|  |
| --- |
| This is a template winner’s agreement for Water Breakthrough Challenge 3 for information purposes. Final winner’s contracts may be subject to change, and will have any changes from this template identified for review.   * Sections highlighted in yellow are sections that will be adapted for each winning entry. * Sections in magenta are changes since the Water Breakthrough Challenge 2. These additional clauses may only be applied to entries meeting certain conditions. * Sections highlighted in cyan are sections that are not intended for application within the Catalyst stream |

Company Name

Address

Company Number: x

Date

Dear Name,

Winner’s Agreement: Water Breakthrough Challenge Award Letter

Congratulations on Company (“**you**” and “**your**”) being selected as a winner of the Water Breakthrough Challenge (the “**Challenge**”) which is being run by Nesta and the Water Services Regulation Authority (“**Ofwat**”).

This Winner’s Agreement contains the terms on which you will be awarded a one-off cash sum (the “**Award**”) for the **Project** (as defined below). This Winner’s Agreement incorporates the Challenge terms and conditions set out at Annex 1.

The Award is being funded by Water Company[[1]](#footnote-2) customers and payment of the Award will be settled through the mechanism that has been agreed by the Water Companies. Please note that notice to Water Companies to transfer the Award to you will only be made on the condition that you accept and comply fully with the terms of this Winner’s Agreement.

Your selection as a winner of the Challenge and recipient of the Award is subject to the terms and conditions of this Winner’s Agreement. In the event of any conflict between the terms set out in this letter and the Challenge terms and conditions set out at Annex 1, the terms of this letter shall prevail.

Purpose of Award

1. You shall use the Award to deliver the project “**Entry Name**”, as described in more detail in your application to the Challenge and project plan attached at Annex 2 (the “**Project**”) and in accordance with the Project Milestones (defined below). You shall not use the Award for any other purpose.
2. *[Certain Transform entries only]* At each Project Milestone you shall update the Project description and Project plan (currently set out in Annex 2) to reflect the progress and development of your Project and shall provide Nesta and Ofwat with the updated version not less than 21 working days ahead of the next Project Milestone. These updates shall be subject to the written approval of Ofwat in each case. You may proceed to the next phase of the Project before you have obtained such written approval, but if you do so this is at risk of written approval not being provided and, without limiting clause 13, thereafter repayment of all or part of the Award being required.
3. Without limiting clause 2, you shall not make any material changes to your Project (as reasonably determined by Ofwat after consulting with Nesta), without the prior written consent of Nesta, as instructed in writing by Ofwat.

Amount and Period of Award

1. You shall be awarded the Award of £x.00 for the Project. The Award must only be used for the purpose of the Project and duration of the Project as set out in your application to the Challenge and project plan attached at Annex 2.
2. You shall ensure that the Award shall only be used towards a maximum of 90% (ninety percent) of the total costs of the Project. You have the flexibility to decide how the remaining costs (as outlined in your application) are funded, provided that it must not funded by charges to water customers in England and Wales.
3. The Award must be shown in your accounts as a restricted fund, restricted to the purposes for which it is given and for use only in accordance with the Project Milestones. The Award must not be included under general funds.

Cooperation with other Water Companies

1. In delivering your Project, you must make reasonable efforts to cooperate and work with the other Water Companies and (where relevant) their partners participating in the Challenge to ensure that all customers can ultimately benefit from the outcomes of the Project. For example (but without limitation) you should consider:
   1. [examples specific to the entry]

Publication of materials

1. As part of your Project you must ensure that the following materials are published to ensure that the Project learnings are freely available to the public without charge:
   1. [materials specific to the entry]

Timing of Award payments

1. Nesta shall notify the Water Companies that you have been selected as a winner of the Challenge and direct the Water Companies to make payment of the Award in accordance with the settlement mechanism that has been agreed between the Water Companies.
2. Nesta’s obligation to make notification pursuant to clause 9 is conditional upon your acceptance of, and full compliance with, the terms and conditions of this Winner’s Agreement.

Award Instalments and Project Milestones

1. The Award may only be used in accordance with the instalments and corresponding milestones set out at Annex 4, as may be updated from time to time with the written approval of Ofwat (respectively the “**Award** **Instalments**” and “**Project** **Milestones**”).
2. You shall promptly on request provide Nesta and Ofwat with an updated Annex 4 to take account of any Adjustments or other changes to the Award Instalments or Project Milestones.

Accountable Officer

1. You must appoint a person (the “**Accountable** **Officer**”) responsible for ensuring that you use the Award in compliance with this Winner’s Agreement, and notify us of the identity of the Accountable Officer on signature of this Winner’s Agreement. The prior written approval of Ofwat shall be required for a change to the Accountable Officer at any time should you wish to appoint as the Accountable Officer any person who is not the Chief Executive Officer or Chief Financial Officer of your organisation. If the identity of the Accountable Officer should change for any reason, you must notify us within 21 working days.
2. The Accountable Officer must maintain oversight of your use of the Award and:
   1. safeguard, control and ensure the efficient, economical and effective management of the Award;
   2. advise you on the discharge of your responsibilities under this Winner’s Agreement or any guidance or other information notified by Ofwat;
   3. ensure that principles of probity, robust governance, transparency and value for money are maintained at all times in relation to the Award;
   4. be responsible for signing the accounts relating to the Award, ensuring that they are properly prepared and presented and that proper accounting records are maintained in a form that complies with the Regulatory Accounting Guidelines as amended from time to time;
   5. ensure that conflicts of interest are avoided or managed in accordance with the requirements of the Challenge terms and conditions set out at Annex 1;
   6. cooperate with and provide all such information as Ofwat may reasonably require in connection with the Project and the use of the Award; and
   7. notify Ofwat in the event that you become aware that the Award or any part of it has been used in a manner not compliant with the terms of this Winner’s Agreement.

Reduction and Recovery of Award

1. Ofwat reserves the right to direct you to repay all or part of the Award if you fail to comply with any term of this Winner’s Agreement.
2. You must repay any part of the Award not spent at the end of the Project or (if earlier) at the date of termination (for any reason) of this Winner’s Agreement.
3. You must promptly repay any overpayment made to you for any reason in connection with this Winner’s Agreement. You must notify Ofwat of any overpayment as soon as reasonably practicable after you become aware of it.
4. Any repayment required to be made pursuant to clauses 15, 16 or 17 of the Winner’s Agreement must be made in accordance with any directions (including without limitation any reasonable timeframes) notified to you by Ofwat.

Managing the Award – advisory group, reporting, monitoring and evaluation

1. Ofwat reserves the right to require that specific skills or perspectives (as determined by Ofwat in its discretion) are represented on the Project advisory board. Where Ofwat elects to exercise this right, the appointment of individuals holding the required skills or perspectives shall be subject to Ofwat’s prior written consent (not to be unreasonably withheld or delayed).
2. You shall comply with all reasonable requests by Nesta and/or Ofwat to monitor and evaluate your Project including (without limitation) by:
3. participating in frequent update calls (no more than once per quarter) with Nesta and Ofwat at the times agreed with you in advance;
4. completing and submitting to Nesta quarterly reports and a final report in the manner and format required by Nesta and by the deadlines notified to you by Nesta. Your reports should include as a minimum the information set out in Annex 3 and you shall use reasonable care when preparing the reports. You acknowledge that Nesta may share these reports with its partners in the Challenge and Ofwat and your final report may also be publicly shared to enable others to benefit from your learnings; and
5. promptly providing such other information, updates and/or evaluation reasonably requested by Nesta and/or Nesta request in relation to your Project and your use of the Award.
6. You shall immediately inform Nesta of any significant delay, concern or problem with delivery of the Project or use of the Award.
7. Unless otherwise agreed by Nesta, you shall attend all of the Challenge events notified to you by Nesta.
8. You shall share all of your knowledge and learnings arising from your Project with the Water Companies (which includes New Appointments and Variations (NAVs)), including (without limitation) at the Challenge events, and permit them to use such knowledge and learning unconditionally.

Term and Termination

1. This Winner’s Agreement shall come into effect on its date and shall continue in full force and effect until the completion of the Project or (if earlier) its termination in accordance with clause 26 below. Clauses 15 to 18, 24, 26 to 28, 31 and 32 shall survive expiry or termination (for any reason) of this Winner’s Agreement.
2. Nesta may terminate this Winner’s Agreement immediately on written notice to you if:
3. you use all or part of the Award for purposes or costs other than those permitted under this Winner’s Agreement;
4. the delivery of the Project does not start within 6 months of the date of this Winner’s Agreement and you have failed to provide Nesta with a reasonable explanation for the delay;
5. you receive duplicate funding from a third party for the Project;
6. funding or third party support for the Project required pursuant to clause 4 above is not committed or is withdrawn for any reason;
7. any Water Company fails to make payment including any required repayment in accordance with the mechanism agreed between the Water Companies for the settlement of funding awarded through the Challenge;
8. you are in breach of any term of this Winner’s Agreement which is not capable of remedy or you are in breach of any term of this Winner’s Agreement which is capable of remedy but you fail to remedy such breach within 30 days of receiving written notice from Nesta;
9. you or any of your directors or senior management team or anyone involved in the Project acts dishonestly or is subject to a regulatory or police investigation, takes any action which, in Nesta’s reasonable opinion, is likely to bring the Challenge and/or the name or reputation of Nesta or Ofwat into disrepute, or where there is evidence of financial mismanagement;
10. there is a material change to your constitution, legal form or ownership or you merge with or transfer a substantial part of your assets or activities to another organisation without seeking Ofwat’s prior written approval; or
11. you cease to operate for any reason, become insolvent or are declared bankrupt, are placed into receivership, administration or liquidation, have a petition presented for your winding up, enter into any arrangement or composition for the benefit of your creditors, are unable to pay your debts as they fall due, or in our reasonable opinion, any such event is likely to happen.

Audit and inspection

1. You must comply with the Regulatory Accounting Guidelines as amended from time to time. You shall allow Ofwat and/or its representatives to visit your premises and/or the sites at which your winning project is being carried out and/or inspect your activities and/or examine and take copies of such documentation at any time on reasonable notice.

Liability

1. Neither Nesta and its partners nor Ofwat shall have any responsibility or liability to you or anyone else however arising, whether direct or indirect, out of or in relation to your Project including (without limitation) the non-payment or delay in payment of the Award. Nothing in this Winner’s Agreement excludes or limits Nesta, its partners or Ofwat’s liability for death or personal injury caused by its negligence or fraudulent misrepresentation.
2. Ofwat shall have the benefit of and be entitled to enforce clauses 4, 11 to 14, 15 to 23, 26 to 32 of this Winner’s Agreement. Except for the forgoing, no person who is not a party shall have any rights under or in connection with this Winner’s Agreement.

Variations and amendments to this Winner’s Agreement

1. This Winner’s Agreement, including its Annexes, constitute the entire agreement between you and Nesta in respect of its subject matter. No variation or amendment of this Winner’s Agreement shall be effective unless agreed by Ofwat (acting reasonably) and made in writing and signed by Nesta and you.
2. You may not assign, transfer or novate your rights or obligations. Nesta may assign, transfer or novate any or all of its rights or obligations under this Winner’s Agreement to anyone else with approval from Ofwat (not to be unreasonably withheld or delayed).

Dispute Resolution and Governing Law

1. Without prejudice to any other remedy Nesta or Ofwat may have under applicable law, in the event of any disagreement between you and Nesta and/or Ofwat (as appliable), then we shall each attempt in good faith to negotiate a resolution and such efforts shall involve the escalation of the dispute to an appropriately senior representative of you and Nesta and/or Ofwat (as applicable).
2. This Winner’s Agreement shall be governed by and interpreted in accordance with the laws of England and Wales and you hereby submit to the exclusive jurisdiction of the English courts.

Please read this Winner’s Agreement (including its Annexes) carefully and then sign where indicated below to confirm your acceptance of its terms. If you have any queries at all about this letter, please feel free to contact Catherine Thompson at [waterinnovation@challengeworks.org](mailto:waterinnovation@challengeworks.org?subject=Attn:%20Catherine%20Re:%20Winner's%20Agreement%20Template).

Yours sincerely,

Tris Dyson, Managing Director, Challenge Works, Nesta

Date:

I have read and understand this Winner’s Agreement (including its Annexes) and accept them on behalf of company.

Name, Job Title

Date:

## Annex 1

**Water Breakthrough 3 Challenge Entrant Terms and Conditions**

[Terms and Conditions as <https://waterinnovation.challenges.org/breakthrough3/terms-conditions>]

**Annex 2**

## The Project

## Annex 3

## Reporting Requirements

To support the monitoring of your project, and evaluation of the Water Breakthrough Challenge and Ofwat Innovation fund, we will collect data from you regularly. The questions below are a guide for the level of reporting that will be required; questions may be subject to change.

We will collect data from you:

* At project initiation (Baseline Report)
* Quarterly during delivery (Quarterly Reports and Annual Additional Report)
* At project completion (Final Report)

We may also ask you to report on the impact of your initiative after project completion.   
We may also ask you to meet with us quarterly after completing the below reports.

The monitoring focuses on 4 key facets:

* **Inputs**- The resources required to achieve the programme objectives (this includes programme, expenditure and costs, risks, including any approvals and consents required, and project partners).
* **Outputs**- The direct result of the activity, e.g. technological progress, or increased knowledge (this includes lessons learnt and any changes in approach)
* **Outcomes**- The changes or benefits that result, generally to the direct beneficiaries of the programme e.g. benefits to the environment resulting from the innovation (these are different for each project and will be based on the SMART outcomes included in the original entry)​
* **Impact**- The final, wider changes that result from the programme (these are different for each project and will be based on the impacts included in the original entry)

Baseline Report

1. Has your project changed from your original entry in relation to scope, approach or outcomes?
   1. Significant change (change in focus/outcomes or significant change in approach/method of project or significant change to programme/timeline)
   2. Other changes (e.gs skills sets/technology etc.) - narrative to explain

Inputs

1. Please complete the spending profile template provided.
2. Please report on project programme:
   1. Which project milestone are you current in?
   2. What date will this project milestone be completed?
   3. What is the cost of this milestone?
   4. Projected percentage completion over the next quarter
   5. Have there been any changes to the project programme or milestones not set out in your original entry or in the previous quarterly report? For example, change in dates or scope of milestones, change in project partners, changes to funding or additional sources of funding. If yes, please provide detail.
3. Are there any critical risks which may impact the project in the next 2 quarters? (y/n)
   1. If yes, please provide further information such as likelihood, impact, mitigation and residual risk after mitigation (using the same methodology as the entries risk register).
   2. Is the project exposed to any new, significant risks not already identified in your project risk register?
   3. If yes, please provide a narrative, including likelihood, impact, mitigation and residual risk after mitigation (using the same methodology as the entries risk register) alternatively please provide an updated risk register highlighting any new risks.
4. Please report on the project expenditure and costs:
   1. Budget actual spend to date (if applicable)
   2. Percentage of total budget spent
   3. Budget forecast to date
   4. Budget forecast for next quarter
   5. Total budget remaining
5. Please detail any deviations and provide supporting information

Outputs

1. What stage of innovation project stage is the project at?
   1. Stage of innovation project stage now
   2. Projected innovation project stage over the next quarter
2. For each of the below, is the project able to meet the original objectives and benefits set out in your original entry. If no or if there are any deviation from original please provide further narrative:
   1. Plan for implementation and dissemination of enablers should include SMART objectives (Question 2.2.4- stage 2)
   2. Plan of how the entry is intending to provide benefits, address water sector wide needs, or be used to improve operations across numerous geographies, businesses, and scenarios. (question 2.3.3)

Outcomes

1. Please provide all of your project outcomes (set out as SMART objectives)

Impact

1. Please provide your project’s intended wider impacts and benefits (both direct and indirect)

Challenge Evaluation

1. What is your opinion of the Water Breakthrough Challenge?
2. Is there any feedback you wish to share with Ofwat or the delivery partners regarding the Water Breakthrough Challenge?

Quarterly Report

1. Has your project changed in relation to scope, approach or outcomes?
   1. Significant change (change in focus/outcomes or significant change in approach/method of project or significant change to programme/timeline)
   2. Other changes (e.gs skills sets/technology etc.) - narrative to explain

Inputs

1. Please report on project progress:
   1. Which project milestone are you current in?
   2. What date will this project milestone be completed?
   3. What is the cost of this milestone?
   4. Percentage total project completion to date
   5. Forecast percentage total project completion to date
   6. Projected percentage completion over the next quarter
2. Are you meeting all of the tasks set out for this quarter?
   1. If no, please provide further information
3. Have there been any changes to the project programme or milestones not set out in your original entry or in the previous quarterly report? (for example, change in dates or scope of milestones, change in project partners, changes to funding or additional sources of funding) (y/n- if yes please provide narrative).
4. Are there any critical risks which may impact the project in the next 2 quarters?
   1. If yes, please provide further information such as likelihood, impact, mitigation and residual risk after mitigation (using the same methodology as the entries risk register).
5. Is the project exposed to any new, significant risks not already identified in your project risk register?
6. If yes, please provide a narrative, including likelihood, impact, mitigation and residual risk after mitigation (using the same methodology as the entries risk register) alternatively please provide an updated risk register highlighting any new risks.
7. Please report on the project expenditure and costs:
   1. Budget actual spend to date
   2. Percentage of total budget spent
   3. Budget forecast to date
   4. Budget forecast for next quarter
   5. Total budget remaining
8. Please detail any deviations and provide supporting information

Outputs

1. What stage of innovation project stage is the project at?
   1. Stage of innovation project stage now
   2. Projected innovation project stage over the next quarter
2. For each of the below, is the project able to meet the original objectives and benefits set out in your baseline report. If no or if there are any deviation from original please provide further narrative
   1. Plan for implementation and dissemination of enablers should include SMART objectives (Question 2.2.4- stage 2)
   2. Plan of how the entry is intending to provide benefits, address water sector wide needs, or be used to improve operations across numerous geographies, businesses, and scenarios. (question 2.3.3)
3. Have you identified any key insights or lessons at this stage?
4. What have you learnt over the last quarter which will inform your plans for the remainder of the project?
5. What has worked better than expected?
6. What problems/barriers/challenges have you encountered and how have you addressed them?

Challenge Evaluation

1. What is your opinion of the Water Breakthrough Challenge?
2. Is there any feedback you wish to share with Ofwat or the delivery partners regarding the Water Breakthrough Challenge?

Annual Additional Report

These questions will be asked in addition to the quarterly questions on an annual basis.

Outcomes

Note: Project outcomes have been provided project by project basis based on the response to question 1.3.3. in the entry.

1. Are these outcomes still achievable for this project? If no what are your updated project outcomes?
2. What have you achieved during this project so far that works towards your final outcomes?  For example, reflections may include details of publications, engagement activities, sharing/use of shared data/intellectual property, awards/recognition, influence on policy, new products and processes.

Impacts

Note: Intended wider impacts and benefits (both direct and indirect) are to be provided on a project-by-project basis based on the response to question 1.3.5.in the entry.

1. Are these impacts still achievable for this project? If no what are your updated project impacts?
2. What have you achieved during this project so far that works towards your impacts?  For example, behaviour change, new research/innovation tools and methods, key lessons learnt

Final Report

Inputs

1. At completion what percentage of your original budget have you spent?
2. Did your project plan evolve over the course of the project, and what factors contributed to this?
3. Where the approaches used in the project more innovative than existing practice? How was this measured?
4. Did any of your risks set out in your risk register materialise? If so, were your mitigation approaches affective? Were there any key learnings from this?

Outputs

1. What where the key findings from your project?
2. What innovation project stage did your project achieve at completion?
3. Have you implemented your plan for scale up and/or roll out?
4. Has this plan for scale up and/or roll out changed since your original entry? If so please provide details
5. Have you deployed your plan for implementation and dissemination? Have there been any lessons learnt from this process?
6. Tell us about your partnership arrangements and how they have encouraged new ways of working or thinking? What have you learnt from this experience?
7. What are your key next steps or recommendations based on the outcomes of your project?
8. What benefits have you achieved?
9. What contributed to or hindered the achievement of these benefits?
10. In achieving your benefits, did this challenge any assumptions you originally made when developing them?
11. Were the project benefits achieved in a timely fashion? If not what where the barriers or challenges to hold back this programme?

Outcomes:

1. To what extent have you achieved the outcomes/benefits? for customers, society and/or the environment that you outlined in your entry?
2. Did you achieve these outcomes in the way you expected in your original proposal? If not, what approach did you use?
3. Were the project outcomes dependent on your context, and how might this effect the replication of impact in other situations?

Impact

1. To what extent have you achieved your expected impact?
2. Have your expectations for long term impact changed? If they differ, what explanation might there be for this?
3. Have you quantified any benefit? Please provide further details including any methodologies use.

## Annex 4

## Award Instalments and Project Milestones [Version for entries with sequential phases]

(may be updated from time to time with the written approval of Ofwat)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Phase budget including financial contribution (£) | Award Instalment (£) | Project Milestone | Expected completion date |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |
| 4 |  |  |  |  |
| 5 |  |  |  |  |
| Total |  |  |  | |

## Annex 4

**Award Instalments and Project Milestones** *[Version for entries with sequential phases]*

(may be updated from time to time with the written approval of Ofwat)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Phase | Phase Budget Including financial contribution (GBP £) | Award Instalment (GBP £) | Project Milestones to be achieved to unlock award instalment | Phase Name | Expected Start Date |
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|  |  |  |  | Project Closure |  |
| **Total** |  |  |  |  |  |

Detailed Project Milestone Description

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| Project Milestone # | Project Milestone |
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1. (a water and/or sewerage undertaker holding an appointment under Chapter 1 Part 2 of the Water Industry Act 1991 see https://www.ofwat.gov.uk/regulated-companies/ofwat-industry-overview/licences ). [↑](#footnote-ref-2)