

## Frequently Asked Questions (FAQs)

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# 1. About the Fund

## 1.1 How were the four strategic innovation themes developed?

[The four strategic innovation themes](#) set out the big challenges facing the sector that would benefit from additional innovation.

Through the competitions, the Ofwat Innovation Fund supports initiatives that can deliver significant value for customers, society and the environment aligned with one or more of these themes. We consulted on these themes and published the five strategic themes in our [policy decision document](#) in August 2020.

Following the feedback we received during the pilot period, we consulted on updating the strategic innovation themes in April 2022 to align more closely to the [2050 water innovation strategy](#) and the UK Government [Strategic Policy statement](#) (please visit the [Ofwat website](#) to see responses to all consultations).

As a result, four updated themes for 2022–25 were published in our [policy decision document](#) in July 2022. We no longer explicitly reference open data or vulnerability in the themes. However, both would be implicit in theme 4 (and others), and both would easily be a means to fulfil this theme.

While no longer explicitly referenced in the themes, enabling activities are still very important to drive innovation in the sector and have a key role to play in helping the Fund achieve its outcomes. We invite entries in this important area as they will support the Fund's ambition to embed innovation practices and knowledge within water companies (and the sector) for the long term.

## 1.2 Who is funding the Innovation Fund?

The Innovation Fund is financed by household water and wastewater customers in England and Wales.

## 1.3 When are the next competitions?

Ofwat have proposed to continue both the [Water Breakthrough Challenge](#) and the [Water Discovery Challenge](#) to 2030 – [you can read the consultation on Ofwat's website](#). Further details will be published alongside the PR24 Final Determinations in late 2024.

## 1.4 What do you mean by 'benefits for customers'?

One of the priorities for Ofwat's Innovation Fund is enabling the water sector to better meet the evolving needs of its customers. This is focused on household customers in

England and Wales, although benefits to non-household customers are also encouraged. All entries that propose primarily to benefit non-household customers must also demonstrate how the proposal can benefit household customers.

Entries should clearly explain how the proposed innovation will make a difference for customers – for example, by lowering costs, giving them insights to help them plan their water use, or improving their experience of their local water environments.

## 2. The Water Breakthrough Challenge Round 5 ('Breakthrough 5')

### 2.1. How is Breakthrough 5 different from previous competitions in the Innovation Fund?

Breakthrough 5 has been designed to be consistent with round 4, with most features remaining the same.

In Breakthrough 5, Ofwat is encouraging a **greater focus on generating and sharing knowledge, and rolling out successful innovations**. The entry form questions and guidance have been updated to reflect this ambition.

In consultation with the water companies, timelines continue to be streamlined compared to previous rounds. The aims are to: improve process efficacy; increase visibility across the Streams; ensure a streamlined approach to portfolio recommendations based on gaps in the market and various levels of innovation risk; and manage entrants and winners of the competition as a unified cohort.

In particular, **Stage 1 of the Transform stream entails a more concise entry form**, requiring entrants to provide high-level information on the initiatives within a three-week entry period. As part of Stage 1 Assessment, **all entrants to the Transform stream will be offered a live Q&A session with the assessors** aimed at facilitating a dialogue between assessors and entrants early on in the Transform entry process. This will also allow assessors to clarify detail to inform decisions as to which entries are taken to Stage 2.

As well as the streamlining of the Stage 1 entry form for the Transform stream, the **guidance across the entry forms for both streams has been strengthened**, and the flow of questions improved. As part of this, the criteria for questions on risk (1.4 and 3.5) have been modified to focus on potential benefits even if the project fails, alongside the question on risk. The word count allowance for questions across criteria 1 and 2 has been increased in both the Catalyst and Transform Stage 2 entry forms to allow for greater detail in responses. New in this round is a specific question about any charges to water customers to deliver the entry.

To give a more visual representation of each entry's timelines and phases, the entry template has been updated to request that entrants provide a high-level Gantt chart alongside the table detailing delivery phases.

Finally, entries to Stage 2 of the Transform stream that align with the Water Cycle Tags\* of Water Abstraction & Storage, Water Treatment, or Water Network (as selected by entrants in the entry form) may be referred to the Drinking Water Inspectorate (DWI) for additional review. Entries that do not select these categories but still relate to drinking water may be flagged by assessors for DWI review. DWI's views may in turn be provided to judges and Ofwat to aid their decision-making, however, all funding decisions will be made in accordance with the published assessment criteria.

\*You can see more about Water Cycle Tags in section 4.2.

## 2.2 What are the key dates and stages for Breakthrough 5?

The two Streams of Breakthrough 5 have slightly different key dates, as the Transform Stream has a two-stage entry process:

### **Catalyst stream**

The Catalyst stream opens for entries on 9 September 2024 at 12 noon (BST)

The Catalyst stream closes for entries on 6 January 2025 at 12 noon (GMT)

### **Transform stream**

Stage 1 opens for entries on 9 September 2024 at 12 noon (BST)

Stage 1 closes for entries on 30 September 2024 at 12 noon (BST)

Stage 1 live Q&A with assessors will take place between late October and early November 2024

Stage 2 opens for entries on 18 November 2024 at 12 noon (GMT)

Stage 2 closes for entries on 13 January 2025 at 12 noon (GMT)

### **Both streams**

[Breakthrough 5 Launch Webinar](#): 10 September 2024 from 11.30 am to 12.30 pm

Judging Panel meeting (including Q&A with judges): 1-3 April 2025

Winners announced: By mid-May 2025

Winners' onboarding event: 17 June 2025 from 1 to 3 pm

## 3. Who can enter and partnership arrangements

### 3.1 Who can enter Breakthrough 5?

The lead entrant must be one of the [licensed water companies or NAVs in England or Wales](#). We strongly encourage lead entrants to enter the Challenge in partnership or consortia.

We encourage water companies and third parties to actively establish new partnerships to enter the Challenge. Partners of water companies do not need to be based in England and Wales.

Water companies can enter in partnership with any organisation within and outside the water sector and internationally. Examples include, but are not limited to: academia, water retailers, start-ups, and small businesses across sectors such as energy, manufacturing, health or financial services.

### 3.2 Can organisations other than the water companies in England and Wales lead entries to the Water Breakthrough Challenge?

For Breakthrough 5 water companies, including NAVs, are required to be the lead entrant. Other organisations, in partnership with the lead entrant, can develop the entry. If the entry is successful, entry partners will have access to the funding via the lead entrant.

For the Catalyst Stream, partners other than the lead water company can submit the entry via Submittable, which will then be shared with the lead entrant water company for validation.

### 3.3 Who would be the signatory of the winner's agreement if partners are submitting an entry to the Catalyst Stream?

A senior, accountable person employed by the lead entrant, i.e. the lead water company indicated in the entry, will act as the signatory.

### 3.4 I'm a water retailer. Will I be able to access the funds directly in future rounds?

As a water retailer, you are able to enter Breakthrough 5 as part of a partnership or consortia led by a registered water company (including NAVs) in England and Wales.

The first Water Discovery Challenge was open to organisations other than water companies as the lead entrant. The Challenge is now complete and [the Winners have been announced](#).

### **3.5 For how long should partnerships be in place?**

Partnerships should be in place for as long as is required for successful delivery of the initiative. Successful entries will provide evidence to the judges to demonstrate the strength of collaboration arrangements through the entirety of the initiative or project life cycle.

We recognise that it takes time to forge good relationships, so we'd encourage you to plan early and also have an eye on future competition rounds. We recommend that you do not wait for a competition to open to start developing relationships to ensure sufficient time is allowed to nurture relationships and hone entry ideas.

### **3.6 Do you have any advice for organisations from outside the water industry to find partners?**

Please review our ['Find a partner' page](#) for up-to-date information on working with the water sector.

### **3.7 Can partners who have already worked together enter?**

Organisations that have already worked together are welcome to enter. We strongly encourage the formation of new partnerships that bring additional value to individual entries.

### **3.8 What is the preferred partnership or consortium set up? Is a large consortium of organisations more likely to win funding than a group of two or three organisations?**

We have not set out a preferred make up of partnership/consortia as we do not want to restrict any opportunities at this stage. Entries will be assessed against the assessment criteria.

You can read the full assessment categories and guidance for each stream of Breakthrough 5 on their dedicated pages:

[Catalyst stream](#)

[Transform stream](#)

### **3.9 Who will be responsible for the legal agreements between participating companies?**



The lead entrant (a water company, including NAVs) of any successful entries will receive the funds and is responsible for any relevant legal agreements.

It is a contractual matter between members of a partnership to make their own arrangements on how the funds and responsibilities will be split and allocated between different parties within the partnership. This also applies where there is a consortium of water companies.

The Fund strongly encourages entrants to develop collaboration agreements in advance of the project start to avoid delays if the entry is successful. You are welcome to use the [template collaboration agreement available on our website](#).

## 4. Your initiative for entry

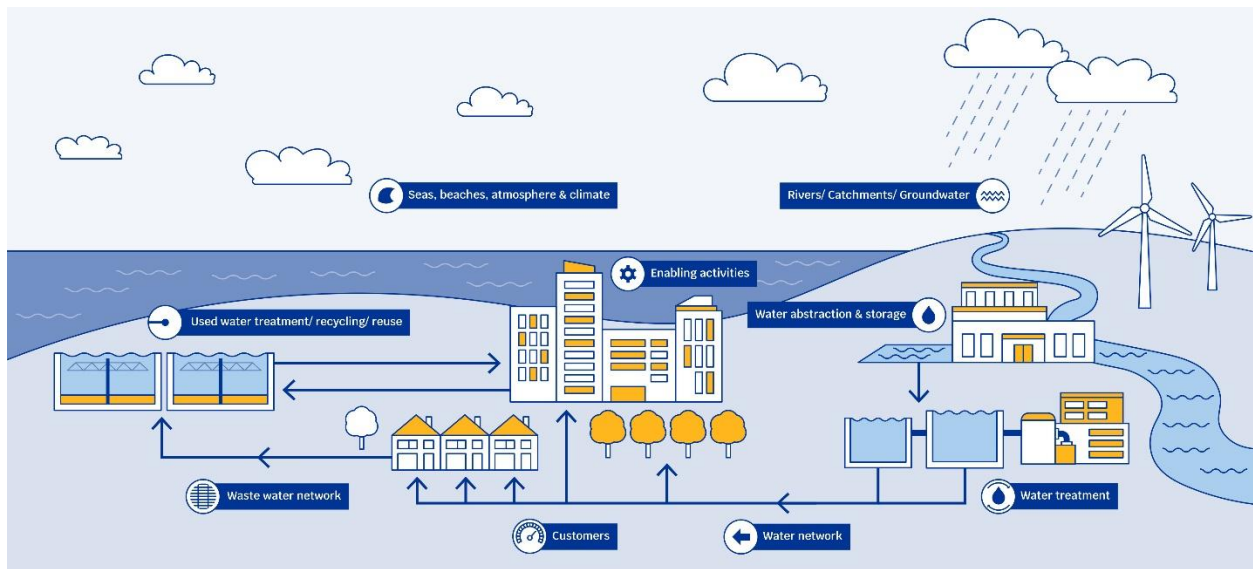
### 4.1 What kind of entries are you looking for?

Both streams of Breakthrough 5 are looking for your ideas that address the big challenges facing the water sector – guided by [Ofwat's four strategic innovation themes](#). We aim to fund a wide range of entries that will showcase a diverse mix of innovative ways of working and solutions.

See sections 'What we are looking for' and 'Entering the Catalyst/Transform stream' of the Entrant Handbooks ([Catalyst](#) and [Transform](#)) for more details on what we are looking for and the assessment criteria for both streams.

### 4.2 What is a Water Cycle Tag?

Water Cycle Tags refer to specific parts of the water cycle, which are shown in the diagram below. You will be asked in your entry form to specify which Water Cycle Tags apply to your project.



### 4.3 Can you enter with a pre-existing initiative or project?

We seek innovative entries that go beyond business as usual to deliver tangible benefits for customers, society and the environment.

You should not enter with business initiatives as usual, but you can enter with initiatives that are part of a larger initiative or project.

The scope of the initiative you are entering should be made very clear. Please note, the entry will be assessed based on what will be delivered as part of that scope rather than the scope of any wider initiatives.

### 4.4 Can I submit the same entry to future rounds?

The same entry may be submitted to future rounds, provided it can comply with the criteria for that round.

We will aim to provide clear feedback to support further development of unsuccessful entries. The same entry should not be resubmitted until relevant feedback has been considered.

We are also open to winners using later competition rounds to further the development of a previously successful entry – subject to continued compliance with the criteria for that round, including evidence and assurance that there is no double funding.

### 4.5 Will you welcome projects that move across several innovation stages (a 'stage-gate' approach, e.g., taking the initiative from pilot to rollout)?

Yes. We are seeking ambitious and innovative entries. However, we recognise that audacious “sector-changing” plans can present risks. As such, we actively encourage entrants to use stage gates as part of their governance plans to mitigate innovation risks. This is an established approach to innovation and project management.

Entrants will be responsible for managing delivery against milestones and adapting delivery to realise the intended impact most efficiently and effectively, with the support of Ofwat and the Breakthrough 5 delivery partners. Please note we are unable to offer partial funding, so the decision to fund or not fund is made against the entire entry.

#### **4.6 What is your advice on delivery timeframes for the initiatives funded through Breakthrough 5?**

We are open to a wide range of project delivery timelines, from less than a year to multi-year periods that continue beyond 2025. There is no requirement for delivery to be completed within the current asset management plan (AMP) period.

We expect initiatives entered into Breakthrough 5 to start within six months of being awarded funding. While we recognise that particularly complex entries may require a longer mobilisation period, based on past winners’ experience and feedback, we strongly encourage entrants to consider the following points in advance of the project start to avoid delays if the entry is successful:

- Ensuring you've agreed on how the project will be governed and the role of each partner.
- Ensuring you have started discussing contractual arrangements with partners, including developing collaboration agreements and allowing sufficient time in the project plan for these to be completed (if they aren't already in place). [A template collaboration agreement is available on our website.](#)
- Considering your procurement needs and possible supply chain delays
- Considering any regulatory requirements: You may wish to reach out to [StreamLine](#), the regulatory advice service for innovators in England and Wales, run jointly by Ofwat, the Drinking Water Inspectorate and the Environment Agency.
- Considering resourcing requirements for each stage of the project, with mitigations in place for any changes.

#### **4.7 Can the initiative be carried out between the sites of the partners and not solely the lead entrant?**

The location of work will be up to those submitting the entry.

## 4.8 Can I enter the Catalyst stream of the Breakthrough Challenge if I am unsuccessful in Stage 1 of the Transform stream?

In exceptional circumstances, some unsuccessful entrants to Stage 1 of the Transform stream might consider entering the Catalyst stream (which closes on 6 January 2025) with a revised entry.

Unsuccessful entrants to Stage 1 of the Transform Stream will be required to confirm in writing if they plan to enter the Catalyst Stream **by 12 pm (GMT) on Friday 22 November 2024**.

Further information about this option has been included in Appendix 2 of the Entrant Handbooks ([Catalyst](#) and [Transform](#)), and the [terms and conditions](#) of the Challenge reflect this opportunity. Please note, this does not represent a recommendation from the Fund to enter the Catalyst stream. Entering the Catalyst stream after the Transform stream will not in any way guarantee that your entry will be successful in winning funding. All entries to the Catalyst stream are subject to the same entry process, terms and conditions, and assessment.

## 5. Entering the Water Breakthrough Challenge

### 5.1 What will I need to submit to enter Breakthrough 5?

A summary of what you are required to submit to enter Breakthrough 5 is provided on the '[Get involved](#)' page.

### 5.2 How many entries can I submit?

You can submit as many entries into the Challenge as you like, providing each entry is for a different initiative. We will ensure that we progress a diverse portfolio of entries in terms of entry themes, types, entrants and geographic location.

### 5.3 Is there an opportunity to upload Letters of Support in the entry?

Assessment only considers the formal consortium proposed to deliver the project, with relevant financial and non-financial contributions detailed in the entry form. However, it is positive to see these letters of support; historically we have seen some entrants referencing any informal support received directly in their answers, without producing the letters at the entry stage.

### 5.4 Can I switch between the two streams of Breakthrough 5?

You will not be permitted to switch streams once you have submitted your entry.

If you enter the Transform stream and are unsuccessful at Stage 1, you are considered to have exited the Challenge altogether.

However, if you are unsuccessful in Stage 1 of the Transform stream, you may enter the Catalyst stream if the entry meets all of the eligibility criteria. Your likelihood of success does not increase in the Catalyst stream if you have previously entered the Transform stream. Beyond standard feedback provided at the sole discretion of the Fund, no assistance can be provided by Ofwat or the delivery team to any entrant. Further information is available in Appendix 2 of the Entrant Handbooks ([Catalyst](#) and [Transform](#)).

## 5.5 I'm entering the Transform Stream – what will happen if I'm invited to Stage 2?

If you're successful in Stage 1 of the Transform stream, you will be invited to Stage 2 when it opens on **18 November 2024 at 12 noon (GMT)**.

You will have access to your entry again in Submittable, and the entry form will have been updated to reflect the changes set out in the Entrant Handbooks ([Catalyst](#) and [Transform](#)). You can change answers to all your questions in this period, provided that the entry remains consistent with what was submitted during Stage 1.

It is at that point that Transform entries will be requested to book a pitch recording session.

Once Stage 2 closes on 13 January 2025 at 12 noon (GMT), your entry will be completely reassessed. This may be by a different assessment team who first reviewed your entry.

## 5.6 What is the entrants' role during the judging stage in April?

In light of its streamlined approach, Breakthrough 5 will continue the single, unified judging panel to review entries to the Catalyst and Transform streams.

Following successful use in previous rounds, Breakthrough 5 will also offer the opportunity of a **live Q&A session for the entrants of Transform Stage 2 and Catalyst streams to respond to judges' questions** as part of the entry process. Please note entrants will not be requested to pitch to the judges in this round.

## 5.7 Is the entry to the competition confidential?

All answers in this entry form are treated confidentially except 0.1 (Entry title) and 0.2 (Entry Description) in the 'General information' section of the entry form.

Ofwat may include non-confidential information about your entry in decision documents and other publications.

Please refer to the Challenge [terms and conditions, 'Publicity' section](#), for more information.

## **5.8 Can you accommodate reasonable adjustments to support me to enter?**

We are committed to enabling a diverse range of entrants to enter Breakthrough 5. If there are any reasonable adjustments that would support you to enter, catering for any additional needs you may have, please contact [waterinnovation@challengeworks.org](mailto:waterinnovation@challengeworks.org).

## **5.9 I can't seem to work on multiple entry drafts on Submittable; what should I do?**

If you wish to work on more than one draft of the online entry form during the entry period, please contact the team at [waterinnovation@challengeworks.org](mailto:waterinnovation@challengeworks.org) for assistance.

## **5.10 Can I transfer ownership of a Submittable entry?**

You can now transfer ownership of a Submittable entry to another user at any time. You can see guidance on how to do this [on Submittable](#).

## **5.11 I need help using Submittable; what should I do?**

If you're having any problems with Submittable, please contact the team at [waterinnovation@challengeworks.org](mailto:waterinnovation@challengeworks.org) for help. There are self-service help files available directly [from Submittable](#).

## **5.12 When I export from Submittable, the rich text formatting is removed; what can I do?**

Unfortunately, the export feature in Submittable strips away any rich text formatting, such as bold, italics and bullet points. Submittable is exploring adding exporting rich text formatting in their development roadmap, but please be reassured that assessors and judges have access to review your entry directly on Submittable so they can see entries with all the formatting that is input when you submit.

## **5.13 I'm having problems uploading attachments in Submittable; what should I do?**

There are known issues with using Submittable when using certain firewalls, which block the ability to upload documents to Submittable. At this time, we are aware that this most commonly affects entrants using Submittable while the Dwr Cymru Welsh Water firewall is active.

Where possible, please save your entry and attempt to use a device not using a firewall, but if this isn't possible or practical, please feel free to send any relevant attachments to [waterinnovation@challengeworks.org](mailto:waterinnovation@challengeworks.org) with reference to your entry, and we will attach them on your behalf.

## **5.14 I have a question about the entry process; what should I do?**

We offer one-to-one surgery sessions during the entry period to give entrants an opportunity to ask questions about the entry process. They aim to help clarify publicly available information and support entrants in understanding the guidance currently available.

You can sign up for a 15-minute session, and one or more members of the delivery team from Challenge Works, Isle and Arup will aim to answer all your questions on the short call. If we aren't able to answer your question on the day, we will then go away and aim to get back to you as soon as possible with an answer. You can sign up for a Catalyst session [here](#) or a Transform one [here](#). You will be asked to tell us about your query when signing up. This is to ensure that we get the relevant people onto the call.

You are welcome to book as many surgery sessions as you wish, and you can bring along multiple team members.

Surgery sessions will be carried out using Zoom. If this is a technical issue for you, please email us at [waterinnovation@challengeworks.org](mailto:waterinnovation@challengeworks.org), and we can organise a phone call or use Microsoft Teams.

Please note the delivery team will not be able to provide any guidance on entries themselves through the surgery sessions.

## **6. Pitch Recordings**

### **6.1 What are pitch recordings, and what should they look like?**

Pitch recordings are short video recordings that are viewed alongside your entry to help assessors and judges understand and review your entry. These must be recorded during the entry period by booking a pitch recording session with the Challenge delivery team. You can book your pitch recording session for the [Catalyst stream](#) or the [Transform stream](#) (Transform link will be made available when Stage 2 opens).

Within your pitch, you should outline:

- The problem the entry aims to address and what benefits it will have for customers, society and/or the environment if successful. As a guide, we suggest this should be around a quarter of your pitch.
- What is innovative about your entry? As a guide, we suggest this should be around a quarter of your pitch.
- What you intend to do within your entry, focusing on the activities you will undertake. As a guide, we suggest this should be around half of your pitch.

You are welcome to use slides or other visual aids within your pitch recording. The entry form allows you to upload any presentation/visuals used in the pitch recording (optional).

For the Catalyst stream, pitch recordings are required and should be no longer than 3 minutes in length.

For the Transform stream, pitch recordings are required and should be no longer than 5 minutes in length. Only those entries invited to Stage 2 will be required to make a pitch recording.

We ask that you do not come to pitch recording sessions with pre-recorded pitches, with the exception of any short (up to 30-second) video excerpts.

**To promote equity, diversity and inclusion and reduce any potential bias in the entry process, we continue to exclude speaker videos in pitch recordings for Breakthrough 5. We ask that you present slides or other visuals while talking.**

## 6.2 What are the timeframes for the pitch recordings?

Slots for Catalyst pitch recording slots are available from 18 November to 20 December 2024 and can be booked using [this link](#) between 9 September and 20 December 2024.

Slots for Stage 2 Transform pitch recording slots are available from 18 November 2024 to 10 January 2025 and can be booked using [this link](#) between 18 November to 20 December 2024.

If you are unable to attend any of the available slots, please let us know by emailing [waterinnovation@challengeworks.org](mailto:waterinnovation@challengeworks.org) by **5 pm (GMT) on Monday 16 December 2024**.

## 6.3 What has changed about pitch recordings since the previous rounds?

**In Breakthrough 5, we are removing the need for entries to Stage 1 to make pitch recordings.** All Catalyst entries, and all Transform entries invited to Stage 2 will need to book a pitch recording session. You can book your pitch recording session for the [Catalyst](#)



[stream](#) or the [Transform stream](#) (Transform link will be made available when Stage 2 opens).

During assessment and judging, all Catalyst and Transform Stage 2 entries are reviewed by technical assessors and judges, who will have access to the pitch recordings together with the rest of the entry materials. In this round, entrants will not be required to pitch live in front of the judges. However, they will be invited to a live Q&A session to respond to judges' questions as part of the entry process.

## 6.4 What happens in a pitch recording session?

A pitch recording session is designed to give you a supportive space to record your pitch. By default, these happen on Zoom but let us know at [waterinnovation@challengeworks.org](mailto:waterinnovation@challengeworks.org) if this is a problem for you.

When you join the session, you will be joined by a team member from the Challenge delivery team.

You will be invited to test that your sound and screen sharing are all working well. When you've tested these out and are ready, we will then invite you to record your pitch. We will offer to give you time prompts (for example, 'One minute remaining') using the chat or to leave you to it. We will stop the recording when the allotted time is up (**3 minutes for Catalyst stream entries, 5 minutes for Transform stream entries**).

**To promote equity, diversity and inclusion and reduce any potential bias in the entry process, we continue to exclude speaker videos in pitch recordings for Breakthrough 5. We ask that you present slides or other visuals while talking.**

Assuming there is time left in the 15-minute recording slot, we will ask you if you are happy or if you wish to have a second attempt at the recording. If, after the second attempt, you are still not happy, we will offer you an alternative 15-minute slot to try again.

**Please refer to FAQ 6.1 for further guidance on what pitch recordings should look like.**

## 6.5 Is there a Q&A on the pitch recording session?

There will be no questions asked of you on the pitch recording session.

However, entries to Stage 1 of the Transform stream will be offered the opportunity of a live Q&A session with the assessors in late October/early November 2024. More information on these sessions is available in Appendix 2 'Entering the Catalyst stream if unsuccessful in Transform Stage 1' section of the Entrant Handbooks.

Breakthrough 5 will also offer the opportunity of a live Q&A session with the judges' panel during the judging days in April 2025. More information about this will be shared if you are invited to the live session with the judges.

Please note entrants will not be requested to pitch to the judges in this round.

## **7. Costs & Funding**

### **7.1 How much money is available for winning entries?**

Approximately £10 million is available in the [Catalyst stream of Breakthrough 5](#) for individual entries seeking funding of between £150,000 and £2 million.

Approximately £30 million is available in the [Transform stream of Breakthrough 5](#) for individual entries seeking funding of between £2 million and £10 million.

### **7.2 Who receives funds awarded through the Water Breakthrough Challenge?**

The lead water company will receive the funds for winning entries.

### **7.3 How is the money split between the different partners?**

The lead water company will receive the funds. It is a contractual matter between members of a partnership how the funds will then be split and allocated between different parties within the partnership. This also applies where there is a consortium of water companies.

### **7.4 What costs should I show in my entry?**

We expect entries to demonstrate cost efficiency and good use of customer money, with a clear case for any costs included in the entry budget.

Strong entries will reassure assessors, the judging panel and Ofwat that entrants have a realistic cost breakdown and financial plan, with cost risks and associated contingency arrangements identified.

### **7.5 Can you enter if you're planning to enter into another competition or if you have received funding previously?**

We are open to initiatives that have successfully secured additional external public or private funding. However, entrants must confirm that:

- There is no duplicative or double funding, and
- They are not restricted by their current funding source when requesting additional and alternative funding through this Fund.

## **7.6 Are the funds included in the UK Subsidy Control regime (previously State Aid)?**

Funds from this competition are not classified as subsidies within the UK Subsidy Control regime (previously referred to as 'State Aid').

## **7.7 As a water company, do I have to contribute a minimum of 10% financial contribution, or can I suggest alternatives?**

A maximum of 90% of the total financial cost of the entry will be provided by funding from Breakthrough 5. Entry partners must provide the remaining 10% of the entry's total financial costs as a mandatory 10% financial contribution. Entry partners have the flexibility to decide how the remaining 10% is funded, as long as it is not funded by charges to water customers in England and Wales.

We welcome any additional financial and/or non-financial contributions beyond the minimum 10% and have seen many entries do this in previous rounds.

A calculator has been added to the entry form in Submittable to help with entry cost percentage calculations.

## **7.8 How should I treat taxes in the costs I show in my entry form?**

Following confirmation from HMRC, receipt of funds through the competition is not subject to VAT.

Activities undertaken within entry projects are subject to VAT and are subject to the usual rules of recoverability for water companies.

Entry delivery costs should be inclusive of applicable taxes, which are not recoverable, reflecting the true costs of the initiative.

Where taxes are fully recoverable, such as VAT, costs should be shown net of (excluding) the recoverable amount.

Taxes that are not recoverable should be included, for example, customs duties payable on goods imported into the UK.

## **7.9 What are nominal prices/nominal value?**

Nominal prices are money in today's value rather than a deflated or inflated value. For example, water companies often operate in 2017/18 prices in line with the current AMP cycle. The amount you bid for in the Water Breakthrough Challenge is the amount you will receive, if successful, in today's money.

## **7.10 How should I calculate my overhead costs?**

You are welcome to use your preferred approach to calculating overheads; please provide details of the approach you have used within the template.

## **7.11 Can I edit formulas and change the formatting for the entry template?**

Yes, please feel free to change the formatting and overwrite any formulas for the template.

The template is provided as a guide. Please ensure all the relevant information required by the template is included and easy to identify.

# **8. Intellectual Property Rules (IPR)**

## **8.1 Which of the IPR options should I pick for my entry?**

Entrants to Breakthrough 5 will have two IPR options to choose from:

Option 1 – default IPR terms (previously known in Breakthrough 2 Catalyst as "Background IPR trial terms")

Option 2 - alternative IPR terms;

Where possible, you should adopt the default IPR terms, which we hope you will find fair and reasonable given the investment of customer money in entries. The aims of these IPR terms are to ensure all customers benefit equally from the innovation funded through the Breakthrough 5.

If, for any reason, you are unable to adopt the default IPR terms, we ask you to share more details about this in your entry form in requesting alternate IPR terms, which are reviewed on a case-by-case basis by Ofwat.

In respect of all the options available, you will be required to answer questions on your IPR proposals as part of the entry form. We may seek further clarification on these proposals following the submission of your entry.

## **8.2 What do you mean by 'fair, reasonable and non-discriminatory'?**

In order to assess whether the proposed IPR terms are fair, reasonable and non-discriminatory, we expect you to provide information in your entry that demonstrates how the proposed royalties, remuneration and/or principles are:

- reasonable in light of market standard royalties or other remuneration;
- no less favourable than the terms that you may offer to third parties;
- in all cases, proportional to the funding contributed by Ofwat to the development of the relevant Foreground IPR; and
- Generally, in line with the principle that the Foreground IPR (and therefore the Background IPR required to use the Foreground IPR) must be used for the benefit of the customers of all water companies and present value for money for those customers.

## **9 On what platform are webinars, pitch recordings, Q&As and surgery sessions run?**

### **9.1 On what platform are webinars, pitch recordings, Q&As and surgery sessions run?**

We use Zoom meetings and Zoom webinars for all of these. Please ensure you have downloaded the desktop version of Zoom to enable full functionality. You can find advice on joining a test call [here](#).

END.