

# MINUTES of the Customer Challenge Group



On 20 March 2026, 09:30am – 4:30pm, Camelford House

## Present:

Sukhvinder Kaur-Stubbs	Chair of the Customer Challenge Group	SK-S
David Brindle	Ambient Support	DB
Rob Scarrott	National Highways	RS
Jane MacBean	Buckinghamshire Council	JMB
Catherine Jones	CCW	CJ
Sarah Powell	Environment Agency	SP
Pete Daw	Independent	PD

## Thames Water:

Chris Weston	CEO	CW
Caroline Murdoch	Director of Communications	CM
Sarah Holland	Operations Service & Control Centre (OSCC) Director	SH
Dave Richards	Incident Communications Manager	DR
Nina White	Director of Income	NW
Martin Padley	Water Director	MP
Danny Leamon	Performance Director – Waste	DL
Jonathan Hagan	Director of Economic Regulation	JH
Jonathan Read	Director of Policy & Investigations	JR
Mariana Simpson	Regulatory Engagement Manager	MS

## Apologies:

Dr Charlotte Duke	London Economics	CD
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Agenda Item No.		Action
1.	<b>Apologies for absence / Declarations of interests / Minutes from previous meeting</b>	
	Apologies were noted. No additional declarations of interest were made. The minutes from the CCG meeting held on 20 February 2026 were reviewed and approved subject to minor amendments.	
2.	<b>Chair update</b>	
	The Chair opened the meeting by outlining the agenda, highlighting the CCG leads for each item and the key questions to be explored. She noted that the closing session would be used to finalise the CCG's Terms of Reference and confirm attendance for upcoming Vision 2055 customer research sessions and other key engagements.	
3.	<b>CEO session</b>	
	The session opened up with the Chair welcoming CW and referring to the questions that had been sent by the group in advance, CW was concerned that these were too broad to be addressed in the time that was allotted and so gave an overview of the company's financial position and update on the creditor process. The Chair then referred to other questions from the CCG starting with DB	

	<p>who asked how the company would manage the £1bn difference between the BP requirements and the creditor bid. CW said that while TW has access to £1.5bn in additional creditor funding, extending liquidity to the end of the year, this does not, in itself, result in increased AMP8 business plan expenditure and that a recapitalisation was still essential. It was noted that the creditor proposal must still go through Ofwat, government, creditor agreement and court-led restructuring. In the meantime, TW continue to deliver capital spend at a significant uplift compared to previous years. To CCG’s question on potential supply chain constraints, CW explained that supply chain issues have eased, but future capacity constraints are a concern, particularly heading into AMP9.</p> <p>This linked to the next questions from the CCG with RS wanting to understand how TW would explain the proposed less stringent targets on performance to customers and from PD who wanted to explore the key risks of transition. CW emphasised that while the company faces structural financial challenges, primarily due to historically unrealistic regulatory targets, operational performance has been improving in several areas. He explained that the turnaround is progressing well and the company continues to operate reliably despite external pressures. Looking into the future, CW suggested that there is a need to make targets more realistic to ensure long-term financial sustainability while maintaining and improving service for customers.</p> <p>CW focused on leakage performance, the company’s overall progress, and the continued challenges of operating amid external scrutiny. CW explained that leakage reduction remains behind expectations, but the strategy, built around smart meter rollout, district metered area (DMA) focus, and increased resourcing, is being rolled out consistently across London and the Thames Valley, with greater emphasis now placed on the latter due to lower smart meter coverage. CW thought that progress with leakage will accelerate as new technology and staffing come online.</p> <p>The Chair acknowledged that despite intense public hostility, the leadership has maintained internal focus and delivery momentum. The group noted the extended timeline for the creditor proposal but also recognised that TW has sufficient liquidity to continue investing throughout the year. CCG continues to believe that strengthening supply chain confidence and capability remains critical. The session concluded with appreciation for the open and constructive relationship between TW and CCG, with CW emphasising the importance of retaining the valuable engagement and challenges as broader regulatory reforms evolve.</p>	
4.	<b>Communications update</b>	
	<p>DB set the context for the discussion on TW’s communications approach, the challenges of recapitalisation, and the broader context shaping public and political perceptions. Reflecting on the earlier discussion, the CCG raised concerns that treating TW potentially differently from other companies when it was not meeting the performance targets set by regulators, could create communication problems, especially as simple or negative headlines can spread quickly and make it hard to give a clear, credible message that focuses on customer benefit.</p> <p>Moving to wider communication, CM acknowledged that the recapitalisation narrative continues to be challenging and while the independent Water Commission’s report recognised that the current regulatory regime can disadvantage companies in turnaround, the real challenge is helping customers understand the choice between recapitalising the company or moving into special</p>	

	<p>administration, which may not solve the underlying problems and would still leave government and creditors with responsibilities.</p> <p>On a positive note, recent media sentiment has softened slightly, creating opportunities to highlight positive developments. The communications team is prioritising three areas: proactive campaigns on investment and social impact; reactive response to operational events, political inquiries and incidents; and support for the recapitalisation process. The volume of incoming contact, exacerbated by the election period, continues to place the team under strain, requiring tight focus and disciplined prioritisation.</p> <p>CM shared that the recent marketing campaigns are showing positive results. When customers understand where money is being invested, trust increases. The next major campaign will focus on river health, including the £6 billion investment underway. Plans also include partnership activity with Water UK and Ofwat to reinforce this messaging. CCG noted that more strategic, consistent approach is improving impact. CCG noted that the overall budget is relatively modest, making consistency in messaging particularly important. The CCG emphasised that sustained and repeated communications are necessary to embed awareness and ensure the benefits of initiatives such as the Tideway Tunnel are clearly understood and not overlooked.</p> <p>CM highlighted that Thames Tideway Tunnel offers an important opportunity to demonstrate tangible improvement in the river environment. As the tunnel begins operating, integrating its success into public messaging will help strengthen the river health narrative. Engagement with public events, such as the boat race and proposed river swims, provides further visibility.</p> <p>Looking ahead, CM highlighted more coordinated cross channel campaigns, such as those on apprenticeships, wet wipes and community investment, are generating stronger audience impact. CCG noted that the apprenticeships programme continues to attract positive recognition – this is an area that has been highlighted from the outset by the CCG for raising staff morale and enhancing reputation.</p> <p>However, hyperlocal engagement, particularly in challenging areas like Oxfordshire, will need further development. It was noted that progress here is constrained by uncertainty around the future business plan, limiting the ability to make local commitments.</p> <p>The group also discussed the broader opportunity to strengthen messaging around TW's economic contribution (for example around the development of the new reservoir). Political stakeholders are increasingly looking for positive growth stories, and TW's investment programme, skills development work and wide supply chain footprint could provide strong, meaningful stories if developed further.</p> <p>Finally, the impact of the recent “Dirty Business” docudrama was discussed. The group recognised that while it was perceived as exaggerated and sometimes offensive in tone – especially in the portrayal of some female staff, it has nonetheless influenced public perception. CM noted that the company will not directly challenge the programme; instead, it will continue pursuing transparency, including new longform content such as the “Thames Unfiltered” podcast, as a way to rebuild understanding and trust.</p> <p>The Chair thanked DB for preparing the session and to CM for responding to CCG concerns.</p>	
5.	<b>Incident management including customer comms</b>	

The Chair welcomed the Incident Team. She turned to PD to set out the key issues the CCG wanted to draw out from this session. PD reflected on past incidents such as Guildford and Crystal Palace, where lessons had not always been embedded, while also recognising recent improvements at Caledonian Road, Islington and in Oxfordshire. PT set out context with focus on how Thames Water is preventing incidents proactively, strengthening customer focus and aftercare, embedding learning, and addressing ongoing pain points. SH outlined TW's transformation since 2022, including consolidating incident management, customer contact, control rooms and aftercare into a single 24/7 integrated function. This restructure aims to move the organisation from a reactive "command and control" approach to a full incident lifecycle model centred on planning, preparedness, risk monitoring and early intervention.

The CCG were interested in how TW ensures learnings are properly embedded, given past inconsistency. SH highlighted cultural change, earlier incident triggering, and a significantly expanded team—including dedicated incident managers, new field teams, and strengthened communications and aftercare functions. Customer reps now intervene before issues escalate, offering face to face, personalised support. A dedicated aftercare manager has also sharply reduced post incident complaints, demonstrating the impact of structured follow through rather than stopping once the asset is fixed.

**Action:** Follow up on potential CCG time with Customer reps

To CCG questions how TW proactively preventing incidents rather than simply responding. SH noted that new risk-based triggers now identify more issues earlier, enabling faster action and customer updates. SH also highlighted TW's updated supply interruption policy, raising the compensation threshold from 0.3 to 1 bar to improve fairness and reduce complaints. Finally, she noted ongoing work to strengthen alternative water supply capability, while recognising it remains a wider industry challenge.

Turning to communications, the CCG asked how frontline messaging is kept consistent during fast moving events. DR explained that all updates are now issued simultaneously across internal and external channels, ensuring a single version of the truth. A dedicated Comms team now manages all incidents, using earlier warnings, multi-channel updates, and a more empathetic tone. DR highlighted the recent Oxford incident, where over 5,000 vulnerable customers were proactively contacted, far more than previously possible. When asked how improvements would be measured, DR outlined a new performance framework covering contact volumes, incident level KPIs, website quality, and real time customer feedback.

The discussion then moved to Condition G and internal sewer flooding, a long-standing CCG priority. SH outlined Ofwat's recent review, noting areas where Thames already meets good practice and others being strengthened. Current actions include four-hour attendance at internal flooding incidents, hiring 14 virtual technicians and additional vehicles, improving case management, and offering goodwill support even when not legally liable. The CCG queried whether Condition G's proactive risk identification approach could be applied more widely, with SH confirming similar work is underway in water supply hotspots, supported by CRM tools that flag repeat risk customers.

The closing discussion focused on resilience and cultural change. The CCG asked how Thames is planning for workforce shortages, such as HGV drivers or treatment technicians, which can quickly constrain incident response. It was agreed that future session will include details on people

	<p>resilience planning and alternative water supply strategy. The group recognised significant progress in customer centricity, communications, and proactive management and suggested future session include evidence of measurable benefits, deeper insights into vulnerable customer handling, and updates on embedding a consistent culture across frontline teams.</p> <p><b>Action:</b> Share further detail on people-resilience planning and on the alternative water supply strategy at future session</p> <p><b>Action:</b> Future session to include evidence of measurable benefits, deeper insights into vulnerable customer handling, and updates on embedding a consistent culture across frontline teams</p> <p>The Chair thanked PD and SH for preparing for the session. She commented on the open culture in SH’s team and that this reflected a willingness to address pain points and ensure improvements. The team also provided a strong example of the interface between the engineering focus of the company and the importance of its customer facing work.</p>	
6.	<b>PR29 update</b>	
	<p>JH opened the session by explaining that the purpose of this session was to update the CCG on the PR29 work and progress an action from previous meeting relating to the CCG Terms of Reference (TOR) and addressing earlier questions on market research and its links to the Vision 2055 programme. JH confirmed that, after reviewing the TOR and reflecting on lessons learned, the latest version of the TOR provided the CCG with considerable scope to challenge and shape the company’s approach to PR29. He therefore invited the CCG to reflect on how they interpret the key TOR elements and what that means for their expectations of the company as the process moves forward.</p> <p>JH provided a high-level overview of the likely (but still indicative at this point) PR29 business planning process, explaining that it will progress through four iterations designed to ensure transparency and allow early visibility of the full range of potential investment needs. He outlined the three main components guiding the plan: understanding the scale and nature of required investment, assessing what is financially achievable for both the company and customers, and testing efficiency through benchmarking. While the CCG will have visibility of the whole plan, JH noted that CCG’s most meaningful influence will be in the area of optional investment, where choices about improving customer outcomes are made. He confirmed that CCG will be provided with full visibility of the entire plan to support this engagement.</p> <p>The Chair noted that the areas of optional investment are likely to be extremely limited given the likely escalating AMP9 statutory requirement investment pressures on the company. She referred to the PR24 where one of the most significant impacts that the group had on the plan related to trade-offs in the overall investment programme. The sequencing of major capital works will also have a significant impact on what customers can expect from the service.</p> <p>The group discussed how customer insight and customer research will inform key decisions in PR29, recognising that robust evidence is essential for understanding customer priorities and shaping trade-offs. The CCG emphasised the importance of ensuring their challenges are grounded in clear customer evidence and asked how the company will reflect this input throughout the process. JH noted that customer research, including triangulated findings and links to the Vision 2055 work, will continue to underpin the development of options and priorities. While the Board will make final decisions, he acknowledged that CCG challenge represents an important</p>	

	<p>channel for strengthening customer legitimacy and ensuring customer views are appropriately considered as the plan evolves.</p> <p>The group discussed the balance between statutory requirements, fixed base costs and the limited scope for optional investment in the PR29 plan. Most spend will be driven by statutory and base OPEX/CAPEX programmes, though the size of the discretionary investment space may shift depending on government decisions, water bill changes and Ofwat’s evolving methodology. The CCG stressed the need to understand deliverability, affordability and efficiency across all costs, with early engagement on major and long-term resilience schemes.</p> <p>The CCG also noted that customers expect a more strategic, long-term approach. JH explained that climate resilience, carbon impacts and long-term value are already embedded in investment assessment frameworks and will guide prioritisation. Members emphasised the growing sector wide interest in long term supply resilience and highlighted that decisions around early-stage work on major schemes are likely to attract greater scrutiny. It was noted that such schemes will appear within the early iteration of the plan that the company expects to engage with the CCG on these once the proposals are more developed.</p> <p>The group highlighted the need to keep vulnerable customers central to the PR29 process, particularly as bills may rise. They highlighted the importance of balancing affordability with long-term investment. The CCG emphasised maintaining clear visibility of vulnerable groups and the role of affordability tools including social tariff. JH agreed that safeguarding these customers must remain a consistent consideration as investment options and trade-offs are developed</p> <p>The group highlighted the importance of establishing a clear, two-way dialogue early in the PR29 process to ensure that expectations on both sides are aligned. They requested a short statement outlining what effective CCG input looks like from the company’s perspective, to ensure shared understanding of intent and support meaningful engagement rather than a procedural exercise. Members stressed that clarity on expectations will help both parties provide the right level of challenge and contribution as the business plan develops</p> <p><b>Action:</b> JH to organise a workshop on base OPEX / CAPEX derivation, including underlying formulas. (timing tbc)</p> <p><b>Action:</b> JH to provide short statement on the intended approach to company – CCG engagement on PR29 and where this would be of most value to the company</p> <p>Action: MS to organise a session on the customer research best practice commissioned for PR29 (This has been scheduled for 17 April)</p>	
7.	<p><b>Annual billing follow-up</b></p>	
	<p>DB set out context for the session with recognition that the billing area is complex and often attracts challenging questions. The group noted that performance this year is significantly better than the previous year and that lessons are already being applied for future cycles. A key point raised is the confusion in public narratives about when customers actually receive increased bills, and CCG were keen to get a clear explanation of the billing timeline.</p> <p>NW explained the difference between unmeasured and metered customers, noting that unmeasured customers (around 1.3 million) receive one annual bill in February or March for the upcoming year and tend to have low contact rates. Metered customers, currently around 60% but</p>	

	<p>growing to an estimated 75%, receive bills in arrears twice yearly, creating more variability in when price rises are felt.</p> <p>The discussion focused on how timing may affect customer complaints. NW outlined a number of scenarios showing why complaints peak in autumn: customers billed in April don't see tariff increases until October, while those with July bills see mixed tariffs and additional “catch-up” adjustments. This complexity causes dissatisfaction, especially when direct debit plans need mid-year recalibration. The CCG asked whether billing could be smoother or more predictable, comparing water to energy billing models. NW confirmed that while some smoothing happens, the industry’s reliance on physical meter reads limits flexibility until smart metering is more widespread.</p> <p>Turning to the metering programme and its challenges, questions explored the longevity of issues during the transition from dumb to smart meters, ongoing leakage detection, and how to reduce lag and improve accuracy. NW explained work underway to improve handoffs, communication, and internal understanding of customer-side leakage policies. A taskforce is being established to coordinate improvements across teams, focusing on reducing friction for customers.</p> <p>The discussion briefly explored issues such as how often leaks occur, the policies used to support customers facing high leak related bills, and how complaints are resolved. It also touched on wider sector challenges, including limits on data sharing that hinder more personalised or proactive customer support, and compared the water sector’s slower adoption of some practices to other utilities.</p> <p>Moving to annual billing, NW reported strong operational performance, which was evidenced by very few exceptions, reduced call volumes, consistently meeting service levels, and a notable uplift in customer satisfaction. She highlights improvements in communications, self-service tools, and bill-explanation resources, though customer engagement with the videos remains low. NW shared updates to the support schemes, such as WaterHelp to ensure customers receive the right level of support and are not affected by timing. The CCG discussion included points about geographic fairness, call volumes and reducing avoidable contact, and the need to continue improving customer communications.</p> <p>The session concluded by to looking ahead to next year’s major bill redesign. NW explained that the current bill tries to communicate too many messages at once, making it cluttered and confusing. The redesign aims for clarity, simplicity, intuitive layout, and better explanation of value for money. The group acknowledged the progress made and asked for continued visibility of metering related impacts and mitigation plans as work continues as well as visibility of the bill redesign.</p> <p><b>Action:</b> Future session to provide update on metering <b>taskforce initiatives</b> linked to Customer Service Strategy</p> <p><b>Action:</b> NW to engage CCG on the bill redesign planned for the 2027</p> <p><b>Action:</b> NW to provide progress update on communication improvement to support customer understanding of bills and price rises.</p>	
8.	Operational performance	

Following introductions, RS opened the session by setting out the purpose of the discussion, focused on reviewing performance across water and wastewater service, understanding areas of improvement, and exploring challenges. CCG were interested about the highs and lows of the past year, the drivers behind poorer performing areas, and expectations for future recovery.

Starting with water performance. MP provided an overview of the year, highlighting significant operational challenges arising from extreme weather, specifically a 1 in 40 year drought in London and a 1 in 100-year drought in Swindon/Oxford, followed by a severe freeze event. These events exposed systemic fragility, largely due to an ageing asset base and historic underinvestment. Comparisons were made with other water companies with newer infrastructure, illustrating why TW assets fail more readily under stress. Despite difficult conditions, performance metrics during this drought were noted as improved relative to the 2022 drought.

MP shared that TW's significant focus was placed on trunk mains, given their greatest direct impact on customers due to the scale of damage when failures occur. Recent incidents, such as flooding affecting 77 customers at Caledonian Road, were discussed, with recognition that proximity of infrastructure to residential basements is unusually high compared with the wider industry. MP highlighted that the number of trunk main bursts this year has nearly doubled compared with the previous year, reflecting system vulnerability under extreme conditions.

The session included detailed discussion on leakage, where TW continue to underperform. MP explained that weather driven bursts, ageing pipe materials (notably cast iron), and constrained system pressures have driven increases. The recovery following freeze-thaw was noted as the best on record, supported by expanded use of acoustic loggers and satellite monitoring, which have increased leak detection significantly. TW is spending £3.1bn this period on leakage related activity, including more than 50,000 annual excavations. MP noted that a sustainable long-term solution will require large scale mains replacement. Thames Water plans to increase renewal volumes from 220km in the previous period to 550km in the current one, with the ambition of reaching around 1,000km per AMP in future.

Moving to water quality, the CCG questioned water quality risks, particularly the CRI score and failures at large works such as Coppermills. MP explained that a single failure at Coppermills accounted for over half the CRI score, reflecting the "high stakes" environment created by very large treatment sites. He shared that TW has increased reservoir inspections, addressed long standing inspection backlogs, and is delivering major upgrades including UV installation, although constrained by on site space and sequencing requirements. Improvements were noted, though the risk remains elevated until major capital programmes conclude.

The group discussed concerns around long term water resilience, noting limited storage in London and system constraints that make it difficult to take treatment works offline. MP explained that resilience improvements are closely tied to the Strategic Resource Options (SROs), which are essential to expanding headroom in the London supply system. It was acknowledged that meaningful resilience may take multiple AMPs to fully achieve.

Discussion turned to wastewater performance, where internal targets are being met but regulatory targets remain far out of reach. Serious pollution incidents remain too high, and members highlighted the public frustration, particularly in areas experiencing extensive storm overflow activity. DL explained that many assets are old and under invested, with treatment works particularly vulnerable during prolonged wet weather. One of the long-term challenges remain a

	<p>large-scale infiltration of groundwater, especially in chalk catchments, which will likely require multi decade programmes to address. The CCG their reiterated concerns regarding the ambition of pollution reduction targets and the need for transparency around gaps between internal and regulatory metrics.</p> <p>Despite challenges, customer complaint performance has improved significantly, attributed to tighter operational control, lower backlogs, and stronger maintenance planning. Resulting in higher C-MeX. DL recognised that it is essential to sustain adequate resource levels, particularly across peak winter months.</p> <p>The session concluded with discussion around communication and future workforce capability. The CCG emphasised the need for clearer communication to customers about long term recovery timelines, particularly for issues that will take multiple AMPs to resolve. They also raised concerns about future workforce capability given industry wide retirements and loss of institutional knowledge. It was agreed that future session should include people strategy.</p> <p><b>Action:</b> Forward plan to include long-term operational people and capability strategy, including plans to address retirement-related skills risks.</p> <p><b>Action:</b> Future session to include additional detail on wastewater pollution ambition, including how internal targets will progressively align with regulatory expectations.</p>	
9.	<b>CCG closed session</b>	
	<p>The Chair reflected on the recent review and refinement of the draft Terms of Reference (TOR), ensuring they align with TW’s expectations and avoid duplication with internal governance. Key updates included strengthening language around challenge, customer outcomes, culture, climate resilience, and Board engagement. The CCG discussed the challenge of measuring subjective areas such as trust and organisational culture, concluding that developing an agreed approach to metrics early in the year would be important.</p> <p>Another part of discussion focused on broadening the scope of challenge beyond leakage to encompass overall operational and environmental performance. The group agreed to rebrand from “CCG” to align with other companies’ Independent Challenge Group (ICG) terminology and include clearer references to member expertise to differentiate from customer panels.</p> <p>Part of the discussion focused on what CCG’s feedback could be going forward. The group noted the need to avoid any perception of formally endorsing company proposals and agreed to give clearer, structured feedback at the end of each session without providing sign-off. JR highlighted the importance of early, strategic engagement on PR24 and future planning, prompting discussion on how to stay meaningfully involved throughout the process. As a result, the group agreed to clarify expectations ahead of meetings and strengthen links between operational issues and wider strategic frameworks, including the customer service strategy.</p> <p>The session concluded with the Chair’s further updates on emerging sector developments, CCG attendance on upcoming customer research observation sessions, and WRSE webinar.</p>	
10.	<b>AOB</b>	
	Next meeting 17 April 2026	