



MINUTES of the Customer Challenge Group

On 21 March 2025, 09:30am – 4:00pm, Hammersmith Depot

Present:

Sukhvinder Kaur-Stubbs	Chair of Customer Challenge Group	SK-S
Dr Charlotte Duke	London Economics	CD
David Brindle	Ambient Support	DB
Peter Daw	Greater London Authority	PD
Sarah Powell	Environment Agency	SP
Catherine Jones	CCW	CJ
Rob Scarrott	National Highways	RS
Jane MacBean	Buckinghamshire Council	JMB
Natalie Jakomis	Rightmove	NJ

Thames Water:

David Bird	Retail Director	DAB
Pete Cotton	Head of HH Customer Strategy	PC
Tracey Kent	Customer Strategy Analyst	TK
Anna Boyles	Head of Environmental performance	AB
Jonathan Hagan	Director of Economic Regulation	JH
Mariana Simpson	Regulatory Engagement Manager	MS

Apologies:

Jonathan Read	Director of Regulatory Policy and Investigations	JR

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. The minutes from the meeting on 21February 2025 were approved.	
2.	Update on bill increases	
	DAB shared an update on the recent bill increases in response to CCG concerns raised over the scale of the increases reported in the media. DAB reminded CCG that as a part of the Price Review, various bill profiles have been analysed, and the agreed outcome was front loading customer bills which would see a steep increase in customer bills in year one with more flat profile through the remainder of the AMP. DAB explained the complexity of tariff setting which includes multiple customer profiles. It was noted that some confusion is caused by different illustrations of bill increases which vary from using average bill to typical bill and in most cases, it will show bill	

	<p>increase excluding inflation and it will be displayed in percentages rather than actual values. The individual customer bill will be also influenced by several factors such as consumption.</p> <p>The discussion focused on the complexity of tariffs setting, bill profiles over the AMP period as well as information available to customers how their money will be spent. CCG suggested that TW should look at what other companies are doing and include regional investments on their bills (looking initially at London and Thames Valley). DAB explained that the system capabilities are currently limited to what can be achieved but TW will look into building it into longer plan. Furthermore, CCG thought that the communication around bill increase needs to be very clear and transparent.</p> <p>DAB recognised the importance of the communication but explained that given the complexity, it is more difficult to have a tailored communication, and it is easier to talk to customers who do have queries on a case by case basis. Given the anticipated increase in customer contact, the teams have increased their resourcing accordingly. DAB outlined the communication which went out from information on the website, bills and social media to help customers to understand how their money will be invested. It was noted that the big focus of the communication is currently on the affordability element and how can TW support customers who struggle to pay.</p> <p>Turning to the use of AI, CCG suggested that this is one area where TW could potentially use it to scale up responses to different customer segments. DAB agreed that there will be opportunities going forward where TW is already working with various companies. At the moment AI is used to support agents and going forward working toward automated assistance to be able to respond more rapidly to incidents.</p> <p>Action: TW to share analysis of the planned bill increases for the full AMP, including inflation assumptions, standing and variable charges and information how this has been explained to customers.</p>	
3.	Vulnerability strategy	
	<p>Following introductions, PC and TK shared an update on TW vulnerability strategy ahead of the final strategy being published in June 2025. It was noted that the strategy needs to demonstrate how it meets the Customer Licence Condition. CCG commended TW on Ofwat's feedback to the draft vulnerability which was assessed as exemplary. Since then, TW created a new customer strategy, consulted with third parties and delivered actions set out in the draft strategy. As a result, there are no proposed significant changes.</p> <p>The first part of the discussion focused on the evolution of the vulnerability strategy with CCG noting that it was built on extensive customer research and insights which helped TW to understand their customers. CCG highlighted the importance of having customer voice heard and were interested in any further research is being planned. PC explained that while there is no plan for any further bespoke research at this time, however lots of research and benchmarking has been done feeding into the Customer Strategy which the vulnerability strategy is part of.</p> <p>Turning to Priority Service Register (PSR) the discussion focused on TW's plan to grow the register which includes identifications of areas where more proactive outreach is needed to raise awareness of what is available, both financial support but also the PSR. The targeted approach for reaching underrepresented communities will ensure that the PSR and affordability proposition</p>	

	<p>reach those that are not aware of them. It will include data sharing, partnering with third party organisation to carry out community engagement etc.</p> <p>Looking into the next five years, to 2030, TW will continue to deliver their day to day service in an inclusive manner, which will be driven by the vulnerability strategy. TW aims to continuously improve their inclusive service support propositions with the plan to implement seven new services.</p> <p>The last part of the session focused on the proposal to measure new and existing metrics to monitor consistent delivery of the service, delivery of strategic goals and how effectively TW are reaching those who need support. CCG were encouraged by the proposals, including recruiting for partner lead, and would welcome more information about the work with local authorities. CCG would welcome regular updates on targets and monitoring of progress. It was agreed that progress will be monitored on a six monthly basis as a part of the performance meetings.</p>	
4.	Pollution deep dive	
	<p>Following introductions, AB stepped through presentation starting with key highlights delivered in 2024 as a part of the TAP Pollution Initiative and key items to be delivered in 2025. Discussion focused on the sewer depth monitors, with AB noting that importance of the quality over quantity of monitors.</p> <p>Moving to misconnections, AB shared a proactive misconnection programme where the company works closely with the EA. AB explained differences between misconnections and illegal connections, noting that the majority of customers will resolve misconnections voluntarily. Various potential avenues to address misconnections vary from local initiatives (e.g. waterbutts), through regional (e.g. SuDs and schemes such as Counters Creek) to national Long term which could include national rainfall strategy.</p> <p>Turning to pollutions performance for 2024, AB recognised that the performance continues to be disappointing. Discussion focused on various interpretation across the industry of the EA guidance for reporting pollutions incidents. AB shared with examples where TW ensures they are as honest and transparent as they can be but acknowledged it is important for the industry to have consistent reporting. It was noted that Water UK provides industry benchmarking. It was noted that a multi billion of investment comprised on number of programmes is currently planned for the next AMP to prevent pollutions. CCG thought that it is important for customers to be able to understand what a difference this would make.</p> <p>Action: CCG to engage with Water UK to provide insights into benchmarking.</p> <p>Further discussion focused on regulatory changes related to pollutions recording going forward which may see potential absolute pollution incidents for 2025 and 2026 marginal increase. It was noted that the figures discussed were only indicative based on best estimate at the current time but it highlighted high risk for the performance noting partly due to deliverability. CCG were interested in the impact of carbon mitigation and would like to understand the plans in more detail.</p> <p>Action: Future meeting to include carbon mitigation plans.</p>	
5.	PR24	

	<p>JH provided an update on PR24 process and other key topics</p> <p>CMA referral</p> <p>Following engagement with Ofwat, TW and Ofwat have agreed that Ofwat will defer making the reference to CMA for a period of up to 18 weeks from 18 March 2025. This deferral is not a withdrawal of the request as TW remains of the view that the FD does not serve the interests of TW's customers, communities and the environment. However, TW has concluded that recent discussions hold out the prospect of unlocking a market led solution for the recapitalisation of the Company, including through an equity raise, without the need for a CMA reference. JH explained that the process can either end at any point during the 18 weeks or the company can ask Ofwat to refer them to the CMA where they would join the other companies already going through the process.</p> <p>The discussion focused on the deferral as well as potential implications of TW referral joining the CMA process at the later stage. It was noted that there are some areas which are consistent across all of the companies such as cost of capital and therefore CMA would already be aware of TW's position. CCG were interested in what the potential deferral will mean for customers' bills, which are already increasing. JH explained that this would have to be confirmed once the final position is known, however as majority of the additional investment TW is seeking is in Capex rather than Opex the impact on bills as a result of any increased totex would be minimal.</p> <p>Equity Raise Process</p> <p>TW received proposals from six parties in respect of the equity raise process launched by the company in the summer of 2024, and has since been conducting a detailed assessment of each proposals. TW continue to target completing a recapitalisation in the third quarter of 2025. CCG were interested in the engagement with potential investors and their long term goals for the company. It was noted that at this stage, the teams are not aware of who the potential investors are and any management presentations were done with best known information to provide details regarding various scenarios, the FD impact etc.</p> <p>CCG were interested to hear directly from the Chairman of the TW Board and the TW CEO. Following the meeting it was confirmed that TW CEO will join the 25 April meeting, and the Chair of TW Board will join the 27 June meeting. It is expected that by June, there may be more details regarding the equity raise and potential investors which will help guide future CCG discussion. CCG would welcome assurance over longer term stability, and that company continues to focus on delivering customer priorities which have been identified through the Business Plan process.</p> <p>CCG thought that more customers' communication needs to be done proactively to help customers to understand that no matter what will happen with the company's financial position, the continuity of the services is guaranteed.</p> <p>The final part of the discussion focused on key areas where TW would challenge the FD including base costs, enhancement cases, outcomes and Price Control deliverables.</p>	
6.	CCG Chair update / Forward plan	
	CCG members reflected on proposed Forward plan and discussed potential topics for future meetings. Key topics included Climate change, vulnerability , corporate culture and comms.	

	Action: CCG to provide further feedback on the forward plan to MS by end of the following week. Updated forward	
7.	AOB	
	Next CCG meeting on 25 April 2025	