determinations which will be around mid-June 2024. It was noted that TW has provided Ofwat with information on what a fully compliant plan would cost, highlighting concerns over deliverability and affordability. It was noted that this information has not been approved by the TW Board and did not constitute a ‘resubmission’. Ongoing discussions also continue about the proposed Delivery Assessment Mechanism (DAM) which would potentially enable more delivery through the AMP8.</p>	

	<p>CCG explored recent media reports about Thames Water and queried what scenarios have been discussed to protect services to customers.</p> <p>JH emphasised that the external media coverage around TW financial position and contingency planning is not helpful and could be a source of distraction. However, the company is communicating where appropriate to all colleagues, particularly front-end employees that are critical to day to day operations.</p> <p>Action: TW to share summary of PR24 Queries based on themes and weightings.</p> <p>Turning to year end performance, JH provided a brief update on Annual Report for 2023/2024 noting the direction of performance and associated potential scale of penalty, highlighting a number of improvements including Water Quality.</p>	
4.	<p>Complaints deep dive</p>	
	<p>The Chair started by saying that it was the role of CCW to monitor escalated complaints and that CCG would not wish to duplicate that effort. However, it was helpful to have the context and thanked CCW for their help in preparing for this session.</p> <p>CCG introduced the session with the recent CCW report on complaints. This highlighted that Thames position changed from worst to second worst in terms of number of complaints received per 10,000 connections. In those complaints, Thames’ billing complaints were the highest in the industry, although it received high volumes in all categories. However, Thames generated far more second stage complaints than any other company, 2.6 times more than the next worst performing WASC. It also generated far more complaints to CCW than any other company. This left it being the worst in terms of complaint handling, so overall, still the worst performer, and the only WASC that demonstrated poor performance in both metrics (complaints to company and complaint handling)</p> <p>CCW noted the actions taken which include Thames going through a process of onshoring its contact centre and revising some other contracts, including WIPRO. Thames has talked CCW through numerous revisions of its “burn down” plan, but unfortunately the backlog of cases persisted. More recently, the work in progress numbers seems to have stabilised but volumes continue to be far in excess of what would be expected per 10,000 connections.</p> <p><u>Current themes</u></p> <ul style="list-style-type: none"> • Billing complaints continue to be the main issue, and it is CCW’s view that the quality of WIPRO responses is a factor in this. • Negative press and continued speculation about Thames’ financial state exacerbates the contact levels. • Guildford continues to be an issue, with a number of customers having detailed their experiences of not having water for well over 12 hours but having been refused compensation as Thames says its modelling shows there was water in their street. • The turnaround plan has some very specific focus on addressing complaints, such as reviewing the metering journey and tasking people with specific duties, but yet to see clear impacts of it. • Bills have been sent out and across industry this tends to drive high contact and may add to the backlog. 	

	<p>LK shared the overall picture of the complaints performance to provide the context for the session, noting the starting point at the end of the last AMP and the significant improvements the company has made to date, while recognising the ongoing significant challenges which will result in not hitting this year's target. LK noted that while the company saw large reduction on the Operations side, the majority of the complaints lay in the Retail part of the business, mainly in the Billing area.</p> <p>The teams have been focusing on root cause analysis supported by a number of deep dives which have identified a number of areas of focus to improve the complaints picture over the next few months. One of the key problem areas is accurate billing – LK talked about the reversal of a decision made during Covid to reduce the meter reading rate from 2 to 1 per year. This is key to improving billing accuracy, however complaints in the shorter term may increase as customers receive accurate, but potentially higher bills than expected as a result. Another focus is the high bill exception process, where bills that are above a certain threshold are held, allowing manual review and validation before the bill is shared with customers.</p> <p>Part of the discussion focused on quality assurance and staff training. LK advised that complaints responses from offshore partners are being routinely checked to assure quality. LK also noted that following recruitment of c.250 front line colleagues during onshoring of call centre, some training gaps have been identified. To address this, the company is planning a full retraining programme. This will ensure that training is representative of all customer journeys, and it will enable teams to manage queries better at the first contact stage.</p> <p>CCG recognised that a huge amount of effort and initiatives goes into the area. The CCG recognised the halving of complaints but noted there is still a long way to go to meet targets. CCG wanted to hear more about how the core issues were being addressed. There is still a need to understand the billing drivers – consider any quick wins while fixing the end-to-end journeys medium to long term. It would be helpful to understand how it is that the company is now uncovering deeper rooted causes than previously thought. CCG want to know what difference this will make for customers.</p> <p>The Chair would review with CCW and TW what further action might be followed up to support improvements for customers.</p> <p>Discussion then moved on to Data Strategy for Retail, which will support complaints reduction. MW noted that TW has a number of siloed data products and data feeds. The team is actively working on a data strategy including the building of an enterprise warehouse for Retail which will bring all pertinent data together to improve insight. This will help the teams to understand end to end journeys and will also surface external data such as deprivation, socioeconomic data alongside internal data.</p> <p>The last part of the discussion focused on the benefits of a data strategy and how all the rich data will help the teams to understand the granular details of customer journeys and more specifically, which parts of the process is leading to complaints, and how these can be addressed. CCG held some concerns about the value of additional information that might be gleaned as it seemed the problem was with the execution rather than lack of knowledge. CCG were not clear about how better use of data would drive improvements. CCG asked for more confidence that the basics were being addressed such as training material and soft skills for agents.</p>	
5.	Customer Strategy – Sharing plans, CCG engagement	
	PC stepped through planned activities and upcoming milestones across the focus areas including PR24, Affordability, Vulnerability, Customer Strategy and Licence Condition. PC highlighted	

	<p>upcoming cross subsidy research which will provide a baseline for how many customers can be supported through social tariff.</p> <p>Discussion focused on the rising block tariff and its dependency on smart metering. CCG were interested to understand the consequences of the company having 10% of smart meters non operable which were noted as a part of the earlier discussion. PC explained that accurate data is fundamental, and any non-working meters will reduce the pool of data. Learnings around meter operability will be gained during the pilot. The current planning assumption is that the pilot will take place in the 1st year of AMP8 but this will be clearer in June 2024 once digital capex constraints are understood.</p> <p>CCG were keen to understand more about Thames Water’s compliance in relation to the customer focussed licence condition with the context of the volume of customer complaints. PC’s view is that Thames Water are aligned to the guidance and principles of the Licence Condition but need to increase consistency of processes to reduce complaints in billing. The Licence Condition has a strong emphasis on continuous improvement. Thames are putting significant resource and effort into reducing complaints – if we were not then PC’s view was that we would not be compliant. CCG noted their concerns whether TW have historically made improvements in complaints performance overall, however they recognised that progress has been made in specific areas.</p> <p>Turning to vulnerability, PC shared an initiative to register 120k PSR customers from UKPN where there were Unique Property Reference Number (UPRN) matches. This would bring TW’s PSR to 15% of the customer base, against external benchmarks of 24% of our population being eligible.</p> <p>Action: Forward plan to include update rising block tariff (PC to confirm appropriate timing)</p>	
6.	Minutes from previous meeting	
	Minutes from the previous meeting on 23 February have been approved. Updates were provided on actions from the previous meeting, noting a number of topics will be included on the forward plan.	
7.	CCG closed session	
	No minutes recorded.	
6.	AOB	
	Next CCG meeting on 26 April 2024 via Teams.	