

Entrant Handbook

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Version 1.0













How to use this handbook

What you can win	8
Funding amounts	8
What's expected of successful entrants?	8
Monitoring & sharing learnings	9
Evaluation	9
Eligibility criteria	10
Who can enter?	10
Match funding requirements	11
Intellectual Property Rights	11
Assessment criteria	12
How will winners be selected?	12
Entering the Water Efficiency Lab	15
Prepare for your entry	15
Register your interest in forming partnerships	15
Attend our events	15 15
Book a surgery session Read the FAQs	15 15
Submit your entry	16
Feedback and learning	17

3
4
4
5
5
5
6
6
6
7
7

How to use this handbook

This document serves as a guide to support entrants to the first competition of the Water Efficiency Lab (WEL 1). It contains all the information you need, including:

- Background to the Water Efficiency Lab
- The problem the Water Efficiency Lab is addressing
- Who can enter, and what is involved in participating
- How we will assess entries
- The support and awards available
- How you can enter

You can read each section independently, but we recommend that you read the entire guide (along with the full Terms and Conditions and Frequently Asked Questions) before you enter the Water Efficiency Lab.

For more information about the support to enter the Water Efficiency Lab, refer to the Water Efficiency Lab webpage.

If you've read the handbook and you still have questions, contact the team at waterinnovation@ challengeworks.org.

Who's involved

The Water Efficiency Lab is being delivered collaboratively by Ofwat together with Challenge Works, Isle Utilities and Arup.



Ofwat, the Water Services Regulation Authority for England and Wales, is a non-ministerial government department established in 1989, when the water and sewerage industry in England and Wales was privatised. Ofwat regulates the water sector in England and Wales. Read more about Ofwat's duties on their website.



At Challenge Works, we design and run challenge prizes to spark innovation in science, technology and society. We are part of Nesta, the research and innovation foundation. Our challenge prizes offer a series of incentives in return for solving a defined challenge, creating breakthrough innovations, helping innovators thrive and unlocking systemic change.



<u>Isle</u> are a global consultancy, partnering across the water system to accelerate the water environmental transition.

Our <u>services</u> and <u>platforms</u> help de-risk the development, commercialization, and adoption of technologies, creating value and accelerating innovative solutions.



Dedicated to sustainable development, <u>Arup</u> is a collective of designers, consultants and experts working globally. Founded to be humane and excellent, we collaborate with our clients and partners using imagination, technology, and rigour to shape a better world.

With a community of over 1800 water professionals, Arup is leading global thinking across key areas like innovation, resilience, net zero carbon and sustainable water management.

About the Water Efficiency Lab

Why water efficiency?

England and Wales face an **urgent water shortfall**, a crisis recently underscored by 2025's drought, with an estimated deficit of nearly 5 billion litres per day in England by 2055. To meet this deficit, the Environment Agency is mandating a strategic goal that almost two-thirds of the required capacity must come from reductions in demand, equating to reducing the average water use per person from 144 litres per day to 122 litres per day by 2037/38 and ultimately to 110 litres per day by 2050.

Demand reduction is being addressed through multiple, simultaneous approaches, for example, targeted interventions by water companies, the rollout of smart water meters, new tariff trials and forthcoming policies.

While the sector drives these systemic changes, meeting the national challenge requires everyone, including households and businesses, to engage in saving water.



In February 2025, Ofwat announced the Water Efficiency Fund (WEF) would be established to drive a transformative, sustained, and measurable reduction in public water demand across England and Wales. Its £100 million fund will be split into two streams:



The £75 million Water Efficiency Campaign will promote behaviour change that encourages people and businesses to use less water



The £25 million Water Efficiency Lab to fund the development of new technologies and processes for water efficiency

The procurement process for the Water Efficiency Campaign delivery body is now underway. Find out more information about the Water Efficiency Campaign and Water Efficiency Fund on Ofwat's website.

The Water Efficiency Lab

The water sector in England and Wales is at risk of falling short of its long-term goals for water efficiency. The Water Efficiency Lab (WEL) is a new challenge-led competition to attract the most innovative solutions to specific water efficiency challenges and unlock progress on water efficient technology, processes and approaches.

This first competition of the WEL (WEL 1) will focus on the challenge of providing water customers with **actionable insights** to help them **understand and reduce their water use**. Up to £5 million will be available in this first competition, with a total of £25 million available through annual rounds between 2025-30.

Themes for future competitions within the WEL will be announced in due course.

Key dates

Entries open	25 November 2025, 1.00 pm
Launch webinar	3 December 2025, 12.00 – 1.00 pm
Surgery sessions	November 2025 – March 2026
Networking event (in-person)	15 January 2026, 2.00 – 5.00 pm
Entries close	10 March 2026, 1.00 pm
Announcement of winners	Mid-June 2026

Why Actionable Insights?

It's crucial that customers are empowered to act, and the first step is providing the clear, intuitive understanding they need to engage fully.

Currently, customers often lack the **granular**, **timely data and tailored insights** they need to truly understand their specific usage patterns. This prevents them from easily identifying where water is being used or wasted, and it limits their ability to take meaningful action to reduce overall consumption.



What we're looking for

Problem statement

Water customers in England and Wales – spanning both businesses and households – largely lack the granular, timely data needed to understand their specific usage patterns. This deficiency of information prevents them from effectively identifying where water is being used, wasted, or used inefficiently. Just having access to data alone is not enough; customers also need insights that help them interpret their usage, along with tailored suggestions for what they can do to reduce their usage. Ultimately, this lack of data and actionable insights prevents customers from taking meaningful actions to reduce overall water consumption across the country.

Smart meter deployment is underway with £1.7bn being invested in 10.4m new smart meters, and around half of homes and businesses expected to have a smart meter by 2030. This presents a key opportunity to accelerate and enhance the sector's efforts to provide detailed usage information and insights.

Smart meter implementation remains unevenly distributed, which offers space to develop varied solutions, some independent from smart-meter technology. Many properties will not receive smart meters for several years, and some will remain unmetered due to shared supply pipes or access constraints. These factors limit the opportunities for water demand reduction across a portion of households.

Additionally, there are still significant data gaps. Smart water data does not provide granular, fixture-level information on water use from specific uses like appliances or gardens.

The fragmentation of digital services and a lack of unified platforms prevent customers from seeing the broader picture or recognising the impact of combined resource savings across energy and water.

To provide customers with actionable insights that drive meaningful water consumption reduction, innovation is needed to:

- enhance the benefits of smart meters through better customerfacing solutions and behavioural mechanisms, and
- increase the availability of granular water usage insights, including for properties without smart meters.

Challenge statement

We are calling on innovators to develop innovative solutions which deliver tailored water usage insights that drive a reduction in water consumption for households and/or businesses in England and Wales.

Example solutions

We are looking for a portfolio of different solutions that meet the Challenge Statement. Here are some example solutions to further describe the kinds of innovations we might expect to receive – this list is illustrative only and not exhaustive; we expect to receive a range of applications outside of these examples:

- Developments to planned customer-facing solutions that provide deeper insights from existing smart meter data, combined with real-time behavioural nudges and incentives – for example, linking insights to water usage during extreme weather conditions, or using social norms and business benchmarking to shape incentives
- Granular monitoring systems for fixture-level usage tracking (showers, taps, outdoor use)
- DIY sensors kits for mass deployment across households and businesses
- Alternative monitoring solutions for unmeterable, hard to meter and low priority for metering properties
- Combined leak detection and consumption tracking systems with built-in behavioural feedback
- Unified platforms that integrate data from various sources, such as different types of hardware or energy sources.

Other potential solution considerations

- Entries must develop solutions that drive water reductions for customers in England and Wales. WEL 1 welcomes international organisations as partners on entries (see <u>Eligibility Criteria</u> below), but entries must demonstrate impact in England and Wales alongside any impact generated elsewhere.
- Equity, Diversity and Inclusion (EDI) considerations for your team and project delivery should be key to your project, and reflected in the entry form in the following ways:
 - ► Answers to question 1.1 should detail how insights are personalised based on individual customer needs, including any adjustments for vulnerable customers or customers with accessibility needs.
 - ► Answers to question 3.1 should outline how equity, diversity and inclusion is (or will be) promoted across your team.

We will also be sending an optional post-entry survey to all lead entrants and partner organisations to collect relevant data on EDI of WEL entrants.



What you can win

Funding amounts

Individual entries will be able to **request between £150,000 and £1.5 million**. Entries requesting between £100,000 and £150,000 are also eligible to enter provided that they are digital-led and will complete within 12 months.

We therefore expect to receive entries into the competition with a total financial cost of from £165,000 to approximately £1.65 million, inclusive of the 10% mandatory contribution (see <u>Match funding</u> requirements below).

The total funding available for WEL 1 is up to £5 million. The independent judging panel will seek to recommend a balanced portfolio of entries to receive funding, and the actual amount awarded will depend on the entries received and the quantity, quality and amounts requested by individual projects.

What's expected of successful entrants?

If your entry is successful in receiving funding, your team is expected to:

- Sign a winner's agreement and commit to use the funding received for the purposes set out in your entry;
- Undergo due diligence processes as required by the delivery team;
- Participate fully in the monitoring and evaluation process and activities required by Ofwat and the delivery team see more detail below;
- Engage with communication opportunities to promote your participation in WEL 1 as requested by Ofwat and the delivery team.

Monitoring & sharing learnings

The delivery team will monitor your entry's progress throughout the lifecycle of the project's delivery – this may be through meetings, surveys, written reporting, or other reasonable requests for information. Reporting is usually bi-annually, but we may require quarterly reporting where the monitoring team identify that the project is higher risk; we will endeavour to keep this reporting proportionate to your entry's relative size and risk.

Sharing learning is key to the Water Efficiency Lab, as reflected in the Impact category of WEL 1's <u>Assessment Criteria</u>. As such, the monitoring requirements will include an aspect of sharing learning about what has and hasn't worked, both during the lifetime of the project as well as part of the final report process. Executive summaries of learnings may be published to support dissemination of learning; we will work with entrants to ensure that no sensitive information is disclosed.

Evaluation

Ofwat has commissioned a full independent evaluation of the Water Efficiency Fund. Entrants are expected to participate fully in evaluation process and activities.

Guidance on evaluation for successful entrants

Successful entrants will be required to develop and share an evaluation framework at the start of their project. Winners will be provided with full guidance during the onboarding stage. The evaluation framework should outline how the project's outcomes will be measured, assessed, and reported. At a minimum, successful entrants will be required to articulate a clear theory of change, consider possible feedback mechanisms, define evaluation questions, and identify baseline data. The evaluation should demonstrate how the proposed activities are expected to lead to measurable results and provide a basis for learning and accountability.

Evaluation approaches should be proportionate to the scale and complexity of the intervention. Smaller projects may adopt light-touch methods such as surveys or before-and-after comparisons, while larger or strategic initiatives should consider more robust designs, including matched control groups or cost-effectiveness analysis. Entrants are encouraged to use recognised evaluation guidance, such as the HM Treasury Magenta Book, and sector-specific tools where relevant (i.e. WECS Evaluation Framework, Artesia Consulting, 2025 or the Evaluation Toolkit for Water Efficiency Behaviour Change Initiatives, Waterwise). The framework should also distinguish between outcomes directly attributable to the intervention and those influenced by external factors.

Eligibility criteria

Who can enter?

WEL 1 is seeking to fund a diverse portfolio of solutions that meet the Challenge Statement, from a range of different innovators and organisations, including, for example, water companies (including wholesalers, NAVs and water retailers), behavioural science firms, tech companies, software developers, hardware manufacturers, consultancies, non-profit organisations and universities.

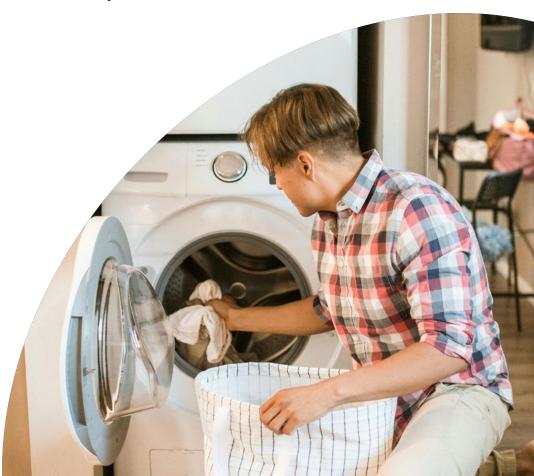
For your organisation or partnership to be eligible to enter WEL 1, you must meet the eligibility criteria:

- The lead entrant must be a UK-incorporated entity (e.g. private limited companies, non-profits, charities, universities). We will not accept applications from individuals or unincorporated groups.
- The lead entrant must hold a UK business bank account upon entry.
- You must agree to comply with our Terms and Conditions.
- Entrants must not have conflicts of interest that would rule out participation. See the Terms and Conditions for more information.

We welcome applications from a consortium of partners, whether already-existing partnerships or partnerships formed during the entry period. However, one organisation must be nominated as the lead entrant to submit the application. The lead entrant will be the organisation that enters into contracts and receives funding.

Further to meeting the above eligibility criteria, other entrant considerations are as follows:

- Entrants will be subject to due diligence checks and must pass due diligence checks in order to receive funding. We may ask you to provide additional information to support these checks.
- You must own or have full permission to use and share all intellectual property (IP) rights necessary to build, test, and launch the solution you submit to the WEL 1.



Match funding requirements

A maximum of 90% of each entry's total costs will be provided by funding from WEL 1. Entry partners must provide the remaining 10% of the entry's total costs as a mandatory 10% contribution. The requirements for this 10% match contribution depend on the type of entrant.

- Contributions from wholesaler water companies, including New Appointees or NAVs, for the mandatory 10% must be financial.
- Financial or in-kind contributions are allowable from non-water companies, including <u>water retailers</u>, SMEs, universities and charities.
- For entries involving multiple partners, the 10% mandatory contribution may be made up of contributions from any of the consortium members, provided the total 10% is met and the financial-only requirement for wholesaler water companies is respected.
- Your mandatory 10% match contribution must not be funded by charges to water customers in England and Wales. This ensures that customers don't bear the full risk of innovations funded through the WEL and encourages strong project management.

In-kind contributions are non-cash resources that are essential for the project's delivery and have a measurable monetary value. Allowable contributions must be auditable, valued at the true market rate, and directly support the entry's objectives.

Example in-kind contributions include staff time (salary plus on-costs), asset or facility use (based on rental value), and donated services (valued at market rate).

We welcome and encourage any commitment that exceeds the minimum 10% contribution. This can be in the form of additional financial (cash) or additional in-kind contributions. Wholesaler water companies and NAVs are welcome and encouraged to provide in-kind contributions that are additional to the minimum 10% contribution.

Intellectual Property Rights

Winners of the WEL will retain full ownership of Intellectual Property Rights (IPR) with no requirements to provide royalty-free licences.



Assessment criteria

How will winners be selected?

We are looking for entries that are able to address our <u>Challenge</u> Statement.

After the entry deadline closes on **10 March 2026**, all entries will undergo eligibility checks, before eligible entries are assessed and judged by a team of technical assessors and an independent judging panel, against the below four assessment criteria categories. The judging panel will convene to discuss entries and recommend to Ofwat which entries they agree best meet the assessment criteria and offer a well-rounded portfolio of solutions to receive funding. Ofwat will make the final decision on which entries will receive funding.

1. Impact on the Challenge Statement (40%)

Across the WEL, we define impact as a positive impact for water customers, communities and the environment that contribute to transformative, sustained and measurable reduction in water demand.

Specifically for WEL 1, we are looking to understand whether the solution provides customers in England and Wales with:

- Tailored, actionable insights that enable them to identify specific opportunities to reduce water use
- Motivation to change their water usage behaviour through credible mechanisms

- The potential to deliver significant water consumption reduction based on proposed insights and behavioural changes
- The potential to maintain customer engagement and sustain behaviour change beyond initial implementation.

We are also looking to understand how solutions will contribute to the sector's understanding of effective approaches to customer insights and demand reduction.

2. Innovation (15%)

The solution goes beyond current approaches, market offerings and sector practices. The solution demonstrates that it is not just different but substantially better than existing approaches.

Innovation can refer to any new or significantly improved technology, process, service or business model. Specifically, the WEL is interested in supporting ambitious solutions that are novel in the context of the water sector in England and Wales, with strong entries demonstrating:

- A novel approach with greater value than current solutions
- Clear additionality, articulating how competition funding would enable development or trialling at scale that would be unlikely to occur otherwise.

3. Team capability and project delivery (20%)

We are looking for a clear narrative demonstrating strong evidence that the proposed entry is feasible and that appropriate resources and governance will be in place for its delivery through:

- Relevant skills and experience within the delivery team, including clear identification of key partners, their roles, and what capabilities they bring to ensure successful delivery
- A credible delivery timeline with appropriate milestones, resource allocation, and project controls that demonstrate the solution can be developed within programme constraints
- A realistic and considered costing which provides efficient use of customer funds
- A clear and proportionate approach to addressing risk.

4. Adoption and implementation plans (25%)

We are looking to understand how solutions have a feasible pathway to implementation and scaling across England and Wales, with strong entries demonstrating:

- A credible pathway to reach target customers, including meaningful stakeholder buy-in where it is required to ensure adoption
- A sustainable business model
- An understanding of market conditions, regulatory requirements, competitive landscape, and concrete plans to overcome identified barriers to adoption.

Portfolio approach

In selecting solutions for funding, we will consider both individual merit against the assessment criteria and the overall portfolio of funded solutions. This means that funding decisions will balance choosing the individual entries that best meet the assessment criteria with ensuring we support a diverse mix of solution types, approaches, and innovation stages that maximises impact across the water efficiency challenge.

Solutions may be selected not only based on their individual assessment but also because they contribute to a well-rounded portfolio that addresses different aspects of actionable insights, serves diverse customer segments, or fills gaps in our understanding of effective water demand reduction approaches.



The detailed breakdown of the assessment criteria weightings is as follows:

Criteria	Weighting
1. Impact on the challenge statement	40
1.1 Actionable insight effectiveness : The solution provides customers in England and Wales with tailored, actionable insights that enable them to identify specific opportunities to reduce water use.	8
1.2 Behaviour change pathway: The solution motivates and enables customers in England and Wales to change their water usage behaviour through credible mechanisms.	8
1.3 Water consumption reduction potential: The solution has potential to deliver significant water consumption reduction in England and Wales based on proposed insights and behaviour changes.	8
1.4 Sustained impact: The solution has potential to maintain customer engagement and sustain behaviour change beyond initial implementation.	8
1.5 Advance sector's understanding: The solution contributes new understanding, methodology, or capability to the sector's ability to deliver effective customer insights and water demand reduction.	8
2. Innovation	15
2.1 Novel approach with greater value than current solutions : The solution goes beyond current approaches, market offerings and sector practices. The solution demonstrates that it is not just different but substantially better than existing approaches.	10
2.2 Additionality : The solution delivers innovation that clearly demonstrates the added value of being funded through this competition, showing that without this support, the solution would be unlikely to be developed or trialled at scale.	5

Criteria	Weighting
3. Team capability and project delivery	20
3.1 Team capabilities and partnerships : The entry demonstrates relevant skills and experience within the delivery team, including clear identification of key partners, their roles, and what capabilities they bring to ensure successful delivery.	3
3.2 Realistic project plan and management : The entry presents a credible delivery timeline with appropriate milestones, resource allocation, and project controls that demonstrate the solution can be developed within programme constraints.	5
3.3 Resource and budget planning : The entry demonstrates a realistic and considered costing which provides efficient use of customer funds.	6
3.4 Risk management approach : The entry demonstrates a clear and proportionate approach to addressing risk.	6
4. Adoption and implementation plans	25
4.1 Route to market strategy : The entry demonstrates a credible pathway to reach target customers, including meaningful stakeholder buy-in where it is required to ensure adoption.	10
4.2 & 4.3 Business model viability : The entry presents a sustainable approach.	7.5
4.4 Market readiness and barriers : The entry shows understanding of market conditions, regulatory requirements, competitive landscape, and concrete plans to overcome identified barriers to adoption.	7.5
Total	100

Entering the Water Efficiency Lab

Prepare for your entry

Register your interest in forming partnerships

We know that for some types of solutions, partnerships will be vital for the solution to be implemented successfully, or to combine complementary expertise from different organisations. Assessors and judges will be seeking to understand the team delivering the solution through assessment criterion 3.1 (team capability and partnerships), as well as the solution's route to market strategy in assessment criterion 4.1.

If your organisation is seeking to form partnerships in order to submit an entry to the WEL, the WEL delivery team are facilitating this from interested parties via the Partnerships form. Complete the partnership form.

You will be asked to share key details about your team's expertise, indicate the potential solution type you're looking to develop (if known), and the key skills or expertise areas where you are seeking to form partnerships. It only takes a few minutes to complete, and you will need to provide consent for your contact details to be shared with other organisations interested in forming partnerships.

You will then receive access to a document which contains details of all other organisations who have completed the partnerships form and shared their contact details. It is then your opportunity to directly contact any organisations who may be of interest to form a partnership to enter WEL 1. This document will be continuously updated, so we encourage you to keep checking back for new organisations who might have the expertise you are looking for.

This partnerships form is not mandatory, but we encourage you to complete it if your organisation is seeking to form partnerships to enter the WEL.

Attend our events

We also encourage all interested entrants to attend one or more of a range of events over the entry period in support of your application. These include:

- Launch webinar on 3 December 2025, 12 1 pm: for potential entrants and partners to learn more about WEL 1, its aims and the entry process, and ask your questions to the delivery team. Register for the Launch webinar. This session will be recorded and uploaded to the website.
- **Networking event on 15 January 2026, 2 5 pm, London**: for potential entrants to network in-person with other organisations seeking to form partnerships to enter WEL 1. Find out more information and register for the event.

Book a surgery session

If you have specific questions on the entry process or terms and conditions, a number of 15-minute surgery sessions will be made available to book via Calendly during the entry period. All surgery sessions will be held online using Zoom. Please note that we may cancel your session where your question is not in scope (e.g. it is seeking guidance on the entry itself) or can be answered in the Entrant Handbook or FAQs and direct you to the relevant answers.

The surgery sessions will be run by the WEL delivery team. Please note that the WEL delivery team cannot provide any guidance and/or opinion on the entries themselves. Book a surgery session.

Read the FAQs

Find answers to commonly asked questions on the <u>Water Efficiency Lab</u> webpage. If you have any further questions which are not answered here, then please get in touch with the delivery team on <u>waterinnovation@</u> challengeworks.org.

Submit your entry

All entries should be made through the online form which can be accessed via the Water Efficiency Lab webpage. The entry period runs from 25 November 2025 to 10 March 2026 at 1.00 pm. Late entries will not be accepted.

The entry form must be completed by the lead entrant organisation.

It features:

- Questions about your organisation and partnership (if applicable), so we know who you are and can check you are eligible;
- Questions about your solution, which will be assessed against the assessment criteria;

A copy of the <u>entry form</u> is available to download to help you develop and collaborate on your entry prior to the deadline, but entries must be made through the online Submittable form.

Entries seeking £500,000 or more in funding will be asked to provide a greater level of evidence against the assessment criteria, commensurate with the amount of funding requested. This will be

reflected in the word counts and question guidance provided. All entries will be assessed against the same assessment criteria.

To access the entry form and submit an entry you will need to set up a <u>Submittable account</u>. Once you have started an entry you can save a <u>draft and return to it</u> at a later date to complete. Submittable is a third-party platform. For more information on Submittable see our Terms and Conditions and the Submittable privacy policy.

Before submitting your entry, please ensure that:

- You have read and understood the Water Efficiency Lab <u>Terms and</u> Conditions and Privacy policy;
- Your team meets the eligibility criteria;
- Your entry is aligned with the Challenge Statement and assessment criteria.

We are aiming to make sure the entry process is as accessible, efficient and practical as possible. If you have any challenges with the entry process or there are any reasonable adjustments that would support you to enter, catering for any additional needs you have, please contact us at waterinnovation@challengeworks.org.

Feedback and learning

If you have any feedback or concerns relating to the Water Efficiency Lab, please feel free to contact us directly at waterinnovation@challengeworks.org or submit your feedback or concerns anonymously. We welcome and support feedback from entrants via email and via entrant surveys sent out after entering one of our competitions.

If you would prefer to contact Ofwat directly, you may do so by emailing waterefficiencyfund@ofwat.gov.uk. Ofwat also has a range of materials available relating to whistleblowing and making a complaint.





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