UK Government

6th May 2026

Heat Pump Ready Innovation Funding Competition Webinar

The event will start shortly

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6th May 2026

Heat Pump Ready Innovation Funding Competition

An online event to explain the application process to the Innovation Funding Competition

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Today we will cover

- Heat Pump Policy Overview & Heat Pump Ready Programme Overview – 10 mins
- Eligibility for funding, Assessment Criteria & Funding Allocation – 20 mins
- Application Form, Project Cost Breakdown Form – 10 mins
- Collaboration Platform
- Q and A process (submitting questions to Department re. applying) - 10 mins
- Commercial aspects
- Due Diligence – 10 mins
- Next Steps – 5mins

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Housekeeping and key info

- Slides from this event and Q & A responses will be available post-event at https://www.gov.uk/government/publications/heat-pump-ready-programme-round-2-innovation-funding-competition **Note the webinar is not being recorded**

- The application portal is open and as noted in the Competition Guidance, applicants must submit a completed application form by **25th June at 1pm**

Questions

- Questions can be submitted using the Q&A function throughout the presentation
- Any questions we don't have time for, will be included within the Q&A response, published online
- Any further questions relating to the submitting an application can be sent to: heatinnovation@energysecurity.gov.uk

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Not eligible for the competition?

We would like to learn more about:

1. **The next steps for technology developers at TRL 9**. How do ‘market ready’ technologies scale up and reach wider commercial or mass market deployment?
2. **Early-stage technology or a technology otherwise not eligible for the innovation funding competition**. What technologies are too early in their development or otherwise not eligible for this competition?

If you have insights or experience on either of the above, please complete this survey: Heat Pump Innovation Journey Survey – Fill in form by Friday 22nd May. Your input will help inform our wider understanding of the heat pump market and potential future support needs.

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Heat Pump Policy Landscape

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Warm Homes Plan

- On 21st January 2026, the Government published the Warm Homes Plan.

- Our aim is that by 2030 the heat pump market will have expanded to over 450,000 annual installations, as heat pumps increasingly become the desirable and natural choice for households replacing an existing heating system at the end of its life.

- Recognising the vital role that innovation will play in the transition to low-carbon heating, the WHP announced an extension of up to £30 million for the Heat Pump Ready programme

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The WHP announced a comprehensive policy framework to support this transformation to ensure that all homes are supported to install a heat pump:

Reducing costs:

- £2.7bn funding for the Boiler Upgrade Scheme confirmed out to 2030 providing £7.5k grants for HP installations.
- Increased funding for the Warm Homes Social Housing Fund and Local Grant as part of £5bn of investment for low-income households to 2030.
- Launch of low-cost consumer loans for home upgrades via £1.7bn allocated from the Warm Homes Fund.
- Reduced electricity bills by an average of £150 per year from April 2026, plus further work to target additional reductions.

Removing barriers:

- Ambition to speed up the consumer journey to be similar to a gas boiler – working with industry to target 3-day installations.

Planning:

- Ambition is that consumers can install a heat pump in almost all houses without needing to submit a planning application.
- Amended PDR rights – removed 1m rule last year and further consultations planned in 2026 on where we can go further.

EPCs:

- Confirmed that we will be removing the need to have a valid EPC under the BUS.

Building the supply chain:

- Expansion of the Heat Pump Investment Accelerator Competition with £90m of funding to March 2030.
- Investment in skills and training, with increased funding of £7m annually for the Heat Training Grant.
- Clean Heat Market Mechanism provides industry with the confidence and incentive to invest in scaling up British supply chains for heat pumps through innovation, competition and consumer choice.

Recent Announcements:

- BUS grant uplift to £9k for off-gas grid properties using oil and LPG, reinforcing heat pumps as a route to lower bills and cutting exposure to volatile fossil fuel prices.
- Heat Pump Investment Accelerator 2.0 application window is now open, backing supply chains, investment and scale-up.
- Plans to consult this summer on changes to Permitted Development Rights with the aim of making it even easier to install air source heat pumps.

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Heat Pump Ready Programme Overview

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Heat Pump Ready Programme Background

The Heat Pump Ready programme, established in 2021 under the Net Zero Innovation Portfolio (NZIP), has already invested £42 million to support the acceleration of domestic uptake of heat pumps in the UK. It aims to:

- Reduce lifetime costs of domestic heat pumps
- Develop and strengthen partnerships between the many players involved in the domestic heat pump sector
- Improve lifetime consumer experience of heat pumps
- Develop effective approaches and products to engage effectively on heat pump issues with homeowners and with the key players
- Stimulate innovative research and solutions to address the impact of domestic heat pumps on the electricity system.
- Establish an evidence base to enable effective design and development of future heat pump policy and regulation

Heat Pump Ready Programme - Round 1

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2021-2025
Funded as part of the Net Zero Innovation Portfolio

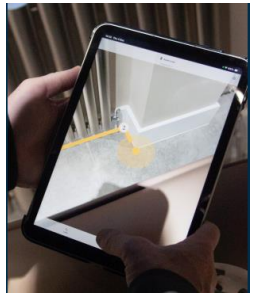
Stream 1: 11 projects developed innovative coordinated methodology feasibility studies with 4 projects progressing to mobilisation and deployment

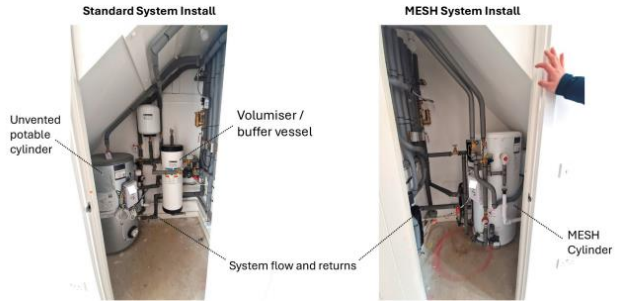
Stream 2: 34 projects funded producing innovative tools and technologies to support overcoming barriers to heat pump deployment

Stream 3: Fostered collaboration and learning across the programme and wider heat pump and associated sectors

Lessons Learned:

- Lack of robust evidence of innovation technology performance affects ability to quickly commercialise / become market ready
- Addition of Commercial Readiness Level (CRL) targets for Round 2 to ensure developed innovation is market ready.
- Innovation ought to be developed with end-user buy in. Partnerships with manufacturers and energy providers ensure end user buy-in from project inception





Previously funded projects: https://www.gov.uk/government/publications/heat-pump-ready-programme-successful-projects
Project videos: https://www.gov.uk/government/publications/heat-pump-ready-programme-successful-projects/heat-pump-ready-programme-stream-3-videos
Thematic reports: https://www.gov.uk/government/publications/heat-pump-ready-programme-successful-projects/heat-pump-ready-programme-stream-3-funding-award

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Heat Pump Ready Programme Overview

Heat Pump Ready Programme

Round 1(2021-2025)
Funded as part of the Net Zero Innovation Portfolio

Stream 1: Trialling approaches to high density heat pump deployment
Stream 2: Developing tools & technologies
Stream 3: Trial support & learning

Round 2 (2026-2030)
Funded as part of the Warm Homes Plan

1) **Innovation Funding Competition**
2) **Acceleration Support**
3) **Evaluation**

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Innovation Funding Competition

2026-2030
Funded as part of Warm Homes Plan

Support innovators to develop commercialised solutions to overcome 4 specific barriers to heat pump uptake by 2030:

1. Capital cost of heat pump system hardware and components
2. In-property changes required
3. Internal & external space requirement
4. Time taken for heat pump install from accepted quote

- Funding application deadline of 1pm 25th June 2026
- Up to £20m innovation funding competition – provide grant funding (£200k-£2m) to progress projects innovations through to TRL 9 and CRL 9
- Project scopes to be in line with the 4 listed barriers
- Lead applicants to be a private sector organisation
- Innovation to be proven in real homes with a Seasonal Performance Factor of 3.5 during the funded project period
- Projects to run for up to 3 years completing by Jan 2030

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Innovation Funding Competition Application Headlines

- Applicants will be asked to submit an online application form, with supporting information by the closing date (**1pm on 25th June**)
- We will not be able to consider any applications or any new material submitted after the deadline
- You will need to thoroughly read guidance before starting your application: https://assets.publishing.service.gov.uk/media/69e7571a25886b13165034d1/heat-pump-ready-round-2-innovation-funding-competition-guidance.pdf
- Applications will only be received through the portal: https://heatinnovationfunding.energysecurity.gov.uk/

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Innovation Funding Competition: Eligibility

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Deployment barriers in scope

1. Capital cost of heat pump system hardware and components
2. In-property changes required
3. Internal & external space requirement
4. Time taken for heat pump install from accepted quote

- As part of the application process, applicants must identify which barrier, from those above, the project is seeking to overcome.
- Overcoming of targeted barrier in an application not to be at detriment of another listed barrier. Proposed innovation project must not result in increased running costs for the consumer.
- **The Department reserves the right to reallocate applications to a different barrier where appropriate.** This reallocation will be conducted following the Department's initial eligibility check and applicants will be notified of any re-allocation prior to commencement of technical assessment.

See page 13 of competition guidance

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Technology Scope

In scope:

- Heat pump (electrically driven) systems/components for domestic heating & hot water
- Ambient heat technologies (air, ground or water)
- Heat pump system hardware components
- **Barrier 4 only:** software that reduces time from accepted quote to installation of heat pump

Out of scope:

- Combustion-based heating (gas, oil, biomass)
- **For barriers 1–3:** standalone software-only solutions
- Direct electric heating (e.g., storage heaters, electric boilers, infrared/panel/radiator systems); heat batteries unless part of a heat pump system
- Financial products (e.g., loans, “heat as a service”)
- Alternative and direct electric heating technologies, e.g. storage heaters, electric boilers, infrared heating, panel heaters, electric radiators, heat batteries (unless the heat battery operates as part of a heat pump system)
- Financial products, (e.g. loans, heat as a service products)

See page 14 of competition guidance

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Innovation & Technology Readiness

- Innovation funded must meet the following TRL/CRL criteria (See Annex 3 for definitions):
  - **Starting TRL**: at least 5 and no higher than TRL 8
  - **Ending TRL**: 9 (as part of complete heat pump system by 30 January 2030)
  - **Ending CRL**: 9 (as part of complete heat pump system by 30 January 2030)

- Software-led Barrier 4 projects (time taken for heat pump install from accepted quote) may evidence delivery maturity using the GOV.UK Service Manual agile phases (discovery, alpha, beta, live). Where TRL is not a meaningful standalone measure, applicants may provide an indicative alignment between agile phase and TRL to demonstrate progression towards deployment readiness.

- In such cases the project is expected to have already completed **discovery phase** by project start and TRL 9 is interpreted as a solution that is **live**, supported, and operating in real-world installation contexts as part of a complete heat-pump system.

See page 19 of competition guidance

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Efficiency

- Where innovations materially influence the energy performance of heat pump systems, projects must demonstrate that the innovation, when integrated as part of a complete heat pump system, is capable of achieving a Seasonal Performance Factor of at least 3.5 in a real-world home environment by the end of the funded project period

- This means projects must record a minimum of 12 months' worth of performance data on an in-situ innovative heat pump system trialled within a home. The measurement of the SPF must be akin to the subsequent requirements.

- Metering can either directly meet the requirements via established compliant metering packages or providers. Alternatively, on board or proprietary measuring equipment can be used if evidence is provided to the Department that requirements are met both in terms of technical capability and measurement boundary.

- Metering equipment should be able to monitor:
    - the seasonal performance factor (SPFH2), as defined by the SEPEMO-Build project
    - user heating demand profiles of all heat pump systems tested under the project in actual homes.

See page 107 of competition guidance

Industrial Research and Experimental Development

The research, development and innovation streamlined route to subsidy control used under this funding scheme has clear terms set when being utilised. As part of this the following requirements must be met:

- Subsidies under this funding competition may only be given for projects that meet the definition of Research, Development & Innovation (RD&I) and that fall within one of the 2 types of eligible RD&I projects – **industrial research** and **experimental development [see section 8 of competition guidance]**
- **"Research and development" (R&D)** are defined as activities which must be 1) novel, 2) creative, 3) uncertain in outcomes, 4) systematic, and 5) transferable and/or reproducible. All 5 criteria are to be met every time an R&D activity is undertaken, whether on a continuous or occasional basis.
- **'Innovation'** means a new or improved product or process (or combination thereof) that differs from the previous products or processes and that has not been made available to potential users (product) or brought into use (process).

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Subsidy Ratio

Type of Innovation Activity	Organisation Size	Maximum amount of public subsidy as a percentage of total eligible project costs
Industrial Research – Single Companies	Small	70%
	Medium	60%
	Large	50%
Industrial Research – Collaborations: can be Business to Business where at least one Business is an SME; or Business and Research Organisation(s).	Small	85%
	Medium	75%
	Large	65%

See page 42 of competition guidance

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Subsidy Ratio

Type of Innovation Activity	Organisation Size	Maximum amount of public subsidy as a percentage of total eligible project costs
Experimental Development – Single Companies	Small	45%
	Medium	35%
	Large	25%
Experimental Development – Collaborations: can be Business to Business where at least one Business is an SME; or Business and Research Organisation(s).	Small	60%
	Medium	50%
	Large	40%

See page 42 of competition guidance

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Project status

- The Department cannot fund the development of processes, technologies or products that are already commercially deployed in their intended form for the UK market. Technologies commercially deployed internationally may be eligible if significant R&D is required to adapt, validate, or redesign them for UK conditions, regulations, or system integration

Match funding

- In line with subsidy control principles, only a portion of the total eligible project costs can be funded by the Department through grant funding. Applicants will need to provide private sector funding to cover the balance of the eligible costs. This match-funding may come from a company's own resources or external private sector investors, but it may not include funding attributable to any public authority in the UK or elsewhere (please see Section 10 for full details of subsidy requirements).

Grant size

- The total expected grant size for a single project must be between a minimum of £200,000 and a maximum of £2m.

See page 20 of competition guidance

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Project location

- Eligible costs must be incurred in the UK. Subsidy recipients must intend to exploit the results of the project activity in the UK. Enterprises must be registered in the UK. Project activity to be carried out in the UK and intention to exploit the resulting technology in or from the UK.

Terms and conditions

- Applicants must agree to the published Terms and Conditions to be eligible for innovation funding.

Project duration and timescales

- Whilst there may be the opportunity to start earlier however this is subject to an applicant completing financial due diligence, projects should aim, where at all possible, to plan for a project start date of **1st Feb 2027**.

- **All grant-funded activities must be completed by 30 January 2030.** Beyond this time projects have until no later than 31 March 2030 to submit their final claim and Reasonable Assurance Report.

See page 21 of competition guidance

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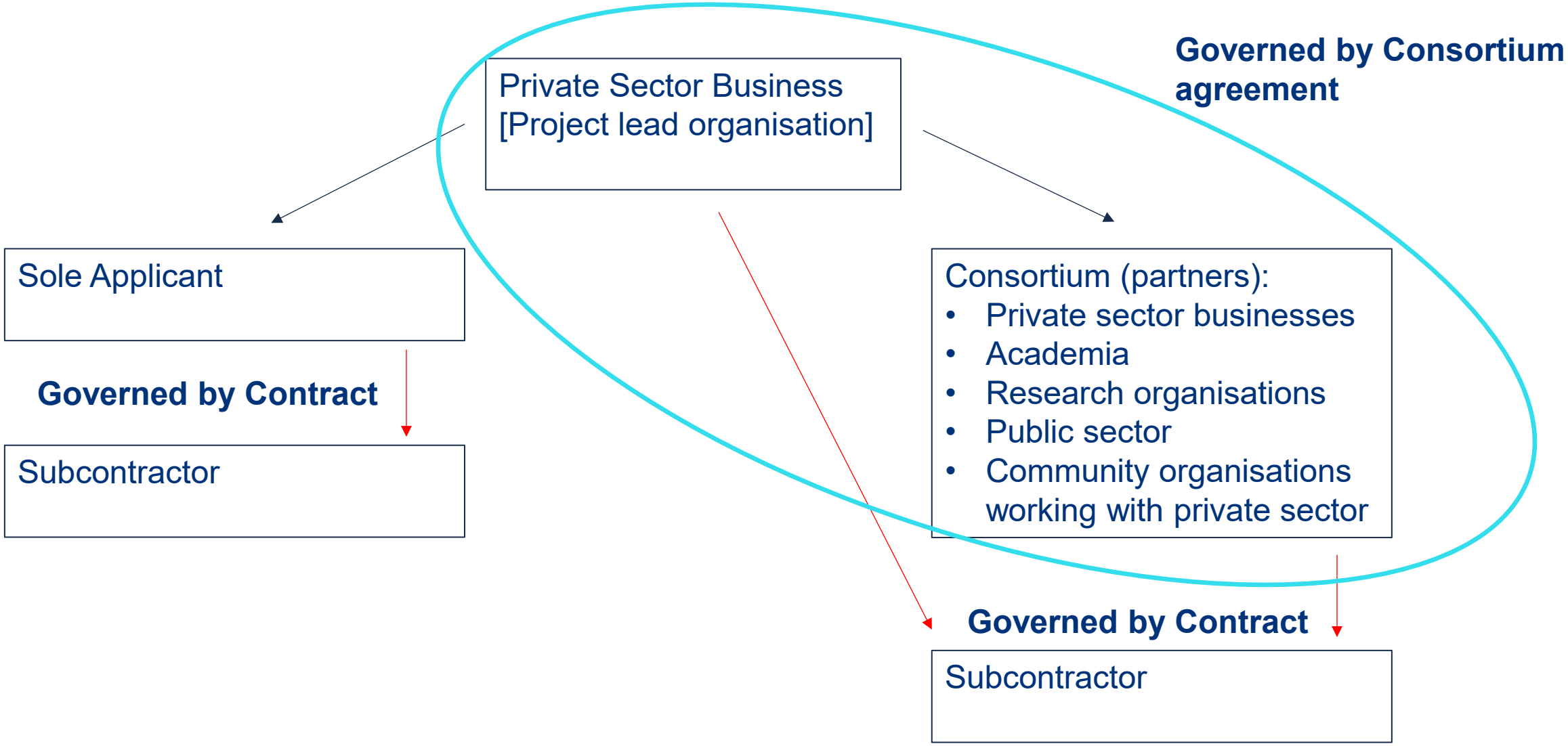
Project Team Composition



See page 22 of competition guidance

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Stage Gate Delivery

- Projects will complete a stage gate review every 6 months until project end.

- Stage gates are to assess technical and commercial progress against the agreed objectives for each project. Stage gates provide an opportunity for projects to demonstrate their capability to deliver the remainder of the project within the agreed scope, timetable and budget. Projects will receive one of the following outcomes from each Stage Gate review panel:

- **Continue (C):** the project is progressing satisfactorily and may continue.
- **Rectify (R):** the project has partially met the Stage Gate criteria and is therefore considered to be at risk.
- Remedial action will be required. The project will be given a maximum of 1 month to address the concerns identified. If t remedial action is satisfactory, the project may continue. If such action is not undertaken, or is deemed unsatisfactory, the project will be terminated and future funding withheld.
- **Terminate (T):** the project is deemed to have no realistic prospect of achieving the agreed objectives within the approved scope, time, or budget. The project will be cancelled, and future funding withheld.

See page 93 of competition guidance

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Eligible Costs

Eligible costs are defined as the following:

- **Labour/personnel costs**: researchers, technicians and other supporting staff to the extent employed on the project, including participation in required acceleration support activities
- **Costs of instruments and equipment** to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible;
- **Costs for buildings and land**, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible;
- **Costs of contractual research**, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- Additional **overheads and other operating expenses**, including costs of materials, supplies and similar products, incurred directly as a result of the project.

Note: for elements of eligible costs, only the depreciation costs corresponding to the life of the project will be eligible – please see full details within the Competition Guidance (page 74)

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Assessment Criteria

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Assessment scoring guidance

Scoring Guidance Score	Description
1	Not Satisfactory: There is no evidence or very little evidence that the question has been satisfactorily answered and major omissions are evident.
2	Partially Satisfactory: There is little evidence that the question has been satisfactorily answered and some omissions are evident. Much more clarification is needed.
3	Satisfactory: There is reasonable evidence that the question has been satisfactorily addressed and/or minor but notable omissions are evident. Further clarification is needed.
4	Good: The question has been well addressed with a good evidence base, with only minor omissions or lack of clarity
5	Excellent: There is clear evidence that the question has been completely addressed. The response is clear, concise, and well-supported, with no material omissions.

All sub criterion questions (see next slides) to be scored from 1 to 5

All answers require at least a score of 3 for the applicant to pass

See page 60 of competition guidance

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Weightings across the criterion

- Criterion 1 — Barrier Impact & Route-to-Market: 35%
- Criterion 2 — Deliverability (Technical & Delivery Plan): 30%
- Criterion 3 — Team, Capability, Project Management & Risk: 20%
- Criterion 4 — Finance, VfM & Public Funding Rationale: 15%

See page 54 of competition guidance

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Weighting & minimum scores

See page 54 of competition guidance

Criterion	Minimum Score	Weight (%)
Criterion 1 — Barrier Impact & Route to Market		35%
1A — Innovation definition & distinctiveness	3	5%
1B — Barrier impact	3	20%
1C — Commercial readiness, addressable market & market entry requirements	3	10%
Criterion 2 — Deliverability (Technical & Delivery Plan)		30%
2A — TRL progression & evidence plan	3	10%
2B — Work packages, milestones & resources	3	15%
2C — Dependencies, critical path & delivery feasibility	3	5%
Criterion 3 — Team, Capability, Project Management & Risk		20%
3A — Structure & governance	3	5%
3B — Roles & partner/subcontractor contributions	3	5%
3C — Capability, capacity & resourcing	3	5%
3D — Risk management	3	5%
Criterion 4 — Finance, VfM & Public Funding Rationale		15%
4A — Finance & Value for Money	3	10%
4B — Public funding rationale & additionality	3	5%

[31] Applicants required to achieve a score of 3 for each sub criterion and an overall score of 60% or more to pass the assessment

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Project Summary (non-assessed)

- This section is not scored. It is intended to provide assessors with a clear, high-level overview of the proposed project before they review the scored assessment criteria.
- Applicants should provide a concise summary covering the areas set out below and avoid repeating detailed information provided elsewhere in the application.

1. What is the innovation, which programme barrier does it primarily address, and are there any secondary barriers it also affects? [300 words limit]
2. What is planned during the project? [300 words limit]
3. What will be delivered by the end of the project, and why does this matter for reducing the programme barrier(s)? [300 words limit]

See page 55 of competition guidance

Project summary

Please save your changes before navigating away from this page.
Answers are NOT automatically saved. It is recommended that you save frequently to avoid losing work.

Project Summary (non-assessed)
This section is not scored. It is intended to provide assessors with a clear, high-level overview of the proposed project before they review the scored assessment criteria.
Applicants should provide a concise summary covering the areas set out below and avoid repeating detailed information provided elsewhere in the application.

1. What is the innovation, which programme barrier does it primarily address, and are there any secondary barriers it also affects?

You can enter up to 300 words

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How to use the guidance

- Section 11 of the Competition Guidance provides information to support your response to the questions set out in the application form.
- Please refer to this throughout your application.

Criterion 1 — Barrier Impact & Route-to-Market

1A — Innovation definition & distinctiveness (scored) 5% weighting
Question: To what extent does the applicant clearly explain what the innovation is, how it functions within a heat-pump (unit and/or system) and/or installation context, and how it is meaningfully different from current UK practice?

- **What the innovation is:** A clear, technically accurate description of the innovation (e.g., component, sub-system, complete system, or process/tool), what is being changed or introduced, and how it integrates with a heat pump unit, heat pump system, and/or installation workflow in a UK context [400 word limit].
- **How it differs from current practice:** Evidence-backed distinctiveness (e.g., lab/bench tests, modelling, third-party benchmarking, structured installer or user feedback), showing how the innovation differs from current UK practice or commonly deployed approaches [350 word limit].
- **Primary barrier justification:** A clear high-level justification for why the primary barrier selected at eligibility (i.e., capital cost of heat pump system hardware and components, in-property changes required, internal and external space requirement, or time taken for heat pump install from accepted quote) is the most appropriate fit for the innovation, by explaining which distinctive feature(s) are relevant to that barrier (without quantifying impact - this is assessed in 1B) [350 word limit].

See page 55 of competition guidance

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How to use the guidance

Criterion 1 - Barrier Impact & Route-to-Market

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Answers are NOT automatically saved. It is recommended that you save frequently to avoid losing work.

1A - Innovation definition & distinctiveness (scored) 5% weighting
Question: To what extent does the applicant clearly explain what the innovation is, how it functions within a heat-pump (unit and/or system) and/or installation context, and how it is meaningfully different from current UK practice?

4. What the innovation is: A clear, technically accurate description of the innovation (e.g., component, sub-system, complete system, or process/tool), what is being changed or introduced, and how it integrates with a heat pump unit, heat pump system, and/or installation workflow in a UK context.

You can enter up to 400 words

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How to use the guidance

- Section 11 of the Competition Guidance provides information to support your response to the questions set out in the application form.
- Please refer to this throughout your application.

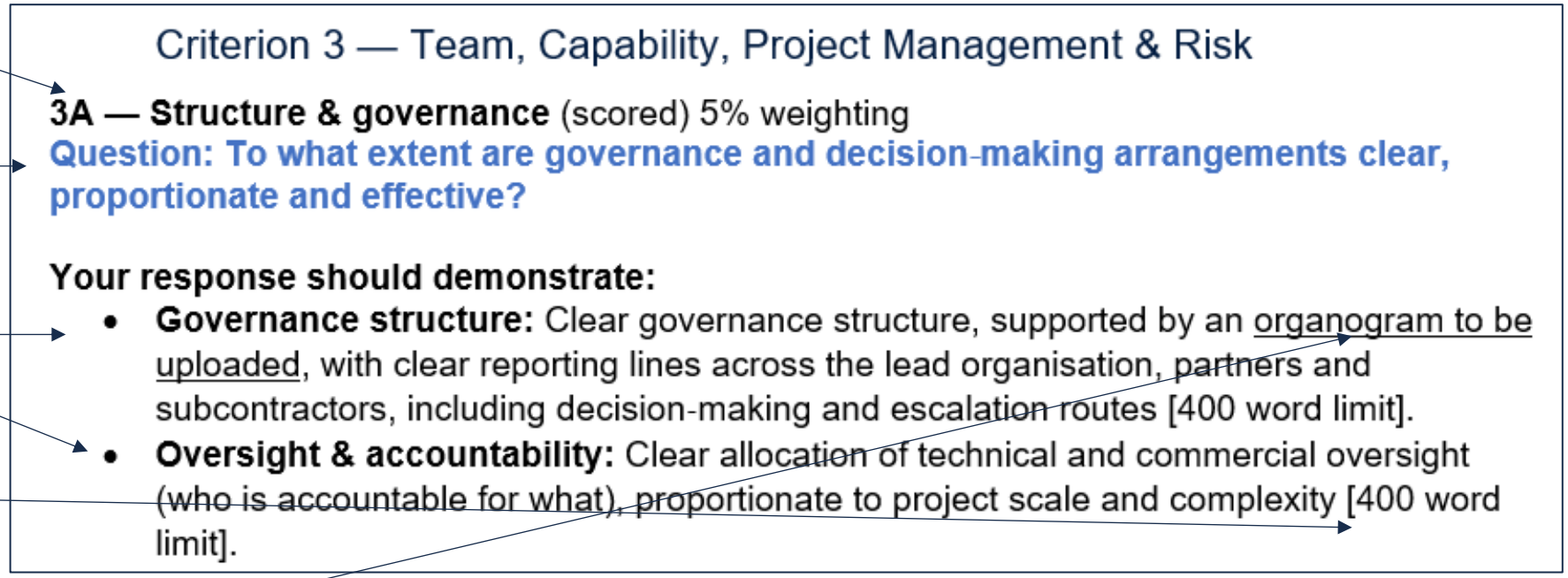
Sub criterion

Sub criterion question

Information to cover in answer

Word count

Note if any specific document upload required



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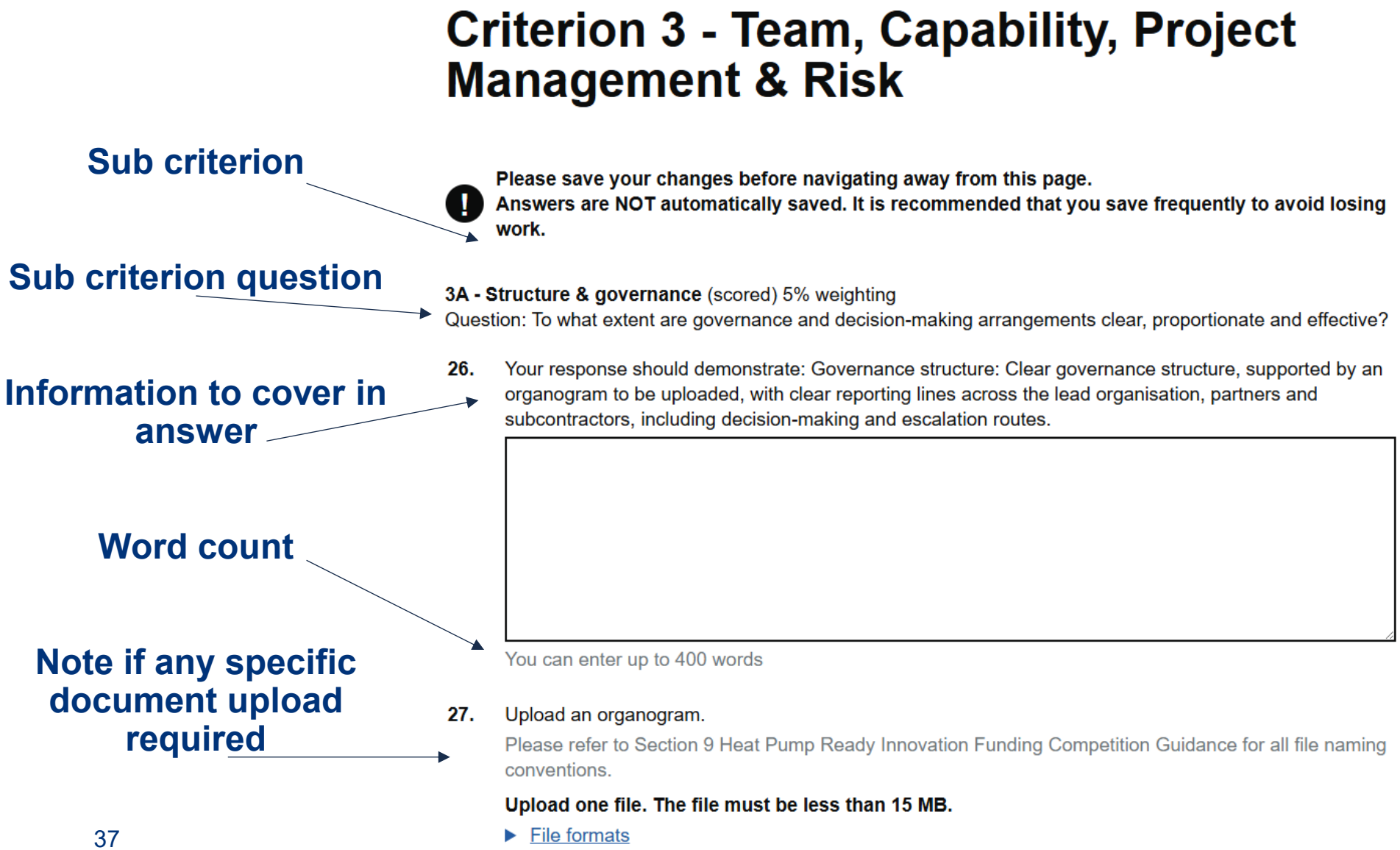
How to use the guidance



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Funding Allocation

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Example of funding allocation process

1. Top 3 Applications per barrier category

Barrier	(1) Capital cost of heat pump system hardware and components		(2) In-property changes required		(3) Internal & external space requirement		(4) Time taken for heat pump install from accepted quote	
	Applicant	Score	Applicant	Score	Applicant	Score	Applicant	Score
Ranked applications	**Fish** **Tiger** **Shark** ~~Frog~~ ...	96 93 75 ~~45~~	**Rabbit** **Giraffe** **Lion** ~~Monkey~~ ...	94 93 72 ~~61~~	**Cat** **Dolphin** **Chicken** ~~Falcon~~ ...	76 63 62 ~~58~~	**Mouse** ~~Giraffe~~ **Eagle** **Elephant** ...	91 ~~80~~ 78 69

Note: only 1 application from the same organisation can receive funding at this stage – hence Giraffe in Barrier 4 is not allocated funding at this stage as Giraffe in Barrer 2 score higher. **Bold** to be awarded

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Example of funding allocation process

2. Central pool of applications

Ranking	Applicant / project name	Score	Barrier	Grant sought £
1	Giraffe	80	4	£400k
2	Swan	73	1	£900k
3	Goose	71	1	£850k
4	Rhino	70	2	£1m
5	Leopard	68	4	£500k
6	Pigeon	65	1	£500k
7	Crocodile	64	3	£600k
8	Toad	62	4	£800k
9	Robin	61	3	£900k
10	Monkey	61	2	£1m
	~~Falcon~~	~~58~~	~~3~~	
	~~Frog~~	~~45~~	~~1~~	

See page 62 of competition guidance

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Application Form

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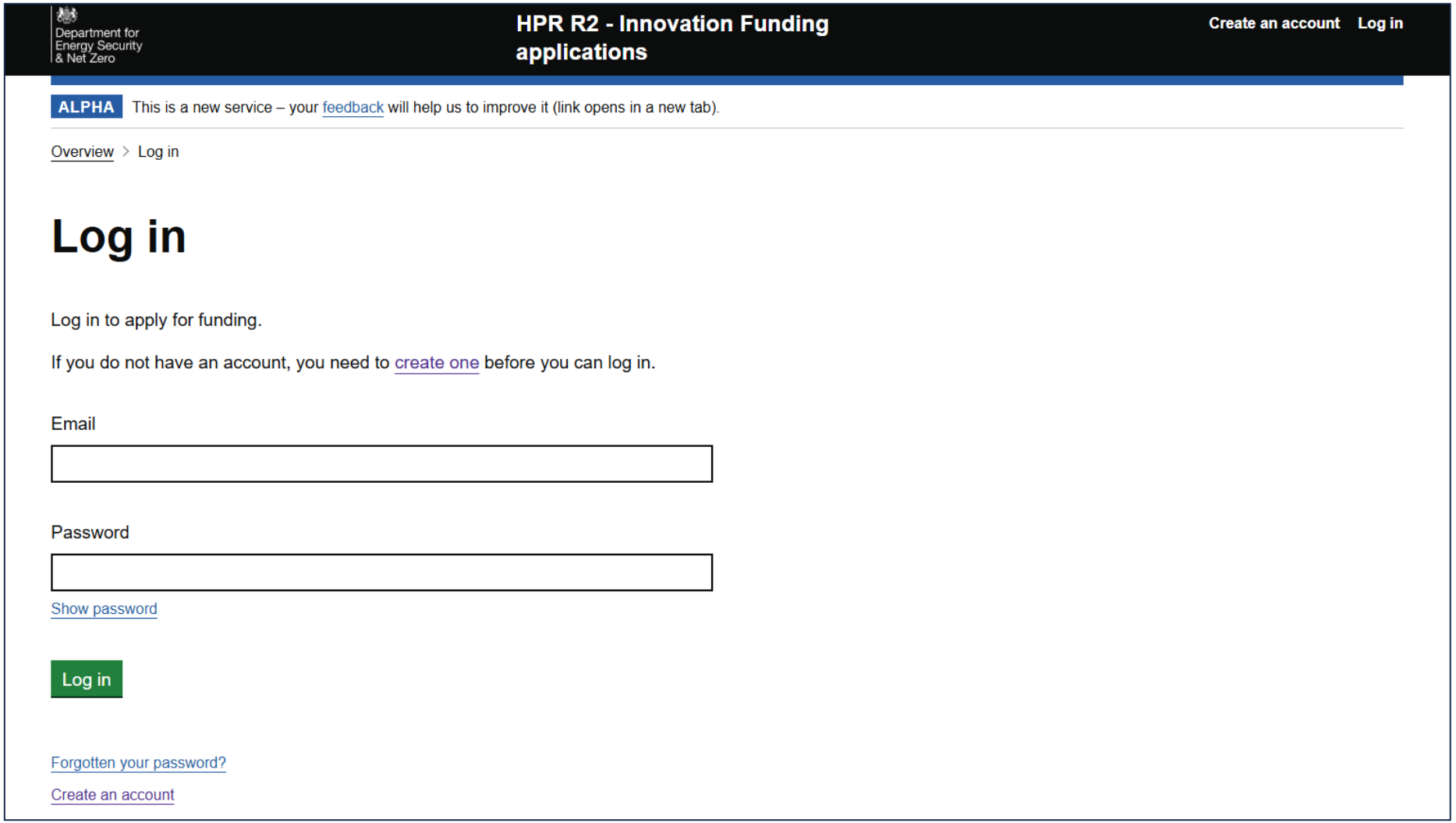
Application Form



https://heatinnovationfunding.energysecurity.gov.uk/

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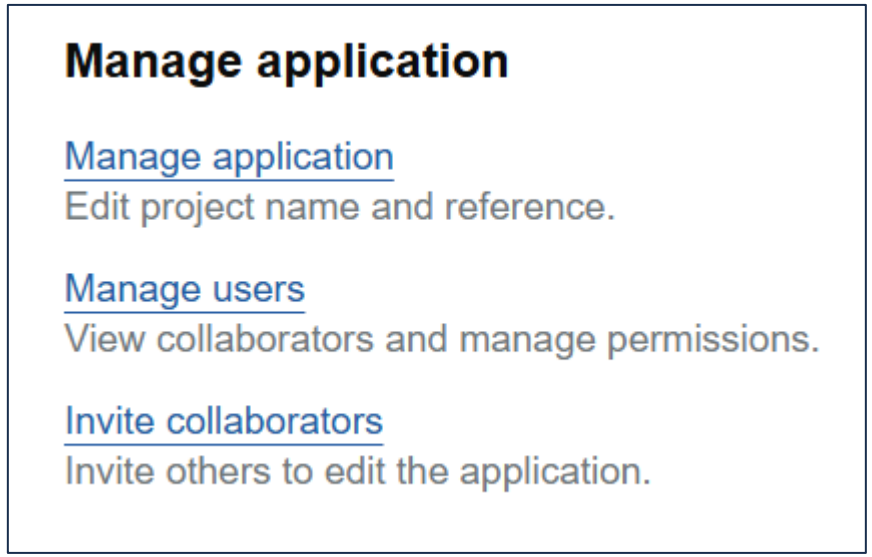
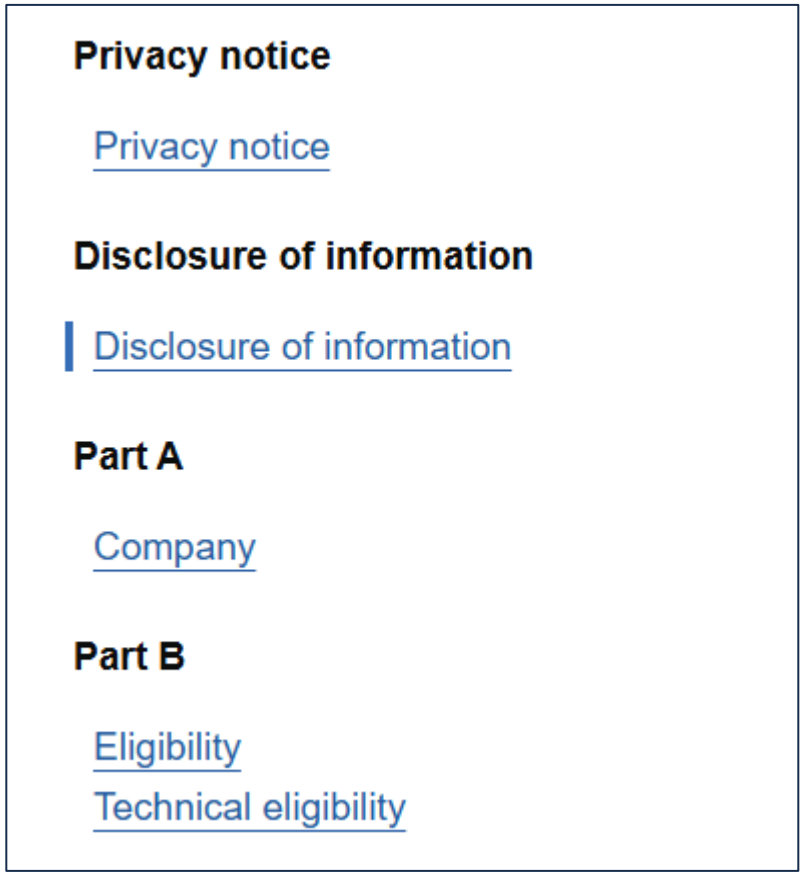
Application Form





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Application Form

Part C

Project

Part D

Technical assessment

Part E

Financial information
Due diligence

Part F

Risk
Project team

Part G

Subsidy control

Part H

Mandatory and discretionary exclusion

Part I

Additional document upload

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To be completed as part of the application form

- **CRL Progression Plan**
- **TRL Progression Plan Milestone Table**
- **Risk Register Project Cost Breakdown**
- **Declarations 1 to 6**
- **For applications from consortia: Draft copy of Collaboration Agreement**
- **Optional:** additional letters of support or other supporting information can also be submitted in the final section before you submit your online application form. Supporting documents should provide substantive information to the proposal. However, you should not assume that any additional information will be cross-referenced or reviewed as part of the application assessment process.
- See section 9 of competition guidance **for file naming convention**
- **Link to templates**: https://www.gov.uk/government/publications/heat-pump-ready-programme-round-2-innovation-funding-competition

See page 47 of competition guidance

Part I

Additional document upload

Please save your changes before navigating away from this page.
Answers are NOT automatically saved. It is recommended that you save frequently to avoid losing work.

1. Upload a draft or final copy of a Collaboration Agreement, if you are applying as a consortium.

   Please refer to Section 9 Heat Pump Ready Innovation Funding Competition Guidance for all file naming conventions.

   (optional)

   Upload at most one file. The file must be less than 15 MB.

   ▶ File formats

   Choose File No file chosen

2. You may upload additional letters of support or other supporting information. Supporting documents should provide substantive information to the proposal. Documents can include, letters of support, declaration of any previous (within the last 3 years) or current public sector funding awarded to the organisation including what specfically the funding is for.

   Please refer to Section 9 Heat Pump Ready Innovation Funding Competition Guidance for all file naming conventions.

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Project Cost Breakdown Form

- The purpose of the form is to track where spend on the project will be incurred.
- The information should be consistent, and match any figures provided within the body of your application.
- You should only submit one form for the project, which should combine the costs of all project partners. Within the project cost breakdown form and the application, you should make clear how funds will be split between partners.
- The Form consists of 11 tabs. These include:
  - Guidance & summary,
  - Six sheets that tabulate cost categories (labour & overhead, capital equipment, material costs, travel & subsistence, other costs, subcontractor costs)
  - Three sheets that each provide breakdowns of the total project cost (Milestone Costs, Org Funding and Location Breakdown).
  - You must complete **all** the tabs (however 'other costs' tab only if applicable).
- As these cost category and breakdown sheets are filled, the Summary sheet will become populated with aggregate data. See examples in the slides to follow.
- Please omit Recoverable VAT from all £ inputs.
- The amounts given in these examples are not indicative they are purely fictional amounts to show how this form should be completed correctly.

See page 70 of competition guidance

UK Government

Summary sheet

Project Title	
Lead organisation	
Name of person completing this spreadsheet	
Contact email for person completing this spreadsheet:	

Competion Check List:	
Please confirm you have completed the following sections of this spreadsheet:	
Labour & Overhead	Yes
Capital Equipment	
Material Costs	
Travel & Subsistence	
Other Costs	
Subcontractor Costs	
Milestone Costs	
Organisation Funding Breakdown	
Location Breakdown	

Finance Summary

Labour Costs	£21,250.00	Completed
Overhead Costs	£4,675.00	Completed
Capital Equipment Costs	£50.00	Completed
Material Costs	£0.00	Please complete relevant tab
Travel & Subsistence Costs	£0.00	Please complete relevant tab
Other costs	£0.00	Please complete relevant tab
Subcontractor costs	£0.00	Please complete relevant tab

Total Eligible Costs	£25,975.00
Milestone Costs (should equal Total Eligible Costs)	£0.00
Total Value of DESNZ Grant Funding Requested (should equal amount in Application Form)	£0.00
Total Value of Private Sector Project Contribution	£25,975.00

% of total project costs attributed to sub-contracting	0.00%

UK Government

Summary sheet

Finance Summary

Labour Costs	£21,250.00	Completed
Overhead Costs	£4,675.00	Completed
Capital Equipment Costs	£50.00	Completed
Material Costs	£0.00	Please complete relevant tab
Travel & Subsistence Costs	£0.00	Please complete relevant tab
Other costs	£0.00	Please complete relevant tab
Subcontractor costs	£0.00	Please complete relevant tab
Total Eligible Costs	**£25,975.00**	
Milestone Costs (should equal Total Eligible Costs)	**£0.00**	
Total Value of DESNZ Grant Funding Requested (should equal amount in Application Form)	**£0.00**	
Total Value of Private Sector Project Contribution	**£25,975.00**	

Form detects whether tabs have been completed

Values are taken from other completed tabs within the form

UK Government

Summary sheet

Competion Check List:	
Please confirm you have completed the following sections of this spreadsheet:	
Labour & Overhead	Yes
Capital Equipment	Yes
Material Costs	Yes
Travel & Subsistence	
Other Costs	
Subcontractor Costs	
Milestone Costs	
Organisation Funding Breakdown	
Location Breakdown	

UK Government

Labour & Overheads Cost Sheet

- This will demonstrate the labour costs associated to your project, including day rates, number of days spent on the project, overhead costs and total project labour costs
- The grey sections will complete automatically based on the information provided
- The blue sections require input

	Anonymous identifier	Organisation	Job title within project	Day Rate	Number of Days Spent on Project	Project Labour Cost exc Overheads(£)	Overhead rate as % of salary	Overhead Cost (£ ex VAT)	Total Project Labour Cost inc Overheads (£ ex VAT)
e.g	*Joe Bloggs*	*XYZ Ltd*	*Senior Engineer*	*£500.00*	*100*	*£50,000.00*	*20.00%*	*£10,000.00*	*£60,000.00*
1	Aaron Aaronson	ABC Ltd	Project Manager	£250.00	85	£21,250.00	22.00%	£4,675.00	£25,925.00
*includes Employer National Insurance Contribution, Employer Pension Contribution, Employee Benefits etc						£21,250.00		£4,675.00	£25,925.00

Overall costs

UK Government

Capital Equipment Costs

Capital Equipment Breakdown									
Definition of Capital Costs: One-off expenditures of significant fixed assets, that will be of use or benefit for the project throughout its duration, as well as after the project has concluded									
	Capital equipment item	Description of item use within the project	Work package in which it will be used (if applicable)	New vs Existing purchase	Net Price Value of item at project start or purchase price	Residual value at project end	Utilisation	Net cost to project	If residual value is £0 at end, please provide justification
e.g.	*Laptop for new staff member*	*This is a piece of monitoring equipment which does....*	*2 & 4*	*New*	*£400.00*	*£150.00*	*100%*	*£250.00*	
1	Laptop for new staff member	X	1	new	£200.00	£100.00	50%	£50.00	
2								£0.00	

- This tab should provide a breakdown of the capital equipment you expect during the project

UK Government

Material Costs

Material Costs

Please provide a breakdown of the materials you expect to consume during the project

Definition of Material Costs: The costs associated with the procurement of items (equipment, tools, raw materials etc) that directly and only contribute to the project for use and benefit within project duration)

	Item	Quantity	Cost per unit (£)	Total
e.g	*Bio-oil tank X litres for Y purpose*	*1*	*£1,000.00*	*£1,000.00*
1				£0.00

Each material item should be listed here

Quantity and Cost per unity of that item should be provided here

Total costs will be calculated automatically and shown here

UK Government

Travel & Subsistence Costs

Travel and Subsistence Costs				
Please provide a breakdown of travel & subsistence costs you expect during the project		Reminder: Projects must adhere to DESNZ Travel Policy as detailed within the Heat Pump Ready Programme Innovation Funding Competition Guidance		
	Description of subsistence cost or purpose of journey	Frequency (e.g. nights, journeys, items of identical cost)	Cost each (£)	Total
e.g	*Travel to site visit for technical site surveys*	*2*	*£700.00*	*£1,400.00*
	Overnight stay for site visit for technical site survey	*2*	*£50.00*	*£100.00*
1				£0.00
2				£0.00

UK Government

Other Costs

Other Costs (If applicable)

Please enter estimates of any other costs that do not fit within the other cost headings

	Description of the cost	Justification for the cost	Total Cost (£ ex-VAT)
e.g	*Service charge for lab equipment*	*X equipment is needed to measure Y for Z work package*	*£50.00*
1			£0.00
2			£0.00

- This tab should provide details of any other costs that do not fit within the other cost headings.
- A description and justification for the cost is required.
- You only need to complete this if it is applicable.

UK Government

Subcontractor Costs

Subcontractor Costs

Please provide details of any subcontractor costs that you expect to incur during the project - this covers work to be delivered by companies which are not a part of the formal project consortium.

	Organisation responsible for subcontract	Subcontracted organisation	Role of subcontractor in the project and/or description of work to be carried out	Justification for using the subcontractor	Cost (£)
e.g	*UKCRM (UK Centre for Risk and Mitigation)*	*UKCRM (UK Centre for Risk and Mitigation)*	*Risk Management - Will assist on all aspects of risk and mitigation*	*The company did not have any staff experienced enough to take on the role*	*£15,000.00*
1					£0.00
2					£0.00

UK Government

Milestone Costs

Predicted Month of Start	Feb-27		Qtr 4		Qtr 1	Qtr 2	Qtr 3	Qtr 4		Qtr 1	Qtr 2	Qtr 3	Qtr 4
Milestone		Deliverables Define deliverables, what will be achieved and evidenced at each stage, which work package(s) each milestone relates to, demonstrating progress toward readiness	Jan-27 to Mar-27	FY 26-27 Total	Apr-27 to Jun-27	Jul-27 to Sep-27	Oct-27 to Dec-27	Jan-28 to Mar-28	FY 27-28 Total	Apr-28 to Jun-28	Jul-28 to Sep-28	Oct-28 to Dec-28	Jan-29 to Mar-29
e.g. 1 - System Modelling and Design		*Deliverable X - Define Requirement Specifications for prototypes (WP2)* *Deliverable Y - Engage potential customers (WP2)*	*£12,000*	*£12,000.00*	*£10,000*	*£5,000*	*£0*	*£0*	*£0.00*	*£10,000*	*£5,000*	*£0*	*£0*
1				£0.00					£0.00				
2				£0.00					£0.00				
3				£0.00					£0.00				
4				£0.00					£0.00				
5				£0.00					£0.00				
6				£0.00					£0.00				
7				£0.00					£0.00				
8				£0.00					£0.00				
9				£0.00					£0.00				
10				£0.00					£0.00				
11				£0.00					£0.00				
			£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00

- This tab should provide a quarterly breakdown for your project.
- The Quarter columns (sections in blue) will need completing with the associated costs.
- The other sections within the spreadsheet (sections in grey) will complete automatically based on the information provided within the spreadsheet

Please note that the 'Overall Total' here should be equal to the 'Total Eligible Costs' figure on the Summary sheet

UK Government

Organisation Funding Breakdown Costs

Cost breakdown by organisation

If this is a collaborative project please enter the total cost individually for each organisation in the consortium

Total Project Costs	£1,500,000.00	Average Project Grant Intensity	57

Organisation Name	Organisation Role	Organisation Size	Please list all organisation who will be sub-contracted by this organisation and the value of their sub-contract	% total cost to be spent by organisation	Total project costs per organisation (£)	To ex
eg. XYZ Energy Ltd	*e.g Partner*	*e.g. Medium*	*Organisation X - £50,000 Organisation Y - £3,000*	*e.g. 50% (this will pull through automatically based on column H input)*	*eg. £500,000*	
Lead Org	Lead Organisation	Medium	Org A £10k	50%	£750,000.00	
Partner 1	Partner	Small	Org B £10k	50%	£750,000.00	
				100%	check cell should be 100%	

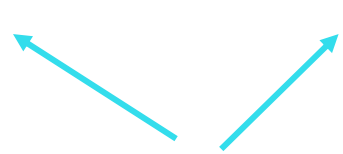
- Provides a breakdown of overall project costs by project organisation

- Calculated by form and represents from across the project, i.e. if there are multiple partners these numbers are totalled (costs) or averaged (grant intensity/subsidy ratio) together

Number inputted

Organisation Funding Breakdown Costs

Total project costs per organisation (£)	Total value of work defined as experimental development (£)	Experimental development subsidy ratio (%)	Grant funding for experimental development (£)
eg. £500,000			*£0.00*
£750,000.00	£700,000.00	50%	£350,000.00
£750,000.00	£700,000.00	60%	£420,000.00



Number inputted

Calculated by form

Organisation Funding Breakdown Costs

Total Value of work defined as industrial research (£)	Industrial Research subsidy ratio (%)	Grant funding for Industrial research(£)	Average subsidy ratio for organisation (%)	Total amount of grant funding (£)
		£0.00		
£50,000.00	75%	£37,500.00	51.67%	£387,500.00
£50,000.00	85%	£42,500.00	61.67%	£462,500.00
				£850,000.00

UK Government

Location Breakdown

Cost breakdown by project location

What are we looking for and why?

It is a requirement for DESNZ to report on how much **DESNZ spend** is being allocated to each UK region and constituency.
To do this we require you to provide an estimated breakdown of total eligible project costs by location/s where the actual project activity is taking place, which could be a different location to the registered address details given in the application form. This needs to be completed for the Lead Organisation and any other project Partners.
If more than one location, please provide an estimate of the total eligible project costs at each location.

Total Project Costs **£25,975.00**

Cost breakdown by project location

Project Title (name pulls through from summary tab)	Organisation Name	Organisation Role	First line of address	UK Region	Postcode	Please describe the main activity at this location	% total cost to be spent in respective location. Use numbers only. Do not use the % sumbol.	Total project costs in respective location (£)
e.g. Project X (name pulls through from summary tab)	*eg. XYZ Energy Ltd*	*eg. Lead Organisation*	*e.g. Hendon Central Powerplant, Wykeham Road*	*South East*	*eg. NW4 2SU*	*eg. Powerplant in North London, carbon capture prototype testing*	*e.g. 50*	*eg. £500,000 (this will pull through automatically based on column J input)*
0		Please Select		Choose Region				£0.00
0		Please Select		Choose Region				£0.00

- Provides a breakdown of overall project costs by location of project activities

UK Government

Collaboration Platform

Collaboration Platform

- The Department intends to facilitate collaboration between innovators to help companies find project partners.

- More details on provision of a collaboration platform to facilitate this will follow in due course.

UK Government

Q & A Process

UK Government

Competition Q&A process

Questions

- Questions about the Competition: If you have any questions on the competition process, please submit them to heatinnovation@energysecurity.gov.uk by **16:00 GMT, 14 May 2026**.

Responses

- Depending on the number of questions received, we expect to publish these questions and our responses to them periodically **until 22 May 2026.**

Published

UK Government

Commercial Aspects

UK Government

Conflict of interest

- For research and analysis, conflict of interest is defined as the presence of an interest or involvement of the contractor, subcontractor (or consortium member) which could affect the actual or perceived impartiality of the research or analysis.

Acceleration Support Contractor and Evaluation Contractor

- The Acceleration Support Contractor and the independent Evaluation Contractor (including any organisations involved in delivering these services) will not be eligible to apply for or participate in the innovation funding competition. This is to avoid any actual or perceived conflict of interest arising from their involvement in the delivery and evaluation of the programme.

Terms and Conditions

- Applicants must agree to the Terms and Conditions (published alongside the competition guidance)
- The Terms and Conditions are standard for DESNZ grants and will not be altered
- If you do not agree with the Terms and Conditions, do not apply under the assumption that these can be negotiated – as they are non-negotiable

See page 21 of competition guidance

UK Government

Multiple Applications

- An organisation cannot lead or be a partner (Section 4 of competition guidance) in any more than 3 submitted applications
- Where the Competition is oversubscribed however, the Department reserves the right at the funding allocation stage to limit funding to a maximum of two applications per organisation, as set out in Section 12 of competition guidance

However also please note:

- An individual or lead organisation may only submit more than one application to a single barrier only where each application relates to a clearly distinct innovation and a significantly different project scope
- Applicants may not submit the same project scope under more than one barrier.

See page 23 of competition guidance

VAT

- This is a grant programme, and as such VAT is not an eligible expenditure

- Specifically, inputting VAT reclaimable by the grant recipient from HMRC is a non-eligible expenditure - as stated in the Grant Funding Agreement Terms & Conditions under clause 5.3.5

UK Government

Due diligence

- **The Department** will use a commercially available screening tool to check financial risk and whether the company (and/or its directors / key shareholders) are subject to sanctions, adverse regulatory findings/decisions, enforcement notices, published criminal offence data (open-source) or adverse media (using open-source data).
- The screening may also check, amongst other things, **company payment data (to the extent it is made available)** and **County Court Judgments (CCJs),** and the Department may review **UK government-held records of grant awards**.
- The Department will undertake **financial viability checks** on all successful applicants (and may include key **consortium members** and significant sub-contractors), including reviewing the latest **independently audited accounts (where applicable)** filed at **Companies House**. Where accounts aren't filed or contained limited information, other financial information may be requested to assess viability and ability to resource the project.
- At due diligence stage, applicants must provide **a credible, evidenced plan to pre-fund expenditure and having sufficient match funding in place** (e.g., letters of intent, evidence of resources, cashflow information).
- Due diligence will also review the case for assistance.

See page 50 of competition guidance

UK Government

Heat Pump Innovation Journey Survey

Not eligible for the competition?

We would like to learn more about:

1. **The next steps for technology developers at TRL 9**. How do ‘market ready’ technologies scale up and reach wider commercial or mass market deployment?
2. **Early-stage technology or a technology otherwise not eligible for the innovation funding competition**. What technologies are too early in their development or otherwise not eligible for this competition?

If you have insights or experience on either of the above, please complete this survey: Heat Pump Innovation Journey Survey – Fill in form by Friday 22nd May. Your input will help inform our wider understanding of the heat pump market and potential future support needs.

UK Government

Next steps

The indicative timetable of key dates for HPR Competition is set out below. **Please note that all dates are subject to change.**

HPR Innovation Funding Competition – Key Timings

Application

- Competition opened on 21/04/2026
- Submit application online no later than **1pm 25/06/2026**

Assessment

- Eligibility check, technical assessment, moderation and applicants informed of the outcome of their application from week commencing 28/09/2026. This date depends on the number of applications received.
- After 28/09/2026 successful applicants will be subject to confirmatory due diligence which includes confirming financial strength, eligibility of expenditure and case for assistance

See page 46 of competition guidance

UK Government

Next steps

The indicative timetable of key dates for HPR Competition is set out below. **Please note that all dates are subject to change.**

HPR Innovation Funding Competition – Key Timings

Grant Award

- Grants conditionally awarded (subject to financial due diligence).
- Financial Due diligence commences and, following successful completion, grant funding agreements issued.
- Projects able to commence (dependent on time taken for due diligence) from week commencing 01/02/2027

Completion

- Final approved project completed and submitted to the Department monitoring officer for approval by 31/01/2030
- Final project reports and Reasonable Assurance Report submitted to Department monitoring officer for approval by 31/03/2030

See page 46 of competition guidance

UK Government

Q&A

UK Government

Key Links / Next steps

- Submit a funding application before **25th June 1pm** at https://heatinnovationfunding.energysecurity.gov.uk/
- All information relating to an application submission including competition guidance can be found at https://www.gov.uk/government/publications/heat-pump-ready-programme-round-2-innovation-funding-competition
- Questions relating to applications can be submitted to heatinnovation@energysecurity.gov.uk with a deadline of 16:00 GMT, 14 May 2026.
- Answers to questions will be published by close 22 May 2026. You will find the list of published Q&A on the following webpage: https://www.gov.uk/government/publications/heat-pump-ready-programme-round-2-innovation-funding-competition
- A version 1 of the question & answer document can be found already at: https://www.gov.uk/government/publications/heat-pump-ready-programme-round-2-innovation-funding-competition/hprp-round-2-innovation-funding-competition-clarification-questions-added-24-april-2026

UK Government

Thank you

Please complete applications before 1pm on 25th June

UK Government

Indicative Examples of In-Scope and Out-of-Scope Innovation Funding Competition Projects

Barrier	Examples of in-scope innovation projects	Examples of out-of-scope innovation projects
1. Capital cost of heat pump system hardware and components	• Utilising cheaper materials within the construction of thermal storage that do not compromise performance or longevity. • Reducing the number of parts within the heat pump unit.	• Financial products/services to address up front cost of heat pump, e.g. a loan product, heat as a service. • Standalone software solutions

UK Government

Indicative Examples of In-Scope and Out-of-Scope Innovation Funding Competition Projects

Barrier	Examples of in-scope innovation projects	Examples of out-of-scope innovation projects
2. In-property changes required	• Quality preliminary survey and design tools/hardware that increase the level of certainty during the heat pump system design process. This will increase the confidence of installers and will reduce the property changes to only those that are required and means that HPs are right sized for the property. • High temperature heat pumps that reduce or eliminate the need for radiator upgrades or pipework replacements during installation, that are more efficient when operating at higher flow temperatures. • Heat pumps systems that are compatible with existing home infrastructure, for example with micro-bore pipes, so this does not need to be replaced. • Developing cheaper, easier to fit, higher performing radiators that minimise disruption within the home. • Development of less disruptive pipework replacement processes.	• Standalone software-only survey tools • Standalone software solutions

UK Government

Indicative Examples of In-Scope and Out-of-Scope Innovation Funding Competition Projects

Barrier	Examples of in-scope innovation projects	Examples of out-of-scope innovation projects
3. Internal & external space requirement	• Heat pump systems with smaller thermal storage within the home that is comparable to the size of a boiler / that fits in the space where the boiler was. • Wholly internally housed heat pump system providing heat and hot water of a size no bigger than a gas combi-boiler. • Smaller heat pump units.	• Software tool sizing heat pump to home • Standalone software solutions

UK Government

Indicative Examples of In-Scope and Out-of-Scope Innovation Funding Competition Projects

Barrier	Examples of in-scope innovation projects	Examples of out-of-scope innovation projects
4. Time taken for heat pump install from accepted quote	• A heat pump system that provides homeowners with heating and hot water within 24 hours from contract signature without using temporary measures. • Full heat pump system installed in 3 days from first contact with an installer to system fully installed and commissioned. • Heat pump system designs that are easier to install, pre-plumbed and/or modular components that are quicker and easier to install and require fewer adjustments during commissioning. • Installation-as-a-service, providing digital co-pilot to break installs into step-by-step workflows with stage gates and quality checks reducing install time to 2 days. • Installer platform: end-to-end software from lead generation, heat loss calculations, proposal generation and post-install monitoring • Standalone software solutions	• Consumer journey software primarily focused on customer recruitment, sales, or quotation, rather than on post-acceptance delivery and installation processes.