

Water Sector Innovation Leadership group Meeting minutes 7 October 2011 Ergon House, Defra

Attendees:

Jonson Cox (Independent Chair) Sonia Phippard (Defra) Alison Maydom (Defra) Mark Worsfold (Ofwat) Keith Mason (Ofwat) Trevor Bishop (EA) Colin Waugh (British Water/SBWWI)

Apologies

Jeni Colbourne (DWI)
Pamela Taylor (Water UK)
Jim Marshall (Water UK)

Robert Watson (SEG/Defra) Ian Barker (EA) Paul Mason (TSB).

1. Introductions and overview

Jonson Cox welcomed Colin Waugh to the meeting. He ran over the reasons for creating the group and recapped what had been achieved so far. Feedback on the innovation priorities document produced by the group had been positive including the ordering of priorities.

2. Updates and feedback

Technology Strategy Board (TSB)

Alison Maydom provided an update. An Interim Strategic Assessment for Water will be published shortly by the TSB¹. This will set out the TSB decision that there will not be a dedicated innovation platform for water. However, over the last few months, the TSB has been exploring the potential for a smaller competition in the water sector. They will launch a competition for the water supply chain in March 2012 that will be

¹ http://www.innovateuk.org/content/news/water-interim-strategic-assessment.ashx

co-funded by DEFRA, NERC and the TSB. Up to £3.5 million has been made available for the first call of the competition.

Isle Utilities have been commissioned by the TSB to develop the competition call. They have been consulting widely across the sector to identify the best opportunities for investment. Over 30 face-to-face discussions have been held with individuals and groups and two workshops were held on the 28th and 29th of September 2011; attended by 22 representatives of the sector. Work is continuing on developing a suitable competition call.

A strong recommendation from the workshops was that the competition be divided into two phases

- market and technical feasibility studies, and
- prototyping and demonstration of the full service delivery

The group had some concerns about this phased approach in terms of timing and possible exclusion of potential applicants. The group felt some early deliverables would help demonstrate success in this area and strengthen the case for a potential platform in the future.

UK Water Research and Innovation Framework (UKWRIF)

Alison Maydom provided an update. Several meetings have been held to progress the drafting of the Framework which aims to set out priority action for research and innovation in the water sector over the next 20 years. The findings and recommendations of the framework will be taken forward by a Water Research Partnership. Timing of the publication of the UKWRIF is not finalised but likely to be by the end of the year.

The group felt that the UKWRIF need to be joined up with the innovation priorities that had already identified and published by the sector. It should concentrate on domestic problems and connect with day to day needs in application.

BIS workshop

A workshop was held on 15 September with the utilities sector as part of BIS's stakeholder engagement process to help inform a new UK Innovation and Research Strategy. There had been useful discussions in the breakout groups.

3. Brainstorming Session

The Group considered a paper by Deloitte on 'Fostering an Innovative Culture'2.

The group identified the following areas that appear to be barriers to innovation and could potentially require further action.

- · Perceived incentives and incentives to share
- Culture
- Procurement
- The marketing of UK PLC
- Pilots
- Skills

4. Developing an Action Plan

The group discussed these areas in more detail and developed forward actions in these areas.

Area	Remedy	Lead	How
Incentives & outcomes	Future Price Limits Framework	OFWAT	Outcome focus, opex/capex bias, timescales and milestones of delivery.
Outcomes	Review application of environmental and drinking water compliance.	EA/DWI	Scope for flexible risk based regulation on catchment basis, rather than site specific standards.
Incentives to share – demonstrating benefits	Closer working of application throughout sector working hubs. Publish and share success, along the supply chain and across companies.	WaterUK and partners	TSB competition could generate a focus and change in momentum.
Cultural barriers to	Leadership across the sector	Defra/BIS	Bring (some) MDs together to discuss

²http://www.creativeendeavorsconsulting.com/articles/CECP%20Strategy/GES_FosteringInnovativeCulture.pdf

innovation			innovation support, encouraging growth (particularly for SMEs).
Procurement	Sometimes 'best value' is not compatible with Innovation.	WaterUK/Supply Chain	Bring procurement and supply chain together to explore risk sharing.
Global presence	Stimulate global presence in water	BIS/ Supply chain/ water companies	Develop potential for global support for supply chain.
Skills	Part of cultural aspect.	Defra/BIS	Can we encourage training and skills for innovation?
Pilots	Water competition for supply chain	TSB/WaterUK	Implement by April 2012

5. Communication Plan

The group discussed the messages that the Water White Paper should reflect on innovation in terms of its importance and the types of barriers that need to be addressed. Examples of good innovation by water companies should be included. It was agreed that the group still had an important role to play in terms of co-ordinating action and ensuring it is joined up.

6. Date of Next Meeting

It was agreed that the group should continue to meet half yearly and that a meeting in April 2012 would be timely given the publication of the Water White Paper, the launch of the TSB competition and Ofwat finalising the future price limits framework for the next price review.