Department for Energy Security and Net Zero (DESNZ)

Main Estimate 2026-27: Estimates memorandum

1 Overview

1.1 Objectives

The Department for Energy Security and Net Zero (DESNZ) leads on the Government's mission to make the UK a clean energy superpower and aims to achieve the following outcomes:

- Improve energy affordability
- Deliver Clean Power by 2030
- Reduce the UK's emissions
- Create economic growth and good jobs
- Enhance energy security

The Department is due to publish a Strategic Plan for 2026-27 later this year. As the Main Estimates are being published in advance, the outcomes set out here reflect a refreshed set developed through the Strategic Plan process and therefore differ from those currently published on gov.uk; the gov.uk content will be updated alongside publication of the Strategic Plan.

Details of which spending programmes relate to which outcome is given at Section 3.1.

1.2 Spending controls

DESNZ's spending is broken down into several different spending totals, for which Parliament's approval is sought.

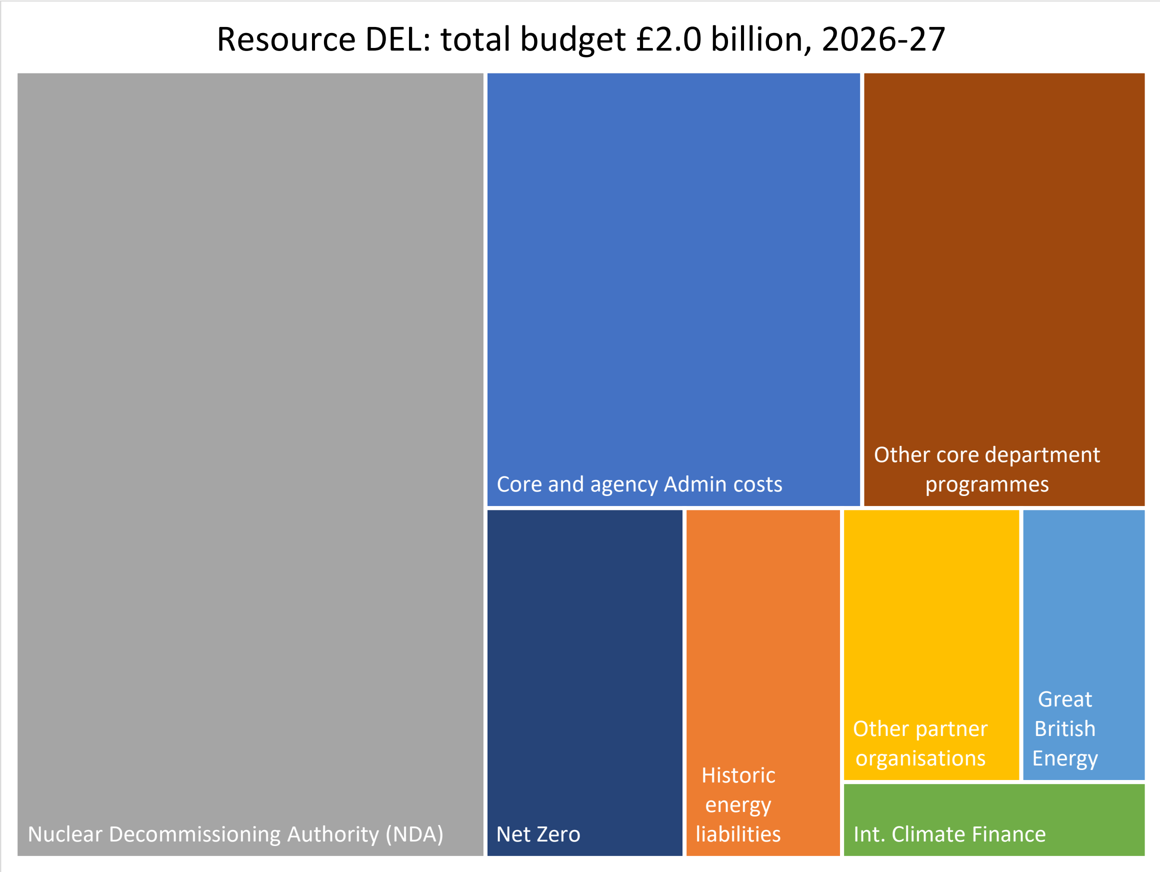
The spending totals which Parliament votes are:

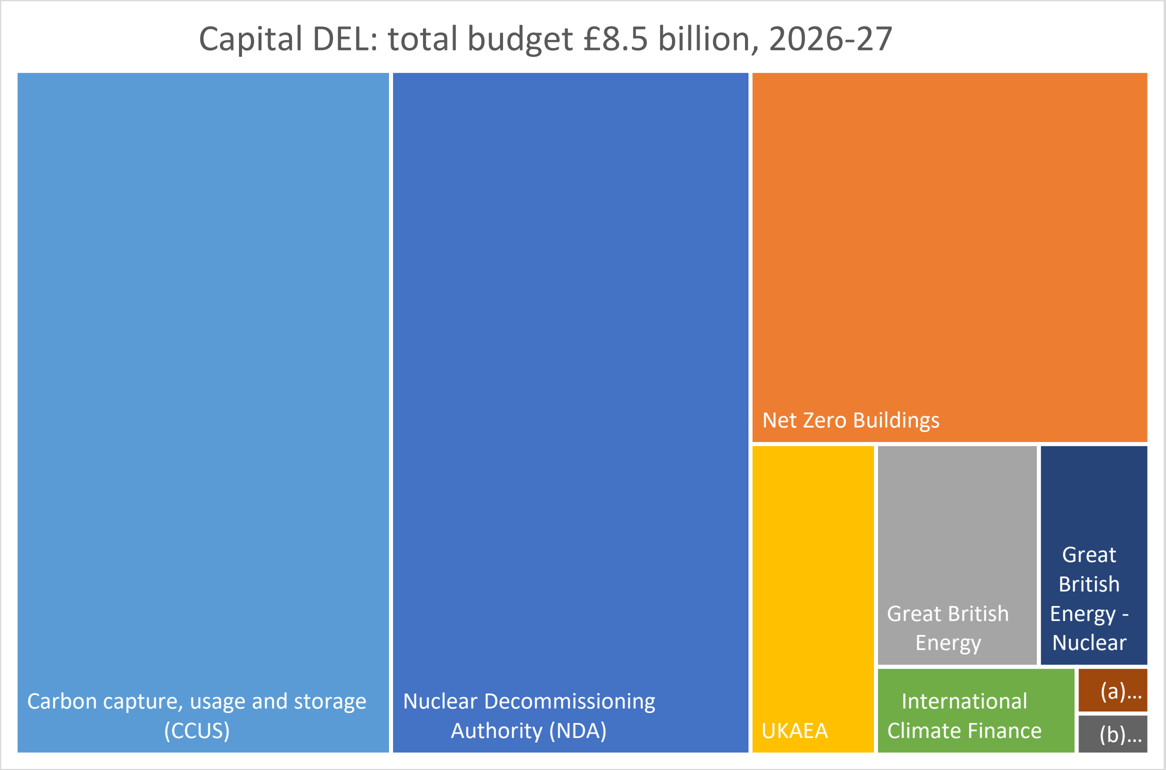
- Resource Departmental Expenditure Limit ("**Resource DEL**") - day to day running costs;
- Capital Departmental Expenditure Limit ("**Capital DEL**") - investment in infrastructure, Research and Development;
- Resource Annually Managed Expenditure ("**Resource AME**") - less predictable day to day spending: in DESNZ's case, mainly the Renewable Heat Incentive, and movements in the value of nuclear decommissioning and other provisions and movements in the fair value of liabilities incurred for Contracts for Difference (CFD) for the supply of low carbon electricity, and in previous years the Energy price support schemes; also from 2026-27 depreciation and impairments costs and Renewables Obligation; and
- Capital Annually Managed Expenditure ("**Capital AME**") – historically largely movements in surpluses in Coal Pension schemes and working capital loans, and from 2026-27 Sizewell C Capital costs.

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require DESNZ to pay out cash in-year.

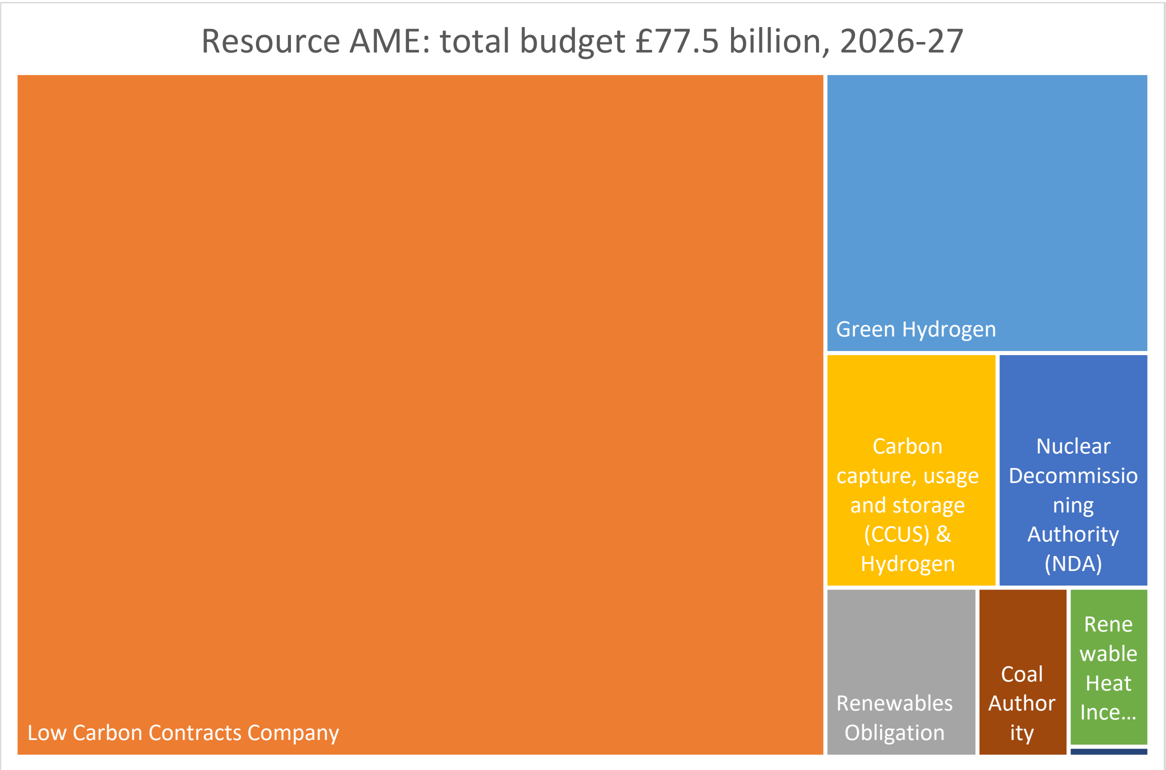
1.3 Main areas of spending

The graphic below shows the main components of DESNZ's proposed budget for the new financial year, included in the latest Main Estimate, and the proportions of funds spent on its main activities.





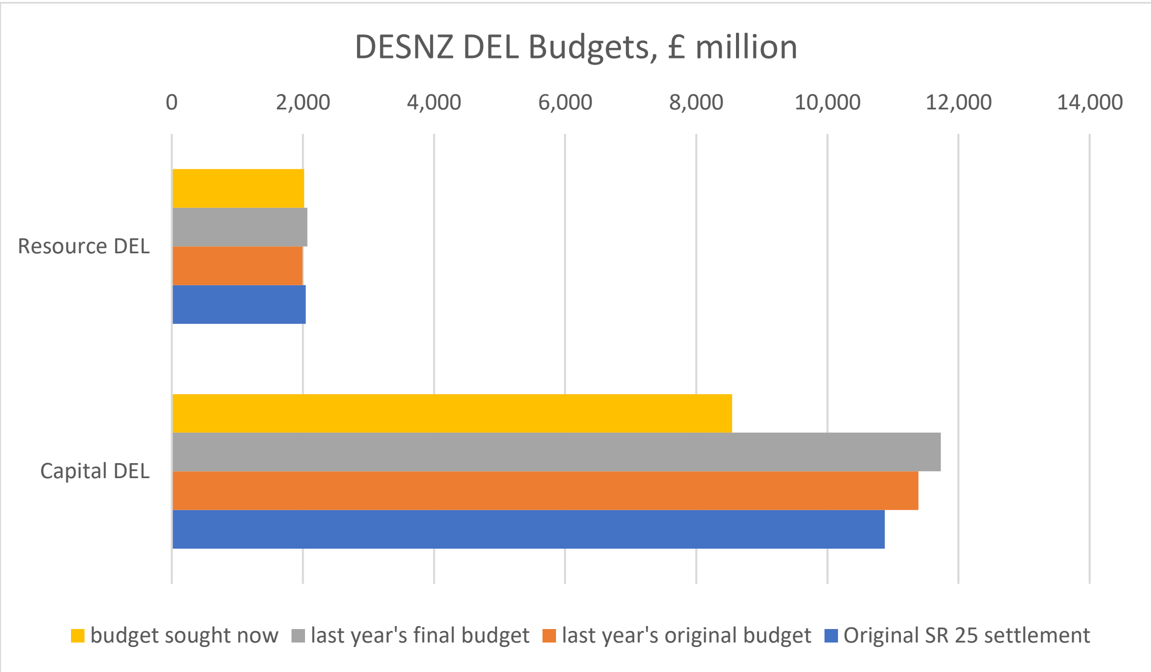
* (a) Other partner organisations; (b) Other core department programmes

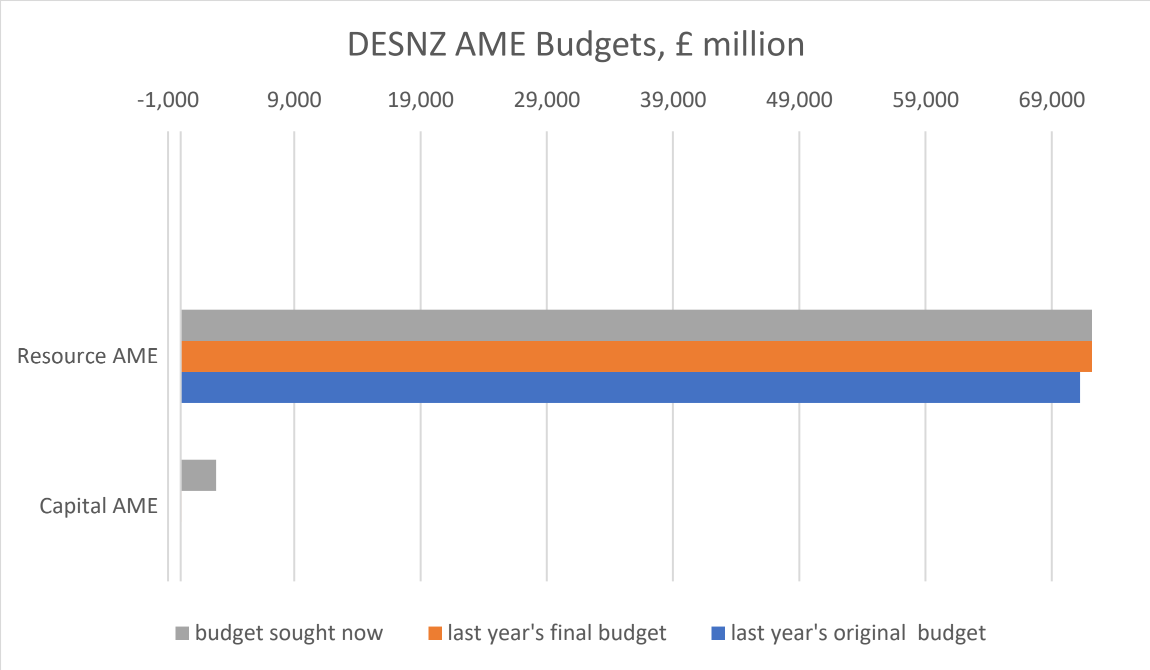


1.4 Comparison of spending totals sought

The table and graphics below show how the totals sought for DESNZ through the Main Estimate compare with the Spending Review and last year:

Amounts sought this year (Main Estimate 2026-27)		**Difference (+/-), compared to final budget last year**		**Difference (+/-), compared to original budget last year**		**Difference (+/-), compared to Spending Review**	
		(Supplementary Estimate 2025-26)		**(Main Estimate 2025-26)**		**SR25**	
		£m	**%**	**£m**	**%**	**£m**	**%**
Resource DEL	2,021.0	-48.9	-2.4%	+28.3	+1.4%	-22.0	-1.1
Capital DEL	8,547.2	-3,181.0	-27.1%	-2,842.7	-25.0%	-2,328.8	-21.4%
Resource AME	77,475.1	-3,543.3	-4.4%	+6,233.4	+8.7%	n/a	n/a
Capital AME	2,807.6	+2,727.2	+3,391.5%	+2,808.8	+222,747.7%	n/a	n/a





1.5 Key drivers of spending changes since last year

The main causes of the changes in Resource DEL between 2025-26 and 2026-27 (£(48.9) million) are:

- £21.9 million funding from the Reserve for Prax insolvency in 2025-26, which has been repaid from 2026-27 Budget, giving a net movement of £(43.8) million;
- A reduction of £(90.8) million compared to 2025-26 due to the reclassification of ringfenced depreciation and impairment Budgets to Resource AME;
- A reduction of £(189.8) million in Budget allocated for the Prax insolvency in 2025-26 only; and
- £270.6 million increase in Nuclear Decommissioning Authority (NDA) budget compared to 2025-26, largely due to a reduction in expected income in 2026-27 following the brought forward recognition of £139.0m into 25/26 due to commercial Vitrification work being completed ahead of plan, giving a net movement of £278.0 million.

The main causes of the changes in Capital DEL between 2025-26 and 2026-27 (£(3,181.0) million) are:

- A decrease of £(4,200.0) million for Sizewell C compared to 2025-26, reflecting the reclassification of Sizewell C Capital expenditure to Major Capital AME;
- £(272.0) million reduction in the profile of International Climate Finance ODA as set out in the Spending Review (SR25);
- £(219.0) million reduction reflecting funding in 2025-26 only for Energy Company Obligation (ECO);
- £300.0 million additional funding for Warm Homes announced in the Autumn Budget 2025;
- £400.0 million carried over from 2025-26 under the Budget Exchange system as agreed in SR25; and
- £1,309.3 million increase for Carbon Capture Usage and Storage (CCUS) compared to 2025-26 due to Transport and Storage company construction costs.

The main causes of the changes in Resource AME between 2025-26 and 2026-27 (£(3,543.3) million) as detailed in section 2.1 are as follows:

- £(29.0) billion lower increase to Nuclear Decommissioning Authority provisions compared to 2025-26, where the substantial increase was driven by a comprehensive review of the Sellafield plan and a revised estimate of the cost of the Geological Disposal Facility;
- £2.6 billion increase for Renewables Obligation costs to Exchequer;
- £3.9 billion increase to non-cash AME for CCUS and Hydrogen contracts whole life costs for Hydrogen Power Plant 1 (HPP1) - Blue Hydrogen;
- £8.2 billion increase in non-cash AME for Green Hydrogen; and
- £10.0 billion increase in movement in Low Carbon Contracts Company Contracts for Difference compared to 2025-26.

The main causes of the changes in Capital AME between 2025-26 and 2026-27 (£2,727.2 million) are:

- £2,744.8 million increase reflecting the reclassification of Sizewell C major Capital expenditure from DEL to AME; and
- A reduction of £(17.3) million in Sizewell C provisions.

1.6 Key drivers of change since the Spending Review

The levels of DEL funding for DESNZ for 2026-27 are based on plans published in the 2025 Spending Review[1]. Since that time, the Government has made a number of changes to 2026-27 spending plans including announcements of some additional funding. Details of funding changes are set out in the Table at Annex B.

Notable amongst these changes are:

- The reclassification of Sizewell C capital expenditure from Capital DEL to Capital AME (£(2,774.0)m);
- The repayment of the Reserve Claim for Prax insolvency received in 2025-26 of £(21.9)m Resource DEL;
- Additional funding for Warm Homes of £300.0m Capital DEL; and
- The carry over of funding from 2025-26 under the Budget Exchange scheme of £400.0m Capital DEL.

1.7 Reserve claims and spending pressures

At the time of the 2025 Spending Review (SR25) settlement the treatment of expenditure by the NDA on decommissioning the Advanced Gas Reactors (AGR) had not been confirmed. Following discussions with HMT it has now been decided that the expenditure will score within Capital DEL, while the funding for the AGR decommissioning from the Nuclear Liabilities Fund (NLF) will be treated as non-budget. HMT have therefore agreed to provide in principle budget cover from the Reserve, initially estimated at £115m for 2026-27 at the Supplementary Estimate.

[1] https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html

As part of the funding for the Prax insolvency in 2025-26, the Department utilised NDA income which had been profiled in 2026-27 but received during 2025-26 to reduce the size of the claim on the Reserve. This has in turn created a pressure in 2026-27, which we are engaging HMT on.

As noted in section 2.1 below, the Department has overprogrammed its portfolio of Capital DEL projects. This reflects historic patterns of underspending and is in line with the portfolio management arrangements agreed as part of SR25.

1.8 Funding and other spending announcements

Spending announcements made during the year not listed at Annex B largely relate to the allocation of money within existing planned limits, rather than additional money.

These include:

- Allocation of Research and Development funding;
- Allocation of International Climate Finance funding.

1.9 New policies and programmes; ambit changes

Included for the first time within Resource AME Budgets are the costs relating to the Renewables Obligation to Exchequer scheme, comprising £2,580.0 million under subhead N4.

The following additions have been made to the ambit in this Estimate:-

Annually Managed Expenditure – Expenditure:-

- "Sizewell C", reflecting the movement of Sizewell C major capital expenditure from DEL to AME.
- "depreciation and amortisation", reflecting the reclassification of ringfenced budgets from DEL to AME.

1.10 Administration costs and efficiency plans

Administration costs are set to decrease by £26.9m in 2026-27 compared to last year's final budget. This is primarily due to a £17.6 million decrease reflecting the reclassification of ringfenced depreciation and impairments to Annually Managed Expenditure.

Amounts sought this year (Main Estimate 2026-27		**Difference (+/-), compared to final budget last year**		**Difference (+/-), compared to original budget last year**		**Difference (+/-), compared to Spending Review**	
		(Supplementary Estimate 2025-26)		**(Main Estimate 2025-26)**		**SR24**	
		£m	**%**	**£m**	**%**	**£m**	**%**
Administration costs	418.2	-26.9	-6.4%	-31.1	-6.9%	-0.3	-0.1%

Decreases to the Administration budget since the SR25 settlement are due to a number of small budget cover transfer included in the Main Estimate, totalling a decrease of £(0.3) million.

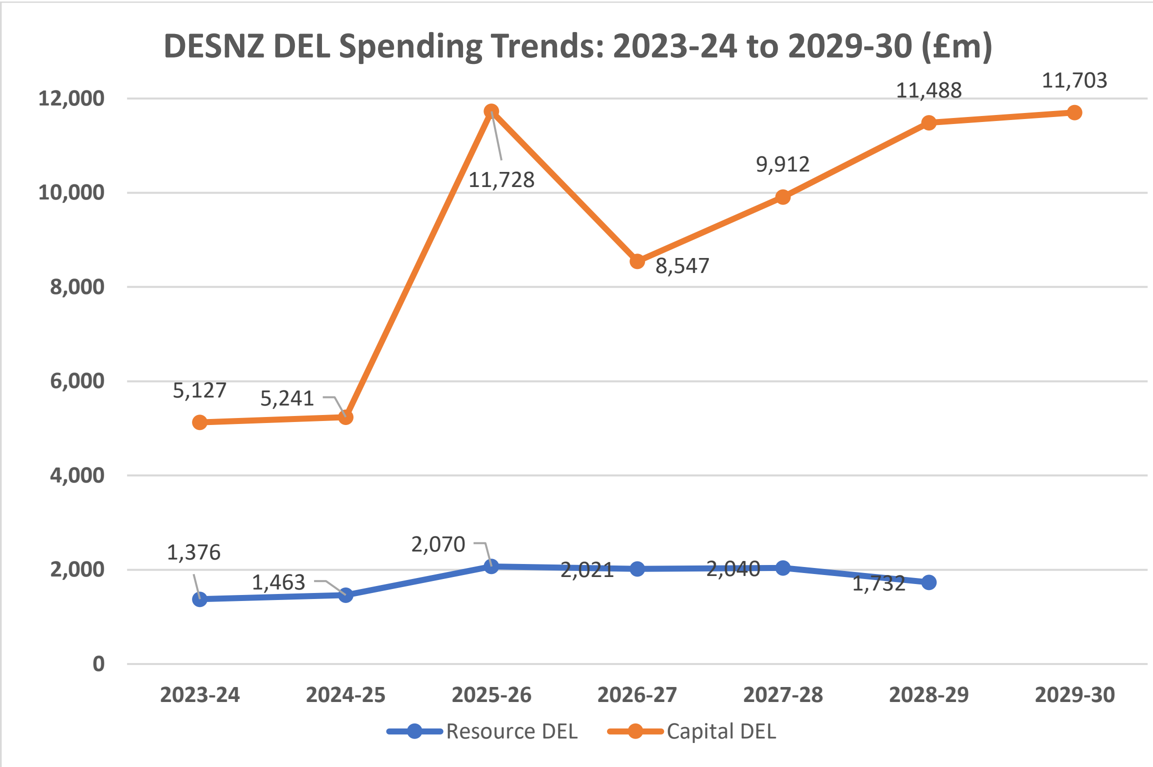
The department has a published efficiency plan to deliver £157m of RDEL annual net efficiencies by 2028-29. This will be achieved through:

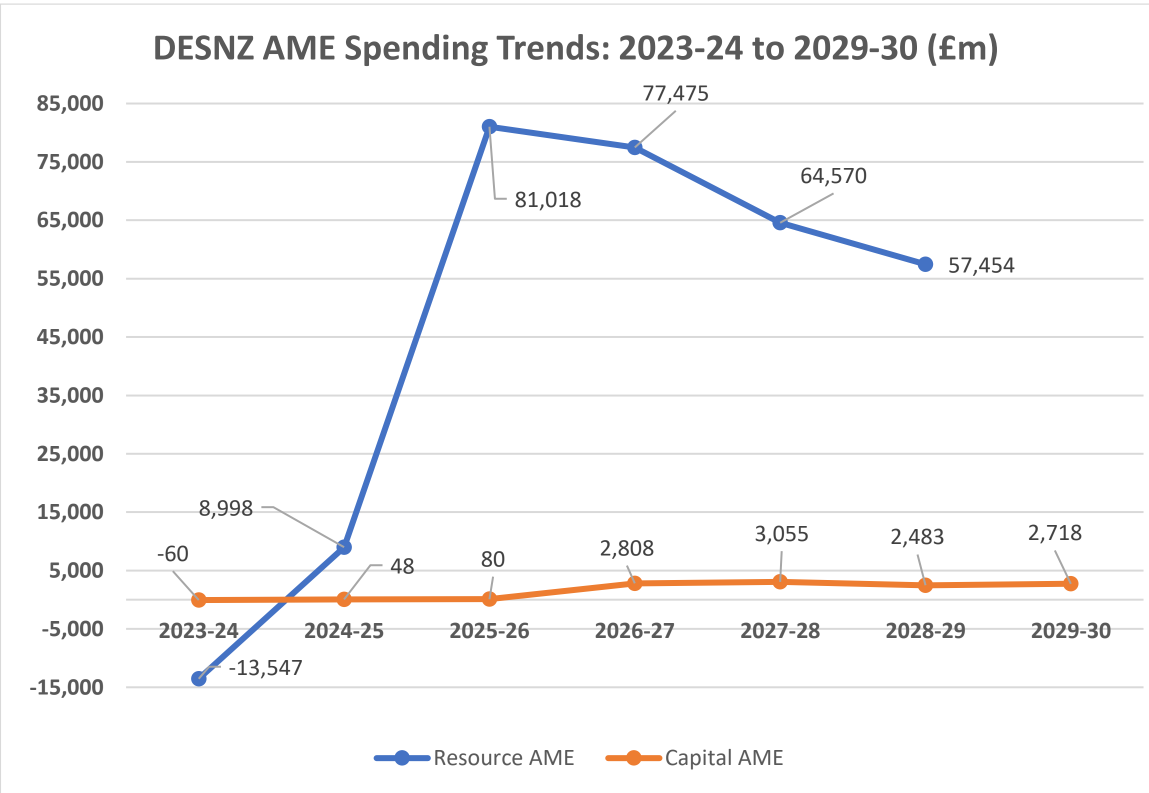
· workforce and digital reform – improving productivity by using AI, better use of digital platforms and technology, insourcing expertise and increasing use of shared services; and

· delivery activities – to deliver outcomes with less of a burden on households by taking advantage of greater economies of scale and harnessing technologies to drive increased operational productivity within Arms Length Bodies.

1.11 Spending trends

The charts below show overall spending trends for the last three years, plans presented in Estimates for 2026-27 and future years covered by Spending Review 2025.





DEL Budgets

- Capital DEL included in 2024-25 a reduction of £2.8 billion for Energy Special Administration Regime (SAR) income.
- Capital DEL up until 2025-26 included Sizewell C Capital Expenditure which from 2026-27 now scores to Capital AME.

AME Budgets

- Resource AME is subject to significant fluctuation from year to year due to non-cash costs arising from movements in the fair value of Contracts for Difference and the impact of changes to discount rates on provisions. Changes to discount rates can have a particularly significant impact on the large, long-term provision for nuclear decommissioning held by the NDA, as can be seen by the substantial variation in 2023-24 and 2024-25; and
- Capital AME increases significantly from 2026-27 onwards due to the reclassification of Sizewell C costs.

2. Spending detail

As shown in the table in Section 3.1, departmental expenditure can contribute across a number of different strategic objectives, in particular spend assigned to the 'Capability' subhead. However, due to Parliamentary rules, budgets must be assigned to only one specific Estimate subhead even though spending often contributes to other lines. At the time of preparing the Main Estimate, budgets had been allocated through business planning at a portfolio level; any differences between the detailed Main Estimate budgets and final internal allocations will be reflected in the Supplementary Estimate.

2.1 Explanations of changes in spending

Resource DEL

The table below shows how DESNZ's spending plans for Resource DEL compare with last year.

Subheads	Description	**Resource DEL**				
		£ million			%	
		This year (2026-27 Main Estimate budget sought)	*Last year (2025-26 Supplementary Estimate budget approved)*	change from last year		see note number
A	Affordable energy	238.8	204.8	**34.0**	**16.6%**	1
B, G	Energy system	79.6	81.7	**-2.1**	**-2.6%**	
C, H	Climate change and decarbonisation	240.4	299.1	**-58.7**	**-19.6%**	2
D, I	Energy legacy	235.7	239.8	**-4.1**	**-1.7%**	
E, J	Science and Research	4.1	57.7	**-53.6**	**-93.0%**	3
F	Capability	382.9	617.8	**-234.9**	**-38.0%**	4
K	Government as shareholder	0.1	0.1	**0.0**	**0.0%**	
L, M	Nuclear Decommissioning Authority	839.5	568.9	**270.6**	**47.6%**	5
	Total voted and non voted	2,021.0	2,069.9	**-48.9**	**-2.4%**	

Differences of more than 10% which are more than £10 million are explained below. Numbers relate to the relevant row in the table above. Further detail of spending within these totals is given in the Table at Annex A.

1. Affordable energy

Resource DEL spending under this subhead is, overall, forecast to increase by £34.0 million, or 16.6%, compared to 2025-26. This is due to a number of small increases across the budget lines in this area.

2. Climate change and decarbonisation

Resource DEL spending under these subheads is, overall, forecast to decrease by £58.7 million, or 19.6%, compared to 2025-26. This is largely due to the £45.6 million decrease for International Climate Finance (ICF) in line with the profile of funding allocated through the Spending Review; together with decreased funding for Renewable Energy (£25.4 million) Carbon Capture Usage and Storage (£17.6 million), reductions in Salix (£19.8 million), Low Carbon Contracts Company (£13.6 million) and Energy innovation (£12.3 million), partially offset by funding for Great British Energy (£78.0 million).

3. Science and Research

Net Resource DEL spending under these subheads, is, overall, forecast to decrease by £53.6 million, or 93.0%, compared to 2025-26. This is largely due to the reclassification of depreciation to AME (£53.4 million).

4. Capability

Net Resource DEL spending under these subheads, is, overall, forecast to decrease by £234.9 million, or 38.0%, compared to 2025-26. This reflects funding in 2025-26 only for Prax insolvency (£211.7 million), together with the reclassification of depreciation to AME (£19.2 million).

5. Nuclear Decommissioning Authority

Net Resource DEL spending under these subheads, is, overall, forecast to increase by £270.6 million, or 47.6%, compared to 2025-26. This reflects the profile set out in SR25, together with reduced income expected in 2026-27 compared to the increase seen in 2025-26, principally due to £(139.0) million income originally profiled in 2026-27, due to accelerated revenue recognition from Sellafield Vitrification operations, following stronger than expected plant performance.

Capital DEL

The table below shows how spending plans for Capital DEL compare with last year.

Subheads	Description	**Capital DEL**				
		£ million			%	
		This year (2026-27 Main Estimates budget sought)	*Last year (2025-26 Supp Estimates budget approved)*	change from last year		see note number
A	Affordable energy	1,751.6	1,483.8	**267.8**	**18.0%**	6
B, G	Energy system	380.4	4,392.2	**-4,011.8**	**-91.3%**	7
C, H	Climate change and decarbonisation	3,571.1	2,641.2	**929.9**	**35.2%**	8
D, I	Energy legacy	33.5	58.6	**-25.1**	**-42.8%**	9
E, J	Science and Research	430.5	462.0	**-31.5**	**-6.8%**	
F	Capability	-329.8	71.9	**-401.7**	**-558.6**	10
L, M	Nuclear Decommissioning Authority	2,710.0	2,618.5	**91.5**	**3.5%**	
	Total voted and non voted	8,547.2	11,728.2	-3,181.0	**-27.1%**	

Differences of more than 10% which are more than £10 million are explained below.

6. Affordable energy

Capital DEL spending under this subhead is, overall, forecast to increase by £267.8 million, or 18.0%, compared to 2025-26. This is driven by £382.3 million increase in Net Zero Buildings and Heat (including a £300.0 million increase in funding for Warm Homes announced in Budget 2025); £49.9 million net Financial Transactions income in 2025-26 only; £29.2 million increase in Net Zero Industry and £27.8 million increase for Hydrogen; partially offset by a decrease of £219.0 million for Energy Company Obligation costs in 2025-26 only.

7. Energy system

Capital DEL spending under these subheads is, overall, forecast to decrease by £4,011.8 million, or 91.3%, compared to 2025-26. This is largely driven by the reclassification of Sizewell C costs from 2026-27 onwards to Annually Managed Expenditure (£4,200.0 million reduction compared to 2025-26), partially offset by an increase of £196.0 million for Great British Energy - Nuclear.

8. Climate change and decarbonisation

Capital DEL spending under this subhead is, overall, forecast to increase by £929.9 million, or 35.2%, compared to 2025-26. This is largely due to an increase of £1,309.3 million for Carbon Capture Usage and Storage (including the Transport and Storage Companies) and a £370.0 million increase for Great British Energy; partially offset by a decrease of £262.8 million in line with the profile of funding for International Climate Finance (ICF) allocated in SR25 and an additional £400.0 million ICF allocated in 2025-26 only; and a decrease in Energy Innovation funding of £95.1 million.

9. Energy legacy

Capital DEL spending under these subheads is, overall, forecast to decrease by £25.1 million, or 42.8%, compared to 2025-26. This is largely due a £12.8 million decrease in funding for the Civil Nuclear Police Authority, together with budget cover transfers of £7.3 million from the Security and intelligence Agencies in 2025-26 only and a £3.3 million decrease in Coal Authority (Mining Remediation Authority).

10. Capability

Capital DEL spending under this subhead is, overall, forecast to decrease by £401.7 million, or 558.6%, compared to 2025-26. This is largely due to centrally held overprogramming of Capital budgets in 2026-27.

Resource AME

The table below shows how spending plans for Resource AME compare with last year.

Subheads	Description	Resource AME				
		£ million			%	
		This year (2026-27 Main Estimates budget sought)	*Last year (2025-26 Supp Estimates budget approved)*	change from last year		*note number*
N	Affordable energy	2,580.6	5.4	**2,575,2**	**47,688.4%**	11
O, U, AA	Energy system	8,931.9	944.0	**7,987.9**	**846.2%**	12
P, V	Climate change and decarbonisation	59,544.9	45,622.0	**13,922.9**	**30.5%**	13
Q, W	Energy legacy	1,473.4	269.5	**1,203.9**	**446.7%**	14
R, X	Science and Research	146.6	307.0	**-160.4**	**-52.2%**	15
S	Capability	17.7	-7.6	**25.3**	**332.6%**	16
T	Renewable Heat Incentive	1,288.0	1,243.0	**45.0**	**3.6%**	
Y	Government as Shareholder	-80.0	-80.0	**-**	**-**	
Z	Nuclear Decommissioning Authority	3,572.0	32,715.0	**-29,143.0**	**-89.1%**	17
	Total voted and non voted	77,475.1	81,018.3	**-3,543.3**	**-4.4%**	

Differences of more than 10% which are more than £10 million are explained below.

11. Affordable energy

Resource AME spending on this subhead is forecast to be £2,575.2 million higher than in 2025-26, reflecting the new Renewables Obligation to the Exchequer scheme (£2,580.0 million) and core Department depreciation costs previously in DEL (£0.6 million), with decreases for the legacy energy affordability support schemes (£(5.4) million).

12. Energy system

Resource AME spending on these subheads is forecast to be £7,987.9 million higher than in 2025-26, due largely to the increase in budget for Green Hydrogen (£8,168.0 million) contracts whole life costs for Hydrogen Allocation Round 2, together with an expected dividend from NESO which is due to be surrendered to the Consolidated Fund (£(169.8) million).

13. Climate change and decarbonisation

Resource AME spending on these subheads is forecast to be £13,922.9 million higher than in 2024-25. This is largely due to an increase of £10,000.0 million in the forecast for the movement in fair value for Contracts for Difference for the Low Carbon Contracts Company (which will be reviewed in time for the Supplementary Estimate), together with an increase in budget of £3,948.4 million in the core Department for Carbon capture usage and storage (CCUS) contracts whole life costs for Hydrogen Power Plant 1 (HPP1) - Blue Hydrogen;. This is partially offset by a budget of £23.0m in 2025-26 only for Net Zero North Sea Storage Corporation Tax.

14. Energy legacy

Resource AME spending on these subheads is forecast to be £1,203.9 million higher than in 2025-26, due largely to the £1,190.0 million increase in budget Coal Authority (Mining Remediation Authority) provisions compared to 2025-26 where a lower than usual increase was forecast due to discount rates and review of the provisions.

15. Science and Research

Resource AME spending on these subheads is forecast to be £160.4 million lower than in 2025-26. This is due to an £197.4 million decrease in the forecast movement for UKAEA provisions compared to 2025-26, partially offset by an increase for Depreciation costs for UKAEA previously scored in DEL (£37.0 million). The 2025-26 UKAEA provision value increase was higher than the outer years. This was mainly driven by the extension of the site restoration timeline as a result of the SR25 allocation. Therefore, the lifetime of the plan was extended, driving a higher in year increase of the provision in 2025-26.

16. Capability

Resource AME spending on this subhead is forecast to be £25.3 million higher than in 2025-26. This is due to core Department depreciation costs previously in DEL (£18.6 million), together with an increase in provision movements of £6.7 million, largely due to a £7.0 million writeback of unused provisions in 2025-26.

17. Nuclear Decommissioning Authority

Resource AME spending on this subhead is forecast to be £29,143.0 million lower than in 2025-26. This is largely due to a lower increase in the NDA Nuclear Decommissioning provision forecast for 2026-27 compared to 2025-26, where a substantial increase in the provision was driven by a comprehensive review of the Sellafield plan and a revised estimate of the cost of the Geological Disposal Facility. This will be reviewed ahead of the Supplementary Estimate.

Capital AME

The table below shows how spending plans for Capital AME compare with last year.

Subheads	Description	**Capital AME**				
		£ million			%	
		This year (2025-26 Main Estimates budget sought)	*Last year (2024-25 Supp Estimates budget approved)*	change from last year		*note number*
O, U, AA	Energy system	2,807.4	79.9	**2,727.5**	**3,413.8%**	18
Q, W	Energy legacy	0.1	0.5	**-0.4**	**-71.7%**	
	Total voted and non voted	2,807.6	80.4	**2,727.2**	**3,391.5%**	

18. Energy system

Capital AME spending on these subheads is forecast to be £2,727.5 million higher than in 2024-25. This is due to the movement of Sizewell C major Capital expenditure from DEL to AME (£2,742.7 million), together with a £(15.2) million decrease in provisions for Sizewell C.

2.2 Restructuring

As noted above, ringfenced Depreciation and Impairment budgets have been reclassified from Resource DEL to Resource AME. As is common with changes to Budgetary treatment initiated by HM Treasury, the OSCAR database (and therefore the prior year column in this Main Estimate) has been restated to show the new Budgetary treatment. The differences for 2025-26 compared to the Supplementary Estimate and the 2026-27 Depreciation Budgets that are now in AME are shown in the table below.

This year (2026-27 Main Estimate)	RAME	Changes to last year's published figures (2025-26 Supplementary Estimate)	RDEL	RAME
Affordable energy (A, N)	0.6		-1.6	1.6
Climate change and decarbonisation (C, P)	0		-0.5	0.5
Energy legacy (D, Q)	1.4		-0.4	0.4
Capability (F, S)	18.6		-19.2	19.2
Energy system (ALB) (G, U)	1.5		-1.4	1.4
Climate change and decarbonisation (ALB) (H, V)	1.9		-1.9	1.9
Energy legacy (ALB) (I, W)	14.9		-12.4	12.4
Science and Research (ALB) (J, X)	37.0		-53.4	53.4
Total	75.9		-90.8	90.8

2.3 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e. savings in these budgets may not be used to fund pressures on other budgets without express permission from HM Treasury.

Spending total **Amounts sought this year** **(Main Estimate 2026-27)**		**Compared to final budget last year** **(Supplementary Estimate 2025-26)**		**Compared to original budget last year** **(Main Estimate 2025-26)**	
		£m	**%**	**£m**	**%**
International Climate Finance (ICF) ODA (Official Development Assistance) (Resource DEL)	£52.5m	-£45.6m	-46.5%	-£62.1m	-54.2%
International Climate Finance ODA (Capital DEL)	£194.0m	-£262.8m	-57.5%	-£272.0m	-58.4%
Financial transactions	£257.0m	+£164.4m	+177.4%	+£257.0m	+100.0%
Of which:					
ICF ODA	-	-£34.8m	-100.0%	-£25.0m	-100.0%
Energy Efficiency Loans	-	+£52.4m	+100.0%	+£47.9m	+100.0%
NNL	-	-£73.0m	-100.0%	-	-
Great British Energy	£250.0m	+£230.0m	+1,150.0%	+£250.0m	+100.0%
Other	£7.0m	-£10.3m	-59.5%	-£15.9m	-69.4%
Nuclear Decommissioning Authority (Resource DEL)	£839.5m	+£270.6m	+47.6%	+£136.8m	+19.5%
Nuclear Decommissioning Authority (Capital DEL)	£2,710.0m	+£91.5m	+3.5%	+£106.0m	+4.1%
CCUS Track 1 (Capital DEL)	£2,835.0m	+£1,313.0m	+86.3%	-£634.3m	-18.3%
Small Modular Reactors (Capital DEL)	£281.0m	n/a	n/a	n/a	n/a
R&D (Capital DEL)	£618.0m	-£113.7m	-15.5%	-£112.0m	-15.3%

2.4 Changes to contingent liabilities

The list of contingent liabilities shown in Part III: Note K remains unchanged from that included in the 2025-26 Supplementary Estimate, comprising those published in the DESNZ 2024-25 Annual Report and Accounts, together with those notified to Parliament during 2025-26.

3. Priorities and performance

3.1 How spending relates to outcomes

The table below shows how expenditure against each subhead contributes to the Departmental outcomes.

Outcome> Estimates subheads	1: Improve Energy Affordability	2: Deliver Clean Power by 2030	3: Reduce the UK's emissions	4: Create economic growth for the UK and generate and protect jobs	5: Enhance Energy Security
A, N	X	X	X	X	X
B, G, O, U, AA	X	X	X	X	X
C, H, P, V	X	X	X	X	X
D, I, Q, W			X	X	X
E, J, R, X			X	X	X
F, S	X	X	X	X	X
K, Y			X	X	X
L, M, Z			X	X	X
T	X	X	X	X	X

3.2 Measures of performance against each outcome

The Department for Energy Security and Net Zero will set out its outcomes and measures of performance in its Strategic Plan, which is due to be published later this year. The Department's Annual Report and Accounts will be published in Summer and will report on performance in 2024–25.

3.3 Major projects

The Department is responsible for twenty major projects, as at the end of March 2025. Nine are nuclear energy or decommissioning projects, and most of the remaining portfolio relates to energy networks and systems:

- Box Encapsulation Plant Product Store (BEPPS2)
- Boiler Upgrade Scheme
- East Coast Cluster Anchor (ECC)
- Geological Disposal Facility Programme (GDF)
- Great British Energy - Nuclear
- Green Heat Network Fund
- Home Upgrade Grant and Local Authority Delivery (HULA)
- Hydrogen Allocation Round 1 (HAR1)
- HyNet Anchor

- Low Cost Nuclear Programme (Rolls Royce SMRs Challenge)
- Public Sector Decarbonisation Scheme (PSDS)
- Replacement Analytical Project (Sellafield)
- Review of Electricity Market Arrangements (REMA)
- Sellafield Product and Residue Store Retreatment Plant
- SIXEP Continuity Plant (Sellafield)
- Sizewell C
- Smart Metering Implementation Programme
- Social Housing Decarbonisation Fund
- Spherical Tokamak for Energy Production
- Warm Homes: Local Grant.

The National Infrastructure and Service Transformation Authority (NISTA) reports on delivery of major projects annually. Data for DESNZ can be found here.

4. Other information

4.1 Research and Development Expenditure

The following is provided as contextual information on R&D expenditure at the request of the Science, Innovation & Technology Committee. In contrast to the spending outlined in previous sections, it does not represent a firm spending commitment as part of the estimates process.

R&D spending under the Frascati definition is expected to decrease relative to last year's supplementary estimate due to the profile of the Budget set in the SR for R&D.

Amounts sought this year (Main Estimate 2026-27)		**Difference (+/-), compared to final budget last year**		**Difference (+/-), compared to original budget last year**		**Difference (+/-), compared to Spending Review**	
		(Supplementary Estimate 2025-26)		**(Main Estimate 2025-26)**		**SR25**	
		£m	**%**	**£m**	**%**	**£m**	**%**
R&D	618.0	-113.7	-15.5%	-112.0	-15.3%	-	-

4.2 Breakdown of Administration Budget

Spending total **Amounts sought this year** **(Main Estimate 2026-27)**		**Compared to final budget last year** **(Supplementary Estimate 2025-26)**	
	£ million	**£ million**	**%**
Wages and salaries / Purchase of goods and services/other	499.2	-33.3	-6.7%
Depreciation	n/a	-12.9	-100.0
Sale of goods and services/other income	-120.5	-24.2	-20.1
OGD income for Committee on Climate Change	-5.0	**-**	-
Total core department administration	**373.7**	**-21.9**	**-5.9**
Civil Nuclear Police Authority	-	-2.1	-100.0
Committee on Climate Change	8.6	-0.2	-2.7
Coal Authority	5.6	-0.9	-15.7
Oil and Gas Authority	-1.2	-1.2	-100.0
Enrichment Holdings Ltd	0.1	-	-
Nuclear Decommissioning Authority	31.5	-0.5	-1.7
Total Partner Organisations administration	**44.6**	**-5.0**	**-11.2**
Total Administration Budget	**418.3**	**-26.9**	**-6.4**

*as noted in section 1.10 above, most of the changes to Admin budgets since 2025-26 relate to the reclassification of ringfenced Depreciation to AME.

4.3 Additional tables for Nuclear Decommissioning Authority

NDA DEL Budgets	£ million						
	2023-24 outturn	2024-25 outturn	2025-26 plans	2026-27 plans	2027-28 plans	2028-29 plans	2029-30 plans
Resource DEL expenditure	1,582.9	1,484.4	1,566.9	1,445.5	1,561.0	1,528.0	n/a
Resource DEL income	-971.8	-1,146.8	-998.0	-606.0	-766.0	-985.0	n/a
Net Resource DEL	**611.1**	**337.5**	**568.9**	**839.5**	**795.0**	**543.0**	**n/a**
of which Admin	*32.0*	*31.5*	*32.0*	*31.5*	*	*	*n/a*
Capital DEL expenditure	2,392.1	2,637.4	2,618.5	2,710.0	2,780.0	2,850.0	2,900.0
Capital DEL income	-0.1	-0.1	-	-	-	-	-
Net Capital DEL	**2,392.0**	**2,637.4**	**2,618.5**	**2,710.0**	**2,780.0**	**2,850.0**	**2,900.0**
Total Net DEL	**3,003.1**	**2,974.9**	**3,187.5**	**3,549.5**	**3,575.0**	**3,393.0**	**n/a**

* Detailed Resource DEL Budgets are still subject to business planning and will be updated in the relevant Main Estimates. 2029-30 RDEL will be set in a future spending review

NDA AME Budgets	£ million					
	2023-24 outturn	2024-25 outturn	2025-26 plans	2026-27 plans	2027-28 plans	2025-26 plans
Depreciation/Impairments	141.3	143.3	190.0	72.0	108.0	108.0
Movement in Provisions/other non-cash	-18,513.1	5,427.8	32,510.0	3,500.0	3,650.0	3,900.0
Corporation Tax	0.0	2.5	15.0	-	-	-
Total AME	**-18,371.8**	**5,573.6**	**32,715.0**	**3,572.0**	**3,758.0**	**4,008.0**

5. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by Martin Gaunt as Interim Chief Financial Officer, on behalf of Jonathan Brearley, Head of Department and Accounting Officer of the Department for Energy Security and Net Zero, who is responsible for this Estimate.

Martin Gaunt

Interim Chief Financial Officer

Department for Energy Security and Net Zero

29 April 2026