

Introduction

So, yeah, hello everyone, really excited to be here today to launch the sixth round of the Water Breakthrough Challenge. While everyone's still joining, I'm going to start by flagging that we are recording the session. The recording and the transcript will be published early next week, sooner if we can, so if you do need to jump off at any point, you shouldn't miss anything. Know that you can catch up with the content later on.

This is the sixth time we've delivered a Water Breakthrough Challenge webinar, and we know that a lot of you will have attended previous ones, so we're going to focus on the key details you need to enter Breakthrough 6. We also have our colleague George, who's active in the Zoom chat, so do message him if you have any technical issues. Anything content-related should go into Slido, and we'll share the link for that in a minute.

So, welcome again, everyone who's just joining. I think we should make a start.

The Team Behind the Challenge

Samantha Flower: I know a lot of you will have met us already, but just in case you haven't engaged with us before, here's a brief overview of who's delivering the Water Breakthrough Challenge.

The challenge is part of the Ofwat Innovation Fund. Ofwat is one of the regulatory authorities for water services in England and Wales, and has established the Innovation Fund to help innovation in the water sector. They oversee the work that we deliver. When I say we, I'm talking about Challenge Works, which administers the fund and its competitions, and our excellent technical partners, our colleagues at Arup and Isle Utilities, who bring in technical expertise so that the fund can achieve its aims.

On the next slide, we have a quick intro to the faces from the Ofwat Innovation team that you'll see today. We'll do a quick round of introductions, passing to everyone on the slide. So, first off, my name is Samantha Flower. I'm an Assistant Program Manager here at Challenge Works, and my primary job at the moment is running the Breakthrough Challenge. So I'm just going to pass over to my colleague, Rhys.

Rhys Herriott: I'm Rhys Herriott. I'm the Senior Program Manager at Challenge Works, who sort of heads up our team here, overseeing all of our work across the Innovation Fund, including the Water Breakthrough Challenge. Mark?

Marc Hannis: Thanks, Rhys. Hi, everyone. Marc Hannis, Ofwat. I co-lead the team from the Ofwat perspective. Really excited to see so many on the call today. Over to James.

James Holloway: Hi, everyone. I'm James Holloway. I'm an associate from Arup. I'm our project manager, and we provide technical services, principally supporting technical

assessment of entries into the funded competitions, as well as monitoring of the portfolio of funded projects. Over to you, Caroline.

Caroline Wadsworth: Hey, James. Hi, everyone. I'm Caroline Wadsworth, and I'm a director at Ilse Utilities. And I oversee all of the work that the Ilse team does. We're involved in technical assessment across all of the programs and providing strategic advice and insight into how we develop and grow things. Back to you, Sam.

Agenda and The Ofwat Innovation Fund

Samantha Flower: So, this is our agenda, what we're going to cover over the next hour or so, from an overview of the fund to the Breakthrough Challenge processes, and then some examples of best practice to help with certain aspects of the application process.

Given that this is the sixth round and a lot of you will already be familiar with the fund and the entry process for the Water Breakthrough Challenge, we're aiming to make the best use of everyone's time today and focus mainly on what's changed since Breakthrough 5, and the key details you need to enter Breakthrough 6. If you have any further questions, do put them in the Slido, or get in touch with us after this webinar.

You can see the Slido link, the QR code on the screen. You might need to enter the hashtag #B6Launch, but that's where we're taking all challenge-related questions. So we hope to have at least 15 minutes at the end for that Q&A. It might be a bit more than that. The Zoom chat is active for technical issues, but, as I say, Slido for challenge ones, please.

So, I think we should get going. Marc, I'm going to pass over to you for a brief overview of the Innovation Fund and what's been delivered to date, and what's upcoming.

Marc Hannis: Brilliant, thank you very much, Sam. So, yeah, we're really conscious that many of you will know your way around this a little bit, but a tiny bit of background first.

The Innovation Fund was born out of the price review in 2019, and we've been running competitions since the early part of 2021. It is now a £600 million fund. We've had £200 million for the first five years, 2020 to 2025, and that's now doubled to £400 million for this second five-year period, so it's very, very exciting. And with that doubling of the funding, has been a real growth in our ambition and scope of the fund as well, and I'll come on to that in a second.

Worth saying, too, that the main reason we're here, really, is that the fund's objectives are all around accelerating the creation and rollout of new innovations. These competitions really do get us moving on the creation point. Other things we're doing to look after the rollout point. We want to try and grow the capacity and capability of the sector to innovate through the Innovation Fund, and linked to that, try and embed a culture that really values, encourages, and supports innovation.

So, I'm just going to say a few words more generally before we get into what's on the slide and the next slide. But as many of you will know, there is quite a lot going on in water at the moment, and I wanted just to be super, super clear that Breakthrough 6 and all of our plans more generally are not changing on the back of recent announcements by the government. We're actually quite excited by what's happening, think there's a real opportunity for a reset across the sector, and, you know, that that brings with it opportunities. I think one of the things that has been very, very clear in the Independent Water Commission's recent publication is that innovation and change has got to be at the center of what happens in the future, and it was really, really heartening to read in that document that the work that we're doing on innovation needs to continue, and if anything, it needs to go bigger and be valued even more strongly. And I think the good news linked to that is that we've done a lot of great work to pave the way for the changes that are coming down the line, and actually pre-empting some of what was in the review.

So what you can see on the slide here is some of the impacts that we've made through numbers, but that doesn't tell you the full story. What it doesn't tell you is that we've really brought about some fantastic collaboration across the sector. We have developed trusted, really transparent, honest relationships with water companies and the wider stakeholder community, and we've taken real time to sort of nurture those. And now, we've moved those to a space where we're co-designing a lot of what you're about to hear about, particularly some of our new programs that I'll explain in a second. So, that co-design, that joining up with the sector, those inputs make all of the work we're doing much, much better. And that says nothing, of course, about the general sort of enthusiasm, excitement, and all that sort of good stuff that we are also seeing through the fund. So, we think we're really well positioned to take this work into the next five years, and through that transition period. And on that point, we have big plans. So if we could just move to the next slide, please.

Great, so here it is. This is the kind of very top, headline view of what the Innovation Fund is looking like over the next 5 years. In the white box, we can see the Water Breakthrough Challenge, the reason we're here today. It is our intention to continue on our annual cycle of running these competitions. £250 million has been set aside for that, so that gives us about £50 million for each round. That's a £10 million increase on the previous 5 years which, I assume will be welcomed by everybody. The other one in the white box is the Discovery Challenge. This is our innovator-led competition, and we did this, we did this only once in the last five years, and it's our intention to do it at least two more times across the next 5 years. And we've earmarked about £15 million worth of funding for that. That was proven to be a really, really good route through for innovators, of any size, really, who had struggled somewhat to get some sort of platform or access into the sector, and we've seen some great success from that. We're excited about what that can do next. So, they're our two sort of legacy competitions, if you like, and the rest of this slide looks at some of our new areas of activity.

So, I'm just going to sort of whet your appetite on these at the moment. We're not here to talk about these specifically, but I think it's quite helpful to understand the wider context on what we're trying to achieve. By the way, can I just apologize for all the pinging? I've got a lot of Teams messages coming at me from all sorts of different people, so sorry if you can hear all that. Anyway, moving on to this. So the first thing we're looking at is Water Innovation Missions. We're going to allocate £40 million to this over the five years, and this is about engendering much more collaboration, particularly between water companies, and going at very specific, agreed challenge areas. And this is quite different to what we're doing on Breakthrough, which is quite an open competition. You can bring any ideas that you want forward to Breakthrough, as long as they're broadly going to meet a very wide remit that we have. But the Water Innovation Missions is going to hone in on very specific challenges, perhaps some of those emerging challenges that are going to be significant moving forward. So that's one of our new programs.

The next one, the Implementation Fund, absolutely critical. I think we would all recognise that, it's a lot of fun, it's all well and good, isn't it doing, sort of, trials, at very sort of small scale on one site with a couple of units, or whatever it might look like. The trick and the difficulty, the real challenge, is turning that into scaled implementation so that we can have that sort of meaningful impact over time. And so we're going to put a bit of money into this to try and figure out how we support implementation more. Some of that will be addressing the barriers to scaling, others might be just putting some money into the system to help make that a little bit smoother, to de-risk that whole endeavour. That's a program we're designing and developing at the moment with everybody.

Third one on the list is the Cross-sector Programme, and this really is recognition that there are so many inputs, and in fact, impacts from all other sectors that you can imagine that are water. There's got to be something we can do to try and bring some of those voices together, possibly join up with other funds to have a good go at some key issues. So, if we think of things like the obvious one is agriculture. You know, there are so many crossovers here, river runoff. We think about road, road runoff. If we think about micropollutants coming from other sectors, pharmaceuticals. We think about network sectors like oil and gas, energy, etc. There's a lot to learn and lots of potential, sort of, join-up opportunities. So that's what we're trying to go at with that program.

And the final one to mention is the Water Efficiency Lab. Some of you, I think, would have probably heard about the Water Efficiency Fund. That's a new £100 million fund that Ofwat is introducing this year. An aspect of that is going to follow a similar sort of vein to our Breakthrough challenge, and that is a competition-led approach, and £25 million put towards unlocking progress on water-efficient technology processes and approaches. And that will probably be done thematically with a different theme every time the Water Efficiency Lab comes along. And again, probably doing one of those once a year as well. I think news on that is either coming out today or very, very soon this week. I hope what this

illustrates overall is that we are moving from just funding projects, to now looking at the wider innovation ecosystem in water, trying to, pick at various aspects just to improve opportunities for innovation, and most crucially, for that innovation to have some sort of meaningful impact down the line.

All of this final point for me is underpinned by an independent evaluation, which is super, super important in understanding what we've done. and where we should take this work next. So, I hope that gives you a flavour and sense of what we're all about, and where we're going with the fund, and I'll hand back to the team to get into the nitty-gritty on Breakthrough. Thanks, everybody.

Breakthrough Challenge Details

Samantha Flower: Lovely, thank you very much, Marc, that was really helpful. So on the next few slides, we're going to cover the main details of Water Breakthrough Challenge 6. As in previous rounds, we have two streams. So we have the Catalyst stream, and we have the Transform stream, and both of those opened yesterday.

So, the Catalyst stream opened yesterday, and will close on the 6th of January 2026 at noon. Individual entries to the Catalyst stream can be bid for funding between £150,000 and £2 million. This stream has a single-stage entry process, which is proportionate to the risk and the value of entries being submitted. As part of the entry process, entrants will need to record a 3-minute pitch to help assessors and judges to understand their entry. All of the details specific to the Catalyst Stream can be found in the Entrant Handbook, which is available on our website. We'll share the link in the chat. Please note that there are separate handbooks for Catalyst and Transform. In the handbook, we've highlighted the changes from previous rounds in green boxes, so you can easily familiarise yourselves with any new content in case you have been involved before.

The first stage of the Transform Stream also opened yesterday, but this will close on the 29th of September at noon. Each entry can ask for funding between £2 and £10 million. Please note that in exceptional circumstances, where an entry will deliver significant impact, we are open to accepting entries requesting more than 10 million. We ask that this impact is demonstrated by having at least 10 water companies in England and Wales as our entry partners. For more information, and to request Ofwat approval to bid for above £10 million, please email us no later than 5pm on Monday the 15th of September. If Ofwat approves your entry for more than £10 million, this does not in any way guarantee that it will be successful. All entries, regardless of how much funding is requested, are subject to the same entry process and terms and conditions. The Transform Stream is for larger projects, and as such, we have a two-stage process. Following its introduction last year, we'll be continuing with the streamlined Transform Stage 1 process. Much more is contained in the Transform Stream Entrant Handbook, which is available on our website. Again, the link will be posted in the chat to the Key Materials. As with Catalyst, we've highlighted new content in the

handbook in green boxes, for those of you who might have been through the process before.

For both Catalyst and Transform, please visit the Key Materials on their relative stream pages so that you can find the latest content. For example, we've had to make an update to the Transform handbook just this morning. We will always highlight on the Key Materials section of the relevant stream page which version number we're on, if it's anything other than the first version, so you'll be absolutely sure which version you need.

So what's the same as in Breakthrough 6? Well, the entry process and the timelines for the Catalyst stream remain pretty similar to Breakthrough 5. There are small updates to streamline and improve entrant experience, but no major changes.

Funding amounts are the same as in previous rounds of the competition, and we're also keeping our policy on minimum funding contributions from entrants. That is, at least 10% of the total cost of the entry must be funded by the entry partners. And we're sticking with the unified judging process, so one single judging panel will be reviewing the entries to the Catalyst and Transform streams. And there's been no change to the IPR policy.

So let's have a quick look at the timelines for the streams.

As we've said, the **Catalyst Stream** is open until January 6, 2026, at noon. And the **Transform Stream** retains the same two-stage approach we had in previous rounds, with **Stage 1** which will close on September 29 at noon.

Entries that meet the assessment criteria at Stage 1 will be invited to access Stage 2 from November 17, with the Stage 2 deadline being January 12, 2026, at noon.

Successful entries will be notified by late April, and similarly to last year, we aim to announce the winners by mid-May 2026. The same as last year, winners of both streams will be given access to the winners' agreements at the same time, with a view to receiving the funding award by late June if all water companies make their payments in time.

So now let's take a look at what has changed. We've made an update to the entry process based on previous entrant feedback, and the aim is to improve the entry experience and make it easier for those involved in pulling together an entry. We're now gathering information on whether partner organizations are SMEs and/or UK Incorporated Entities. This is for reporting purposes only and has no bearing on the assessment of the entries. We've added the appropriate columns to the Partner Contacts form for this, and this only applies to Transform at Stage 2.

We've added in more reference to Inputs, Outputs, Outcomes, and Impacts. You can find out more about this in Item 7.11 of the FAQs, but this is about bringing in line the way we discuss things during the entry period with how we then monitor any successful entries. We

hope it will clarify things and also get you thinking about your projects in the way you will need to if you are successful.

We've added a new question, 1.2.2, about intended outputs, and 1.2.3 talks about outcomes, but only kicks in for Transform Stage 2. We've got a new sub-criterion on 2.2. This has been added to focus on how the lead entrant and their partners themselves plan to develop and implement the innovation, separate from its wider adoption in the water sector, which is covered in 2.3. 2.2 is only answered at Transform Stage 1, and 2.3 gets answered at both Stage 1 and Stage 2.

We've continued to strengthen guidance for entrants wherever possible And we've included involvement of the Environment Agency for review of entries in a similar vein to how we involved the Drinking Water Inspectorate last year. And finally, we've published clearer guidance on our approach to risk and innovation.

Defining Innovation

Samantha Flower: So let's talk about innovation. The Ofwat Innovation Fund exists to enable the sector to better meet the needs of, and create long-term value for customers, communities, and the environment. To achieve this, the Fund supports the development and implementation of innovative solutions and new ways of working. But what do we mean by innovation?

The innovation can refer to any new or significantly improved **technology**, for example, Pipebots for Rising Mains, a **process**, for example, Mainstream Nature-Based Solutions, a **service**, think of Stream, or a **business model**, for example, Unlocking Bioresource Market Growth. All of these, and all of our other winners, are accessible on the winners page of our website. Specifically, the Fund is interested in supporting ambitious solutions that are **novel in the context of the water sector in England and Wales**.

We want them to **deliver greater value than current solutions**. So solutions should have the potential to deliver substantially improved performance and efficiency for customers and the environment, as compared to current practices in the water sector in England and Wales.

We want to **advance the sector's understanding**. Regardless of whether a solution is proven successful or not, projects should deliver a clear learning outcome which enables further innovation and unlocks systemic change, both in terms of the solution itself and the sector's capability to innovate.

And that **could not otherwise be funded**. Solutions should not be sure bets and should demonstrate that they cannot be funded through other means, either internally or through external investment.

The Fund supports projects at varying stages of innovations for varying levels of risk.

How to enter

Samantha Flower: So now we'll move on to how to enter. So, who can lead an entry? So the lead entrant to Breakthrough 6 must be one of the appointed water companies, that is to say, a water and/or sewerage undertaker or infrastructure provider, (i.e. Tideway), in England and Wales. We strongly encourage lead entrants to enter Breakthrough 6 in partnership or consortia. For the Catalyst Stream, partners can submit the entry form in Submittable. During eligibility checks, we will then confirm that there is a sign-off from the lead entrant. For the Transform Stream, however, the form and Submittable must be submitted by the lead entrant, i.e. the water company.

Based on past winners' experience and feedback, we strongly encourage entrants to consider the following points, which are also in the handbook, in advance of the project start to avoid delays if the entry is successful.

- You should ensure you've agreed on how the project will be governed and the role of each partner.
- You should ensure that you've 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.
- Considering your procurement needs and possible supply chain delays is important.
- And you should consider any regulatory requirements. You might wish to reach out to Streamline, the regulatory advice service for innovators in England and Wales, run jointly by Ofwat, the DWI, and the EA. Early-stage innovation should have a clear plan in place for how they would engage regulators should they be successful, but we would expect a greater degree of compliance planning for more developed innovations, including, for example, engaging regulators as partners in entries that require regulatory change in order to succeed.
- And finally, you should consider resourcing requirements for each stage of the project, along with mitigations in place for any changes.

So this visual sort of shows you the one-stage process alongside the two-stage process of Transform at the top and Catalyst at the bottom. So entries for both streams should be submitted online via the Submittable platform, accessible from our website. There are useful templates and drafting materials for both streams available on the website on the relevant stream pages under Key Materials, and you can reach each stream's page via the link on the slide.

As a reminder, the entry template spreadsheet, where you enter detail of your entry budget, program, and risks, must be uploaded as part of the entry and Submittable. This is required in the Catalyst Stream, but is not required in Stage 1 of the Transform Stream.

However, if you're planning to enter Transform, you're more than welcome to start filling that budget sheet out now. You don't need to submit it at this stage. Also, please remember you must register to record your pitch recordings by the deadlines you see on this slide for each stream. You can book your pitch recording slot using the links available on the website, which are also in the handbooks. Transform entries that reach Stage 2 will be able to book their pitch recording session once Stage 2 opens on the 17th of November.

Assessment Process

Samantha Flower: So the same assessment process is applied to both streams of Breakthrough 6. So after the entry period closes, entries will be checked for eligibility, and then reviewed by technical assessors. Once the assessors have reviewed, entries then go on to the judging panel, and finally to Ofwat for the final decision. Note that entries to Stage 1 of the Transform Stream will be reviewed by the technical assessors, with the entries that meet the assessment criteria being invited to apply for Stage 2. At Stage 2, assessors once again review entries before they're passed to judges. There's no judging process at Stage 1. Feedback will be provided to entrants to advise on areas for improvement. For Stage 1 entries, feedback will be high level, given the simplified entry form. And full information on assessment criteria and this process is available in the Entrant Handbooks.

Support for your entry

Samantha Flower: So when it comes to entrant support, we have a number of support options available to entrants for Breakthrough 6, which you can read more about and book yourself into on our website. But in summary. This webinar is being recorded, and we'll upload this and the slides on the website by next week. After this webinar, your source of truth should be the entrant handbooks, which have all the information you need to prepare an entry. As mentioned, there's a separate version of the handbook for each stream of the competition. As in previous rounds, we're holding one-to-one surgery sessions during the entry period, and you can book a 15-minute slot to ask questions or clarify the publicly available guidance. For example, the entry questions or the terms and conditions. Please note, however, the team will not be able to provide any guidance and or opinion on the entries themselves. Finally, recordings of the entry writing workshops that we ran in previous rounds are available to all entrants on our entrant support page. These are intended to help you develop entry writing skills, ensure your answers are clear, and answer the questions in line with the assessment guidance.

So I'm aware this has been a lot of information, but I do hope it's been useful. Remember that you will be able to come back to these slides and the recording of this webinar, and please do pop any questions in the Slido. I'm now going to hand over to James, who's going to set out some expectations on how entries can share knowledge and learning.

Knowledge and Learning

James Holloway: Hi there, everyone. I'm just going to talk briefly around, the importance of knowledge sharing, lessons learned, and dissemination on the Ofwat Innovation Fund. So, next slide, please.

Knowledge sharing, lessons learned, dissemination are really crucial, to the work that we do through the Fund. Really critical for:

- Raising awareness of the outcomes of the projects that we fund
- Promoting solutions within the sector and encouraging adoption
- Increasing the impact of funded projects
- Amplifying their outcomes across the sector
- Providing a foundation of learning for future projects, as well as:
- Helping to promote a culture of openness and collaboration within the sector.

Critically, the Fund is seeking leaders in this space to bring lasting impact and legacy to the projects funded by water customers in England or Wales. Next slide, please.

Some examples from funded projects

James Holloway: So a few examples of the way in which, knowledge and learning sharing have been approached through funded projects so far.

- Project websites, quite common. Dedicated webpages for sharing outputs, resources produced during the projects, learnings, lessons learned. A great go-to resource for being able to find the outputs from projects funded through the Ofwat Innovation Fund.
- Some project teams have hosted regular webinars. They've held workshops. Made very active use of social media in order to engage audiences in a range of different ways to grow the awareness of project outputs, and promote what it is that they're doing within the sector.
- Web pages and so on, also great for making project data publicly available in accessible formats. Some teams have used dashboards to visualize project data and outcomes.
- And another great way of promoting some of the information coming out of projects is through publishing case studies, writing blogs, newsletters, and annual reports.

Next slide, please.

What we are expecting to see

James Holloway: What we're looking for in Breakthrough 6 is, principally:

- Some strong and realistic responses to our entry questions for Transform and Catalyst, which make specific reference to dissemination and knowledge sharing. There are a few dotted throughout the entry form. They are marked, along with all the other, assessment criteria that we look at, so do watch out for those. We'll be keeping an eye out for them.
- We're looking for appropriate and impactful methods, sharing valuable outputs, insights, and experiences with the sector.
- Your approach to sharing information and documentation. How your materials that you produce as outputs are going to serve as reference material for future initiatives.
- Your approach to the promotion of what it is that you intend to do, and what you accomplish throughout the delivery of your project, and ultimately what you produce in terms of outputs and outcomes at the end of your projects.
- Bit of advice, do be proportionate. A Goldilocks approach is probably best, and striking the right balance, in terms of the amount of information that you're putting out into the sector.
- Finally, once awarded, positive engagement with monitoring. So we operate a monitoring regime for all of the projects funded through the portfolio. We regularly look at lessons learned, dissemination activities, what's going on, what projects are doing, and at the end of projects, we expect final reports to be produced, which have certain requirements about dissemination and knowledge sharing.

So get creative. make use of the tools available. It is an innovation fund, so we're looking for innovative ways in which you can promote the outcomes from your projects. Do make use of the Spring platform, social media, events, webinars, and so on. So, next slide, please.

An example: Enabling Water Smart Communities (EWSC)

James Holloway: One example of a really successful, approach to knowledge sharing, through the fund has been the Enabling Water Smart Communities. They've got a fantastic website with public-facing resources. There's a link in this slide deck, I'm running a little short on time, so I'll probably leave you to go and have a look at this yourself, but a huge amount of effort was put into this by the project team. It's a really good resource, really great way of engaging. And in addition to that, they did some webinars, and they ran some sprints at the, the annual Innovation Festival. So a really great example there. Go and have a look. Next slide, please.

Key takeaways/things to consider

James Holloway: Finally, a few key takeaways, things for you to consider.

- Do avoid duplication, build on the learning of others, try not to overlap, focus on your USPs.

- Do regularly share insights throughout the project lifecycle, and not just at the end. We'll be prompting you to do both, should you be awarded funding, so there'll be kind of constant reminders to have a look at that.
- Do think carefully about what data and information you're going to share, and where. Consider the formats, data control. GDPR requirements, how you're going to host and platform these things, and do consider your audience, what's going to be most useful for them.
- Target innovation insights for a variety of relevant audiences, and do please bear in mind that it's okay to share when things don't go to plan. Sometimes the things that we learn from not necessarily achieving what we originally intended, or what we set out to do. are some of the most important and valuable learnings that you can have, so do be frank, do be honest.
- And finally, empower your teams to receive and embed lessons learned from, from external sources. So I think that's it from me. I think I'm handing over to Caroline Wadsworth next.

Why Innovators Stall: Lessons for Water Innovators

Caroline Wadsworth: Brilliant, thank you, James. So I'm just going to talk about why innovations stall, and look at some of the lessons we can learn to help everybody here that's interested in entering Breakthrough 6 Challenge to design your project ideas and plans so that you reduce the risk of stalling as much as is possible, but things do still happen. Next slide, please, Sam.

So, we know that innovation is critical in water, and that's because of the growing climate pressures, water scarcity, changes in regulation, and infrastructure challenges. And what I mean specifically here is that we're seeing, as you all well know, intensifying droughts, floods, extreme weather events, all of which mean there's an even greater need to make our water systems more resilient. Then we add to that our aging infrastructure and a growing urbanising population, which increases, or not only increases the demand, but it puts even more pressure on a system that already needs more regular maintenance. And this means that utilities, regulators, and other players, including industry, are under a huge amount of pressure to adapt to what is now becoming the new norm. But, we know that many innovations never move beyond the pilot stage, so how can we consider the lessons about why innovations stall to help strengthen entries to the Innovation Fund and increase the chances of successful wide-scale implementation? Next slide, please, Sam.

Why do promising innovations stall?

Caroline Wadsworth: So, if we think about why what seems to be a really promising innovation stalls, or fails to reach that full-scale implementation, it's often not due to the technical flaws in the solution itself, as they are actually unlikely to have progressed to a

larger-scale pilot anyway. But most often, the barriers to implementation and scaling lay in how the market either perceives the solution, how easy it is to adopt, or then maybe how easy it is to integrate into the existing system. The real challenge, therefore, is in translating an idea into something that both a utility and a regulator trusts enough to implement at scale.

A few things that we often see that do cause stalling in that process is a **technology - market mismatch**. So this is where a solution is in search of a problem. For example, it could be a solution that optimizes a niche process, but it doesn't solve an urgent system-level challenge. And this is often also referred to, like, the push or the pull approach, and this would specifically be push. So a solution that's being pushed out to the market without a clear need or demand, they will often fail to reach full-scale implementation.

We also know that utilities, as like many other large organisations, typically move quite slowly, and that's due to their **risk-averse nature**, but also to their, what can be typically long buying cycles. And it's a commonly known fact that a utility will prioritise reliability over novelty, and that's because the core priority is to ensure the safe supply of water and removal of dirty water, but at all times. So additionally, you'll often find that the internal approvals processes, it requires several decision makers to be involved, and that can also stall a process.

There are, also a range of **other barriers** that innovators come across, and they include things like a lack of demonstrable proof at scale. Which builds trust in the solution. A lack of commercial investors targeting the water sector, the need to ensure, the solution meets all compliance requirements, often sometimes even within the trial period, and that can be very challenging. Partners within a collaboration or stakeholder group not working towards the same incentive or needs, and that means that the final results don't meet all of their expectations, so they then can become a barrier in the rollout process. Next slide, please.

Lessons for innovators

Caroline Wadsworth: So, what can we learn so that innovators like yourselves, and others don't find that your solutions are stalling, and ultimately not having the impact on the environment, communities, and customers that you are aiming for?

- Our tips are that you start with the problem, not the solution. So ground the innovation in urgent, recognised water challenges, so that the narrative around the need is really clear.
- And you need to build trust and credibility early in the process through doing things like pilots, having transparent performance data that you're happy to share widely so that others can learn, and form those trusted partnerships. So bring key stakeholders on the journey with you, and don't shy away from learning from things, shall I say,

that haven't quite gone to plan. So that links back to what James was just saying a few minutes ago.

- From the onset of your, project development, plan the potential adoption pathways, but be aware that these may need to flex and adapt as you go through the different development phases. But this means that you'll need to understand procurement cycles, regulatory approvals, and who those key decision makers are and what their criteria are to make a decision.
- A co-created solution that is able to articulate its value beyond just the cost or financial efficiencies, that is designed for integration will greatly increase the adoption potential, so consider that when you're in your planning phases.

And just move on to the next slide, and I'll finish this bit about the lessons.

So, collaboration is key. Collaboration with key stakeholders is absolutely key to the success of an innovative solution. So really do put thought into who you're partnering with and why. How will their involvement help your innovation reach a successful, wide-scale implementation? An effective collaboration will help spread both risks and benefits of adoption and therefore taking that approach will help a utility to take that leap to full-scale implementation.

And then finally on this one, by bringing all of the points and the considerations that I've run through, albeit I do recognise at a very high level, if you can bring those together, this will help you build a robust and compelling business case with clearly defined selling points and benefits. The strongest business cases typically refer to how the solution enhances resilience, it'll touch on the ESG outcomes, regulatory compliance, and of course, the long-term operational savings. Next slide, please, Sam.

Key takeaways

Caroline Wadsworth: So, key takeaways. So, the key take-home points for you to consider are that innovations destined for the water sector most often fail because of adoption barriers. So, plan for these and mitigate them before they become a reality. The process of adoption can be complex and quite risk-averse, so build a robust, trusted, collaborative partnership to help reduce those risks, increase the benefits, and to help you navigate your way through to success. And I'll leave my section of this presentation today with a challenge back to everybody before I hand back over to Rhys. But... The key question I have is for you to think about how can you design your innovation, your project team, and the implementation plan, such that it becomes so valuable, it's so trusted, and so clearly easy to integrate, that it's almost not possible to stall. if you can think about that and solve that conundrum, hopefully you'll be heading for success, but I will pass over to Rhys. And, let him pick things up.

Q&A

Rhys Herriott: Cool, thank you, Caroline, and thank you, everyone, for putting your questions into the Slido. Just a reminder to make sure that you're continuing to add your questions in there, and vote for the ones that you would like us to answer. We'll try and take the ones that are highest voted, but we will also try and focus in our answers on questions relating to Breakthrough 6, which is what we're here to discuss today. And we have posted a blog on our website yesterday with the latest available information on all of the other competitions, so definitely encourage anyone with questions about those programs to have a look at that and get in touch with the team at our shared inbox, if there are any other questions about those programs. So, the first question that we'll get to, which I will, direct to you, Marc, which is, we know what projects have been funded in previous rounds, but we know nothing about what didn't get supported, so how do we check that our idea is not in a dead space?

Marc Hannis: Thanks, Rhys. Yeah, great question, and a somewhat difficult one to answer in the sense that our entries to the fund are submitted in confidence, so we can't share, a huge amount of detail on that. We are... we would like to put something together that does a little bit more on this, but we're not ready to do that right now. So what I'd say is, definitely speak to the water company who you are partnering with. They will have a lot of insight as to what's come through the system and what hasn't quite made it. They do, work quite collaboratively on, prospective projects and, particularly seek each other out as partners, so there is a good sense of what's been circulating from them. So I think that's probably a key answer. The other thing I'd say is, it's not just about what hasn't quite made it, and that idea. It's often, and we see this a lot, it can often be about the team, the plan, how you execute delivery as well. So, you may have the best idea in the world, but those other aspects, can also be quite critical in whether or not they receive any success through the Innovation Fund as well. So, I know that wasn't the question, but worth sort of putting that point in there, and it's a lot of what Caroline has just mentioned as well. So all the stuff that sort of supports it around the edges also needs to be in a good place.

Rhys Herriott: Cool, thank you, Marc. The next question I will send your way as well, and maybe others on the panel may have thoughts about it as well, because it is a really difficult one, which is, how do you find a contact at a water company to discuss your idea with, as potentially they will be leading the bid? It's important that we find the right person.

Marc Hannis: Yeah, I think that is a tricky one. It's an age-old challenge, actually, and that has been a difficulty from day one. Now, water companies will have portals on their website, they'll have ways through to make contact, and to, Try and, sort of explain and share a little bit more about the information that you... you have, the ideas and the solutions that you want to put forward. There's also, of course, Spring, the Centre of Excellence for Innovation in the water sector, who are an excellent outlet for that as well.

They are... one of their core business sort of areas is connecting people with ideas to the right water companies. And I think linked to that point, if you are a solutions provider. please do your homework. Not all the water companies have the same priorities or interests, and I think if you look at particularly their recent price review PR24 documentation, you'll get a good sense of what's top of the list. for, maybe the water company in your area, or a number of water companies. And that's a good way to understand where you might direct some of your, attention, particularly through Spring, but also through, sort of, going through the portals. But, I think that's about as much as I've got on this one. I don't know if anyone else on the team can add anything.

Caroline Wadsworth: I think the only thing to add is just about building networks. It's not a short-term solution to the problem, but being in events and building your networks and contacts is a very useful and sustainable long-term, but I appreciate that that doesn't answer the short-term question of how do we get them for in time for, Breakthrough 6.

Rhys Herriott: Great, thank you both. Hopefully that is, hopefully that has been helpful. The next question, Sam, I'll send your way, which is, related to the eligibility for the Water Breakthrough Challenge. It's something that we've seen a little bit of before. So, will previously funded projects be supported so that they can be scaled up into business as usual?

Samantha Flower: There's no reason why a previously funded project can't apply again. And we've even seen projects sort of come back. We've had Stream 1, Stream 2, and so forth, but there needs to be a really clear case as to why they need more funding. It's... yeah, we just really need to demonstrate the benefit to customers, communities, and the environment, and why it couldn't be funded outside of the Ofwat Innovation Fund. I think that's key with that one. I'm... But yes, like I say, there's no reason why they shouldn't be, but they will need to justify why they require further funding.

Marc Hannis: I think worth saying as well, Rhys, if I may jump in there, I've talked about the burgeoning Implementation Fund as well, which really is trying to bridge that gap between trial, previously funded projects, and moving that into a more business-as-usual type of arena. That's under current design at the moment. We're batting around some really interesting ideas there, and we'll have a lot more to say on that as the autumn progresses, and as we get into the new year. But there will be that additional mechanism coming forward, which we hope will offer some much-needed support in that space too.

Rhys Herriott: Excellent, thank you, Marc, and thank you, Sam. I will actually take the... take the next question, and others on the panel, please jump in if you've got, sort of, broader views or recommendations on this, but it's a question if there's any plans for us to be running matchmaking events or platforms to help identify collaborators around particular ideas or project areas. The answer is there's not at this stage. So, we would definitely encourage you to follow the sort of avenues that Marc described before, and, you know,

and Caroline as well, making sure that you're engaging with existing sector events, reaching out to organisations like Spring, and engaging directly with Water companies as well.

Cool. The next question here, Sam I will also send your way as it relates to eligibility and that's around whether solutions can be focussed around increasing understanding for utilities and sort of lead water companies or their partners, rather than just hardware/software solutions.

Samantha Flower: Yeah, absolutely. We don't specify that something has to be a hardware or software solution. It could be process-based, it all comes down to again, I am going to be saying these words a lot, whether it brings benefits to customer, communities and the environment. So a good example of this might be the fact that you can create a winning project that is for non-household users, but it has to show that it benefits household users, cos they are the ones funding the Fund. So it really is very problem agnostic this particular challenge, others in our range of prizes will not be, but yeah, your problem could be anything but you need to prove why it needs solving, and that the people who are paying for it i.e. the customers, are going to benefit.

Marc Hannis: I think also that enabling activities, we are all for enabling activities. Things that might encourage and support more innovation, and we've mentioned Stream already. That is a technology, a sort of software solution if you like, that's one example. We've got a hardware solution as well that is the National Leakage Research and Test Centre which is moving forward. There will be other things that enable activity, but it doesn't need to be limited to widgets as Sam has said. We are quite open to what this looks like but the ultimate benefits have to go those key cohorts Sam has just outlined there. That's the guiding light I think to whatever you are thinking of putting forward.

Rhys Herriott: Yeah and I think another example that I would throw into the mix is a recently concluded project on water efficiency on faith and diverse communities where the output of that entire project is a sort of report and insights into how water companies can better engage with and diverse communities in their customer base. And so we are absolutely interested in these sorts of solutions.

The next one is about regulatory engagement in entries and Sam I'll send this your way as well, then Marc, I am not sure if you may have, or if you'd like to add on top of it, just whether regulators such as DWI can be a partner in the Water Breakthrough Challenge.

Sam Flower: Yes they absolutely can. We have had regulators partner historically. Just reach out to them as soon as you can really if you want to get their input. And as I said during the webinar content, the bigger your project, the more likely it's going to need regulatory change or just a lot more input, the earlier you want to get them involved. And we really would be looking for regulators to be involved as partners in something that genuinely needs regulatory change. You can reach out to the DWI, you can reach out to the EA, and they can offer you varying levels of support. But yes there is absolutely no reason why they

can't be a partner but they do need to be detailed because we have to manage conflicts of interest and so forth, so please make sure they are included in the partner contacts list if they are.

Marc Hannis: I think one of the things we have found is that organisations like the DWI and the EA have really added a lot of value. You've got a steering group, for example? That sort of level of partnering and being able to guide, the ideas and the development of the solution and the environment in which it will land, from the very earliest moment. So, I think it's quite wise, as Sam says, if you are sort of hitting on some of those key regulatory areas, that you, see if they can be a part of this. I will just manage expectations slightly, though. DWI are a very small organization, spread thin already, I think they would probably describe themselves as, so, that may not always be possible, but definitely worth a try.

Rhys Herriott: Excellent, thank you both. Now the next question is on consolidated lessons learned from previous rounds, and I think, you know, we've touched on that a little bit in the slides. I think we do have some information available on our website and the insights page that includes some of the consolidated lessons learned from various projects and themes. You can find that in our learning reports. But I will also just pause and see if either Caroline or James had anything further they wanted to add on that point.

Caroline Wadsworth: I was going to suggest pointing towards the learning reports, so...

James Holloway: Yeah, agree, I think that's the best place to look.

Rhys Herriott: Cool, excellent. We can make sure that the link to that is readily available. Okay, the next question here, I am happy to take, which is... The guide states that the lead water company will receive the funds for winning entries. Does this mean SMEs need to be prepared for delays before receiving funds? Obviously, we would hope for payment to be made quite swiftly, but we definitely encourage water companies and their partners to be, sort of, quite proactively planning for this, from the point of developing their entry all the way through, including, sort of, already starting to collaborate on their, or working together on their, sort of, collaboration agreement or any contractual arrangements between them and their lead partner, should they be successful. Marc, I don't know if there's anything further that you would want to add on top of that.

Marc Hannis: I think it's worth everyone just being aware of the practicals here, because it does take a little bit of time for the money to work its way through. So just to give you the headline version of this, the water companies are collecting, the £400 million for this five years as we speak, and that just continues throughout. They have to pay that in to a central pot once we've understood who our winning awardees are going to be, and then that money gets distributed out to the lead water companies. So, Rhys has just talked about the process to get the winner's agreement signed, that's going to take a few weeks. To get the money into the centre, that's going to take a few weeks, and then we can distribute it pretty quickly back to the water companies. And then, you're kind of under, I guess, at the mercy

of, when the water companies will then release that funding to their delivery partners. And obviously, that will come in different stages, depending on what your involvement is. But there is... it does take a little bit of time, so if we're... if we're announcing who's won in May, oftentimes the money hasn't found its way into water companies, project teams until the end of July. So, just want to be really realistic about that. It can take a little while for this to work through the system.

Rhys Herriott: Great, thank you, Marc. The next question, I'll send your way, Sam, which is a sort of point of clarification as to whether pitch recording is required in this round.

Samantha Flower: Indeed, pitch recording is required for Catalyst. It is not required for Transform until an entry reaches Stage 2.

Rhys Herriott: Cool. So, pitch require... yeah, just to make that very, very clear, yes, pitch recording is required, but if you are unsuccessful at the end of Stage 1 Transform, you will not need to be submitting a pitch recording. So, if anyone is still unclear on that, please, drop us a note and we can help you through it.

The next question from Ian, which, I'm happy to take is how we can find out which competition our idea is most suitable for, Water Breakthrough Challenge 6, or the Water Efficiency Lab. So, in our update that we posted yesterday, we sort of shared that the first Water Efficiency Lab will be focused on the theme of Providing actionable insights that help people reduce their water use. So, that is a sort of easy starting point if your innovation is not in that space. Then the first Water Efficiency Lab is probably not going to be the avenue. The Water Breakthrough Challenge remains completely open, alluding to water efficiency ideas, and there's not, sort of, any, skew or weighting that we're placing on, You know, we don't intend to be, sort of, ruling out or not favouring, sort of, water efficiency projects through the assessment process. So, hopefully that has helped. I appreciate that there is just, limited detail available at the Water Efficiency Lab at this point in time. We'll continue to share more information as we have it. Okay, just taking a look at the next question now. So, on knowledge sharing, is there a risk that this could overlap with the implementation program, and how we ensure it complements the other, Caroline, I don't want to put you on the spot, but I think the answer is that we're still designing the Implementation Program, and we'll share more information at the end of the year. Is there anything further you'd add to that?

Caroline Wadsworth: No, just, yeah, just to confirm exactly that, Rhys, we are still in the design process. Knowledge sharing and the access to knowledge is certainly highlighted as one of those key barriers to implementation, so it's certainly at the forefront of that design process. But I think knowledge sharing, there are two elements to that knowledge sharing. James referred to knowledge sharing and dissemination in his slides, and that is still absolutely key, and is a requirement of all projects coming through any of the challenges, that are being delivered through the Ofwat Innovation Fund. There may be a different slant

to the knowledge sharing required to make the implementation program successful, but that's the element that's still being designed. So, for now, I would probably park that thought, and certainly focus on what knowledge you need to share to make your project successful itself.

Rhys Herriott: Yeah, good advice. Thanks, Caroline, and people who have, entered Breakthrough before, who have been sort of looking at the entry form to Breakthrough 6 will see we've made some tweaks to these questions to draw that out really clearly, so, hopefully you'll be able to see in the entry form where we expect you to put that information. The next question I think we have touched on already, so I'll just quickly confirm that, you know, is there an opportunity or forum to pitch ideas to water companies? Not that we are directly facilitating through the Ofwat Innovation Fund, but we would just encourage you to engage with organisations like Spring, as well as directly with water companies through their portals and other sort of sector events as well.

Marc Hannis: This is always just touching on Discovery at that point.

Rhys Herriott: Well, yes, yeah.

Marc Hannis: We plan to launch the next round of Discovery in January. This is the competition where you do not need a water company in your back pocket as a partner or sponsor to enter. And so that is, perhaps one avenue we do manage to give you access to the water companies. And within that process, water companies not only, help us with some of the assessment of those entries, but there is a mentoring aspect too, where you, those who are lucky enough to be finalists and winners will be partnered up with water companies to help sort of guide them through the idea solution development. So, it's not quite pitching ideas to water companies, but it's kind of in that space where it gives you, the moment, the opportunity to put your idea forward, and then have the ear of the water companies in the aftermath. So, there is a little bit we do on that space, but yeah, that relationship between the innovator and the water company, I think that's about as much as we can do. There are other avenues, such as Spring mentioned previously.

Rhys Herriott: Well, thank you, Marc. That is a very good point. We are just about at time now, and there are a few more, sort of, questions left to get to. We're not going to have time to get to, so we will take those offline, we'll review, and we will do what we can to provide some, consolidated answers, it might not be, sort of, one by one, but we'll look to upload that alongside the recording to this webinar. So... Thank you, everyone, for your questions. Thanks for coming along, giving up time today. We're really looking forward to seeing your entries come through. And... Best of luck!

Samantha Flower: Thanks very much, Rhys, and just to point out that there will be a recording of this webinar and the transcript and the slide deck up online on the entrant support page in the next few days, early next week, absolute latest.