



**Innovation in  
Water Challenge**

# **Entrant Handbook**

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Delivered in partnership by:



**ARUP**

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# 1. Introduction

## 1.1 About this handbook

Welcome to the Innovation in Water Challenge (IWC) Entrant Handbook. This document, along with the [Frequently Asked Questions](#) and [Terms and Conditions](#), will provide you with all the information you need to enter the first round of the IWC, including:

- the background and objectives of the Innovation Fund and IWC;
- who can enter, and how;
- what support is on offer; and
- what is required to take part.

We strongly encourage all entrants to read the entire handbook along with the full [Terms and Conditions](#) before entering the IWC.

If you have read the handbook and the [Frequently Asked Questions](#) and have more questions, please contact the team at [waterinnovation@nesta.org.uk](mailto:waterinnovation@nesta.org.uk).

## 1.2 Ofwat Innovation Fund overview & objectives

Ofwat has established a £200 million Innovation Fund to help the England and Wales water sector to grow its capacity to innovate and enable it to better meet the evolving needs of customers, society and the environment.

The Fund aims to achieve this by supporting ambitious water company initiatives that demonstrate bold new approaches to innovation, going beyond the sector's business-as-usual innovation practices, and that can create significant value for customers, society and the environment. The Fund is expected to run to 2025, but the goal is that its impact will continue well beyond this.

The Innovation Fund is made up of:

- The **Innovation in Water Challenge (IWC)**, which aims to encourage new ways of working and improve collaboration and partnerships from within and outside the water sector. Ofwat will be running two IWCs in 2021, with more information on the second round to be published at a later date.
- The **main competition**, which will allow water companies the opportunity to put forward bids for larger projects. More information on the Main Competition will be available in the first quarter of 2021.

For more information on the Innovation Fund, please visit [the website](#).

## 1.3 Innovation Fund Delivery Partners

The Innovation Fund is being delivered collaboratively by Ofwat in partnership with Nesta Challenges, supported by Isle Utilities and Arup.



Ofwat is the Water Services Regulation Authority for England and Wales. [Read more about Ofwat's duties on their website.](#)



[Nesta Challenges](#) exists to design and run challenge prizes that help solve pressing problems that lack solutions. We shine a spotlight where it matters and incentivise people to solve these issues. We are independent supporters of change to help communities thrive and inspire the best placed, most diverse groups of people around the world to take action. We support the boldest and bravest ideas to become real, and seed long term change to advance society and build a better future for everyone. We are part of the innovation foundation, [Nesta](#).



[Isle Utilities](#) is a global team of scientists, engineers, business and regulatory experts, with a common drive to make a positive social, economical, and environmental impact through the advancement of innovative technologies and related practices. We are driven by curiosity and collaboration. We are known for quality and integrity in our work. We are passionate about technology and innovation and care about making the world a better place.



[Arup](#) is an independent professional services firm of designers, planners, engineers, architects, consultants and technical specialists

## 2. About the Innovation in Water Challenge Round One

### 2.1 Overview

The first round of the Innovation in Water Challenge (IWC) opened for entries **on 18 January 2021**. The deadline for entries will be on **26 February 2021 at 12 noon (GMT)**.

The primary objective of the first IWC is to encourage new ways of working that go beyond business-as-usual innovation practices in the water sector, in particular, increasing and improving collaboration and building partnerships from within and outside the water sector.

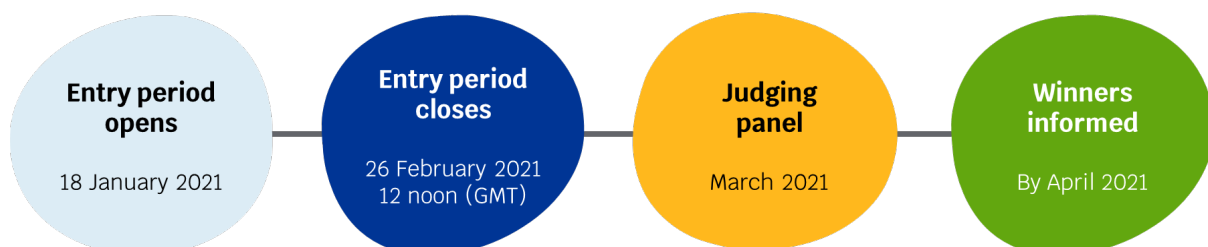
Through the IWC, we're looking for initiatives that water companies would not otherwise be able to explore or invest in.

We're looking for all types of projects – be they technology, culture, business practices, commercial models or something else. Initiatives can be at any stage, as can the technologies, practices and models that you may use within them.

The IWC is a chance for you to create new initiatives and partnerships that you've never previously found the opportunity to explore. We have assembled a panel of expert judges to help Ofwat select a diverse portfolio of promising innovations to receive funding.

A second round of the IWC is expected to open in November 2021, with more information about this round available at a later date. We are continuing to listen and learn as we develop the water innovation challenges, and future challenge rounds may be designed differently.

### 2.2 Timeline & key dates



Entries to Round one of the IWC opened on 18 January and will close at 26 February 2021 at 12 noon (GMT). The judges will convene in March 2021 to recommend which entries should receive funding, and winners will be informed by April 2021.



## 2.3 What you can win

There is £2 million available to fund innovative projects, depending on the quality of bids submitted. Entrants should bid for between £50,000 to £250,000 per entry. In exceptional circumstances, the judging panel may recommend that more than £2 million is awarded from the Innovation Fund.

The judges will consider how best to allocate funding based on the entries received. We hope to award between 10 and 15 prizes for varying amounts for the first round of the IWC.

## 3. What we are looking for

### 3.1 Areas for innovation

Innovation is not just about the development of new technologies – it can mean setting up new processes or systems to support activities; or collaborating in new ways.

We are looking for your ideas that address the big challenges facing the water sector – guided by Ofwat’s five strategic innovation themes, [innovation principles](#) and the objectives of the UK and Welsh governments<sup>1</sup>. We aim to fund a wide range of entries that will showcase a diverse mix of innovative ways of working and solutions.

#### Ofwat’s five strategic innovation themes are:

1. Responding and adapting to climate change, including how to meet the sector’s ambition of net-zero emissions.
2. Restoring and improving the ecological status of our water environments, protecting current and future customers from the impacts of extreme weather and pollution.
3. Understanding long-term operational resilience and infrastructure risks to customers and the environment, finding solutions to mitigate these in sustainable and efficient ways.
4. Testing new ways of conducting core activities to deliver wider public value.
5. Exploring the opportunities associated with open data, stimulating innovation and collaboration, for example, encouraging new business models and service offerings that benefit customers, including those in vulnerable circumstances.

<sup>1</sup> For more information on the objectives of the UK and Welsh governments, and how they align to Ofwat’s work, refer to page 7 of Ofwat’s Forward Programme 2020–21 (PDF, 0.6MB).

We have worked with Ofwat to identify a number of **innovation enablers** that will be particularly critical to growing the water sector's capacity. The Fund will support initiatives that demonstrate and further strengthen these enablers, including:

- **Collaboration**: Building and strengthening collaboration and partnerships across companies, the supply chain and outside the water sector.
- **Openness**: to sharing data, insights and ideas within the water sector and between the water and other sectors.
- **Adaptability**: openness to trying out new ways of working.
- **Managing innovation risk**: including through greater use of experimentation.
- **Scalability & Deployability**: improving the ease of scaling proven innovations within the sector.
- **Long-term perspective**: taking both a longer-term and broader perspective on value creation.

## 3.2 How successful entries will be selected

After the deadline on **26 February 2021 at 12 noon (GMT)**, all entries will be assessed against the eligibility and assessment criteria by suitably qualified assessors from the Innovation Fund partners (Ofwat, Nesta, Isle Utilities, and Arup). This information will be provided to the [independent judging panel](#) who will make recommendations to Ofwat as to which entries should receive funding. Ofwat will then make the final decision on awarding funding.

In making their recommendations, the judging panel will seek to assemble a diverse portfolio of promising innovations, at all stages of development, across Ofwat's strategic innovation themes. You can expect to hear about the status of your entry in early April 2021.

Information you provide in your entry may be shared with our partners (including our judges, and any due diligence providers) for the purpose of administering the Challenge. For more information on how we use your data, please have a look at our [Privacy Policy](#) and the [Terms and Conditions](#) of the Challenge.

## 3.3 Assessment criteria

The assessment criteria that will be used to select successful entries, along with the questions you will be asked to answer against these criteria are explained in the table below. All three criteria will be weighted equally.

When completing your application form, please cite the best available evidence to back up your claims, wherever applicable. You may include hyperlinks in your application form.

## 1. Positive impact for consumers, society and the environment

Successful entries will outline how the project delivers positive impact aligned with Ofwat's five strategic innovation themes. We hope to see:

- the proposed innovation enablers (as identified above) enhancing the impact and/or delivery of the solution,
- ambitious short- and long-term outcomes,
- key performance indicators and success criteria,
- clear strategy for scaling up the solution after the competition has ended.

### Guidance

We are looking for solutions that can deliver positive impact for consumers, society and the environment, as described in Ofwat's five strategic themes. The purpose of this question is to explain what kind of impact your proposed solution could have and why it is important.

In your answers, please consider both short-term outcomes (specific impacts which could be achieved over the coming 12 months or so) and long-term outcomes (impacts that could be achieved several years in the future), who is impacted, how widely the impacts will be felt and whether they are direct or indirect.

### Application questions

**1a.** What is the impact that you expect to result from your solution, and who will benefit from it? Please describe the outcomes you are expecting to achieve and the metrics or indicators by which you will verify if you are on track to achieve these outcomes. [4000 characters]

**1b.** How might you scale the impact of your solution across the England and Wales water sector? Please outline a high-level strategy for scaling up the impact of your solution after the Challenge-funded project has completed. [4000 characters]



## 2. Innovation enablers and innovative solutions

Successful entries will demonstrate how their proposal goes beyond the entrants' business-as-usual. We seek a diverse approach to innovation in both **innovation enablers** (as identified above) and **solutions**.

- **Innovation enablers:** how entrants are working internally and externally with collaborators within and outside of the water sector for the benefit of consumers in England and Wales, for example:
  - collaboration practices or other ways of doing business,
  - disseminating innovations across the water sector,
  - bringing in new ideas from other sectors (e.g., robotics from gas networks or leakage detection for oil pipelines, etc.),
  - incorporating experimentation into business practices,
  - empowering employees, suppliers, and other stakeholders to contribute their ideas into the innovation process.
- **Innovative solutions:** How entrants use a wide breadth of diverse and innovative solutions that drive improvement and efficiencies, for example:
  - novel technologies and new applications of existing technologies,
  - robust systems or processes,
  - better management of people and resources.

### Guidance

We are looking for entries that go beyond your business-as-usual approach and which may draw inspiration and/or talent from other sectors. The purpose of this question is for you to explain what is innovative about your proposed project – both the solution itself, but also any new or different ways of working that you will put into action to deliver the solution.

You should also indicate how any insights or learning generated by the project might benefit customers and the wider sector, even if your solution does not achieve all its intended aims. Please refer to 'Areas for innovation' on the previous page for more information.

### Application questions

**2a.** Please explain how you're planning to go beyond business-as-usual in your ways of working internally and/or externally with collaborations? What do you expect to learn from this experience? [4000 characters]

**2b.** What is innovative about your solution itself? Please explain how your solution will go beyond your business-as-usual to provide better value for customers and/or drive new improvements and efficiencies in the England and Wales water sector? [4000 characters]

### 3. Capacity and capability to deliver

Successful entries will provide evidence to the judges to demonstrate the feasibility of the proposed project, including:

- strength of collaboration arrangements through the entirety of the project life cycle,
- robustness of development roadmap and resource plan,
- strategic division of roles and responsibilities among the team,
- needs-based allocation of funds between partners,
- a clear and appropriate approach to managing risk; identifying and managing the key risks and opportunities (including in relation to company responsibilities and project delivery),
- allowing for rapid learning, pivoting and early project closure where appropriate.

#### Guidance

We want to know that you have a feasible and robust delivery plan for the project. The purpose of these questions is for you to explain why we should be confident that you will deliver your proposed solution.

You must bid for between £50,000 and £250,000, including a minimum 10% financial contribution. Beyond the 10%, we welcome any additional contributions (which can be financial or non-financial) and which will be considered favourably during the assessment of entries. Please be aware that proposed budgets will not be negotiated as part of the award process, so please submit realistic costs to maximise your opportunity to be selected.

#### Application questions

**3a.** How are you planning to deliver your solution? Please describe your:

- development roadmap and project readiness – a timeline of the key milestones you’re aiming to achieve in your project, including where you’re starting from and intend to get to by the end of the project,
- resource plan – list of resources, total funds requested from the Fund and any other contributions that you will require (both internal and external, materials, staff, and assets), highlighting the 10% (minimum) of financial contribution that you are required to contribute,
- budget – how are you planning to spend the funds, including allocation of competition funds between the partners (where applicable), (to support your application, applicants are able to submit a one-page budget breakdown in the format of their choice at the end of the form)

- approach to identifying and managing the key risks, issues and opportunities, including in relation to company responsibilities and project delivery (allowing for rapid learning, pivoting and early project closure if appropriate).

[8000 characters]

To support your application, applicants are able to submit a one page budget breakdown in the format of their choice. No other supporting document will be accepted for this application. We will not consider any attachments which are longer than one page.

**3b.** Who will deliver your solution? Please provide the details of the individuals and organisations on the delivery team, their roles and responsibilities and how you will ensure strong collaboration through the entirety of the project life cycle. [4000 characters]

## 4. Who can be involved

### 4.1 Eligibility

The lead applicant must be one of the [17 licensed regional water only and water and wastewater companies or new entrant water and wastewater companies \(NAVs\)](#) in England and Wales, but they can partner or form a group with any organisation to enter.

All entries must include a minimum of 10% financial contribution, to ensure customers do not bear all the risk of initiatives funded through the Challenge and to encourage good project management. We encourage this to be a direct financial contribution by the water companies but are flexible for it to come through commercial partnerships or other funding sources (not including other sources of customer contributions, e.g. Green Recovery Fund). Any additional contributions, beyond the 10% minimum financial contribution will be considered favourably during the assessment of entries.

You can submit as many entries into the Challenge as you like, providing each entry is for a different initiative. It is unlikely, however, that the judging panel will award funding to more than three entries with the same lead applicant.

### 4.2 Partnerships

We particularly encourage entries which involve partnerships and collaboration between water companies, NAVs, as well as with organisations in the water sector supply chain and beyond, including but not limited to suppliers, water retail suppliers, academia, start-ups and small-to-medium enterprises (SMEs).

- **If you are a water company or a NAV** – you are strongly encouraged to explore opportunities for new partnerships and consortia, including by signalling opportunities for partnerships on your website and social media channels. You can partner with anyone you wish – including supply chain partners, new start-ups, SMEs, academia, local authorities, water companies outside of England and Wales, and water retailers. Please note that it's your responsibility to carry out any checks and due diligence on partners.
- **If you are not a water company or a NAV** – the IWC is an opportunity to reach out to one or more water companies to explore the possibility of working together. If you are new to the water sector, you may wish to email [contact@waterinnovation2050.org.uk](mailto:contact@waterinnovation2050.org.uk) to get in contact with a water company about your innovative idea or solution. This central inbox is managed by an alliance of 19 UK water companies. A full list of England and Wales water companies that can be contacted to explore new partnership opportunities can be found on [our website](#).

## 5. How to enter

### 5.1 The application form

All entries must be submitted by **26 February 2021 at 12 noon (GMT)** using the online application form available via [the website](#). The water company, leading any partnership or consortia, will need to submit this form.

Before submitting your entry, please ensure that:

- You have read and understood the Challenge [Terms and Conditions](#) and [Privacy Policy](#).
- Your application is aligned with one or more of the five Ofwat strategic innovation [themes](#).
- You have followed good procurement principles, performed your due diligence on your partners and accept any risk and liability from going ahead with them.
- The 10% minimum financial contribution towards projects costs is part of the proposal (at least 10% of total project costs will be funded from sources other than the Ofwat Innovation Fund)

The application questions are available in this document to help you to develop and collaborate on your answers ahead of completing the online version.

We are aiming to make sure the application process is as efficient and practical as possible, ensuring ease of access for organisations, in particular smaller companies.

### 5.2 Reasonable adjustments and accommodations

We are committed to enabling a diverse range of entrants to enter the Challenge. If there are any reasonable adjustments that would support you to enter, catering for any additional needs you may have, please contact [waterinnovation@nesta.org.uk](mailto:waterinnovation@nesta.org.uk). Unfortunately, no time extensions will be possible in this round of the IWC.

## 6. Requirements for successful entries

All participants in the IWC will be required to adhere to the full [Terms and Conditions](#) of participation. Please ensure you have read and understood these before submitting your entry. If selected as a winner, you will be required to sign a further agreement which will outline arrangements for monitoring and reporting based on your specific project proposal.

In particular, the key requirements of winners will include:

- **Use of funding:** Any funds awarded by the Challenge must only be used to fund the project described in your application which must promote the objectives of the Challenge as described on the Challenge website.
- **10% contribution:** All entries must include a minimum of 10% financial contribution, to ensure customers do not bear all the risk of initiatives funded through the Challenge and to encourage good project management. Additional financial contributions can be made on top of the maximum amount available from the Fund (£250,000).
- **Monitoring and reporting:** We will need to monitor your progress - this may be through meetings, surveys, written reporting or other reasonable requests for information. We will endeavour to keep this reporting light touch and proportionate to the relative size and risk of your projects.
- **Intellectual property rights (IPR):** You should retain all rights in and to your background IPR, including where a bid involves more than one participant. However, an appropriate form of licence should be granted to all participants in any project, which is the subject of a bid, for the sole purpose of the project, in order to enable it to go ahead.
- **Publicity:** We may use the names of the winning organisations and summaries of their proposals in publicity materials for the IWC. We also ask that you acknowledge our support in any public statements about the project.
- **Conflicts of interest:** You (and any partners you work with) must take reasonable steps to avoid any conflicts of interest with Ofwat, Nesta or any of our delivery partners and judges. Immediately inform Nesta if you become aware of any potential or actual conflict of interest and provide Nesta and Ofwat with all information reasonably requested in respect of such conflict.
- **Settlement Arrangement:** Payment of funds awarded through the Challenge will be settled through the mechanism agreed by the Water Companies that are funding the Challenge. Funding will be awarded in pounds sterling, and the recipient is responsible for payment of tax and other charges.



## 6.1 More information on Intellectual Property Rights (IPR)

The IWC distinguishes between “background IPR” and “foreground IPR”:

“**IPR**” shall mean any copyright and related rights, patents, rights to inventions, registered designs, database rights, design rights, topography rights, trademarks, service marks, trade names and domain names, trade secrets, rights in unpatented know-how, rights of confidence and any other intellectual or industrial property rights of any nature including all applications (or rights to apply) for, and renewals or extensions of such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.

“**Background IPR**” is pre-existing IPR, which exists prior to the submission of any bids to the Challenge.

“**Foreground IPR**” is all IPR that is created by participants through a project funded by the Challenge.

Each participant should retain all rights in and to its background IPR, including where a bid involves more than one participant. However, an appropriate form of licence should be granted to all participants in any project, which is the subject of a bid, for the sole purpose of the project, in order to enable it to go ahead.

With regards to the ownership of foreground IPR, where a project funded through the Challenge involves more than one participant, then any jointly created IPR should be shared proportionately as agreed by the project participants, however where any IPR is created independently by one of the project participants, then it should be owned by the participant who created it, rather than by all the project participants.

You and your partners hereby grant to all appointed water companies (whether currently existing or existing in the future) in England and Wales (as listed or becomes listed at <https://www.ofwat.gov.uk/regulated-companies/ofwat-industry-overview/licences> or any subsequent or replacement list published by Ofwat) a non-exclusive, perpetual, sub-licensable, irrevocable, royalty-free licence to use it as outlined in clause 4.4 of the Terms and Conditions.

You can propose alternative IPR arrangements in your application form, which will be considered on a case-by-case basis. If you do, it is important for the bid to clearly show how the entry will benefit all customers of water companies and any alternative arrangements do not result in additional costs to customers.

## 7. More information and support for your application

For more information on the IWC, please review [the website](#), in particular the [Frequently Asked Questions](#).

Further details of events, including webinars, partnership brokerage sessions and recordings of these sessions will be updated regularly on the [website](#). For example, you can view the [recording of the webinar](#) on the 16 December about the IWC, together with a transcript of the session.

We will be reaching out to the water sector and beyond to explore what further support will be valuable. Please contact [waterinnovation@nesta.org.uk](mailto:waterinnovation@nesta.org.uk) if you have any ideas or questions on support.

# Innovation in Water Challenge



[waterinnovation.challenges.org](http://waterinnovation.challenges.org)