**Water Breakthrough Challenge live webinar transcript, 13 May 2021**

**Harry Armstrong (he/him), Ofwat:** All right thanks everyone, I think people are still joining, thanks everyone who's on the call and welcome the first Water Breakthrough Challenge webinar. So, we're going to be talking about the way the Breakthrough Challenge’s set up and how it works and an opportunity for Q&A bit later on.

So, things were going to cover today: as you can see on the screen, we're going to talk a bit about the Innovation Fund, I’m going to give a bit of an introduction and will give, again, a bit of an introduction to the five strategic themes that we've laid out where we want projects and entries to focus on. And then I’ll pass over to our partners, Nesta and Arup who are going to be talking through details of the Breakthrough Challenge in a little bit more detail, so talk about how it's going to work, what you can win, how to get involved etcetera etcetera, and then we'll finish on that Q&A session. So let's jump to the first slide. So as you will probably be very aware and with all the communications that we've been doing over the last, kind of more than a year, I guess, we are running an Innovation Fund, an Ofwat Innovation Fund funded by customer money. And there are two types of competitions two types of challenges that we're running as part of this Fund. The first one is the Innovation in Water Challenge, which is just finished and that's a smaller challenge with awards between 50,000 and 250,000 and we are now giving out about 2.1 million of that funding to 11 different projects, and you can find the data of those on the challenge website, which will be putting up later on. But today we're talking about the bigger challenge, the first bigger challenge that we're launching, which is called the Water Breakthrough Challenge. And this is a 40 million pound funding pot for much bigger projects between 1 million to 10 million pounds. Again these entries must be led by water companies and, but we were still seeking to drive more ambitious innovation and drive more risk taking within the sector through this Challenge, compared to the other Innovation Challenge. Again, enabling new approaches and ways of working and equipping the sector to address some of the big challenges that are covered within the innovation themes that I will come to in a second. Again, we're looking for partnerships and engagement across the sector and for these projects to really have the potential of deliver big impact and sometimes what we talk about as ‘transformational impact’ for the sector. So let's go to the next slide.

Part of the reason that we're running this fund, or part of the outcomes that we want to achieve through this fund, is sector wide impacts on innovation capability or capacity. And so, some of the things that we're trying to drive through the fund, as well as projects that will have the kind of impacts on customers, resilience, etc., that we want to see is it that it will drive a new way, a new culture within the sector around innovation. More openness, and that can be openness to risk or new ways of working or potentially to new partners. and better ways of managing innovation risk and more openness to risk, as we said. Collaboration: one of the things that we we don't think we see enough of in the sector is that broader collaboration. The IWC [Innovation in Water Challenge] has been a fantastic opportunity to see the extent to which water companies can work together on really interesting and valuable projects. But we want to see this extend beyond you know just wider water company and engagement and collaboration and into that broader sector and into other sectors. And so, hopefully there's more of an opportunity this time to do that. Adaptability, and so trying to change things, having the opportunity to do things in different ways, but also hopefully this fund will provide opportunities in which we actually opened up a bit more adaptability within the projects that have been run, so opportunities to test and fail or test and change course if that's what's needed. Scalability and deployability are big issues that keep coming up in the sector around innovation. So we see lots of pilots, but can we seek, you know, opportunities that actually take things that are demonstrated and build them out across, you know, different water companies and across the sector as a whole, we hope, through the bigger funds in this challenge that actually has more opportunities to do that. So we do hope that we see more of that within the entries for this competition. And, lastly, again, that really critical, really critical thing, which is that long term view. Innovation isn't about providing benefits necessarily straight away, for now; it's about creating opportunities for the future as much as delivering on the needs that we have today, so we're hoping that all the projects that come through, and particularly with that bigger chunk of funding available, that they will have that longer term view in mind. Great, so then, if we go on to the next slide.

What are those longer term challenges? Well, we've set out five strategic themes that we developed, partly through our consultations as of last year. These cover quite a wide range of different areas and everything from responding to climate change, restoring improving ecological status and long term operational resilience needs, new ways of conducting core abilities and supporting customers and delivering on that way to public benefit, wider public value; and last, exploring those opportunities around open data, and we feel like all of these areas are ripe for innovation. They provide enough openness, enough focus, we hope, for a good range of impactful projects to come through. So, yeah, so that is a background and kind of set up for what we're looking for, and what we want to see. I'm going to hand back over to Catherine now, who, I think, is going to take us through some more details on the Breakthrough Challenge, thank you very much.

**Catherine Thompson (she/her), Nesta Challenges:** Hi, my name is Catherine, and I work at Nesta Challenges, and we’re working on delivering the Breakthrough Challenge. So, the Water Breakthrough Challenge opened last week on the 6th, and it's open to stage one entries until the third of June 2021 at 12 noon BST. Please do go away and look at the Entrant Handbook ready to enter. It's really an opportunity to win between one and 10 million to kick-start, grow and scale initiatives. And we're really looking for, as Harry mentioned, really ambitious innovation and that has got quite high risk of failing. Actually we're looking at bringing different mechanisms and to support you to take that risk and look at different ways things could be. We want to see, within the entry themselves, an actual tangible benefit for customers, society and the environment. And we also kind of really keen to see new approaches and ways of working, which will really kind of contribute to that capacity and innovation capacity for the sector more generally. In terms of kind of the process, the stage one entry is now open and will be, as I mentioned, until the 3rd of June. Following that, we will then have a stage one assessment, where we will review all the entries received, and we will invite the most promising entries to stage two, where they will fill out a full entry form. The questions about stage one and stage two are all in the Entrant Handbook and there's also a Word document you can access those with the questions. People who are invited to stage two will receive an email and be invited to fill out that form on the 20th of June. And then they will have another month or so until the 30th of July to complete that entry form, again at 12 noon BST. And after that, we will have a judging phase and assessment, so again we'll have another team of technical investors from Arup reviewing all of the entries that have come through, and then we will send, share the best performing ones through, most promising ones through to judges. We’ll have a fabulous panel of six to eight judges, who will review each of the entries and recommend to Ofwat which entries should be funded. Ofwat will review and they will make the final decision on who ultimately get funded. And they will also look to publish a document to detail that decision that they've made there, in terms of successfully receiving funding. We'll then be announcing the winners, at the end of September this year, and so, if you are successful that's when you expect to hear that you have been successful. So again, just to recap, what you can win is a £40 million price funding which we expect to fund approximately £40 million, obviously depending on kind of makeup of the actual entries that come through. They can be anywhere between one and 10 million; and also we are open to accepting smaller value bids from smaller water companies, including NAVs. Please do get in touch before entering if you're interested in this, and the real aim of this option is to support water companies who otherwise wouldn't be able to participate, to take part in the Breakthrough Challenge. Entries must be 10% match-funded by entrants and it's really open to you, in terms of how you want to fund that 10%, as long as it's not customer money and you're not kind of adding additional costs to customers.

So who can enter? It needs to be one of the water companies in England and Wales who holds one of the licenses list. You can also see kind of a full list on our website, and it needs to be led by one of those water companies, and then they could partner with any organization they choose, including other water companies, SMEs, start-ups, academia, supply chain companies, water retailers, so, really kind of anyone can enter. And, and as I just said, a couple of things on the characteristics of entries. So, in terms of delivery timeline, we're really open to a really broad range of delivery timelines so please set out what these timelines are. You’ll probably have to put out things within a year, quite fast, rapid fire entries. But also really happy to see things that are multiyear and even potentially going beyond the current AMP cycle, which is the cycle that Ofwat uses for its price reviews, so really happy to see things moving beyond that, delivering beyond 2025. So really open to kind of a really broad range of delivery timelines. We would expect entries to begin within six months of being awarded funding. However, if you feel that can be really difficult for you and your project because of a kind of slightly longer mobilization period, please do set that out and then that would be acceptable, but ideally you would like to see things starting within six months of being awarded funding. The other kind of key thing that we've tried to set out in a bit of detail in the Handbook is around approach to risk, and really what we'd like to see is kind of some really pragmatic approach to risk within entries, and are welcoming you to set out milestones effectively where you enter partners would be able to kind of manage your project and look at kind of where the milestones are, where you determine whether you can kind of adapt or change your approach to delivery or actually kind of been really… If it's really, really clear that you're not no longer being able to achieve your intended impact, actually looking at kind of making a no-go decision, or whether you to kind of move forward with it as well. And would really welcome you to include those milestones, include that kind of reasons about why you choose to go through why you choose not to, and also how you might change scope or change your delivery plan to achieve your intended impact that you’ve initially entered into the fund. And we encourage you kind of look at how you can manage that, to enable you to have really quite high approach to risk of things that maybe haven't been proven. And to be really clear again, be very, very careful and kind of all of your environmental, health and safety risks. What we're really asking you to kind of look at here is actually the project risk and risk of failure or the kind of innovation that you're looking at in particular. In terms of kind of entry value and delivery costs, please do share with us the full cost of your entry and then share with us kind of how much partners are contributing or kind of getting contribution from elsewhere. We do we kind of feel all winnable and project delivery costs are eligible to be funded, but we'd like you to set those out and there'll be assessed along with, in terms of practicality and the commitment and assessment criteria, which Sophie is going to go through very shortly. But there is kind of further guidance within the Handbook, particularly around kind of covering labour costs and overhead costs, hich are kind of eligible to be funded as part of other project costs. And the other kind of key thing is we're looking to partnerships and looking for kind of collaboration across the sector as Harry mentioned so please do look at and explore partnerships based kind of new and existing, to the kind of how you have the most possible impact and drive the most benefit for customers society and the environment. Right, I'm going to hand over to Sophie to talk a bit more about the assessment criteria.

**Sophie England (she/her), Arup:** Thanks, Catherine. So I’m Sophie England I’m from Arup and I'm also helping to support deliver the Fund. So for what we're looking for, we have three categories, under which we're looking for our criteria and questions. So these are: positive impact for customers, society and the environment: innovation enablers and innovative solutions; and capacity, capability and commitment deliver. Some of you might recognize these from the Innovation in Water Challenge. But beneath these categories, we've also set criteria and questions to help us answer the criteria. If you get on to the next slide please. Great. So information on each of these criteria are provided in the Entrant Handbook and it sets out what good looks like for each of these criteria. The assessors will, I suppose, score your entries based on these criteria and in your entry form, there will be questions on each of these criterion. There is guidance on how to answer each of these questions in the Handbook. So I’d definitely recommend going to have a look at it. We’ve also got a separately available Word document for both stage one and stage two. though I would say the entry form itself on Submittable might be easier to look through, and you can save drafts and collaborate on that form and copy and paste if needed, just to make it easier to focus on Stage one for now. Next one.

Thank you, so as I mentioned there's an online entry form via Submittable, so we've had a week of stage one entry period so far, so you've got three more weeks to go, finishing [on the 3rd of June]. So, yeah and stage two is due to be starting on the 28th of June and will run for five weeks, although there is more information on the water innovation website. Thank you. So, in stage one will only request a narrative in the entry form as I've mentioned but, whereas for Stage two we will require further information from you, which includes narrative in the entry form; a completion of the templates that we've provided, which covers budget and programme and risks, etc. And also a live pitch of four minutes that we would invite you to pitch in. Next one, and I’ll hand back to Catherine for that I think.

**Catherine Thompson (she/her), Nesta Challenges:** Cool, and so we wanted to really reach right, please, please, please do read the Terms and Conditions before entering the Challenge, making sure that you're kind of happy with those when you do enter. The Terms and Conditions do give out quite a lot of details about the requirements of successful entries. And in particular there's some kind of requirements regarding the use of funding: so basically how would you use the funds and making sure that you kind of respect for the fact that it's kind of customer-funded. There is a kind of clause about the kind of open data by default way you should kind of look at having data and the learnings you have open, except for that whether there's a reason why that might not be possible. Those reports requirements around the 10% financial contribution; monitoring, reporting requirements and how you’ll have to kind of report back to us on your progress. Intellectual property rights and I do kind of highly recommend to do look at these intellectual property rights. There’s quite a few detailed questions on the entry form around those, so it might be worth kind of chatting through particularly with partners. Publicity and how you kind of share and spread the word, which is successful; conflict of interest and how to manage conflict of interest. And also, then the settlement arrangement, which is ultimately how your receive the funds to fund your entry, as the lead entrant.

And so just finally, it has the kind of how we are setting you up for success, we've been running these webinars just to kind of give you the information about entering in a slightly different format, I will reassure you that everything we’ve covered today is covered in the Entrant Handbook. We’re also setting up one to one surgeries. We’ve been running these for two weeks now and they’re kind of really well attended, you can effectively sign up for one of these sessions and then have just one to one time to talk through any questions you might have about entering and clarifying questions on a kind of more one to one basis. There’s also the Find a Partner page, which I would encourage you to look at, not only for this round of the Breakthrough Challenge, but also for future rounds and looking kind of forming those longer term partnership with water companies or, if you are a water company, with potential and other organizations. And, and finally kind of please use the Entrant Handbook as kind of your key resource; it's a little bit long, but hopefully super super useful and easy to navigate for all. And so we hope that's kind of a really useful resource and we really listen to a lot of people who have given feedback from the Innovation in Water Challenge that everybody wants to see a lot more detail in the Handbook. And so we’ve kind of really included a lot more information in there, including things like assessors guidance, that will be kind of given to assessors.