



MINUTES of the Customer Challenge Group

Microsoft Teams

On 23 February 2024, 09am – 2:30pm

Present:

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| 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 |
| Councillor Dr Pete Sudbury | Oxfordshire County Council | PS |

Thames Water:

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| Esther Sharples | Chief Operating Officer | ES |
| Nina White | Director of Financial Customer Care | NW |
| Martin Padley | Water Director | MP |
| Anna Boyles | Head of Catchment | AB |
| Jonathan Read | Director of Regulatory Policy and Investigations | JR |
| Mariana Simpson | Regulatory Engagement Manager | MS |

Apologies:

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| Catherine Jones | CCW | CJ |
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| Agenda Item No. | | Action |
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| 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 26 January have been approved. | |
| 2. | Chair's update | |
| | The Chair provided an update on her latest engagement noting that she will be attending TW Customer Service Committee (CSC) going forward as an observer. -It will help to identify any gaps between CCG and CSC interests. | |

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| | <p>Looking at the meeting ahead, the Chair asked CCG leads to share any key points for discussion with her in advance of the meeting. CCG recognised that some of the topics may overlap with future work programme and the Chair would help co-ordinate.</p> <p>CCG reflected on their recent presentation on Corporate Comms strategy and recognised that since then, TW have been noticeably more proactive in the media which have been very positive.</p> <p>CCG discussed the public and politicians’ interest in the water industry, noting that TW continue to dominate the public debate – partly due to covering London. Most of the interest remains linked to remuneration and climate change. It was noted that TW remains open and willing to have an open dialogue about climate change and future resilience and they build trusting relationship.</p> <p>CCG would like to receive more information related to climate change inclusion on TW corporate risk register.</p> | |
| 3. | <p>Retail performance</p> | |
| | <p>NW provided an update on Retail performance based on the Board report and operational performance pillar of the turnaround plan shared in advance.</p> <p>Reflecting on the recent progress of the turnaround plan, NW noted that there is much stronger governance structure and accountability across the business for the individual initiatives which coincided with the arrival of the new CEO. Going forward there will be turnaround monthly business reviews focusing on progress, and identifying any support needed. NW also reflected on recent organisational changes which have seen introduction of the complaints model office and brought wider responsibilities to the Retail Leadership teams, which also opened opportunities (e.g. ownership of end to end metering process etc).</p> <p>The discussion focused on operational performance related to complaints – with CCG noting that the new model office focusing on the root cause analysis and prioritising changes which will improve performance; licence condition – with NW explaining that while TW are highly compliant, some gaps may be in not having sufficient evidence. CCG highlighted the declining trend for C-MeX – while there is no current plan specifically related to C-MeX, it was noted that there are many contributing factors such as complaints performance which will drive the score. Further discussion focused on annual billing, affordability, and vulnerability aspects of the performance.</p> <p>Last part of the session focused on metering and bills associated with higher percentage of meter reads rather than estimation. This was a follow up on action raised at the December 2023 meeting.</p> | |
| 4. | <p>Wholesale performance</p> | |
| | <p>ES provided an update on recent Executive team’s changes which have been introduced by the new CEO with immediate effect and resulted in a smaller Executive Team. ES has been appointed as a Chief Operating Officer, role which will look after the end to end asset life cycle. Further details can be found on the TW website https://www.thameswater.co.uk/about-us/governance/meet-our-executive-team.</p> <p>Turning to performance and turnaround KPIs, ES focused on a few key metrics, noting that items such as water quality and pollutions will be covered through deep dives.</p> | |

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| | <p>First part of the discussion focused on leakage and the turnaround report focused on main leading metrics to ensure that they are driving the right performance on the ground, with 90-day cadence to track the progress and reset if needed. The current leakage performance remains disappointing following the downward trend towards the Christmas period due to cold weather. ES noted that additional contributing factors include the aging fragile network, the highest percentage of iron mains of any water providers in the country which is further exacerbated by the corrosive soil. On the positive, good outcome emerging from the transformation programme where teams focus on the biggest leaks. In addition, the teams continue to trial different and innovative solutions such as one called Origin which similarly to the Aquapea discussed at December meeting fixes the hole from inside without the need for digging up roads. Es noted that the company needs to work on regional strategies due to the differences between London and Home Counties.</p> <p>CCG were interested in what impact factors such as climate change have on setting up targets. ES explained that while it won't change the outer metrics or targets as such, it will have an impact on how the work and target is delivered. Illustrative examples included leakage and infiltration. In some instances, this will drive innovation and trialling new and different ways of working. The teams will be able to bring it to life through the deep dives.</p> <p>Further discussion focused on climate change and weather impact on performance, ES recognised that due to fragility of the network there is no need for extreme changes for the network to feel the impact; and on supply interruptions and major events – ES highlighted that for many of the events are caused by asset failures and the company inability to correct them before it impacts customers.</p> <p>Turning to operational and professional excellence, with CCG interested to understand more about the career path. It was noted that this linked to previous discussions on workforce and onboarding etc.</p> <p>Action: Forward plan to include session on professional excellence, career path and skill retention linked to improved customer service</p> <p>Last part of the session focused on sludge management, including challenges around sludge movements due to wet weather and sites' capacity.</p> <p>Action: Forward plan to include deep dive of sludge management.</p> | |
| 5. | Water quality deep dive | |
| | <p>Following introductions, MP shared a presentation focusing on water quality covering regulatory framework, water system components, DWI's key water quality measure: Compliance Risk Index (CRI), Public Health Transformation Plan and protecting water quality during an incident.</p> <p>The discussion focused on managing and minimising risk. There was a recognition that water quality is one key area where TW continue to perform well overall but with focus on mitigating risks around CRI and ingress, customers will experience even less occurrences of any water quality incident such as bacteria in the water. MP highlighted strict regulations and targets which companies are required to meet.</p> <p>Further discussion focused on lead pipes, noting the split responsibilities between companies and customers, as well as the regional differences between London and Thames Valley. MP highlighted that this continues to be one of the high risk areas in the industry, however customers do not respond positively to the recommendations for replacing their internal pipes. Going forward TW is</p> | |

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| | <p>working with DWI on how best to encourage / incentivise customers. The CCG were interested in understanding the magnitude of harm for the various risks associated with water quality.</p> <p>The session concluded with discussion around customers comms during a water quality incident. It was noted that the prime aim is always to protect public health, which means compliance with the water quality regulations. Depending on the type of incident, various guidance on water use will be issued to customers. The CCG suggested that it may be useful to complete a table exercise with teams who dealt with recent supply interruption event in Guildford which may bring some common recommendations from the lessons learnt.</p> | |
| 6. | Pollutions deep dive | |
| | <p>Following introductions, AB stepped through key parts of her presentation highlighting the context of pollution and environmental performance, explaining regulatory changes and risks. It was noted that while the number of incidents has increased, there are areas where performance improves over a longer term.</p> <p>AB shared insights into the performance and the turnaround plan commitments taking into account the current levels of investment, projects and changes in the way the company works and focusing on end-to-end perspective leading to commitment to 38% reduction in overall pollution performance.</p> <p>The discussion focused on regional differences between London and Thames Valley and Home Counties, both in terms of challenges and solutions to improve performance going forward. Given the public and media interest coupled with climate change, the CCG were keen to know when they will see improved performance. AB explained that through the turnaround plan, the company is focusing on solutions where they can drive the improvements, however in the longer term the results will come with further investment, reducing asset deficit but also with a multi agency approach to key areas such as groundwater and infiltration.</p> <p>Further discussion focused on pollution reporting, categorisation and changes to the categorisation, and its correct application. However, it was recognised that any type of pollution is not acceptable. AB shared examples of proactive programmes the company is working on to drive the performance improvements – including launching internal “Environmental Guardians” where employees adopt specific waterways.</p> <p>Turning to the future population growth and expansion of new developments across the region, the discussion focused on the company’s ability to cope with the capacity in network and treatment. It was noted that water companies can advise developers on the local issues and challenges but do not have the power to stop them connecting. This is one example where multi agency approach and collaboration going forward is crucial.</p> | |
| 7. | PR24 update | |
| | <p>The CCG understands that TW has provided Ofwat with additional information reflecting plan expenditures that would fully reflect statutory requirements, subject to additional deliverability capacity.</p> <p>JR provided an update on the latest developments in the PR24 programme, noting the company continues to respond to Ofwat’s queries. He also explained how TW also continues to engage with regulators to reconfirm the scope of the statutory obligations with the latest view of what was deliverable.</p> | |

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| | <p>The discussion focused on potential timings of Ofwat's feedback on TW's business plan given wider political agenda and upcoming elections. Further the CCG were interested to understand more about customer impact and customer protection, as well as the overall customer and stakeholder engagement on the next stages of PR24 process.</p> | |
| <p>6.</p> | <p>CCG wrap up / AOB</p> | |
| | <p>The CCG reflected on the meeting, outstanding actions and discussed their proposed objectives for 2024. It was agreed that members will review their respective areas and agree key lines of enquiries ahead of the March meeting.</p> <p>Next CCG meeting 22 March 2024 at Hammersmith depot.</p> | |