



Innovate UK Innovation Loans

Changes to loans from July 2025



Innovate
UK

1. Introduction

This document highlights changes to Innovation Loans from July 2025. The changes will come into effect from round 22 of the standard Innovation Loans competition, opening on 3 July 2025. It will also be available for companies that have been confirmed as able to apply for the always-open competitions via the domain and investor partner referrals pathways.

2. Summary of changes

The key changes are:

- Loan amount – This has changed from a maximum of £2million to £5million. The minimum amount you can apply for is unchanged. As before, you can apply for an Innovation Loan for up to 100% of your eligible project costs.
- Eligible costs – The eligible costs have been extended to support you with costs as you get closer to market. The full range of eligible costs is defined in the brief for the loan competition you wish to apply for. The section below titled “Extended eligible costs” summarises the changes.
- Loan structure – Whilst the maximum term of the loan remains at 7 years, we have adapted the structure to allow you to define a pre-commercialisation work package that describes the extended costs.
- New financial template.

3. Extended eligible costs

Money borrowed may be spent on the project only. Guidance on what current costs are eligible and on how to complete the project costs information is provided in our [“Costs guidance for non-academic organisations”](#). We have recently updated our Innovation Loans offer so you can now include a pre-commercial work package within your project that contains extended eligible costs. This information will be available from 3rd July. Our Project Finance Guidance will be updated at the same time and will clarify which extended eligible costs are available if you are subject to State Aid under the [Windsor Framework](#).

Eligible costs for the usage of capital equipment include the cost of equipment only used in the innovation project for which you have received a loan. If you intend to also use this equipment in other work, the amount of the loan you can borrow towards the equipment will reflect this. The amount of this eligible cost can be borrowed when you need it towards the purchase cost of the equipment.

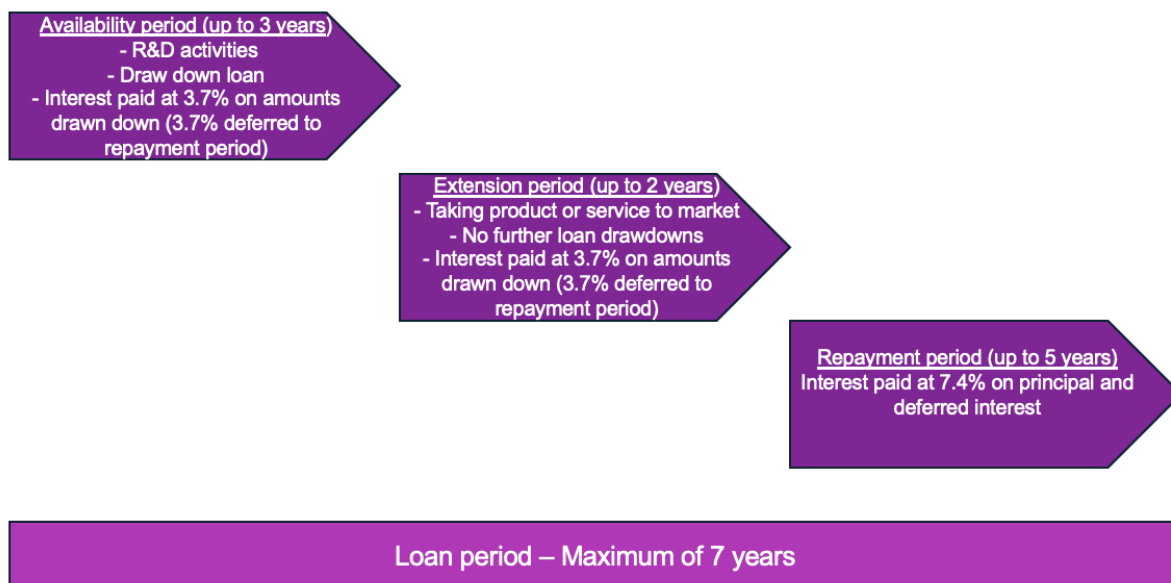
You will need to fund any project costs not considered eligible by Innovate UK. You will also need to cover other day-to-day activities that are not part of the project.

Businesses subject to UK Subsidy Control Framework	Businesses subject to State Aid Regulations under the Windsor Framework (this includes businesses registered in Northern Ireland)
<p>All UK businesses will be able to apply for a loan of up to £5million.</p> <p>Eligible costs will include those in GBER Article 25, in addition to:</p> <ul style="list-style-type: none"> • Labour costs of staff involved in pre-commercial sales and marketing activities to exploit the results of the research and development (R&D) project. • The full costs of capital equipment used in the exploitation of the results of the R&D project. • The full costs of tooling and materials for development of demonstration / inventory to prove the results of the R&D in a fully commercial setting. • An element of working capital finance in the loan to support cashflow prior to fully profitable exploitation of the results of the R&D project. 	<p>All UK businesses will be able to apply for a loan of up to £5million.</p> <p>Eligible costs will remain within the current framework of those in GBER Article 25 in addition to:</p> <ul style="list-style-type: none"> • The full costs of capital equipment used in the exploitation of the results of the R&D project. • The full costs of tooling and materials for development of demonstration / inventory to prove the results of the R&D in a fully commercial setting. <p>The main differentiation is that pre-commercial labour costs, marketing activities and working capital will not be eligible for these businesses.</p>

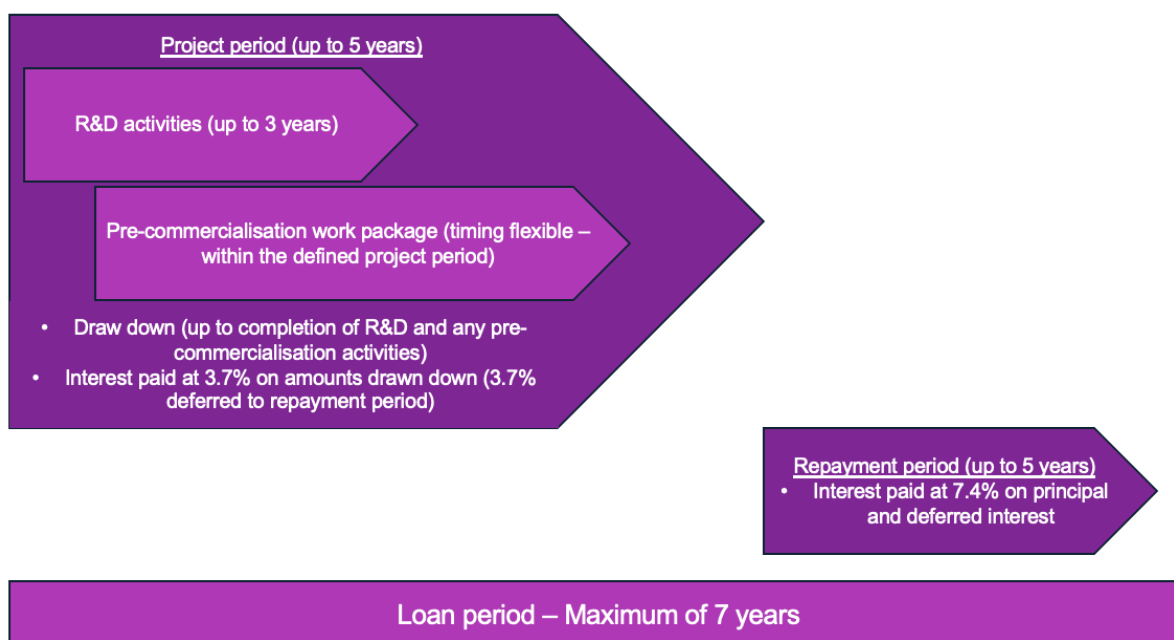
4. Changes to the structure of the loan

The new structure has been adapted to accommodate the new extended costs work package. The following two diagrams summarise the two structures. The first is the old structure with an “Availability period”, an “Extension period” and finally the “Repayment period”. The second is the new structure, where the “Availability period” and further time anticipated in getting the new produce or serviced to market is effectively accommodated in the “Project period”. We still expect the R&D activities to be completed in a maximum of 3 years.

Structure pre-July 2025



Structure post-July 2025



5. New financial template

The financial template has been updated to accommodate the new structure