



MINUTES of the Customer Challenge Group

Ashford Common Water Treatment Works

On 11 March 2022, 10am – 3pm

Present:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
Nisha Arora	Financial Conduct Authority	NA
David Brindle	Ambient Support	DB
Jeremy Crook OBE	Action for Race Equality	JC
Peter Daw	Greater London Authority	PD
Dr Charlotte Duke	London Economics	CD
Baroness Grey-Thompson DBE, DL	ukactive	BGT
Sarah Powell	Environment Agency	SP
Tiger de Souza MBE	National Trust	TDS
Doug Taylor	CCW	DT
Monica Wilson	HM Treasury	MW

Thames Water:

Steve Spencer	Operations Director	SS
Tim Wilson	Risk & Optimisation Coordinator	TW
Paul Wetton	Head of Statutory Programmes	PW
Jennifer Genevieve	Head of Regulatory Engagement & Policy	JG
Mariana Simpson	Stakeholder Relationship Engagement Manager	MS

Apologies:

Councillor Adam Jogee	Haringey Local Authority	AJ
Kay Lacey	Pang Valley Flood Forum	KL
Councillor Dr Pete Sudbury	Oxfordshire County Council	PS

Agenda Item No.		Action
1.	Apologies / Declaration of interests	
	<p>Apologies were noted. There were no additional declarations of interest recorded. The Chair introduced VB who joined the CCG call for the Retail performance session.</p> <p>The Chair briefly outlined the updated draft of CCG outputs and proposed priorities going forward including the following:</p> <ol style="list-style-type: none"> 1) performance 2) Customer engagement strategy 3) Shaping TW long term strategies, 4) Approach to vulnerability 5) Partnerships and co-creation <p>The Chair invited members thoughts on these throughout the day or through future offline discussions.</p>	

2.	Site visit	
	No minutes recorded.	
3.	Wholesale performance	
	<p>SS introduced performance monitoring, highlighting that Performance Commitments are not the only measures, there are also other measures reported to the Drinking Water Inspectorate (DWI), the Environment Agency (EA) and CCW. SS shared TW's Q3 Wholesale performance focusing on the following measures: Water quality (CRI), Water quality contacts, Leakage, Supply Interruptions, Blockages, Internal Sewer Flooding, Treatment works compliance and pollutions. It was noted that TW have internal targets that don't always align with Ofwat's Final Determination. TW recognised the gap to several of the targets and hence developed glidepaths to bring the company more in line with the sector, over a number of years.</p> <p>The discussion focused on incentives for better performance (rewards and penalties) and how performance challenges for specific companies can result in reduced income which potentially reduces the opportunity to invest and improve, the key drivers for performance (e.g. one trunk main burst can result in missing the annual target) noting that customer behaviour can be a contributing factor for some of the measures (e.g. blockages).</p> <p>The need for infrastructure replacement and its benefits rather than fixing individual leaks were discussed recognising that replacing water mains is a long term sustainable approach whereas fixing leaks is more affordable for customers in the short term.</p>	
4.	Conditional Allowances overview	
	<p>PW provided an overview of the London water supply network and issues related to ageing infrastructure, growing population and future development / requirements across West and East London.</p> <p>PW introduced the Conditional Allowances programmes covering the background from PR19 and noting that the Final Determination would not allow for the additional investment. Following agreement between TW, the GLA and the Mayor's office that improvements were needed to London's infrastructure the Conditional Allowances programmes were introduced.</p> <p>The discussion focused on resilience and customer engagement. It was noted that TW has engaged with CCW on these topics and CCW had suggested that TW complete sensitivity testing on previous research to understand whether customers views remain unchanged.</p>	
5.	CCG discussion	
	<p>CCG members reflected on the meeting with some points captured earlier in the minutes. Additional points noted:</p> <p><u>Outputs / priorities</u></p> <ul style="list-style-type: none"> A comprehensive list of outputs / priorities has been identified and looking at the Vision 2050 may provide the rational to narrow some of the CCG's focus e.g. on the customer journey, vulnerability, engagement (which should benefit all customers including the most vulnerable) 	

Performance

- Recognition of how a single event may impact on performance resulting in failing a target
- Alignment of performances targets with customer needs
- Performance commitments – understand how it drives business decisions and behaviours
- CCG would benefit from understanding relative values and penalties
- Performance incentives – where are they potentially driving perverse outcomes (DWI, Ofwat, EA). Not looking towards the longer term and the trade-offs
- How do we avoid perverse incentives and set more meaningful targets?
- How do you communicate the complexity to customers and 2050 Vision?
- Regional issues are different from area to area

Customer behaviours

- The importance of customer awareness and how their behaviours contribute / impact on the environment and also performance (e.g. wet wipes). Education (customers and MPs) can play key role. CCG would like to know more about the education programme. There is potential to partner e.g. with health visitors
- How does choice of language “leakage vs consumption vs unaccounted for water” influence customer behaviour
- Importance of the role of the water user – not everyone pays a bill. Important for usage and demand and outflow. Users don’t understand their role in the management of the assets
- Consumers will play a pivotal role in behaviour change and accepting the disruption that will occur. Could be the most pivotal thing we can do on behalf of the whole industry