

Innovation Fund – transfer of funds

This document sets out the payments between water companies to pay for the funds awarded through the Ofwat innovation fund.

Ofwat established a £200 million Innovation Fund to help the England and Wales water sector to grow its capacity to innovate and enable it to better meet the evolving needs of customers, society and the environment.

The fund aims to achieve this by supporting ambitious water company initiatives that demonstrate bold new approaches to innovation, going beyond the sector's business-as-usual innovation practices, and that can create significant value for customers, society and the environment.

Through the fund we run competitions ('challenges') to find and fund innovative projects. For more information on the Innovation Fund, please visit the [Water Innovation Challenges website](#).

The funds awarded through our challenges are paid to water companies that lead those winning projects by other water companies ('transfer of funds').

Below we set out the transfer of funds for:

- Innovation in Water Challenge Payment Settlement;
- Water Breakthrough Challenge 1 Payment Settlement;
- Water Breakthrough Challenge 2 Catalyst Stream Payment Settlement; and
- Water Breakthrough Challenge 2 Transform Stream Payment Settlement (part 1).

In the tables below, the proportion of company contribution is based on the proportion of total sector water and wastewater revenue set at the [2019 price review Final Determinations](#) (shown rounded down to two decimal places for presentation purposes).

Last updated: 8 September 2022

Innovation in Water Challenge Payment Settlement

We announced [the winners of the first round of the Innovation in Water Challenge](#) on 21 April 2021.

Payment of funds awarded through the Challenge was settled through the mechanism agreed by the water companies whose customers are funding the Challenge. Funding was awarded in pounds sterling and details of the payments between water companies is set out below.

| | Water companies that are receiving the funds  | | Affinity Water Limited | Anglian Water Services Ltd | Dwr Cymru Cyfyngedig | Hafren Dyfrdwy Cyfyngedig | Northumbria n Water Limited | Severn Trent Water Limited | South East Water Limited | United Utilities Water Ltd |
|---|--|------------------------------|------------------------|----------------------------|----------------------|---------------------------|-----------------------------|----------------------------|--------------------------|----------------------------|
| Water Company that are paying the funds  | Proportion of Company Contribution | Contribution to the IWC Fund | | | | | | | | |
| Affinity Water | 2.42 | £ 52,343 | £ 8,337.41 | £ 4,526.00 | £ 4,054.17 | £ 4,997.86 | £ 11,502.68 | £ 5,204.08 | £ 4,305.47 | £ 9,415.71 |
| Anglian Water | 10.49 | £ 226,815 | £ 36,127.80 | £ 19,612.15 | £ 17,567.62 | £ 21,656.79 | £ 49,843.61 | £ 22,550.40 | £ 18,656.52 | £ 40,800.30 |
| Bristol Water | 0.95 | £ 20,439 | £ 3,255.66 | £ 1,767.35 | £ 1,583.11 | £ 1,951.60 | £ 4,491.66 | £ 2,032.13 | £ 1,681.23 | £ 3,676.72 |
| Dwr Cymru | 6.18 | £ 133,557 | £ 21,273.28 | £ 11,548.30 | £ 10,344.41 | £ 12,752.26 | £ 29,349.62 | £ 13,278.45 | £ 10,985.59 | £ 24,024.61 |
| Hafren Dyfrdwy | 0.23 | £ 4,916 | £ 783.08 | £ 425.10 | £ 380.78 | £ 469.42 | £ 1,080.38 | £ 488.79 | £ 404.39 | £ 884.36 |
| Northumbrian | 5.89 | £ 127,368 | £ 20,287.53 | £ 11,013.18 | £ 9,865.08 | £ 12,161.34 | £ 27,989.62 | £ 12,663.15 | £ 10,476.55 | £ 22,911.36 |
| Portsmouth Water | 0.32 | £ 7,020 | £ 1,118.11 | £ 606.97 | £ 543.69 | £ 670.25 | £ 1,542.59 | £ 697.90 | £ 577.39 | £ 1,262.71 |
| SES Water | 0.49 | £ 10,635 | £ 1,694.00 | £ 919.60 | £ 823.73 | £ 1,015.47 | £ 2,337.13 | £ 1,057.37 | £ 874.79 | £ 1,913.09 |
| Severn Trent Water | 14.19 | £ 306,740 | £ 48,858.52 | £ 26,523.08 | £ 23,758.09 | £ 29,288.21 | £ 67,407.51 | £ 30,496.72 | £ 25,230.70 | £ 55,177.51 |
| South East Water | 1.98 | £ 42,706 | £ 6,802.35 | £ 3,692.69 | £ 3,307.73 | £ 4,077.67 | £ 9,384.84 | £ 4,245.92 | £ 3,512.76 | £ 7,682.12 |
| South Staffs | 1.02 | £ 22,079 | £ 3,516.87 | £ 1,909.15 | £ 1,710.12 | £ 2,108.18 | £ 4,852.03 | £ 2,195.17 | £ 1,816.12 | £ 3,971.71 |
| South West Water | 4.41 | £ 95,329 | £ 15,184.34 | £ 8,242.89 | £ 7,383.58 | £ 9,102.24 | £ 20,949.02 | £ 9,477.82 | £ 7,841.24 | £ 17,148.16 |
| Southern Water | 6.65 | £ 143,716 | £ 22,891.54 | £ 12,426.78 | £ 11,131.31 | £ 13,722.32 | £ 31,582.24 | £ 14,288.54 | £ 11,821.27 | £ 25,852.16 |
| Thames Water | 17.16 | £ 371,015 | £ 59,096.36 | £ 32,080.74 | £ 28,736.38 | £ 35,425.27 | £ 81,532.11 | £ 36,887.01 | £ 30,517.55 | £ 66,739.44 |
| United Utilities | 14.69 | £ 317,418 | £ 50,559.24 | £ 27,446.32 | £ 24,585.09 | £ 30,307.70 | £ 69,753.90 | £ 31,558.28 | £ 26,108.96 | £ 57,098.19 |
| Wessex Water | 4.13 | £ 89,275 | £ 14,220.01 | £ 7,719.40 | £ 6,914.67 | £ 8,524.17 | £ 19,618.59 | £ 8,875.90 | £ 7,343.26 | £ 16,059.12 |
| Yorkshire Water | 8.80 | £ 190,133 | £ 30,284.89 | £ 16,440.30 | £ 14,726.42 | £ 18,154.26 | £ 41,782.46 | £ 18,903.35 | £ 15,639.22 | £ 34,201.71 |
| TOTAL | 100.00 | £2,161,505 | £ 344,291 | £ 186,900 | £ 167,416 | £ 206,385 | £ 475,000 | £ 214,901 | £ 177,793 | £ 388,819 |

Water Breakthrough Challenge 1 Payment Settlement

We announced [the winners of the first round of the Water Breakthrough Challenge](#) on 30 September 2021.

Payment of funds awarded through the Challenge will be settled through a centralized payment mechanism managed by MOSL. Funding was awarded in pounds sterling and is drawn down from water companies and distributed to competition winners as set out below.

| | Water companies that are receiving the funds  | | Affinity Water Limited | Anglian Water Services Limited | Bristol Water plc | Northumbrian Water Limited | Severn Trent Water Limited | Thames Water Utilities Limited | United Utilities Water Limited |
|---|--|--|------------------------|--------------------------------|-------------------|----------------------------|----------------------------|--------------------------------|--------------------------------|
| Water Company that are paying the funds  | Proportion of Company Contribution | Contribution to Breakthrough Challenge | £2,898,000 | £11,305,688 | £622,156 | £3,784,939 | £1,998,000 | £6,260,000 | £9,232,197 |
| Affinity Water | 2.42 | £874,227.61 | £70,178.47 | £273,780.51 | £15,066.24 | £91,656.74 | £48,383.92 | £151,593.25 | £223,568.49 |
| Anglian Water | 10.49 | £3,788,217.38 | £304,098.50 | £1,186,350.17 | £65,285.27 | £397,168.49 | £209,657.97 | £656,886.35 | £968,770.63 |
| Bristol Water | 0.95 | £341,375.74 | £27,403.88 | £106,908.11 | £5,883.19 | £35,790.89 | £18,893.36 | £59,195.41 | £87,300.90 |
| Dwr Cymru | 6.18 | £2,230,631.65 | £179,063.57 | £698,563.46 | £38,442.19 | £233,866.36 | £123,453.77 | £386,797.09 | £570,445.20 |
| Hafren Dyfrdwy | 0.23 | £82,110.88 | £6,591.44 | £25,714.54 | £1,415.08 | £8,608.76 | £4,544.41 | £14,238.23 | £20,998.43 |
| Northumbrian | 5.89 | £2,127,269.20 | £170,766.17 | £666,193.60 | £36,660.87 | £223,029.52 | £117,733.20 | £368,873.79 | £544,012.06 |
| Portsmouth Water | 0.32 | £117,240.17 | £9,411.43 | £36,715.92 | £2,020.49 | £12,291.82 | £6,488.63 | £20,329.74 | £29,982.13 |
| SES Water | 0.49 | £177,626.57 | £14,258.94 | £55,627.04 | £3,061.18 | £18,622.92 | £9,830.70 | £30,800.89 | £45,424.90 |
| Severn Trent Water | 14.19 | £5,123,109.46 | £411,256.74 | £1,604,396.26 | £88,290.49 | £537,122.73 | £283,537.25 | £888,359.96 | £1,310,146.03 |
| South East Water | 1.98 | £713,267.57 | £57,257.43 | £223,372.90 | £12,292.29 | £74,781.19 | £39,475.62 | £123,682.38 | £182,405.76 |
| South Staffs | 1.02 | £368,764.47 | £29,602.50 | £115,485.40 | £6,355.20 | £38,662.41 | £20,409.18 | £63,944.68 | £94,305.09 |
| South West Water | 4.41 | £1,592,168.96 | £127,811.09 | £498,617.09 | £27,439.07 | £166,927.94 | £88,118.21 | £276,086.07 | £407,169.49 |
| Southern Water | 6.65 | £2,400,315.68 | £192,684.93 | £751,703.14 | £41,366.49 | £251,656.56 | £132,844.89 | £416,220.73 | £613,838.94 |
| Thames Water | 17.16 | £6,196,608.49 | £497,431.69 | £1,940,582.28 | £106,790.93 | £649,671.70 | £342,949.80 | £1,074,507.37 | £1,584,674.72 |
| United Utilities | 14.69 | £5,301,439.96 | £425,572.19 | £1,660,243.74 | £91,363.80 | £555,819.45 | £293,406.91 | £919,282.92 | £1,355,750.95 |
| Wessex Water | 4.13 | £1,491,053.36 | £119,694.05 | £466,950.87 | £25,696.47 | £156,326.67 | £82,521.99 | £258,552.37 | £381,310.93 |
| Yorkshire Water | 8.80 | £3,175,552.85 | £254,916.96 | £994,482.97 | £54,726.75 | £332,934.84 | £175,750.20 | £550,648.79 | £812,092.34 |
| TOTAL | 100.00 | £36,100,980 | £2,898,000.00 | £11,305,688.00 | £622,156.00 | £3,784,939.00 | £1,998,000.00 | £6,260,000.00 | £9,232,197.00 |

Water Breakthrough Challenge 2 Catalyst Stream Payment Settlement

We announced [the winners of the Water Breakthrough Challenge 2 Catalyst stream](#) on 22 March 2022.

Payment of funds awarded through the Challenge will be settled through a centralized payment mechanism managed by MOSL. Funding was awarded in pounds sterling and is drawn down from water companies and then distributed to competition winners as set out below.

| | Water companies that are receiving the funds → | | Anglian Water Services Limited | Northumbrian Water Limited | Portsmouth Water Limited | Severn Trent Water Limited | Thames Water Utilities Limited | Yorkshire Water Limited |
|---|--|---|--------------------------------|----------------------------|--------------------------|----------------------------|--------------------------------|-------------------------|
| Water Company that are paying the funds ↓ | Proportion of Company Contribution | Contribution to Catalyst stream of Breakthrough Challenge 2 | £314,316 | £1,792,727 | £154,800 | £1,331,806 | £1,469,480 | £173,880 |
| Affinity Water | 2.42 | £126,820.32 | £7,611.53 | £43,412.99 | £3,748.66 | £32,251.25 | £35,585.18 | £4,210.71 |
| Anglian Water | 10.49 | £549,539.89 | £32,982.41 | £188,117.87 | £16,243.77 | £139,751.63 | £154,198.30 | £18,245.91 |
| Bristol Water | 0.95 | £49,521.86 | £2,972.21 | £16,952.27 | £1,463.81 | £12,593.74 | £13,895.60 | £1,644.23 |
| Dwr Cymru | 6.18 | £323,587.84 | £19,421.17 | £110,770.22 | £9,564.89 | £82,290.53 | £90,797.22 | £10,743.81 |
| Hafren Dyfrdwy | 0.23 | £11,911.46 | £714.90 | £4,077.52 | £352.09 | £3,029.16 | £3,342.30 | £395.49 |
| Northumbrian | 5.89 | £308,593.50 | £18,521.24 | £105,637.38 | £9,121.67 | £78,477.37 | £86,589.88 | £10,245.97 |
| Portsmouth Water | 0.32 | £17,007.51 | £1,020.76 | £5,821.99 | £502.72 | £4,325.12 | £4,772.23 | £564.69 |
| SES Water | 0.49 | £25,767.50 | £1,546.52 | £8,820.70 | £761.66 | £6,552.85 | £7,230.24 | £855.54 |
| Severn Trent Water | 14.19 | £743,186.76 | £44,604.75 | £254,406.85 | £21,967.75 | £188,997.30 | £208,534.70 | £24,675.40 |
| South East Water | 1.98 | £103,470.56 | £6,210.12 | £35,419.93 | £3,058.47 | £26,313.25 | £29,033.35 | £3,435.45 |
| South Staffs | 1.02 | £53,495.03 | £3,210.68 | £18,312.36 | £1,581.25 | £13,604.14 | £15,010.45 | £1,776.15 |
| South West Water | 4.41 | £230,968.89 | £13,862.34 | £79,065.01 | £6,827.18 | £58,736.91 | £64,808.78 | £7,668.67 |
| Southern Water | 6.65 | £348,203.15 | £20,898.54 | £119,196.51 | £10,292.49 | £88,550.36 | £97,704.16 | £11,561.10 |
| Thames Water | 17.16 | £898,914.50 | £53,951.26 | £307,715.40 | £26,570.89 | £228,599.90 | £252,231.16 | £29,845.90 |
| United Utilities | 14.69 | £769,056.37 | £46,157.40 | £263,262.51 | £22,732.43 | £195,576.12 | £215,793.59 | £25,534.33 |
| Wessex Water | 4.13 | £216,300.50 | £12,981.97 | £74,043.74 | £6,393.60 | £55,006.65 | £60,692.90 | £7,181.64 |
| Yorkshire Water | 8.80 | £460,663.36 | £27,648.20 | £157,693.76 | £13,616.68 | £117,149.74 | £129,259.96 | £15,295.02 |
| TOTAL | 100.00 | £5,237,009.00 | £314,316.00 | £1,792,727.00 | £154,800.00 | £1,331,806.00 | £1,469,480.00 | £173,880.00 |

Water Breakthrough Challenge 2 Transform Stream Payment Settlement (part 1)

We announced [the winners of the Water Breakthrough Challenge 2 Transform stream](#) on 28 April 2022. Payment of funds awarded through the Challenge will be settled through a centralized payment mechanism managed by MOSL. Funding was awarded in pounds sterling and is drawn down from water companies and then distributed to competition winners as set out below. Due to delays in finalising one of the winning entries, we are invoicing in two parts. Part 1 covers 7 of the 8 winning projects as below. We expect part 2 to follow later in 2022.

| | Water companies that are receiving the funds → | | Anglian Water Services Limited | Dwr Cymru Cyfyngedig | Northumbrian Water Limited | Severn Trent Water Limited | Southern Water Limited |
|---|--|--|--------------------------------|----------------------|----------------------------|----------------------------|------------------------|
| Water Company that are paying the funds ↓ | Proportion of Company Contribution | Contribution to Transform stream of Breakthrough Challenge 2 | £5,535,000 | £2,631,086 | £6,200,231 | £3,189,550 | £616,807 |
| Affinity Water | 2.42 | £440,072.64 | £134,036.52 | £63,714.84 | £150,145.87 | £77,238.70 | £14,936.71 |
| Anglian Water | 10.49 | £1,906,929.94 | £580,809.25 | £276,090.17 | £650,614.55 | £334,691.99 | £64,723.98 |
| Bristol Water | 0.95 | £171,843.26 | £52,339.71 | £24,879.90 | £58,630.22 | £30,160.82 | £5,832.61 |
| Dwr Cymru | 6.18 | £1,122,865.41 | £342,000.31 | £162,571.31 | £383,104.05 | £197,078.06 | £38,111.69 |
| Hafren Dyfrdwy | 0.23 | £41,333.35 | £12,589.24 | £5,984.35 | £14,102.29 | £7,254.56 | £1,402.91 |
| Northumbrian | 5.89 | £1,070,834.36 | £326,152.78 | £155,038.12 | £365,351.87 | £187,945.91 | £36,345.68 |
| Portsmouth Water | 0.32 | £59,016.89 | £17,975.26 | £8,544.61 | £20,135.63 | £10,358.26 | £2,003.12 |
| SES Water | 0.49 | £89,414.46 | £27,233.69 | £12,945.65 | £30,506.81 | £15,693.45 | £3,034.86 |
| Severn Trent Water | 14.19 | £2,578,893.93 | £785,474.82 | £373,378.83 | £879,878.11 | £452,630.75 | £87,531.41 |
| South East Water | 1.98 | £359,047.84 | £109,358.14 | £51,983.86 | £122,501.49 | £63,017.75 | £12,186.61 |
| South Staffs | 1.02 | £185,630.32 | £56,538.95 | £26,876.03 | £63,334.15 | £32,580.63 | £6,300.56 |
| South West Water | 4.41 | £801,473.18 | £244,111.25 | £116,039.33 | £273,450.07 | £140,669.38 | £27,203.17 |
| Southern Water | 6.65 | £1,208,281.72 | £368,016.25 | £174,938.10 | £412,246.75 | £212,069.78 | £41,010.84 |
| Thames Water | 17.16 | £3,119,276.71 | £950,063.63 | £451,616.82 | £1,064,248.23 | £547,475.24 | £105,872.79 |
| United Utilities | 14.69 | £2,668,662.74 | £812,816.44 | £386,375.78 | £910,505.82 | £468,386.39 | £90,578.30 |
| Wessex Water | 4.13 | £750,573.16 | £228,608.21 | £108,669.89 | £256,083.78 | £131,735.74 | £25,475.55 |
| Yorkshire Water | 8.80 | £1,598,524.10 | £486,875.56 | £231,438.39 | £545,391.32 | £280,562.59 | £54,256.23 |
| TOTAL | 100.00 | £18,172,674.00 | £5,535,000.00 | £2,631,086.00 | £6,200,231.00 | £3,189,550.00 | £616,807.00 |