The UK Atomic Energy Authority's mission is to lead the delivery of sustainable fusion energy to maximise scientific and UK economic benefit

UK Atomic Energy Authority

Find out more
www.gov.uk/ukaea

United Kingdom Atomic Energy Authority
Culham Campus
Abingdon
Oxfordshire
OX14 3DB

t: +44 (0)1235 528822

E03571516
978-1-5286-6355-7

UK Atomic Energy Authority

Annual Report and Accounts 2025/26

United Kingdom Atomic Energy Authority

Annual Report and Accounts 2025/2026

For the period 1 April 2025 to 31 March 2026

Presented to Parliament pursuant to Sections 3(5) and 4(3)
of the Atomic Energy Act 1954

Ordered by the House of Commons to be printed on
15th July 2026

HC 327

© United Kingdom Atomic Energy Authority copyright 2026

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit **nationalarchives.gov.uk/doc/open-government-licence/version/3**.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at **www.gov.uk/official-documents**.

Any enquiries regarding this publication should be sent to us at

United Kingdom Atomic Energy Authority
Culham Campus
Abingdon
Oxfordshire
OX14 3DB
United Kingdom

ISBN 978-1-5286-6355-7

E03571516 07/26

Printed digitally.
Printed in the UK by United Kingdom Atomic Energy Authority on behalf of the Controller of His Majesty's Stationery Office

CONTENTS

Performance Report

3 **AT A GLANCE AND IN CONTEXT**
4 Fusion Energy at a Glance
6 UKAEA Group
8 UKAEA Group Mission and Goals
10 Strategy of UKAEA's National Fusion Laboratory
12 Technical Areas
14 Historical Context and Key Changes
16 Chair's Statement
18 Chief Executive's Statement
21 **MEASURING PERFORMANCE**
22 Measuring Impact on the UK
24 Measuring Performance Against Strategic Goals
26 Goal 1: Solving Problems
32 Goal 2: Product
38 Goal 3: Prosperity
46 Goal 4: Place
56 Goal 5: People
60 Enabling Goal: Corporate Performance
64 **PERFORMANCE OVERVIEWS**
64 Risks
68 Sustainability and waste
78 Financial Review

Accountability Report

85 **ACCOUNTABILITY REPORT**
86 Accounting Officer's Statement
87 Directors' Report
88 Efficiency Overview
89 Governance Statement
93 Governance model
94 Risk management
100 **BOARD AND COMMITTEE REPORTS**
100 UKAEA Group Board Report
106 UKAEA Group Executive Committee Report
108 National Fusion Laboratory Executive Committee Report
113 Board Subcommittee reports
118 **REMUNERATION AND STAFF REPORT**
128 **OTHER PARLIAMENTARY DISCLOSURES**

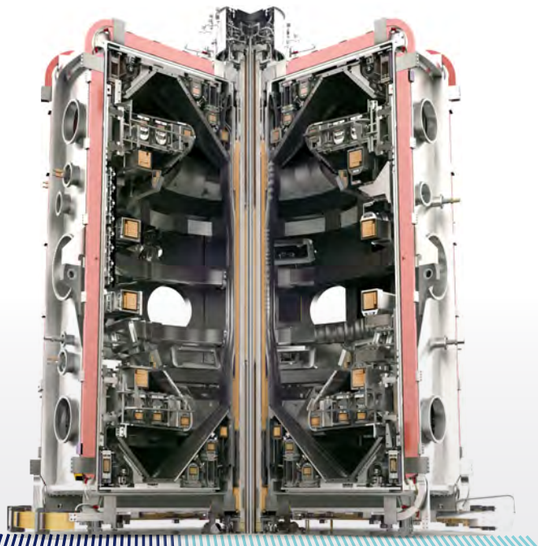
Annual Accounts

134 Consolidated statement of comprehensive net income
135 Consolidated statement of financial position
136 Consolidated statement of cash flows
137 Consolidated statement of changes in taxpayers' equity
138 Notes to the financial statements

173 LIST OF ABBREVIATIONS

AT A GLANCE AND IN CONTEXT

4 Fusion Energy at a Glance
6 UKAEA Group
8 UKAEA Group Mission and Goals
10 Strategy of UKAEA's National Fusion Laboratory
12 Technical Areas
14 Historical Context and Key Changes
16 Chair's Statement
18 Chief Executive's Statement

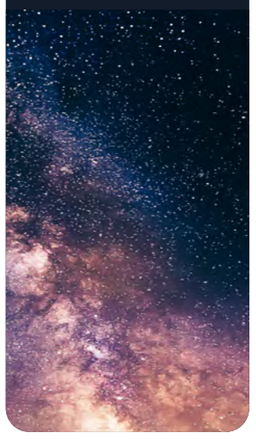


Fusion Energy at a Glance

UKAEA Group is a world leader in fusion research with a wide range of programmes covering plasma science, robotics, materials testing and development, and tritium science. Our scientists and engineers are working with partners in the UK and around the globe to develop fusion as a new source of clean energy for tomorrow's power plants.

WHAT IS FUSION?

Fusion takes place in the hearts of stars and provides the power that drives the universe.



Our scientists and engineers are working with partners in the UK and around the globe – developing the technology to sustain this process on Earth to create a new source of sustainable energy.

HOW DOES IT WORK?

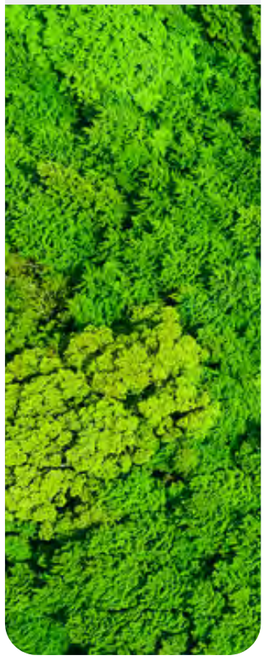
Fusion energy can be generated in a variety of ways, with UKAEA focused on Magnetic Confinement Fusion (MCF).

Energy is released when the lighter deuterium and tritium atoms fuse together to form a heavier helium atom and a neutron.

BENEFITS OF FUSION

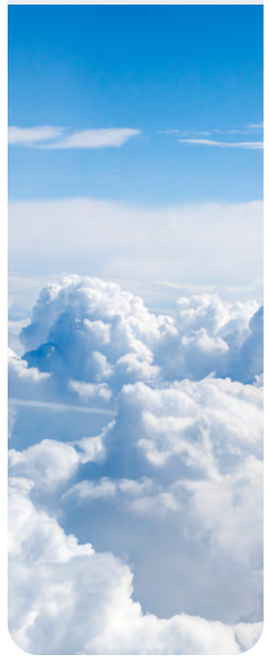
Low carbon

Fusion energy is carbon-free at the point of generation.



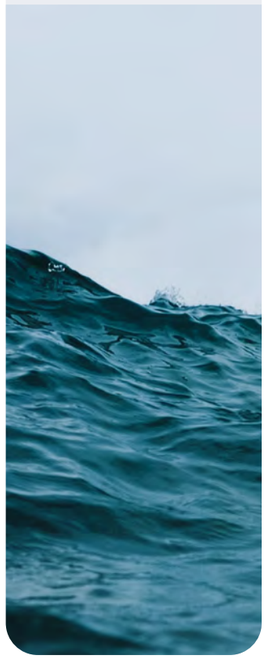
Continuous

Fusion energy is continuously deployable, as it does not depend on external factors such as wind or sun.



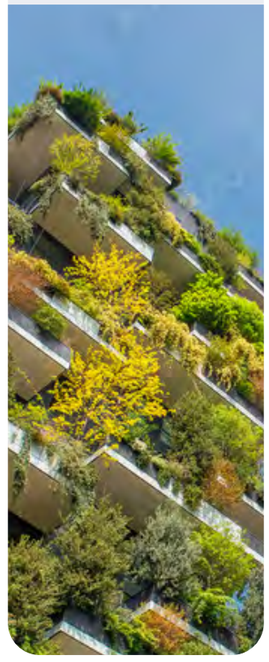
Sustainable

Fusion fuel is abundant in our seas and the Earth’s crust.



High fuel efficiency

Fusion produces more energy per gram of fuel than any other process that could be achieved on Earth.

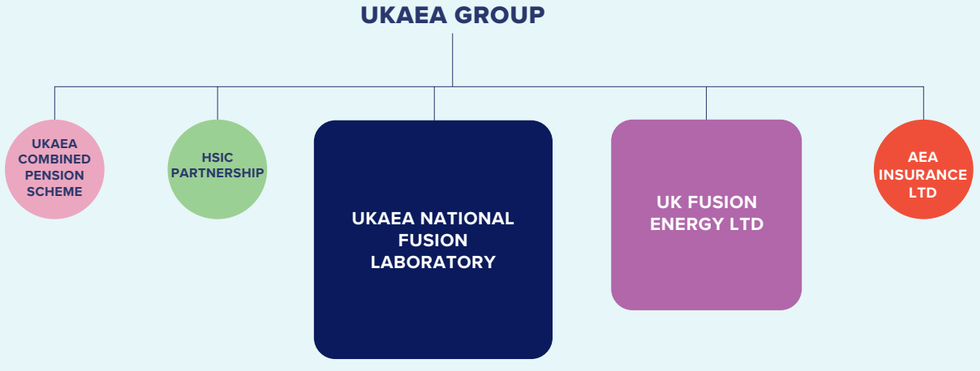


UKAEA Group

UKAEA GROUP ANNUAL REPORTING

This Annual Report and Accounts (ARA) is for the UKAEA Group and covers what is relevant to the Group as a whole, including UKAEA's National Fusion Laboratory. UK Fusion Energy Ltd (UKFE, formerly known as UK Industrial Fusion Solutions Ltd) will publish its own 2025/26 Annual Report and Accounts covering information and performance specific to UKFE.

The role of UKAEA Group's National Fusion Laboratory is "to deliver foundational research, technology and innovation in support of the UK fusion sector through world-leading fusion expertise and capability". In practice this is driven by the challenges of fusion and where UKAEA's National Fusion Laboratory has technical strength.



- UKAEA Combined Pension Scheme: UKAEA is responsible for the management of the Combined Pension Scheme (CPS) and related pension schemes, which are for eligible UKAEA employees and other participating employers.
- HSIC Partnership: UKAEA Group has 50% control of a joint Public Sector Limited Partnership (HSIC PubSP), the public-sector partner in Harwell Science and Innovation Campus Ltd Partnership (HSIC), which is responsible for the development of the Harwell Campus.
- UK Fusion Energy Ltd: wholly owned subsidiary of UKAEA Group, leading the delivery of the STEP (Spherical Tokamak for Energy Production) programme to design and build the UK's first prototype fusion energy plant.
- UKAEA's National Fusion Laboratory (Public Sector Research Establishement (PSRE) in previous Annual Reports).
- AEA Insurance Ltd: 100% UKAEA-owned subsidiary currently utilised for paying historic employment claims.

HOW ARE WE STRUCTURED?

UKAEA GROUP

UKAEA's NATIONAL FUSION LABORATORY

- Solve challenges across the full lifecycle of fusion
- Progress foundational research, technology and innovation in fusion and adjacent fields
- Commercialise fusion technologies
- Generate and curate knowledge from our technical centres of excellence
- Operate world-leading facilities
- Support the regulation of fusion

UK FUSION ENERGY LTD (UKFE)

- Lead fusion plant design and delivery as a commercially focused national fusion systems integrator
- Deliver STEP and successive fusion power plants
- Work with industrial partners to develop and deploy the technologies and capabilities required to deliver the STEP prototype fusion powerplant
- Work towards development and global deployment of future commercial fusion plants

UKAEA GROUP

- Develop technologies for fusion power plants
- Develop skilled people
- Grow a thriving UK fusion industry
- Communicate the opportunities
- Curate places and clusters that accelerate innovation

UKAEA Group Mission and Goals

UKAEA Group's mission was updated with the publication of the UK Fusion Strategy 2026, however the 2025/26 Annual Report follows the previously established mission and goals from 2025/26, as reflected in the graphic below, in its Performance Report:

Performance Report
AT A GLANCE

MISSION

Leading the delivery of sustainable fusion energy and maximising the scientific and economic benefit.

Strategy of UKAEA's National Fusion Laboratory

2025/26 STRATEGY UPDATE

During 2025/26, the UK Government confirmed a record funding settlement for fusion of £2.5Bn between 2025/26 and 2029/30 (since increased to £2.6Bn), of which almost all will be allocated to UKAEA Group, which will invest much of this with industry and the wider sector.

Later in 2025/26, the UK Government published an updated UK Fusion Strategy. Alongside this, UKAEA's National Fusion Laboratory published a revised strategy and UK Fusion Energy Ltd published its first strategy. The development of these strategies was coordinated throughout, representing a genuine national effort to translate strategy into practical delivery. Together, these strategies outline how the UKAEA Group will focus on delivery up to 2030 while working through the scientific, technical and organisational challenges to realise fusion energy.

The UKAEA's National Fusion Laboratory strategy sets out priorities for foundational research, development of technology and innovation across the full lifecycle of fusion while strengthening the UK's knowledge leadership and supporting a developing fusion industry.

The UKFE strategy defines the pathway for delivering the STEP prototype fusion power plant and the development of future commercial fusion power stations.

Taken together, these strategies align activity across the Group towards its shared mission to lead the delivery of sustainable fusion energy to maximise scientific and UK economic benefit. In future Annual Reports, these strategies will serve as the baseline against which UKAEA Group will measure progress across key areas.

While this section summarises the Group's strategic direction for the years ahead, the remainder of this Annual Report and Accounts looks back over 2025/26, reporting on activity and performance during the year. It covers the Group's performance and impact, progress against strategic goals, risk, sustainability, financial review, governance, board and committee reporting, remuneration and staff matters, and the annual accounts.

The performance report includes a section on STEP, being delivered by UKFE. The separately published UKFE Annual Report and Accounts goes into more detail on the performance of activities of UKFE across 2025/26.

HOW ARE WE DOING THIS?

Providing research and technology solutions for STEP as UKFE's Fusion Partner

Harnessing collaborative international capabilities and opportunities

Advancing science and securing UK knowledge leadership through research

Securing UKAEA-originated capabilities for commercial exploitation

Developing UK-based industry capabilities

Building, upgrading and operating our globally-unique fusion research facilities

Modernising our infrastructure and sites

Developing skilled people at all levels

Throughout this document "UKAEA Group" will be used when reporting on the UKAEA Group structure. "UKAEA" will be used as short-hand for the Public Sector Research Establishment, the UKAEA Group's National Fusion Laboratory. Subsidiaries will be specifically named when content applies to them.

Technical Areas

The UKAEA Strategy explains how the technical challenges of fusion are cross-cutting and interrelated. Nonetheless, these challenges can also be considered as several discrete technical areas.

From the two interrelated challenges of achieving an effective fusion core and fuel self-sufficiency, **three core areas of technical activity** can be identified where UKAEA has particular historic strength.

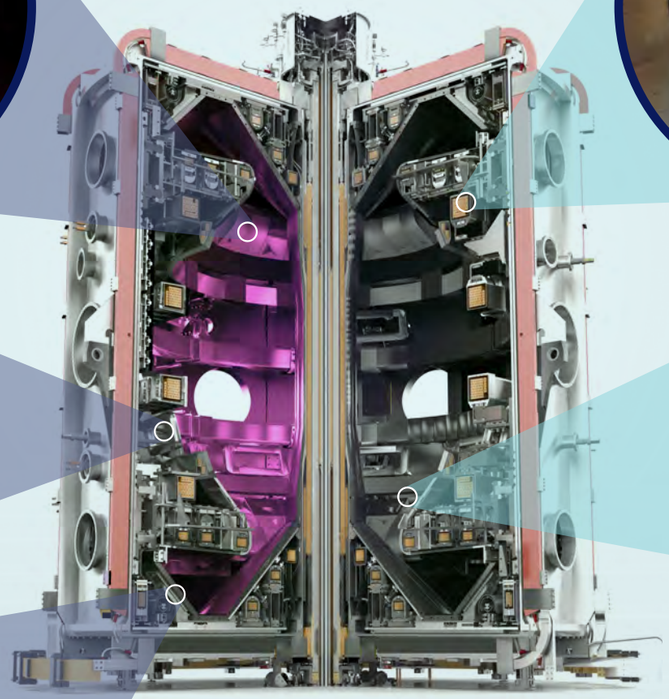
Two further areas of technical activity considered to be “device-defining” for fusion energy facilities.

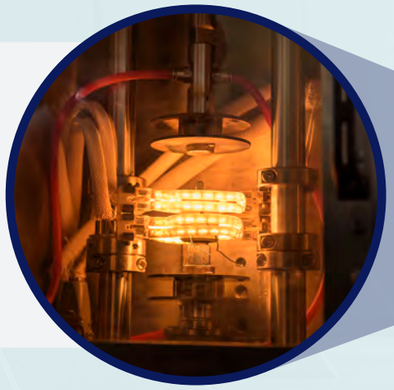
PLASMA

Understanding and simulating numerically the fundamental behaviours of confined plasmas and the factors affecting the design, achievement and control of plasmas in fusion plants.

FUSION TECHNOLOGIES

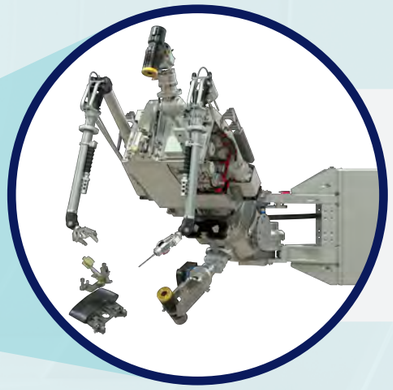
This includes high-temperature superconducting magnets, component qualification tools and neutronics and thermal hydraulics technologies, in the context of fusion.





FUEL CYCLE

Understanding tritium behaviour and developing ex-vessel tritium handling systems and the tritium plant.**



ROBOTICS

This refers specifically to automated and autonomous remote operations and maintenance.

MATERIALS

Developing materials knowledge and solutions necessary to understand fusion materials and how to use them in principle in multi-material components that can withstand fusion conditions, and how to use neutron-materials reactions to breed new tritium fuel.

ADVANCED COMPUTING

This has been identified and acknowledged as a critical technical enabler in each of these individual areas.

FUSION-RELEVANT ENGINEERING

A fusion-relevant engineering, design and delivery capability, combined with specialist enabling infrastructure (such as fusion-relevant Health Physics) and understanding of relevant codes and standards, is another critical technical enabler of fusion.

**For the purposes of delineation, this excludes the tritium breeding process and in-vessel materials behaviour, components and systems for which (often known as “blankets”) are included in “materials” and “fusion technologies”

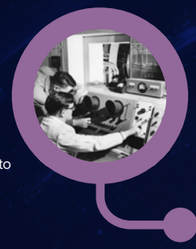
Historical Context and Key Changes

1920s

Arthur Eddington suggests that stars draw their energy from the fusion of hydrogen into helium.

1930s

Rutherford and Oliphant at the University of Cambridge show the fusion of deuterium into helium and observe that "an enormous effect was produced".

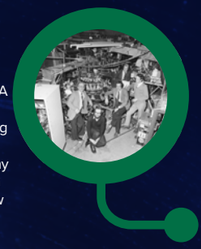


1940-50s

Researchers start looking at possibilities of replicating the process of fusion on Earth. The UKAEA starts the ZETA experiment in 1957.

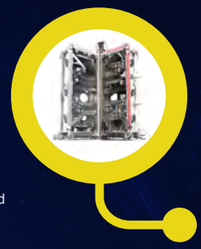
1960s

Culham Laboratory in Oxfordshire opens. Lev Artsimovich from the USSR presents results at the 1965 IAEA conference at Culham describing encouraging results from a device called a tokamak–many magnetic confinement fusion devices are now based on this design.



1970s-80s

Small tokamak devices were then built at Culham such as TOSCA. European countries came together to design and build JET at Culham.



1990s

JET sets 1st world records and the Culham laboratory operates the first full-sized spherical tokamak, START, followed by MAST.

2000s

Several privately backed fusion companies launch.

In the Last Decade

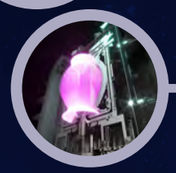
August 2014

The RACE centre of excellence opened with the building following in 2016. RACE collaborates internationally to design, operate and deliver robotics for extreme industrial environments.

October 2019

The conceptual design phase for STEP, a prototype fusion power plant, begins.

The Oxfordshire Advanced Skills (OAS) centre opens on Culham Campus aiming to train up to 350 apprentices each year.



May 2016

The Materials Research Facility (MRF) opens, enabling industrial and academic researchers to analyse the effects of irradiation on materials as part of the National Nuclear User Facility (NNUF) initiative.

October 2020

The Fusion Technology Facility (FTF) in South Yorkshire opens, UKAEA's first new research site outside of Culham since the 1950s, bringing highly skilled jobs, fostering collaborations with research organisations and engaging industry.

May 2021

A second JET campaign begins, using the fuel mixture of deuterium and tritium.

October 2020

MAST Upgrade starts operation with the engineering team achieving the Royal Academy Major Project Award. The upgrade enabled longer pulses, increased heating power and a stronger magnetic field – and an innovative new plasma exhaust system.

April 2022

RAICo Programme Collaboration starts to use robotics and AI in nuclear decommissioning environments.

June 2022

Tritium research centre (H3AT) opens at Culham to lead the delivery of tritium lifecycle solutions and technology both in fusion and adjacent sectors.

October 2022

West Burton site announced as the future home of STEP. It will create thousands of highly skilled jobs in the area and attract high-tech industries.

December 2023

JET runs its last pulse (having achieved a world record in October) and starts repurposing and decommissioning.

November 2024

UKFE Ltd is stood up as a subsidiary company of UKAEA to deliver the STEP programme and stimulate growth of a UK fusion energy industry.

March 2025

The partnership between UKAEA and Eni S.p.A is launched, to work on the world's largest and most advanced tritium fuel cycle facility.

March 2026

JDR programme passes a Government Gateway Review with a Green/Amber delivery rating, affirming its robust progress in safely dismantling the JET fusion experiment.

Year-round Highlights in 2025/26

MAST-Upgrade Campaigns
MAST-U: Completed two experimental campaigns that delivered valuable data on plasma performance and exhaust physics relevant to future fusion reactors. The installation of advanced systems progressed, keeping MAST-U at the forefront of global fusion research and improving operational capabilities.

UKAEA South Yorkshire
The Fuslon Technology Facility in Rotherham expanded operations and deepened industry collaborations on advanced engineering projects, strengthening UKAEA's regional presence in materials, components and robotics testing.

JET Decommissioning & Repurposing
Clearance of JET's J4 power building was completed, freeing the facility for reuse. Around five tonnes of legacy materials were removed and the building was handed over for conversion into the new LIBRTI fusion neutron source.

FOSTER Skills Programme
The FOSTER initiative expanded the fusion talent pipeline. More than 50 new PhD students and apprentices were enrolled through Industry and academic partnerships, helping develop the skilled workforce needed to deliver future fusion energy.

Technology Transfer & Innovation
UKAEA's focus on securing value accelerated, with two new spin-out companies launched and one joint venture formed during the year.

Eni Partnership for H3AT
A major industry partnership with Eni S.p.A. brought together UKAEA's research expertise and Eni's industrial know-how to support delivery of the world's largest tritium fuel-cycle facility at Culham.

June
- Spending Review 2025 confirmed a record £2.5Bn five-year fusion budget (since increased to £2.6Bn), establishing a strong funding base for UKAEA's expansion, including £513M for FY2025/26 programmes.

December
- UKAEA and TAE Technologies launched TAE Beam UK, a joint venture to commercialise advanced neutral beam accelerators. The JV began constructing a neutral beam test facility at Culham using repurposed JET infrastructure.

March
- UKAEA purchased Sunrise, a £45M Phase-1 AI supercomputer dedicated to fusion research, strengthening simulation and data capability.
- UKAEA exercised its option to acquire the West Burton site in Nottinghamshire, the future home of the STEP fusion power plant. Final approvals cleared the £24M purchase from EDF by the end of FY2025/26.

Chair's Statement

"UKAEA'S NATIONAL FUSION LABORATORY REMAINS INTERNATIONALLY EXCEPTIONAL IN THE BREADTH OF ITS SCIENTIFIC CAPABILITY."

Bernard Taylor
Chair

Reflections on 2025/26
My second year as Chair of UKAEA Group Board saw the announcement of a record £2.5Bn UK government investment into Fusion over 5 years (since increased to £2.6Bn due to additional investment in 2025/26) as well as the publication of a new HMG Fusion Strategy in March 2026 – followed by publication of UKAEA National Fusion Lab and UKFE Strategies just after the end of the reporting year in April.

UKAEA Group exists to lead the delivery of sustainable fusion energy to maximise scientific and UK economic benefit. During 2025/26, the Board's focus has been on ensuring that our activities remain firmly aligned to that mission: advancing world-class science and engineering, laying credible foundations for future delivery, and demonstrating strong stewardship of public investment. This has required sharp prioritisation and some difficult choices. I am encouraged by the maturity and professionalism with which these have been addressed by our team.

UKAEA's national fusion laboratory remains internationally exceptional in the breadth of its scientific capability. During the year, the organisation continued to make meaningful progress across plasma science, materials, tritium technologies, robotics and advanced computing. These capabilities underpin the UK's leadership in fusion and provide essential evidence for future delivery.

At the same time, UKAEA continues to evolve beyond a purely research-led organisation to include the translation of its work to provide commercial benefits and practical applications. The Board has given sustained attention to ensuring that governance, assurance and operating models are keeping pace with this evolution, particularly as the Authority works increasingly through partnerships with industry.

From research to delivery
A defining feature of the year has been the continued development of the relationship between UKAEA and UK Fusion Energy Ltd (previously called UK Industrial Fusion Solutions), the wholly owned subsidiary responsible for delivering the STEP prototype fusion power plant which I described last year. This partnership is central to the UK's fusion ambition. The Board has closely overseen the maturation of this relationship, focusing on clarity of roles, strengthened interfaces and appropriate assurance. UKFE's leadership team has excellent large programme management experience and has delivered against agreed milestones. The challenges to overcome are great but I am satisfied that we have the people and clarity of purpose to succeed. We acquired the West Burton site in Nottinghamshire in March to become the home for STEP and we are delighted with our team's progress in developing the important and necessary local relationships around our new site.

Beyond STEP, UKAEA continues to play an important role in stimulating industrial capability, supporting UK supply chains and attracting commercial collaboration. These activities are vital in bridging the gap between research and future commercial deployment of our technical and scientific developments, and in ensuring that the economic benefits of all our work on fusion are realised in the UK.

UKAEA's strength lies in the integration of world-class science with delivery-focused partnerships. Progress across materials, advanced computing and plasma science continues to inform the design and operation of future fusion power plants, while programmes such as H3AT involving our partnership with Eni S.p.A, and a new collaboration with Kinectrics in Canada, demonstrate disciplined translation from research to delivery. At the same time, UKAEA is realising wider economic value through industrial capability building, technology transfer and international collaborations, including the ESS Active Cells facility, partnerships with TAE Technologies, and the creation of 1 spin-out company during the year.

Place, infrastructure and long-term capability
UKAEA's sites and infrastructure remain central to its mission. Culham Campus is entering a new and exciting phase following the end of JET operations. The Board is supporting the delivery of an AI Growth Zone and Data Centre through the STRIDE programme as well as a measured development approach to renewing the campus as a centre for fusion research, advanced computing and innovation, while actively managing delivery risk and public value.

Progress at other sites – West Burton, South Yorkshire and Whitehaven – demonstrates UKAEA's contribution to regional economic growth, skills development and place-based innovation. Together, these investments help ensure that fusion capability is distributed, resilient and aligned with wider government objectives across the UK.

UKAEA operates in an increasingly complex risk environment in which security and business resilience are critical to protecting national capability and public investment. During the year, strengthened governance and assurance have supported improved cyber, physical and organisational resilience, providing confidence that these risks are being actively managed.

The refresh of UKAEA's Sustainability Strategy during the year reflects the organisation's evolving responsibilities and the importance of embedding environmental and climate considerations alongside scientific ambition.

People, culture and leadership
UKAEA's achievements are founded on the expertise and commitment of its people. Throughout the year, the Board has placed particular emphasis on workforce capability, leadership and wellbeing, recognising both the opportunities and pressures created by organisational change.

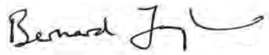
The publication of a new People Strategy is a significant milestone, setting out a clear vision for leadership, inclusion, skills development and the employee experience. High levels of engagement across the organisation are encouraging, as are the steps taken to strengthen management capability and support recruitment and retention in a highly competitive labour market. Our FOSTER skills programme has continued to mature its programmes which will ultimately enable 2,000 training opportunities for individuals across multiple levels of education.

As I mentioned last year, Professor Sir Ian Chapman concluded nine years as Chief Executive, leaving UKAEA strongly positioned for the next phase of its mission. This marked a major leadership transition and Tim Bestwick's appointment as interim Chief Executive from July 2025 has provided continuity and stability during this period. He has led the organisation forwards with a strong vision, delivering our mission and not marking time in any way. I have enjoyed working with him and thank him for his excellent stewardship. We are reaching the end of our process to recruit a permanent Chief Executive Officer.

The UKAEA Board has remained the same throughout 2025/26, after welcoming Claire Flint as Non Executive Director and Chair of the People and Remuneration Committee in June 2025.

Looking ahead
UKAEA stands at a pivotal point in its history. The scientific foundations for fusion are stronger than ever, but the path to commercial delivery requires discipline, collaboration and resilience. The Board will continue to provide rigorous oversight, constructive challenge and long-term perspective to ensure that UKAEA delivers on its mission for the benefit of the UK.

It remains a privilege to serve as Chair, and I thank all the UKAEA's people, our leadership team, our sponsoring department and our partners for their commitment throughout the year.



Bernard Taylor
CVO, CBE, DL, DCL, HonFREng, FRSC
Chair
United Kingdom Atomic Energy Authority

Chief Executive's Statement

"OUR MISSION IS MASSIVE IN SCALE, LONG IN HORIZON AND HIGH IN UNCERTAINTY, BUT THE PROMISE OF FUSION HAS NEVER BEEN MORE RELEVANT THAN IT IS TODAY."

Tim Bestwick
Chief Executive and Accounting Officer

Fusion promises a new way of generating energy that could be abundant, virtually inexhaustible and free from carbon emissions. That promise has never been more relevant than it is today; realising that promise involves the controlled replication on Earth of the processes that power the stars. Achieving this is extraordinarily difficult, and it is uncertain how long it will take. However, success would be transformative. UKAEA Group believes this is an important quest that is well worth undertaking.

We are enormously supportive of the recognition shown by the UK Government in acknowledging both the urgency of the energy challenge and the opportunity fusion presents. The Department for Energy Security and Net Zero's recently published fusion strategy reinforces this national commitment, combining sustained funding commitment with new policy frameworks that aim to accelerate progress towards commercial fusion.

For UKAEA Group, the past year has been about establishing clearer strategic focus. Our mission is massive in scale, long in horizon and high in uncertainty; that makes clarity of purpose and prioritisation essential. Fusion is difficult for many reasons: the extreme temperatures required to sustain plasmas; the challenge of materials surviving intense neutron bombardment; the complexity of integrating multiple novel technologies into a functioning power plant; and the need to develop new supply chains, regulatory frameworks and skills pipelines. UKAEA Group cannot solve all these simultaneously, nor alone. Within this context, in March 2026, UK Industrial Fusion Solutions Ltd. was renamed UK Fusion Energy Ltd., reflecting its dedicated role in building and leading an industrial partnership to deliver STEP and, in time, commercial fusion powerplants, alongside UKAEA's continued focus on foundational research, technology and capability. This role is described in the UK Fusion Energy Ltd strategy.

We have been deliberate about where UKAEA as the UK's National Fusion Laboratory can add the greatest value. Our recently published Strategy describes how we are prioritising the technical areas we see as advancing on the path to fusion in line with our historic capabilities: plasma understanding and control; fuel cycle and tritium science; advanced materials capable of withstanding extreme neutron environments; robotics and remote handling for challenging operations; whole-plant systems integration; and advanced modelling, computing and data capabilities. By concentrating on these challenges, and by using our unique facilities, expertise and convening power to work with industry and international partners, we aim to reduce uncertainty, increase confidence in delivery of STEP and future power plants, and enable UK companies to grow capability and compete in an emerging global fusion market.

To that end, our experimental and scientific programmes continue to deliver important advances. Recent campaigns on MAST Upgrade have generated valuable data to inform plasma performance and exhaust handling for future devices: the 5th MAST-U campaign performed ~785 plasma pulses under 48 experiments, with highlights including the development and testing of real-time approaches to improve the vertical stability of the plasma and an expansion of the operating space with a stable edge in high performance regimes. Elsewhere, advances in computing and modelling, including the application of artificial intelligence, are enabling us to simulate whole-system behaviour with increasing fidelity – from plasma control to mechanical stresses across the tokamak structure. Alongside this, our materials division continues to address one of the most critical barriers to fusion deployment, advancing fusion grade materials, testing capability and industrial readiness to ensure components can withstand extreme neutron and thermal environments while building resilient UK supply chains for future power plants.

Alongside our focus on core technologies, UKAEA Group has continued to pursue near-term opportunities that deliver tangible benefit to the UK economy via commercialisation. We are generating and progressing a pipeline of opportunities that are expected to become potential spin outs, IP licences, and joint ventures with industry partners. It is intended that in many cases these new commercial entities will go on to act as suppliers to UKFE and other fusion developers as part of the UK fusion supply chain. This work includes progress across our technology transfer portfolio, commercial collaborations and subsidiary activities. We have witnessed recent spin out success, with MuWave Ltd. receiving external funding to develop high-power microwave technology for fusion energy and adjacent sectors, and a new international partnership with Kinectrics as the design and fabrication partner for the UKAEA-Eni H3AT Tritium Loop Facility.

At Culham Campus, we are delighted to see continued investment in the infrastructure that supports our mission. The commencement of a road access improvement programme marks an important milestone, with early enabling works now underway to upgrade utilities and site infrastructure, strengthening the long-term resilience and operational capability of the campus. These developments will support current programmes, enable future facilities, and deliver lasting benefits for UKAEA, our partners and the surrounding region.

Chief Executive's Statement continued

Delivering across all these varied technical and organisational priorities ultimately depends on our talented, experienced and adaptable people. Over the past year we have placed renewed emphasis on ensuring UKAEA has the capability, culture and structure needed to support these people to succeed. This year the grading and pay project has replaced UKAEA's legacy structure, better accommodating the diverse roles and responsibilities within the organisation, enabling more graduated progression, and attracting and retaining world class talent. Our new People and Culture Strategy will place renewed focus on upskilling and career development, helping to shape the organisation so that skills and expertise are deployed effectively against our strategic priorities.

As an organisation funded substantially by the UK taxpayer, we are acutely aware of our responsibility to steward public money carefully. We therefore focus on ensuring that our investment delivers meaningful impact, supporting progress in fusion while generating wider benefits for the UK. This commitment is underpinned by strong governance, transparency and a clear focus on delivery, alongside close working with our sponsors and partners, including UK Government and UK Fusion Energy Ltd., to ensure alignment with national priorities and long-term value. Operating safely in complex and potentially hazardous environments also remains fundamental to UKAEA. We take our responsibilities to our people, our partners and the communities in which we operate extremely seriously, and we continue to strengthen a proactive and 'learning-led' safety culture across the organisation.

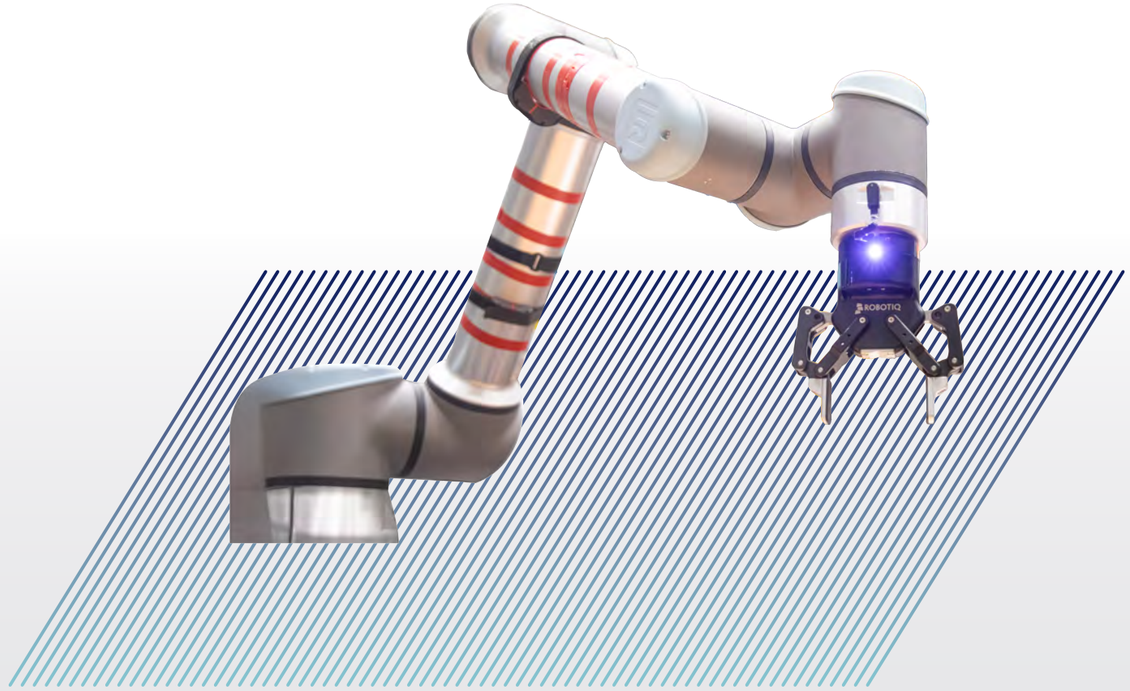
The sheer complexity of the fusion challenge means that no single nation will solve this challenge alone. The UK's commitment to remain outward-looking – collaborating, leading and shaping global fusion efforts – is a source of real strength. As Interim Chief Executive, it has been a privilege to work with colleagues across UKAEA and with partners at home and abroad, united by a shared belief that fusion is worth pursuing.

We cannot yet say with confidence exactly when commercial fusion power will be realised. But we can say that tremendous value – both scientific and economic – will be created on this quest, and we are determined that our programme will place the UK at its heart.

Tim Bestwick OBE
Group Chief Executive and Accounting Officer
8th July 2026

MEASURING PERFORMANCE

22 Measuring Impact on the UK
24 Measuring Performance Against Strategic Goals
26 Goal 1: Solving Problems
32 Goal 2: Product
38 Goal 3: Prosperity
46 Goal 4: Place
56 Goal 5: People
60 Enabling Goal: Corporate Performance



Measuring Impact on the UK

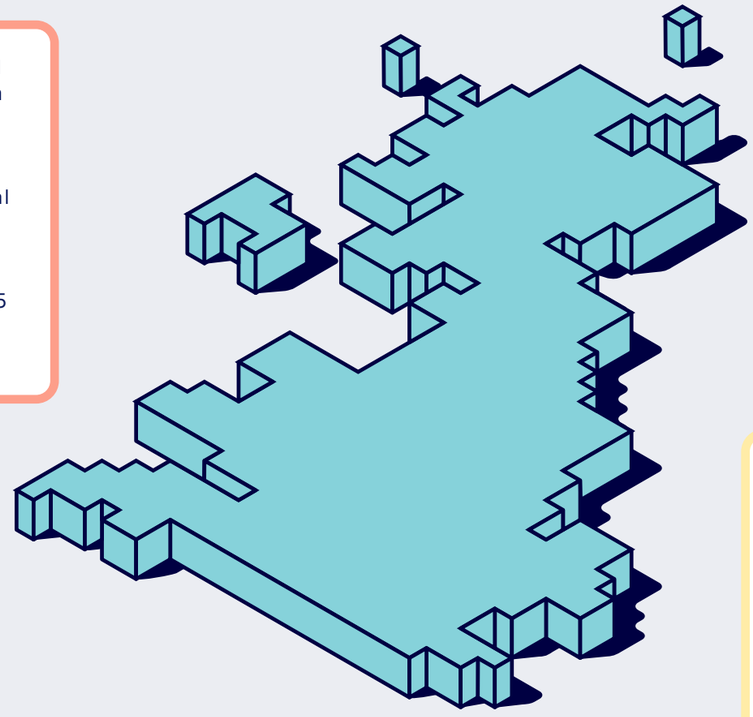
UKAEA Group's mission in the reporting year was to lead the delivery of sustainable fusion energy and maximise scientific and economic benefit. As a publicly funded organisation, UKAEA Group has a responsibility to maximise the value for money of its activities. UKAEA Group's activities lead to:

- Productivity growth, realised in the short-term through jobs, skills and suppliers, enabled by UKAEA's Group existing expertise.
- The continued technical maturation of fusion technologies and increasing commercial exploitation in the medium-term, driven by UKAEA Group within fusion and adjacent markets.
- The growth of economic clusters and of innovation sectors at Culham, West Burton, UKAEA South Yorkshire and Cumbria.

UKAEA Group has established frameworks, processes and resources to evidence impacts. A new organisation-wide Impact Reporting Framework is working to capture, analyse and report impacts across all programmes, creating consistent, portfolio-wide alignment around outcomes and benefits. This relies on close collaboration between UKAEA Group and external partners, including academia and industry, to capture and understand the full breadth of impacts arising from UKAEA Group interventions. The recently published UKAEA Strategy 2026-2030 outlines in more detail how UKAEA is improving how it measures and tracks benefits. Some examples of impact already delivered are below.

Key Statistics:

UK gross-value added (GVA): UKAEA Group makes a substantial contribution to UK GVA. Since 2009/10, it has generated £4.3Bn in total GVA, comprising £2.0Bn from staff expenditure and £2.3Bn from supply chain spending, compared to £2.6Bn in UK government funding over the same period. This impact is distributed across the UK. Since 2019/20, GVA linked to external expenditure has been concentrated in the North West (26%), South East (19%) and South West (14%). The East Midlands is becoming increasingly significant, with its share of external expenditure-driven GVA rising from 6% to 16% between 2024/25 and 2025/26, largely due to increased spending in the West Burton area associated with STEP.[1]



UK skills growth: Within this year, UKAEA's FOSTER programme has supported 51 PhDs, secured partnerships with 2 (4 in total now) leading UK universities to expand Masters-level training for fusion in the UK, engaged nearly 40,000 school students through outreach activities, and supported 22 QuESTFused apprentices. UKAEA has also launched the CROSS programme in Cumbria.

UK jobs in fusion: In 2025/26, around 8,100 jobs were supported by UKAEA expenditure. Of these, 2,650 roles were within UKAEA, 2,850 were supported through direct spend, and a further 2,600 were supported through indirect effects linked to staff and external expenditure. This represents an increase of around 1,000 jobs compared to the previous year.

UK innovation and commercialisation: In 2025/26, 1 spin-out and 1 joint venture were established, 14 licences were issued and 2 collaborations with industry were established. Collectively, these activities are expected to translate into the creation of new jobs, the delivery of new products and services to market, a more diversified and engaged investor base, and the attraction of substantial private investment. This will generate meaningful turnover from new ventures and contribute demonstrable value to the UK economy.

[1]GVA and UK government funding are presented in 2025/26 prices. Estimated impacts are direct and indirect effects only, as the ONS no longer publishes Type II (induced) multipliers. The original methodology was developed and quality assured by London Economics for their 2020 report: **The impact of the UK's public investments in UKAEA fusion research**. The updated model, including any methodological changes, have been fully quality assured by DESNZ and UKAEA analysts in line with Aqua Book principles. Regional GVA analysis is based on external expenditure spend from 2019/20 onwards, reflecting the availability of sufficiently detailed supplier data to support geographic attribution.

Measuring Performance Against Strategic Goals

The scientific and economic benefits of fusion R&D arise from the collective impact of UKAEA Group's programmes and activities over time. As in past reporting years, UKAEA's performance measures have been based on UKAEA Group's five strategic goals. With the publication of UKAEA's and UKFE's new Strategies in April 2026, future Annual Reports will reflect UKAEA Group's updated strategic goals. This Annual Report maintains the reporting structure against the goals in place during the 2025/26 reporting year.

This report also includes a section on the STEP programme, being delivered through UKAEA Group subsidiary UKFE. Reported on against Goal 2 in previous years, the section is again included against that Goal. It should be read in conjunction with the full UKFE Ltd Annual Report.

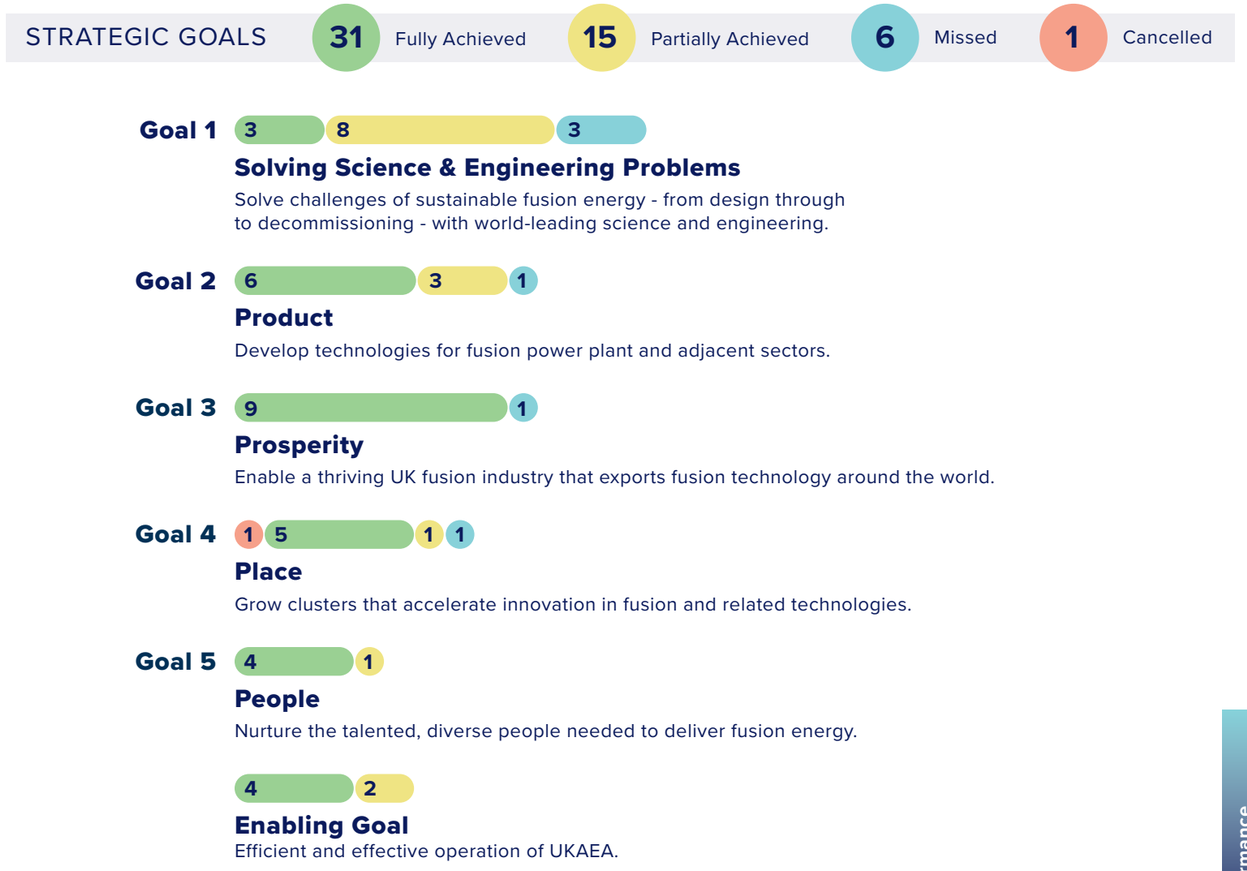
Each year, UKAEA sets itself a set of stretching targets, known as 'Corporate Performance Measures' (CPMs). CPMs are aligned to its goals and distributed across programmes and activities, in line with budgetary allocations. These measures provide a structured framework to assess delivery across science, engineering, programme execution, partnerships, capability development and organisational effectiveness. The 2025/26 CPMs were agreed within the organisation, led by the executive team, then approved by the executive committees and board in March 2025. The overall level of completed 2025/26 CPMs is used to determine UKAEA's corporate bonus. Performance against CPMs is reviewed and signed off by Internal Audit as independent verification.

Some CPMs are shared between the UKAEA National Fusion Laboratory and UKFE, while others sit entirely within UKAEA National Fusion Laboratory or within UKFE. Those either shared or within UKAEA National Fusion Laboratory are included in this report.

The below graphic sets out the number of CPMs met, partially met or missed across the organisation. The remainder of the performance report describes UKAEA's performance against its strategic goals and goes into detail on some key areas of work. This is intended to provide a snapshot of activity rather than cover all areas of work across the organisation. The sections are illustrative of how UKAEA is working towards its strategic goals and provide examples of performance highlights over the reporting year.

During 2025/26, performance was delivered across a wide portfolio of complex and interdependent activities. Overall, the organisation has continued to make substantive progress against its long-term mission, advancing scientific understanding, strengthening industrial capability, and enabling the development of fusion technologies. UKAEA's strong performance across 2025/26 is enabled by its close working relationship with the Department for Energy Security and Net Zero (DESNZ) as its sponsorship department. This includes coordinating on the development of the national and organisational strategies, working together to realise new opportunities at pace and resolving process issues across government. Its relationship with UK Fusion Energy Ltd has also been critical in the progress made by the STEP programme during 2025/26 and related CPMs.

While a significant number of milestones were fully achieved, a proportion were partially achieved or missed. These outcomes reflect the challenging technical nature of fusion development, the scale of programme ambition, and the reliance on external partners, infrastructure readiness and evolving funding environments. Where milestones were not fully achieved, the underlying causes have been identified, and actions are in place to support delivery in subsequent periods.



The majority of CPMs were fully achieved, including delivery of plasma control platform upgrades in MAST Upgrade, completion of key high performance computing software and system interfaces, and successful development of industry partnerships such as the H3AT collaboration agreement. These demonstrate effective delivery where activities were within UKAEA's direct control and where technical and delivery risks were well managed.

Several milestones were partially achieved, typically where substantial progress had been made but final acceptance criteria were not met. For example, plasma scenario development delivered advanced configurations and achieved a number of experimental objectives but did not reach all target performance parameters within the reporting period. Similarly, the hot cell extension programme delivered key infrastructure enhancements and established a pipeline of work, but full completion was delayed due to commissioning challenges arising from external factors, with work continuing into the next reporting period. In these cases, clear plans are in place to complete outstanding activities.

A smaller number of milestones were not achieved, generally linked to external constraints or timing-related dependencies. For example, elements of materials characterisation were delayed due to processing and sampling constraints, meaning that required datasets were not delivered within the reporting period. In addition, approval of the Engineering Data Management Strategy occurred shortly after the reporting deadline, resulting in a missed milestone despite substantive completion. Targeted recovery actions are underway in these areas, including increased capacity, revised timelines and strengthened governance processes to support completion.

Goal 1:
Solving Science & Engineering Problems

Solve challenges of sustainable fusion energy, from design through to decommissioning, with world-leading science and engineering.

LIBRTI

Tritium, a rare and costly form of hydrogen, is essential for nuclear fusion. One of the biggest challenges in turning fusion into a viable commercial energy source is ensuring a reliable supply of this fuel. Future fusion power plants must be able to produce their own tritium inside the reactor, rather than relying on limited external supplies.

LIBRTI (the Lithium Breeding Tritium Innovation programme) is UKAEA's flagship programme addressing this challenge by advancing both the science and engineering needed to make self-sustaining fuel production a reality. The programme is establishing a world-first facility (by adapting a JET building on Culham Campus) capable of testing tritium-producing components at full scale, while deepening our understanding of how neutrons and tritium move through reactor materials. Alongside this, the programme will develop world-leading digital modelling and simulation capabilities.

Beyond its technical goals, LIBRTI is designed to share knowledge widely, helping to build a strong UK-based community of expertise. In doing so, it aims to support the growth of advanced fusion technologies and develop the skilled workforce needed for the future of clean energy.

Successes This Year

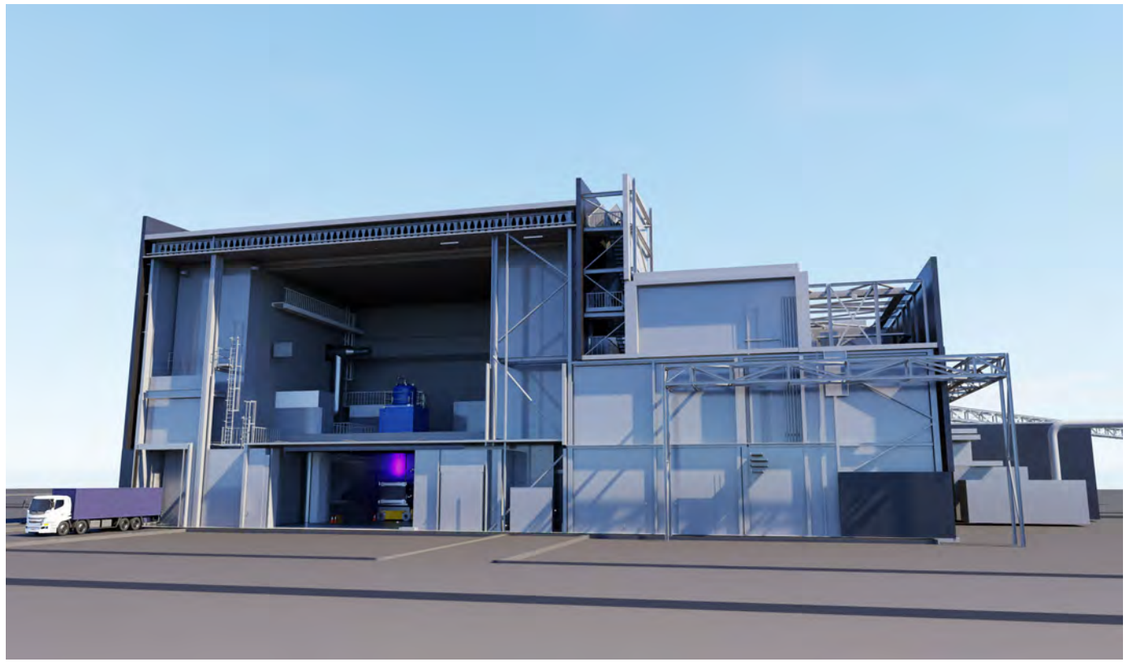
The LIBRTI Business Case for spend in 2026/27-2029/30 was approved by the UK Government, and the building has been granted planning permission. A civils contract of £34.1M was awarded to McLaughlin and Harvey Ltd for the design and build in February 2026. The team continued to co-design modifications to a 14 MeV deuterium tritium neutron generator procured from SHINE Technologies (USA) and scheduled for delivery in 2027. This will reproduce fusion-like neutron spectra for validating breeding materials and configurations.

Over the past 18 months, LIBRTI facilitated 11 major experimental and digital simulation projects with UK universities and industry. This £8.5M effort included 31 partners and delivered small tritium breeding demonstrators, materials behaviour, and high-fidelity digital modelling.

The first international LIBRTI conference was held between 3rd-5th February, with almost 200 registrants (115 external and 83 UKAEA attendees), 38 talks and 13 posters. It was one of the best-attended international conferences focusing specifically on breeder-blanket technology.

Future Plans

From now until 2030, the LIBRTI programme will continue to build UK skills, having launched a dozen UK-based PhDs in multiphysics-oriented mathematics and computing science. Partnerships with future facility users are already being contracted, with dialogue underway with the USA, Germany, Korea, Japan and Canada to explore large experiments on the neutron source.



Digital visualisation of the LIBRTI facility.

First international LIBRTI conference held at the Culham Campus.

Nuclear Data for Fusion Materials

Predicting how materials respond under neutron exposure is critical to fusion development. The 14 MeV neutrons borne via deuterium-tritium fusion reactions must be slowed and absorbed by the "blanket" of materials surrounding the plasma so that their energy can be used to produce electricity. The blanket must also perform a fuel breeding function, creating new tritium from the neutrons via nuclear reactions on lithium. Reactions between the neutrons and materials of the blanket, as well as other fusion components, can lead to the creation of radioactive isotopes. The hazard of these isotopes must be accurately known when devising maintenance and decommissioning of fusion reactors.

UKAEA has internationally recognised expertise in predicting the evolution of neutrons through a fusion system. UKAEA develops and maintains the FISPACT-II chemical-inventory evolution simulator, which is distributed globally for research and is sold commercially. FISPACT-II and other nuclear simulation tools rely on libraries of nuclear data cross sections to predict activation and transmutation in materials.

In 2025, as part of an international consortium, UKAEA accomplished the development of a modern library of these nuclear data cross sections. This resulted in the release of the 4th version of the Joint-Evaluated Fission and Fusion file known as JEFF-4.0. This file will improve predictions of chemical inventory changes in the future. UKAEA nuclear data experts have provided for the library a new evaluation of a reaction channel that is essential for predicting gas production in materials with significant carbon content. This had not been explicitly included in libraries before, and previous evaluations contradicted each other.

This new cross section evaluation improves agreement with existing experiments and allows more accurate calculations. This was UKAEA's first new cross section evaluation contribution to JEFF in a generation and represents a reinvigoration of UKAEA's nuclear data capabilities.

UKAEA also tested and validated the new JEFF-4.0 library prior to its release using sets of experimental data measured historically at Japan's Fusion Neutron Source. These simulations tests were performed on successive versions of the library, providing insights into JEFF-4.0's performance for fusion applications and enabling notable improvements through continuous feedback to the international team.

Nuclear data cross sections for the reactions that lead to gas (helium and hydrogen) production are particularly important for fusion. Gas production can degrade the internal structures of materials, leading to loss of strength and embrittlement. And many of the "gas-producing" reactions are only possible with the high-energy neutrons produced by deuterium-tritium reactions, which means that the experimental data for them can often be inadequate. To address this, UKAEA has been working with partners in France and Sweden to measure neutron-induced gas production using the MEDLEY time-of-flight station at the GANIL Laboratory Neutrons For Science (NFS) facility in France. Measurements have been taken for the commonest stable isotope of copper, which has applications in fusion including for cooling and heat-exchangers.

Interpretation of these time-of-flight measurements is challenging due to the complexities of matching neutron and gas particle energies (the latter are the particles whose "time-of-flight" is recorded in the experiments) and separating signals from the different isotopes of hydrogen and helium produced. In 2025, there has been progress in processing and calibration of the experimental data obtained at GANIL, particularly during research visits by UKAEA nuclear data specialists to Uppsala University in Sweden. A new 3D analysis technique is being explored, where the energy lost as gas particles pass through detectors in the measurement telescopes can be viewed to distinguish between different gas particles. These improvements are essential for obtaining high-quality cross-section data for neutron-induced reactions, which are important for nuclear reaction modelling, detector validation, and applications in nuclear technology and fundamental nuclear physics.

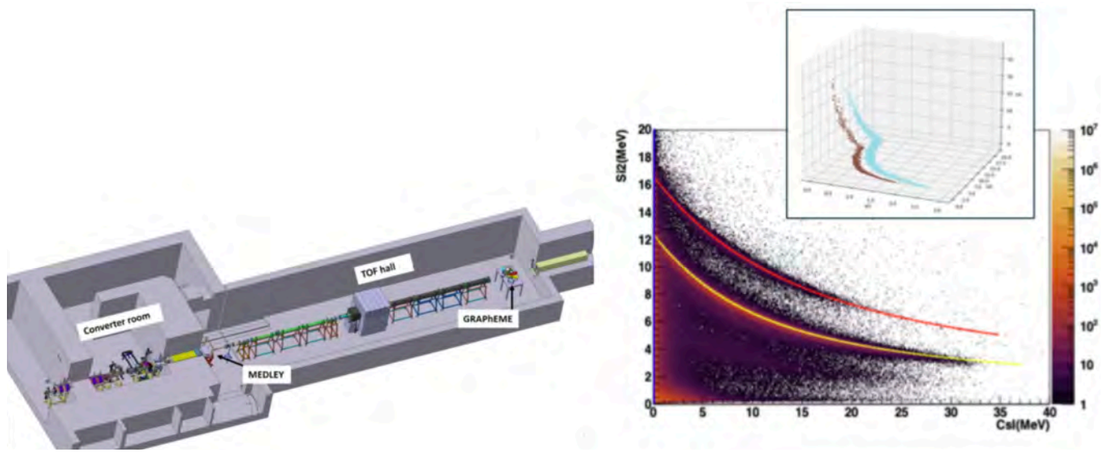


Figure: (Left) schematic of the NFS facility in GANIL, showing the MEDLEY time-of-flight station. (Right) example measurement statistics in one detector-pair of a telescope of MEDLEY, showing the clear profiles of hydrogen-2 or deuterium (highlighted by the red-line) and hydrogen-1 or protium (yellow guideline). Right insert shows a potential 3D reconstruction of the signals from the two detector-pairs in a telescope.

Next Steps:
In 2026/27 nuclear data development and acquisition activities will continue, particularly focussing on improving the nuclear data relevant for predicting the performance of tritium breeding mock-ups in the LIBRTI facility, UKAEA's programme to deliver a facility for testing tritium breeding designs from 2029. UKAEA will build a computational framework around the nuclear-data evaluation code TALYS, a framework that will allow new, fusion-tailored nuclear data files to be generated.

Further experimental nuclear data acquisition and analysis will provide new fitting data for the evaluation process. Gas production evaluations for copper will be completed and published and the results of induced reaction measurements performed with collaborators in Romania will be disseminated.

Small-scale tritium breeding and migration experiments will also be conducted in 2026/27 using a "microbreeder" end-station.

Plasma and MAST-U

UKAEA is at the forefront of fusion research through its flagship facility, MAST Upgrade (MAST-U). Over the past year, the programme has significantly advanced understanding of plasma behaviour under conditions relevant to future fusion power plants, while strengthening capabilities to control plasma performance. The MAST-U team have also worked hard to retain and grow skills and competences, not only in the scientific area, but also in diagnostic engineering which is essential to monitor the plasma status.

Major Scientific Advances
In October 2025, UKAEA achieved a major breakthrough by applying a three-dimensional magnetic field using coils to stabilise instabilities in a spherical tokamak plasma for the first time. This represents a significant step toward the viability of spherical tokamaks as a route to sustainable fusion energy.

A key focus has been the mitigation of Edge Localised Modes (ELMs) - instabilities at the plasma edge that can release large bursts of energy and threaten plasma-facing components. Using Resonant Magnetic Perturbation (RMP) coils, which introduce small 3D magnetic fields, researchers successfully demonstrated complete suppression of ELMs in MAST-U. This marks the first time such suppression has been achieved in a spherical tokamak, providing an important milestone for future devices such as STEP.

Further world-first capability was demonstrated through independent control of plasma exhaust in the upper and lower divertors, achieved without degrading core plasma performance or density. This capability is critical for managing heat loads in future power plants.

In 2025, MAST-U also reached a record 3.8 MW of injected heating power via neutral beam injection, enabling higher-performance plasma regimes. In addition, the team achieved the best plasma shaping to date, with an elongation of 2.5, supporting enhanced confinement and stability.

Advancing Fusion Physics
High-performance tokamak plasmas typically operate in high-confinement (H-mode), where steep pressure gradients at the plasma edge lead to a substantial increase in overall plasma energy - an essential condition for efficient fusion power generation. The high confinement mode is favoured in future devices, including ITER and STEP, as a means of maximising the fusion power. However, the steep gradients at the edge of the plasma in this regime can excite Edge Localised Mode (ELM) instabilities that eject up to 10% of the energy stored in the plasma in rapid bursts, that can damage the plasma-facing surfaces in the device and increase maintenance requirements.

Recent experiments performed on MAST Upgrade have applied Resonant Magnetic Perturbations, produced by magnetic coils in the machine that subtly break the symmetry of the plasma, to regulate the pressure at the edge of the plasma to avoid triggering of ELMs. These experiments demonstrate the complete suppression of ELMs in a spherical tokamak for the first time. This achievement is an important milestone toward developing the physics basis for future devices, in particular the STEP prototype spherical tokamak.

Control Systems and Technology Development
In future power plants, controlling the shape and performance of the plasma is key to delivering fusion power. The control of the plasma requires three key components, a measure of the parameter to be controlled, a control system that issues an action to control the parameter, and a system that can cause the parameter to change, known as an actuator. The MAST-U team have been enhancing their control system to allow for greater availability in the measurements of the plasma in real-time through the development of a Real Time Data Network (RTDN). The RTDN will allow measurements of the plasma to be accessible to any control system connected to it, allowing for greater flexibility in what actions can be issued to control the plasma shape. The first stage in setting up the RTDN has been to update the existing MAST-U control system to the latest hardware and software releases, followed by teaching it to receive information from a network of measurements. Setting up the network was also required to allow measurements to be sent to the control system. The work has successfully allowed data from one machine to be sent around the network, paving the way for more measurements to be added and giving the flexibility to send detailed information about the plasma in real time to any control system chosen.

Diagnostic Capability and International Collaboration
Finally, on diagnostic development, UKAEA has provided strategic cross-divisional support for the US ITER Port Allocation project which has been extended for an additional year with further extensions under discussion. Central to this partnership has been UKAEA's specialised expertise in plasma science and modelling.

Goal 2:
Product

Enable partners to design, deliver, and operate commercial fusion power plants.

As indicated above (on page 24), a report on the STEP Concept Design is included in this UKAEA Group Annual Report to provide context on one of the Group's major programmes. The STEP Programme is being delivered by Group subsidiary UKFE and more detail is provided in the subsidiary's separately published annual report and accounts.

STEP Design

Context
Led by UKFE, the STEP (Spherical Tokamak for Energy Production) Programme is a national endeavour to design and deliver the UK's first fusion pilot plant – the STEP Prototype Plant (SPP) – capable of supplying electricity to the grid and demonstrating a commercial pathway to fusion power. While fusion has the potential to provide safe, secure, abundant, low-carbon energy, realising that potential on Earth requires more than scientific achievement alone; it demands the ability to translate frontier science into infrastructure that can be built safely, licensed, operated, maintained, and trusted over its decadal lifetime. Engineering sits at the heart of our mission to address this challenge, aiming to deliver a deployable, cost-effective fusion pilot plant targeting operations from about 2040 that will demonstrate commercial viability. This means defining the plant architecture, understanding the complex interactions between systems and how they perform together, and managing the uncertainty inherent with building a first of a kind facility. STEP is not a conventional design and construction programme.

During 2025/26, engineering activity has focused on improving the detail and quality of the plant design, reducing technical uncertainty through simulation, testing and analysis, strengthening digital engineering capability, and identifying options for minimising cost and increasing margin to technical limits. This has prepared the programme to move from its early concept design phase into the next, more detailed design activity ("preliminary design").

Performance in 2025/26
Over the reporting year, significant progress has been made in developing the STEP Prototype Plant (SPP) design, version SPP-002. This has seen advances in our understanding of the large, high temperature superconducting magnets; the blankets that capture the fusion neutrons to manufacture the tritium fuel; the systems to remove heat and convert it to electricity, and the systems required to heat and control the plasma.

A tokamak is a complex, closely coupled system of systems; understanding the challenges associated with integrating the different systems to optimise the trades and tensions is just has important as advancing the designs of the individual subsystems. STEP have demonstrated that the SPP-002 design captures these tensions well, but the margin to technical limits was tight in some places. Furthermore, having the detailed design of the tokamak complex, together with the selection of a specific location for it on the West Burton site, allowed a concept for the buildings to be further developed during 2025/26, along with an improved cost model. This identified areas which were the biggest cost drivers.

One particular area that was highlighted was the large fraction of the fusion-produced power that was required to be recirculated to power the tokamak systems, rather than going to the grid. A major development during the year was a technical review of the assumptions that led to this high recirculating power fraction. With rigorous technical justification, new assumptions were adopted around the plasma exhaust solution and the efficiency of the heating and current drive system. This then opened up the possibility of net power delivery with a substantially lower fusion power core, which in turn would provide greater margin to technical limits as well as reduced size and cost. This philosophy is shaping the direction of a final design baseline, SPP-003, which will form a stable basis for the preliminary design phase that will progress through the current tranche of the programme.

A large number of test rigs and facilities were identified, reviewed and prioritised during the year, forming the foundations of STEP's technology demonstration programme, which is key to reducing technical uncertainty and the associated risk. At Culham Campus, a suite of laboratories have been refurbished ready to accommodate some of the smaller test rigs. There are also plans for new, large international-scale facilities to test and develop, for example, our superconducting magnets and our high power microwave heating systems. These will initially be established in commercial space in the West Burton region during 2026/27, before being transferred to new, purpose-built facilities on the STEP site around the end of the decade. These facilities do not only provide crucial testing data for the design but also serve to grow skills and capability in the West Burton region, as well as creating an attractor for international industry of key relevance to STEP and sectors adjacent to fusion.

Digital engineering capability was also strengthened during the reporting period. STEP generates large volumes of complex technical information, and managing this effectively is essential for quality, safety and accountability. A single digital system called PIMS is now in place to securely store and access testing and design data and information from across the programme, ensuring that our multi-partner teams are able to work from consistent, approved information. Alongside PIMS sits a suite of modelling and simulation software tools spanning our requirements in plasmas, materials and engineering, which works in harmony with our physical test rigs to accelerate and optimise design pathways and to predict component performance in the extreme fusion conditions of SPP. This will benefit from the specialist computing infrastructure, which has been procured ready to be installed at West Burton.

All of these technical activities progressed at pace while UKFE was also transitioning to a new operating model for the STEP programme, which is now in place. Partnership lies at the heart of STEP delivery. UKFE is working with UKAEA as Fusion Partner, and during 2025/26 further enhanced its capability through the appointment of the Construction Partner, ILIOS. To deliver its engineering programme, UKFE will appoint a number of systems partners, with Tokamak Energy appointed as magnets partner this year; more will follow in other technical areas in 2026/27.

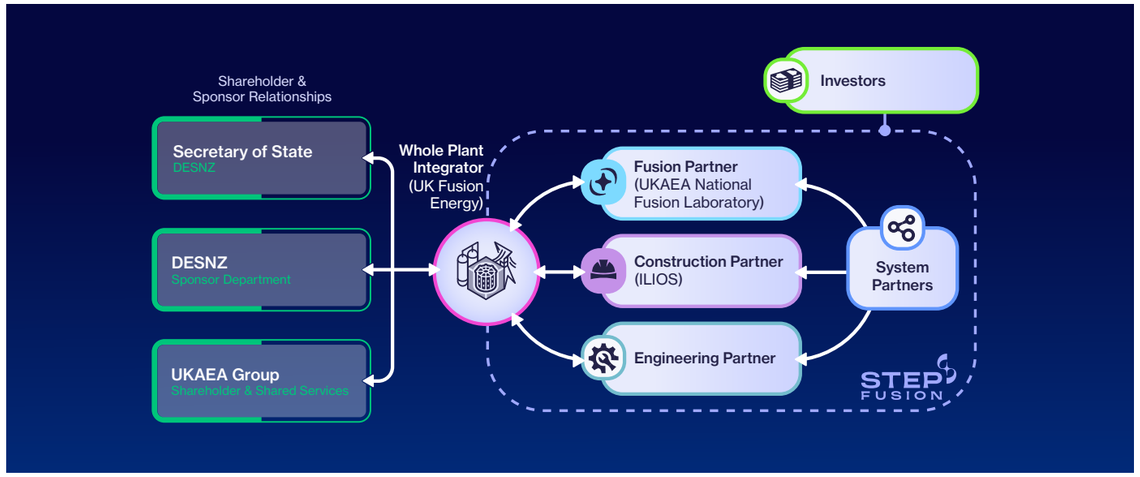
Forward Look
In 2026/27, the programme will focus on stabilising the SPP pilot plant design around the new version SPP-003, to allow it to be developed in greater detail as the programme enters the preliminary design phase. In addition to this, priorities include expanding testing of key technologies such as magnets, heating systems, tritium systems, plasma scenarios and materials, and advancing new buildings, test facilities and computing infrastructure towards operation at West Burton. This work will accelerate through the new industry partners, continuing to build the evidence needed to inform future investment decisions and, ultimately, delivery of a UK fusion pilot plant demonstrating power onto the grid.

Performance Report
HOW WE PERFORMED

Performance
Accountability
Annual Accounts

Building a Robust UKAEA / UKFE Fusion Partnership

The target operating model for the STEP programme, shown in the below figure, highlights the key role that UKAEA plays as the “Fusion Partner”. This partnership provides the critical and unique capabilities needed to design a prototype fusion powerplant in the form of fusion-specific personnel, facilities and product delivery. The breadth of skills provided by this partnership include plasma physicists, tritium engineers, robotics engineers and many others across the laboratory’s 9 technical divisions. This is complemented by an increasing suite of fusion-relevant facilities, including MAST Upgrade (plasma), RACE (robotics), MRF (materials), and H3AT (tritium), which provide vital research output to shape and progress the STEP design.



Throughout the reporting year, this partnership has demonstrated steady progress in delivering capability, governance and process maturity, and preparedness for the onboarding of other whole plant partners, while also confronting challenges around forecasting, mobilisation and process efficiency. The strength of this partnership has been a major factor in UKFE/STEP achieving over 85% of its internal delivery milestones this year, with the Fusion Partner providing over 200 Professional Person-Years of effort and procuring over £6M of support through industry and academia.

While delivery performance has been strong, the partnership continues to seek improvements in the planning and mobilisation phases that precede the delivery phase. The planned ramp-up of product packages in this more mature phase of the partnership has begun, with a significant increase in the use of this delivery mechanism expected next year. This is one of three mechanisms available for STEP support, along with embedded resource packages and service packages. As a result, a range of additional measures have been put in place to ensure quality, portfolio oversight and collaborative processes are embedded.

Several reviews were undertaken during the year to ensure the partnership is “match fit” for the challenges ahead, including a Business-2-Business relationship study, a lessons-learned exercise ahead of the onboarding of other Whole Plant Partners, and a formal audit of the partnership under UKAEA Group’s assurance framework. These complementary exercises resulted in a range of recommendations in areas such as governance, data quality, intellectual property, improving Key Performance Indicators and Service Level Agreement logic, enhancing cross-departmental communication and many others. These themes are being addressed through joint initiatives such as engagement sessions, risk management improvements, and targeted updates to the Fusion Partner Agreement.

Overall, the Fusion Partnership is maturing steadily, delivering essential technical capability to STEP while strengthening the structures, governance, and behaviours required for large-scale programme execution. Continued focus on resource mobilisation, process efficiency, and collaborative culture will be key to supporting STEP’s transition toward engineering delivery and construction readiness.

In 2026/27, the UKAEA - UKFE Fusion Partnership will focus on accelerating the transition of STEP into its preliminary design and early delivery phases. Priorities for the STEP programme will include completing the onboarding and effective integration of the Construction Partner, embedding its new target operating model across Integrated Delivery teams, and scaling the use of product packages with the Fusion Partner to improve delivery efficiency and clarity of scope. The partnership will aim to strengthen governance, improve demand forecasting, strengthen KPIs and benefits reporting, and apply a more commercial approach to package mobilisation and delivery. Efforts will also be made to increase both partner’s awareness of each other’s programmes to better coordinate UKAEA’s National Fusion Laboratory’s research programmes with STEP’s delivery plans. Collectively, these measures should position the Fusion Partnership to deliver sustained progress and build the foundation for large-scale delivery in subsequent years.

H3AT Kinectrics

UKAEA - Kinectrics Collaboration Agreement on the UKAEA-Eni H3AT Tritium Loop Facility

In February 2026, UKAEA entered into a collaboration agreement with Kinectrics to design and fabricate critical pieces of hardware and equipment for the UKAEA-Eni H3AT Tritium Loop Facility, a key international experimental facility designed to lead the development of tritium technologies for fusion power plants. This is a first-of-a-kind R&D facility to demonstrate the continuous and closed loop fuel cycle at scale and is expected to be the world's largest and most advanced tritium fuel cycle facility when it is fully commissioned in 2030. Tritium is a radioactive isotope of hydrogen and an essential fuel for almost all fusion powerplant concepts.

UKAEA and Kinectrics, together with existing industry partner Eni, will work collectively in a strategic partnership to solve challenges in the delivery of the tritium management systems required to realise sustainable fusion. Kinectrics will directly support this objective as the design and fabrication partner for the Atmospheric Detritiation System, Water Detritiation System and gloveboxes for the facility. This is a significant portion of the integrated technology for the loop. The purpose of these elements of the loop are as follows:

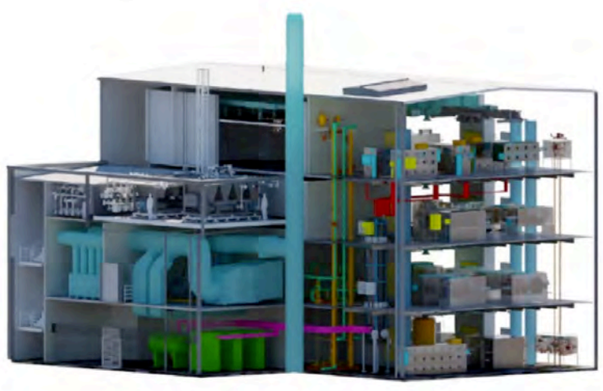
- Atmospheric Detritiation System: Recovers tritium from gas waste streams to minimise release to atmosphere.
- Water Detritiation System: Recovers tritium from tritiated water.
- Gloveboxes: Contain developmental equipment with each glovebox being unique to the internal components. All will require high-performing containment to meet safety standards.

Canada-based multinational company Kinectrics brings decades of experience in equipment manufacture and tritium systems. Kinectrics's expertise includes systems engineering, safety and regulatory compliance, a vertically integrated delivery model, in-house tritium infrastructure, and existing knowledge in fusion fuel cycle systems. It complements UKAEA's world-leading fusion research capabilities and Eni's experience of delivering industrial scale plants, to accelerate innovation in tritium technologies for the UKAEA-Eni H3AT Tritium Loop Facility.

This initiative also builds on the existing bilateral Memorandum of Understanding between the governments of Canada and the United Kingdom. It showcases the support within the two countries to advance clean energy technologies and to strengthen international collaboration in the development of fusion energy. This collaboration, on an important major infrastructure project in fusion, is a meaningful way to develop further the partnership between key nations in fusion and to lead the way in global developments in tritium technologies. The Canadian Federal Government, through Natural Resources Canada, are supporting the project through funds and in-kind contribution. This approach supports the collaborative and integrated way of working within the UKAEA-Eni H3AT Tritium Loop delivery team.

An additional key benefit of the partnership with Kinectrics will be reduction in the integration risk for the facility by working with one supplier for multiple systems. This is hugely beneficial, allowing for technical integration efficiencies and enabling the teams to work collaboratively to solve challenges.

Welcoming Kinectrics to design and fabricate these key systems within a strategic collaboration will accelerate progress toward delivering this unique, UK-based operational facility. This will advance the fusion community's understanding of tritium handling and recycling, supporting the development of future fusion power plants. It also demonstrates UKAEA Group's commitment to partnering across the fusion eco-system to drive innovation and progress.



The UKAEA-Eni H3AT Tritium Loop Facility due to be completed in 2028.

Marking a Collaboration Agreement between Kinectrics and UKAEA.

The UK Atomic Energy Authority in Culham where the H3AT Tritium Loop will be constructed.

The H3AT Project team at Culham Campus.

Goal 3:
Prosperity

Drive UK economic growth and a thriving industry that exports fusion technology around the world.

Robotics – ESS Active Cells

The European Spallation Source (ESS) is a research facility under construction in Lund, Sweden. It accelerates protons into a tungsten target, with the subsequent collision spallating (or "breaking up") neutrons which are subsequently directed towards experiments.

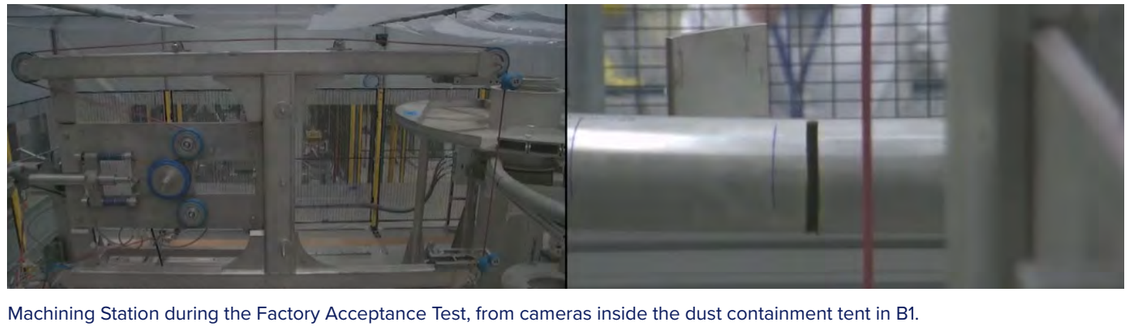
As a result of this process, the tungsten target and surrounding components become activated, and at their end-of-life must be processed as radioactive waste. UKAEA's Remote Applications in Challenging Environments (RACE) was commissioned in 2016 to deliver the Active Cells facility at the ESS site in Sweden, which will receive these large, irregular components and will reduce them in size and package them into standardised waste containers that are small enough to transport off site. Due to high levels of gamma radiation, the entire facility must be operated and maintained robotically with no human presence. RACE was approached by ESS to undertake this work because of its expertise in robotics, systems integration, and remote handling operations and maintenance.

The Active Cells facility includes two diamond wire saws, one of which is the machining station; it is primarily used for accurate cuts to enable the segregation of specific materials (tungsten, beryllium) into their own waste stream. Various sub systems have already been delivered to the ESS site and positioned into the Active Cells area.

During this reporting year, upon successful completion of the equipment testing at RACE, the machining station was disassembled and delivered by UKAEA to the ESS site in Sweden in September 2025. Mechanical installation was completed in December 2025, with electrical installation finishing in February 2026 in readiness for energisation in mid-March and Site Acceptance Testing by June 2026.

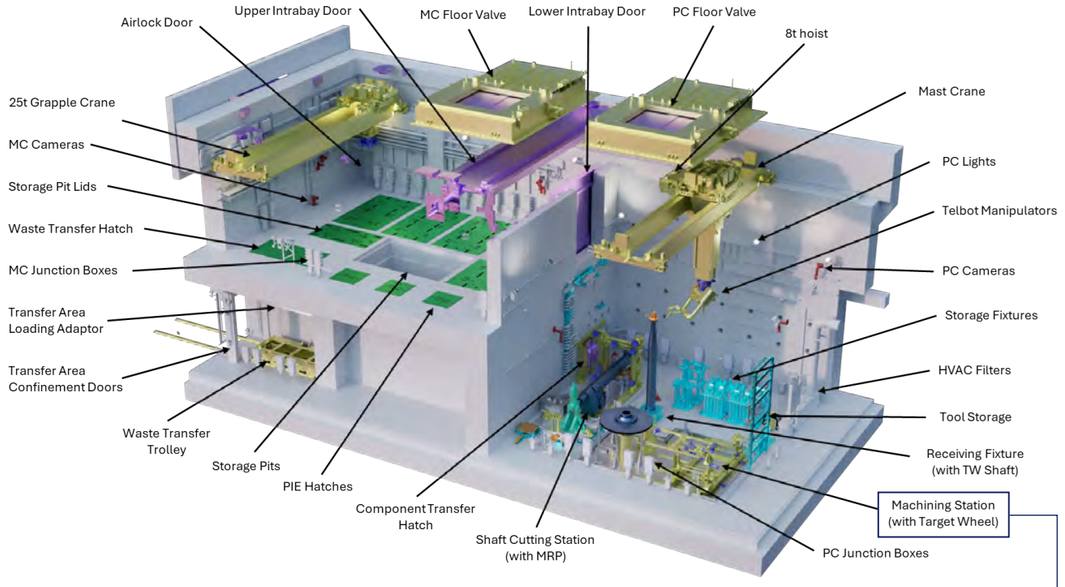
UKAEA is therefore on track to hand over the Active Cells facility to ESS and remains prepared to provide additional assistance to ESS as the facility transitions from the build phase to operational science.

This international collaboration has allowed UKAEA to contribute to cutting-edge science and develop experience relevant to future fusion systems, including in high-value commercial procurement, industrial manufacturing, complex robotic and automated systems, and bespoke remote handleable infrastructure and tooling.



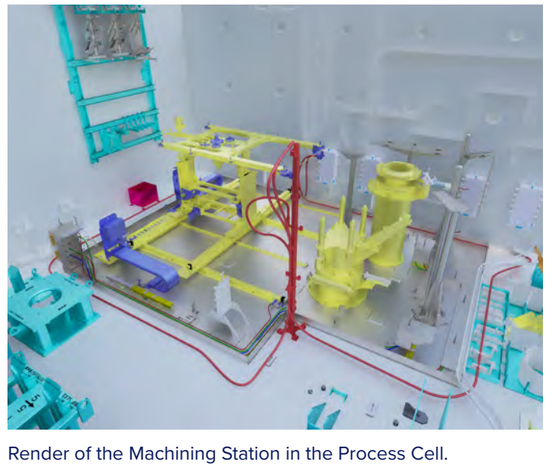
Machining Station during the Factory Acceptance Test, from cameras inside the dust containment tent in B1.

Performance Report
HOW WE PERFORMED



A visualisation of the Active Cells Facility.

Machining Station Following Installation in the Process Cell.



Render of the Machining Station in the Process Cell.

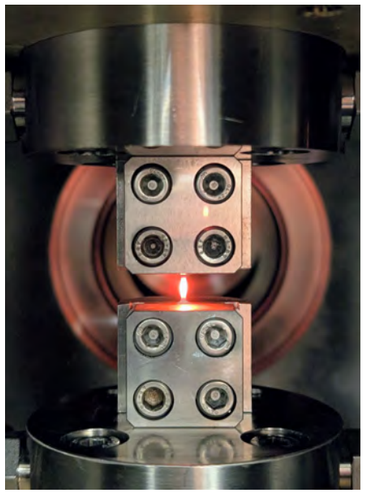
Industry Capability

The Fusion Futures Industry Capability programme's primary objective has been to stimulate and sustain the growth of fusion supply chain capabilities and capacities within UK industry. Since April 2024, the programme has successfully achieved its ambition by placing at least 75% of technical projects into industry, representing over £14M of contracts to industry in 2025/26, and created areas of development for future potential inward investment in the UK.

Over 28 projects have been delivered this financial year covering remote handling, tritium fuel cycle, plasma measurement and control, liquid metals, magnet technologies and digital themes. By enabling use of new commercial mechanisms and a more targeted engagement with the supply chain, the programme managed to increase its Small and Medium-sized Enterprises (SMEs) participation from 10% in the first year to more than 40% in the second year, supporting creation of a more diverse UK supply chain that will be able to support future fusion powerplant work. The programme also published a **Global Fusion Guide for SMEs** to help businesses access international fusion opportunities. Examples of these successes are illustrated below:

Enabling Hands-on Tritium Expertise Growth
Over this reporting year, the programme has enabled the UK supply chain to gain rare, hands-on experience in the decommissioning of tritium-contaminated assets: expertise essential for licensing and operating future fusion power plants. Recognising the limited national experience in tritium waste management, UKAEA formed a collaboration to plan and execute the decommissioning of some of the largest and most contaminated tritium-bearing assets, namely the Active Gas Handling System, on the Culham Campus site. This has enabled demonstration of best-practice approaches that will inform future fusion plant decommissioning strategies and has created a stronger, more experienced UK supply chain, better positioning the UK to lead globally in safe tritium management and fusion decommissioning.

Growing the Materials Testing Capability
The Industry Capability programme also commissioned, in 2025, a project to address a critical technology gap in materials testing at extreme temperatures under vacuum: conditions essential for qualifying materials for commercial fusion power plants. By mobilising Severn Thermal Solutions, a world-leading UK specialist, UKAEA enabled the development of novel, industry-ready induction and direct-resistance heating systems which deliver advanced mechanical testing with integrated diagnostics. From mid-2026, these modular solutions will provide UK industry with the ability to test and qualify materials in environments previously unreachable by commercial equipment, benefiting not only fusion but also the fission, aerospace, defence, space, and additive manufacturing sectors. Severn Thermal Solutions retains full design IP, positioning them to deploy the technology across multiple industries and helping build a robust UK materials-qualification ecosystem. During 2026, the technology demonstrator will be installed at an industrial testing centre, maximising visibility and accelerating adoption of this breakthrough capability.



Materials testing at extreme temperatures undertaken as part of the Material Qualification project under Fusion Futures Industry Capability programme.

Developing Unique Liquid Metal Rigs
As breeder blanket development has historically been confined to national laboratories, the UK supply chain had little or no experience in designing and delivering such complex systems. To bridge this gap, UKAEA commissioned the design and construction of the UK's first pilot-scale liquid metal loop which is expected for completion by Summer 2026. This effort brought together a UK engineering consultancy and two specialist manufacturers, forming a new commercial partnership which blends established engineering excellence with fusion-specific expertise. The project has delivered a design that meets the demanding requirements of multiple stringent design codes, despite the challenges posed by highly corrosive, toxic, or explosive liquids with densities eight times that of water. The suppliers rapidly adapted to UKAEA's technical standards, standards that are expected to shape future fusion industry norms, significantly improving their competitiveness for future fusion contracts. The resulting pilot liquid metal loop will enable UK companies to test and validate technologies essential for breeder blanket commercialisation. This initiative has not only created new industrial capability but has also embedded fusion-relevant skills within the UK supply chain, positioning the UK to lead globally in the operationalisation and commercialisation of fusion energy.

Initiating a Superconducting Machine & Systems Catalyst
The Superconducting Machines & Systems Catalyst is a cross-sector UK-wide initiative supported by UKAEA, through Fusion Futures funding, to strengthen national capability in High-Temperature Superconducting (HTS) technologies critical to fusion and next-generation energy systems. Delivered through a partnership between the universities of Strathclyde, Edinburgh, Manchester, Nottingham and Bath, the programme brings together expertise across fusion energy, power transmission, transport and renewable energy.

Rather than creating a single centre, the Catalyst operates as a federated national corridor of capability from Scotland to the South-West of England, aligning universities, industry and testing infrastructure to accelerate technology development and supply-chain growth.

During its first phase the programme developed a concept design for a UK HTS Catalyst informed by STEP requirements and wider industrial needs, assessed potential UK locations, and prepared a business case to inform future investment decisions. By March 2026 the initiative had also delivered a national HTS capability map, infrastructure and skills analysis, and sector studies across the four priority industries.

The programme has engaged over 30 companies alongside government and academic partners, building momentum towards the next phase: coordinated infrastructure development, industry-led demonstration, and industrial growth and inward investment across the UK superconducting supply chain.

Establishing a Microwave Catalyst for the Industry
UKFE has identified that the STEP programme will use microwaves as the auxiliary heating and current drive (HCD) system. The development of UK industry to deliver such a product requires the development of a high-power test facility that industry can use for testing high power microwave sources and components. The Advanced Research for Gigahertz Operations (ARGO) programme has made strong progress in shaping the UK's microwave opportunity. It has strengthened technical capability, increased visibility, and moved from early ambition toward a more structured and strategically relevant programme.

A major part of this progress has been the development of a UK-centred microwave ecosystem. By engaging more deeply with researchers, industry and commercial partners, ARGO has raised the profile of microwave technologies and highlighted their future capability and market potential.

Launch of the Superconducting Machines & Systems Catalyst at Strathclyde University.

The UK Microwave in Beams Workshop (12th – 14th January 2026) was an important milestone. It brought together researchers, technologists and industry to discuss challenges, priorities and opportunities, while strengthening connections across the community and demonstrating growing national interest in high-powered microwave systems.

ARGO has also matured from an initial idea into a feasible concept, delivered in March 2026, for a Microwave User Facility. This included clarifying its purpose, exploring operating models, and developing a concept design for West Burton for transfer into UKFE. Because STEP is advancing the microwave development programme on a faster speed than the ARGO timeline, a temporary test facility (ARGO 1) is to be built as part of a larger set of test rigs that will include Magnets, Robotics and other test assemblies, managed by the UKFE Rigs team. ARGO 1 will be located in the West Burton area and will be available for low power testing in 2027/28 and for high-power testing of high efficiency gyrotrons by 2028/29.

Alongside this, ARGO has supported capability growth through skills, advanced computing and AI. More details on the successes of this programme and successes stories with industry can be found in the **FFIC Impact Report FY25/26** issued in April 2026.

Although the programme will not continue in its current form in future years, UKAEA Group's programmes and initiatives, including STEP Fusion Energy, will continue to push for the development of the UK supply chain in alignment with UKAEA's mission.

UKAEA Innovation

UKAEA Innovation is focused on converting fusion-derived capability into scalable commercial value, underpinned by the processes and culture required to protect and exploit UKAEA's intellectual property.

2025/26 marks a clear step forward in the evolution of innovation at UKAEA, with innovation increasingly operating as a managed system rather than a collection of isolated opportunities. Robust innovation capacity, strengthened governance, a more effective portfolio, and clearer routes to market are enabling innovation activity to translate more directly into economic value, fully aligned with the Strategy 2026–2030 focus on commercialisation, industry collaboration, and UK prosperity.

Key Statistics

1	1	14	£450K	9	64
Spinout created	Joint venture created	Licences issued	Investment raised by new ventures	New jobs created	Live patent families

The criterion for the successful creation of a venture is the issue of the share certificates to UKAEA.

Commercialisation examples

Joint Ventures

TAE Beam UK

TAE Technologies, a leading US private fusion energy firm, and UKAEA have formed a joint venture focused on commercialising particle accelerator technology for fusion and non-fusion applications. This is treated as an associate in the accounts. Operating out of UKAEA's Culham Campus, TAE Beam UK's technical program will begin with the development of neutral beams, an enabling particle accelerator technology to heat and sustain fusion reactions for electricity generation. This technology also has commercial applications outside of fusion, such as food safety, non-destructive testing, and non-invasive cancer therapy. TAE Beam UK will develop and supply particle accelerator technology to support these sectors.

UKAEA Group CEO Tim Bestwick and TAE Technologies CEO Michl Binderbauer.

New Spinouts

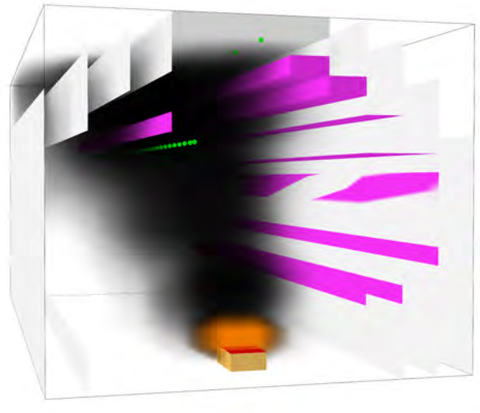
MuWave

MuWave is a UKAEA spin-out company that is commercialising high-power microwave technologies developed through fusion research, particularly in support of advanced plasma heating and current-drive systems. The company focuses on next-generation microwave sources (including gyrotrons) and transmission-line technologies that address cost, scalability and performance constraints facing global fusion programmes, with additional applications in sectors such as satellite communications, radar, geothermal drilling and medical imaging. MuWave operates under a formal spin-out agreement with UKAEA, which retains ownership of the underlying intellectual property while holding an equity stake, and is supported through the Innovation ecosystem. In early 2026, MuWave secured pre-seed funding (£450K) from the UK Innovation and Science Seed Fund to accelerate product development and market entry, positioning the company as a key supplier in the emerging fusion energy supply chain and beyond.

MuWave team (L-R) - Ben Pritchard with sample microwave waveguide, Gabriel Blackett, Steven Craig, Helen Webster.

New Licences

The CERN Fire Safety Engineering team recently completed a 30-day trial of Simvue, a UKAEA-developed platform for managing and optimising complex simulation campaigns, to assess its value in real-world fire safety analysis for the Large Hadron Collider (LHC). Using Simvue's AI-driven optimisation engine (optSim), the team explored how fire size and ventilation speed affect temperature detection performance in the LHC tunnel, uncovering non-intuitive system behaviour and strong sensitivities that went beyond the scope of previous manual simulation campaigns. The trial demonstrated that automated optimisation and full data lineage can deliver deeper insight with significantly lower computational cost than traditional grid searches, highlighting the potential of AI-enabled simulation workflows to support faster, more informed decision-making in safety-critical environments, see **https://simvue.io/**.



Simulation of a fire within the Large Hadron Collider tunnel at CERN, modelling the effectiveness of sensors positioned along the ceiling using Simvue.

Building Innovation Capabilities

Building innovation capability is considered essential to maximise impact from UKAEA's research and knowledge assets. This means developing the governance, culture, systems, processes, and resources that enable people to identify opportunities, generate evidence through de-risking, make timely decisions, and support adoption and scaling. By strengthening these organisational foundations, UKAEA increases the consistency and pace at which innovation delivers economic, societal, strategic, and environmental value.

Innovation Training

Innovation training plays a critical role in embedding innovation values, skills, and awareness across UKAEA's organisational culture. During the reporting period, the Innovation team delivered workshops for graduates and tailored sessions for specific technical divisions, helping to build understanding of innovation processes, opportunity identification and exploitation routes. In parallel, a strong emphasis was placed on intellectual property (IP) awareness to ensure staff are equipped to recognise, protect and manage valuable knowledge assets. This included in-person IP training for 950 staff, complemented by online IP training accessed by a further 1,835 colleagues, significantly extending reach across the organisation.

Emerging Founder Training

The Emerging Founder Training is a programme run by the UKAEA Innovation team to support staff interested in entrepreneurship or becoming founders, aligned with UKAEA's mission to maximise the economic benefit of fusion research. Building on a successful pilot cohort, the programme offers a structured, interactive, ten session curriculum covering topics such as market research, pitching, venture capital, tech transfer, intellectual property, and governance, alongside one-to-one mentoring and Q&A sessions with experienced founders and investors. Designed to upskill and grow the UKAEA founder community, the training helps participants explore ideas, develop entrepreneurial skills, and prepare for spinout opportunities.

Emerging Founder Training

Looking Ahead

Looking ahead, UKAEA Innovation is entering a phase of accelerated delivery, building on the strong foundations established over the past years. With these capabilities now in place, a significant increase in innovation outcomes is expected, including new spinouts and joint ventures, expanded commercial partnerships and licencing of IP to industry and the launch of impactful products and services across multiple sectors. This will drive job creation, attract inward investment, and strengthen collaboration between UKAEA, industry, and investors. UKAEA will continue its collaboration with Innovate UK ICURe, planning new UKAEA-sponsored programmes to promote Fusion as an opportunity for technology commercialisation across UK Universities and Tech Transfer Offices. More events like Fusion X Innovation will be hosted at Culham Campus, where exhibitors - including both UKAEA and external teams - will represent the Fusion spinout pipeline and showcase their technologies to investors. Alongside this, UKAEA will continue to grow its patent portfolio, expand the strategic use of open-source software, and embed a strong innovation culture, positioning UKAEA to deliver lasting economic value from public investment in fusion and enabling technologies.

Performance Report
HOW WE PERFORMED

Performance
Accountability
Annual Accounts

Goal 4: Place

Create clusters that accelerate innovation in fusion and related technologies.

Whitehaven: RAICo

Home to **<10 employees**

Size of site **1,000m² / 0.001km²**

The first of a network of Robotics and Artificial Intelligence Collaboration (RAICo) hubs to support decommissioning of nuclear sites. Opened at the end of March 2023, RAICo contains facilities required to support the development of robotics and artificial intelligence solutions for nuclear decommissioning and fusion engineering challenges.

Rotherham: UKAEA South Yorkshire

Home to **>60 employees**

Size of site **2,230m² / 0.00223km²**

Strategically placed at the heart of the UK's advanced manufacturing region, our site in South Yorkshire enables UKAEA to engage industry in commercial fusion development. South Yorkshire hosts several test facilities addressing key technical research areas for power plant design.

Culham: the home of UKAEA

Home to **>2,000 employees**

Size of site **600,000m² / 0.6km²**

Culham has been a major international fusion reseach centre since the 1960s, hosting more than 60 different fusion experiements over the years. Today, UKAEA's major fusion research facilities, including MAST-U, MRF, RACE, and in the coming years H3AT and LIBRTI, are all based at Culham. Decommissioning of the JET facility has been underway since 2023, and is currently focusing on repurposing JET equipment, land and buildings.

Culham Campus is one of the three large, internationally significant science and business centres in South Oxfordshire, underpinning the county's economic growth, and is the base for the majority of UKAEA activities and a variety of commercial tenants.

West Burton: the home of STEP

Home to **<30 employees**

Size of site **3,600,000m² / 3.6km²**

The future home of STEP opened its first dedicated offices on-site in 2025 while EDF continue to decommission the former coal-power station.

In March 2026, UK Atomic Energy Authority (UKAEA) completed the first phase of the acquisition of the West Burton site from EDF, securing operational control of a nationally significant former power-generation asset, three and a half years earlier than originally anticipated. The purchase, enabled through Department for Energy Security and Net Zero (DESNZ) funding, was a critical requirement to de-risk the STEP fusion programme and provide certainty over land access, governance and delivery timelines. Legal completion was achieved within the Financial Year 2025/2026, with transitional arrangements put in place to ensure continued safe site operation while responsibilities progressively transfer to UK Fusion Energy (UKFE).

Also in March 2026 the Ilios Consortium, led by Kier with partners Nuvia, Aecom, Turner & Townsend and AL_A was appointed as the Construction Partner to STEP fusion to take the next phase of the programme forward.

Securing West Burton provides long-term strategic value, enabling early works, future construction and master-planning, and supporting thousands of skilled jobs over the life of the programme. The acquisition preserves the area's heritage of energy generation while positioning West Burton at the heart of the UK's future clean energy landscape, delivering enduring economic, industrial and environmental benefits to the region and the wider UK economy.

All employee numbers on the page are correct as of 31st March 2026

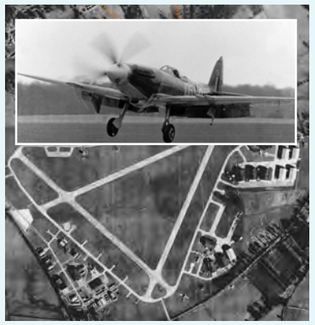
2025 – Celebrating 60 years of Fusion at Culham Campus

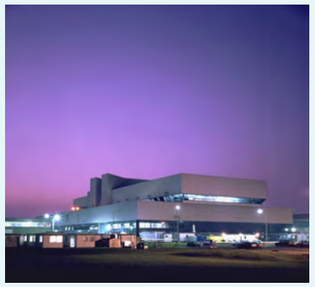
A HISTORY OF TOKAMAK INNOVATION AT CULHAM

In 1965, UKAEA consolidated its fusion research at a former WWII airfield in Culham, Oxfordshire. Throughout the 1960s and ‘70s, the site became a global leader in fusion research as numerous experiments and facilities were established in the buildings on the west of the site.

Culham’s international prestige grew significantly in 1983, when it was selected to host the groundbreaking Joint European Torus (JET). As the world’s largest ‘tokamak’ fusion experiment, JET required significant expansion of the site’s eastern side and a direct connection to the UK’s 400 kV supergrid. Parallel to this, the UK’s domestic programme continued to advance, operating a variety of experiments, culminating with the Mega Amp Spherical Tokamak (MAST), proving the potential of more compact fusion machines.

The exploitation of both JET and MAST yielded major fusion breakthroughs. During this era, Culham also evolved into a wider hub for innovation, broadening its technology programme and welcoming private tenants alongside its world-class fusion research.





THE EVOLUTION OF CULHAM

Leveraging expertise from JET, the UK Government established world-leading fusion facilities at Culham. The 2010s saw the launch of RACE (robotics) and MRF (materials), both of which expanded in the 2020s alongside a new tritium technology facility. To support UKAEA and wider industrial needs, the Oxfordshire Advanced Skills (OAS) apprenticeship centre was built. These centres collaborate with industry and academia to cement Culham as a global hub of fusion excellence.

Underscoring this commitment, in the early 2020s a £200 million investment from the UK Government rejuvenated the site with a new UKAEA headquarters, specialist workshops, and enhanced infrastructure to support a growing community of delivery partners and tenants.

The UK’s most ambitious scientific programme, STEP, a demonstration fusion powerplant, is currently being designed at Culham for construction at the former West Burton coal-fired power station. This work builds on 2020’s MAST Upgrade project, a total rebuild of the original MAST machine designed to test the exhaust and plasma technologies essential for STEP.

With JET operations concluding in 2023, Culham enters a new era. Decommissioning will repurpose land and facilities for future innovation.

CULHAM CAMPUS 60 YEARS

THE FUTURE OF THE CULHAM CAMPUS

Culham’s future as a premier UK science and technology hub is secured through decades of planned research. Using MAST-U and existing technology facilities, Culham will remain the heart of UK fusion. By 2030, its capabilities will expand via world-leading test facilities for tritium breeding (LIBRTI), fuel cycles (H3AT), and neutral beam heating; the latter two as partnerships with Eni and TAE Technologies, respectively.

As JET is decommissioned and repurposed, a new strategic investment partner will help expand Culham’s commercial science and innovation portfolio and unlock long-term private investment alongside public funding. This evolution aims to deliver significant economic and societal benefits, including the launch of the UK’s first AI Growth Zone. This zone will leverage the site’s direct supergrid connection to power the infrastructure necessary for advancing national AI capabilities.

Together, these developments position Culham to remain at the forefront of advanced research, delivering long-term value for the UK economy and clean energy transition.

STRIDE: Strategic Investment & Development for Energy & AI

The STRIDE programme seeks to strengthen UKAEA's Culham Campus's world-leading status by transforming it into a commercially driven science, innovation, and AI campus by 2030. STRIDE aims to establish the UK's first AI "Growth Zone", underpinned by sovereign AI-High Performance Computing infrastructure to support fusion and Net Zero research. STRIDE represents a significant step in the long-term evolution of the Culham Campus.

Over time, STRIDE will enable the creation of an innovation cluster, bringing together major fusion programmes, industry partners, startups and research organisations, thereby supporting the creation of high-value jobs, specialist skills, and stimulation of productivity and innovation in the regional and national economy.

This approach reflects government priorities to drive innovation-led growth, crowd in private capital and maximise long-term value for money for the taxpayer. Together, these investments will deliver lasting scientific, economic and societal benefits, strengthening the UK's position at the forefront of advanced research and innovation.

During this reporting year, UKAEA focused on laying the foundations for this transformation. Recognising that successful delivery depends as much on governance and partnerships as it does on infrastructure, this year was deliberately centred on establishing the frameworks needed to support sustainable growth.

Launched the Strategic Investment Partner Competition
A major milestone was the launch of the Strategic Investment Partner (SIP) selection process.

The SIP selection process is designed to secure a long-term private sector partner to support development of Culham Campus, including delivery of a data centre for commercial and research purposes, while ensuring that UKAEA retains appropriate control over mission critical research capability.

Purchased the World's Largest AI Supercomputer Dedicated to Fusion
The programme's Outline Business Case identified the need for an early deployment of a smaller AI supercomputer to develop the codes, capabilities and skills required to exploit the envisaged larger system at Culham Campus. During 2025/26, UKAEA progressed the specification and purchase of the Phase 1 machine, referred to as 'Sunrise', which is expected to be the world's largest AI supercomputer dedicated to fusion. This concluded in March 2026, representing a £45 million Government-funded investment and a foundational element of the Culham AI Growth Zone.

Key to the specification is the agreed governance and operating model to underpin delivery and use which includes defined support to major programmes such as STEP, LIBRTI and broader UK fusion initiatives. Sunrise represents a focal point for collaboration between government, industry and academia, and support the long-term development of an innovation ecosystem aligned with clean energy and Net Zero priorities.

Outcomes and Look Ahead
In the coming year, STRIDE will move further into delivery. Priorities will include conclusion of the Partner Selection competition and advancing Sunrise Phase 1 capability towards operation.

The planned works include National Grid substation upgrades to improve resilience, alongside targeted enhancements to on-site infrastructure to enable power distribution across parts of the campus with limited existing provision. This addresses one of the principal national constraints on AI and data-centre development, ensuring that Culham Campus remains well positioned to support future growth.

STRIDE illustrates how UKAEA is using public funding responsibly to unlock long-term national capability, taking a phased, partnership-led approach, actively managing risk, and ensuring that investment today delivers enduring value for fusion, Net Zero and the UK economy.

Test Rig Funding in South Yorkshire

Overview
South Yorkshire Mayoral Combined Authority (SYMCA) have supported UKAEA South Yorkshire's bid for £5M in funding towards the acceleration of high priority test rig capabilities within UKAEA's existing Fusion Technology Facility building in Rotherham, subject to further cost certainty. Work to reach this cost certainty is being funded by SYMCA. This regional authority investment will unlock innovation and scientific and economic benefits.

In 2025/26 UKAEA successfully submitted a mandate and business case to SYMCA and received a formal intention to fund development costs in February 2026. This reflects the strong partnership that has developed with SYMCA, as well as strong alignment between regional investment, UKAEA Group strategy, and national priorities. SYMCA's support towards advanced experimental facilities will allow UKAEA to continue expanding high-value R&D capability in South Yorkshire in a way that will deliver immediate scientific and economic benefit.

Two rigs (experimental facilities) have been prioritised:

High Heat Flux (HHF) Laser Facility (HALO)
HALO enables researchers to expose materials and components to extreme thermal loads similar to those found in fusion environments and to rapidly cycle these loads. This capability underpins critical research into materials resilience and fatigue, as well as structural integrity which is essential for designing future fusion reactors. Beyond fusion, HHF testing also benefits high-performance industries such as aerospace, advanced manufacturing, and next-generation materials engineering, where understanding heat stress and failure modes is essential for innovation.

Fusion-Oriented Robotics Technology (FORT)
FORT will be the first Remote Applications in Challenging Environments (RACE) rig located at the South Yorkshire facility, making it a significant milestone for the region. As a 'radiation hard' robotics and remote-handling test platform, FORT will attract specialist engineering, controls, software, and mechatronics expertise into South Yorkshire, building a pipeline of new skills and expanding the RACE capability footprint beyond Culham. FORT's applications also extend to precision manufacturing, autonomous systems, and complex industrial operations, where remote manipulation and inspection have high economic value.

Together, these rigs represent a strategic, future-facing investment that supports scientific progress, economic benefit, strengthens regional competitiveness, and increases the UK's ability to develop and export high-value technologies.

This investment will contribute both to UKAEA's national mission and UKAEA South Yorkshire's economic ambitions. It also contributes to:

Nationally
- Developing key fusion technologies
- Strengthening the UK's ability to commercialise advanced engineering and robotics
- Supporting sovereign capability in high-performance materials and automated systems
- Growing the UK talent-base in robotics, thermal engineering, and precision manufacturing

Regionally
- Attracting new skills and new teams to South Yorkshire, particularly through FORT's status as the first RACE rig at the South Yorkshire site
- Stimulating supply chain development in advanced materials, robotics and engineering
- Creating pathways for deeper collaboration with universities and local industry
- Increasing demand for high value employment across the region

This trajectory aligns closely with SYMCA's strategic economic plan and the region's ambition to become a leading hub of innovation led manufacturing.

Looking Ahead
In January 2026, the Fusion Technology Facility was renamed "UKAEA South Yorkshire". This change reflects the site's expanded role and aims to attract other UKAEA directorates to base teams in the region, leveraging the strong local talent pool, and deepening UKAEA's presence in the north of England.

Alongside the rebrand, UKAEA agreed a new set of site objectives centred on partnership, innovation, skills, and supply chain growth. These objectives form the foundation for a long-term strategic partnership with SYMCA, enabling coordinated planning, joint investment opportunities, and a shared vision for regional growth.

Performance Report
HOW WE PERFORMED

Performance
Accountability
Annual Accounts

A New Sustainability Strategy for 2026 – 2030

2025/26 marked a significant turning point for UKAEA's sustainability obligations and strategic direction. Central to this shift was a Corporate Performance Measure (CPM) requiring UKAEA to undertake a full review of its sustainability framework and publish a new sustainability strategy for 2026–2030 by December 2025. This CPM was introduced in response to several major external changes: the organisation's evolving operational profile following the end of JET operations; UKAEA's entry into scope for most Greening Government Commitments (GGCs); and the implementation of Phase 3 of the Taskforce for Climate-related Financial Disclosures (TCFD) for government bodies. UKAEA met this CPM in full, publishing the new strategy on schedule.

Historically, UKAEA had been fully exempt from GGC operational targets due to the unique, high-energy demands of fusion experiments. As JET operations concluded, the basis for this full exemption diminished. The GGC Panel subsequently reviewed and revised the exemption so that it now applies only to "activities where decarbonisation is not technically feasible", bringing the majority of UKAEA operations into scope for future GGC targets against the draft GGC Framework for 2026–2030.

These changes coincided with the introduction of TCFD Phase Three for the 2025/26 financial year, requiring UKAEA to strengthen alignment between climate-risk management, strategic planning and financial governance. Together, these developments raised the strategic importance of sustainability across the organisation and prompted the comprehensive review mandated by the CPM. The resulting Sustainability Strategy 2026–2030 sets out a clearer governance structure, a stronger delivery framework and a more robust system for monitoring, reporting and integrating climate considerations across UKAEA's activities.

Performance Against the 2023–2026 Strategy

An assessment of UKAEA's carbon footprint identified three key contributors to emissions: new builds, the existing estate, and the supply chain. The outgoing strategy was structured around these pillars. Delivery against the strategy continued during 2025/26. Emissions, energy use and water consumption decreased sharply as JET entered decommissioning, contributing to substantial reductions across all three indicators. Waste volumes rose due to decommissioning activity, although recycling and recovery rates remained high. Progress also continued on sustainable construction, with several major projects completed to BREEAM "Excellent", and on supply-chain sustainability through greater supplier engagement.

As drafting for the new Sustainability Strategy progressed, the focus shifted towards consolidating these achievements, re-evaluating the organisation's obligations, and setting a stronger long-term direction for the next GGC cycle. The three-pillar model was retained for continuity.

Delivering the Sustainability Strategy 2026–2030

The new strategy sets a more ambitious trajectory for the years ahead, reflecting UKAEA's broader responsibilities as a public-sector organisation. Over the coming period, sustainability is expected to become more deeply embedded in the way new buildings are designed, how the estate is managed, and how procurement decisions are made. Future development will place greater emphasis on net-zero operational performance, enhanced climate resilience and circularity within the supply chain. Efforts to reduce emissions, water use and waste will build on the reductions already achieved, while climate-risk assessment becomes a more consistent part of organisational planning.

Successfully achieving the CPM and delivering the new Sustainability Strategy means UKAEA enters the 2026–2030 period with a clearer, more structured and more accountable sustainability framework, supporting both its scientific mission and its responsibilities as a public body.

Performance Report
HOW WE PERFORMED

Performance
Accountability
Annual Accounts

Goal 5:
People

Develop the talented, diverse people needed to deliver fusion energy.

People and Culture

The People and Culture team plays a vital role in enabling UKAEA to deliver safe, world-leading fusion research. The core focus is to provide essential services that ensure legal compliance and support the organisation to achieve its goals.

This year was shaped by a new operating model, the development of a new People Strategy, and growing demand for specialist skills. Throughout, the team focused on supporting colleagues, strengthening leadership, and improving the day-to-day experience of working at UKAEA.

UKAEA's new People Strategy sets out a clear vision to be a world-class employer. It supports all colleagues across research, operations and enabling functions to thrive and contribute. Engagement was strong, with over 1,200 colleagues helping to shape the strategy.

Leadership capability remained a priority, with over 350 managers taking part in programmes and 82% reporting increased confidence. Colleagues also completed more than 14,000 learning activities.

UKAEA improved the employee experience by enhancing induction for 420 new starters and strengthening internal communications. Work on equality, diversity and inclusion advanced in several areas, informed by insights from the latest EDI Data Report. This led to improvements in inclusive recruitment practices, better visibility of available support for underrepresented groups, and increased engagement with employee-led networks across the organisation.

Who We Are
UKAEA is a multicultural organisation, with people from 72 countries representing around one-third of global nationalities.

Talent Acquisition
UKAEA's Talent Acquisition team continues to promote gender diversity in roles through advertising and through initiatives supporting the Gender Pay Gap panel and Working Group. The opportunity for flexible working is also communicated; this remains subject to the needs of the organisation. Of those recruited in 2025/26, 18% were not White, 33% were not male, and 4% were people with disabilities. The team have an offer to acceptance rate of 92% and staff turnover has reduced to just over 8%.

Skills and Early Careers
UKAEA continued to invest in skills and future talent:
- 185 apprentices supported through Oxfordshire Advanced Skills
- Strong partnerships through the STEP Fusion Skills Collaborative
- 65 graduates, 37 apprentices and 76 interns joined UKAEA

Wellbeing and Inclusion
UKAEA increased focus on mental health, with:
- 60 trained Mental Health First Aiders
- 80 colleagues trained in suicide awareness

An Accessibility Plan and Neurodiversity Framework were also introduced.

Key Milestones
Key achievements this year include:
- Delivering pay awards for 2024/25 and 2025/26
- Launching a new People Strategy, EDI Strategy and Wellbeing Strategy
- Implementing a new grading and pay structure
- Improving workforce planning and reporting
- Enhancing terms and conditions in the Conditions of Employment Manual, maintaining legal compliance
- Starting work to reduce contingent labour in 2026/27.

Career Spotlight

James Allardyce, Senior Engineer, joined UKAEA through the graduate scheme in September 2022. After completing his Master's Degree in Mechanical Engineering at the University of Strathclyde in Glasgow, James joined a small team at UKAEA's Materials Research Facility (MRF).

During his time on the graduate scheme, James worked on a range of bespoke and large-scale projects, such as designing 3D printed brackets. He quickly progressed, seizing every opportunity to take on additional responsibility, including developing plans on how to scale up the team and identifying skill gaps. This quick progression led to James completing the two-year graduate scheme in just over a year.

When asked about his time on the graduate scheme, he said: ***"I found it so beneficial. It made the transition from university to work life a lot smoother and less daunting. I'd moved from Glasgow and didn't know anyone here, so to join with almost 50 other graduates made it much easier."***

From a young age James spent a lot of time working on cars with his Dad and Granddad. He enjoyed taking things apart and reassembling them, so when it was suggested to him that he should become an engineer he knew that was the right choice for him.

While completing a materials report during his masters, his mentor recommended UKAEA because of its past collaborative work with the University of Strathclyde and its established graduate scheme. This is where James began his research on UKAEA and began learning about fusion.

UKAEA's mission resonated with James, and the larger purpose stood out to him. James said: ***"I thought it would be interesting to have such a purpose behind the work I was doing, be a part of developing something entirely new, and sharing a common goal that many people are working towards."***

When asked what he enjoys most about being at UKAEA now, he said: ***"I've really enjoyed mentoring junior engineers and becoming a mentor through the iMechE scheme for those trying to achieve chartership. I have also enjoyed the level of responsibility that I have been given throughout my career. It always feels like you're growing and have something new to aim for."***

One project that stands out to James is the work he did turning an empty room into a fully functioning lab. This required James to design the pressure and cooling systems alongside coordinating multidisciplinary teams, installing power for specialist equipment and identifying capability gaps.

Since he joined as a graduate in 2022, James has qualified as a Chartered Engineer in just two years, half the time that it typically takes to complete. James demonstrated his capability across all criteria laid out by UK Standard for Professional Engineering Competence (UKSPEC), completed many hours of training, submitted a 3,000-word technical report and completed a professional review interview.

Fusion Opportunities in Skills, Training, Education and Research (FOSTER) Programme

UKAEA is committed both to ensuring that it has the workforce it needs to make fusion technology a success, as well as channelling Government investment into projects that will develop skills for the sector as a whole. The latter is done through the FOSTER Programme, which is described in this section.

Developing a Skills pipeline is among the key measures required to deliver a commercially viable fusion sector, as has been highlighted in the UK fusion strategy 2026.

FOSTER's vision: To build a fusion skills ecosystem, with international reach, that can train, develop and grow the fusion generation who will deliver fusion energy to the grid.

FOSTER's ambition: To enable training opportunities for 2,000 individuals across multiple levels of education, and to support the development of the existing workforce.

FOSTER's objectives: To deepen and broaden the talent pool available to the fusion sector to increase awareness of fusion careers, and create a community of learners, training providers, fusion developers and the wider fusion industry.

In 2025/26 FOSTER began maturing the projects which were launched 12 months earlier, including:

- 22 PhD students commenced their studies within the Fusion Engineering Centre for Doctoral Training and 5 within the Fusion Power Centre for Doctoral Training. A further 8 individuals from Kyoto Fusioneering, STFC, Oxford Sigma, digiLab and Frazer Nash Consultancy began PhD studies with FOSTER's support and a further 16 PhDs were supported within UKAEA.
- A second cohort of 22 apprentices from UKAEA, the Science and Technology Facilities Council, Tokamak Energy and Enersys began their studies within the QuEST-FuSED apprenticeship accelerator collaboration at Oxfordshire Advanced Skills (OAS).
- A further 50 teachers attended the second Fusion Teachers Conference, with a robotics-focused workshop held in Blackpool in association with RAICo for T-Level teachers.
- FOSTER funded visits by schools to Culham Campus, work experience with Futures for All, and events at International Festival Oxford and Big Bang, collectively reaching tens of thousands of young people.
- An additional 2 Universities have reached agreements for Masters-level funding, Swansea University and the University of York.

New initiatives that came on stream during the 2025/26 financial year included:

- Developing new nuclear curriculum Level 2 Apprenticeship courses with MTC-Training to be delivered at OAS. There are 24 Health Physics students, with a further 12 studying Nuclear Operative (Decommissioning), and high interest already for 2026 intake.
- Undertaking critical market research for the National Fusion Skills Hub project, engaging with stakeholders across the sector. Further market research into STEM provision in Oxfordshire was commissioned from Connectr.
- 2 fellows appointed at UKAEA and Nanyang Technological University to work collaboratively through the International Fellowship Scheme.
- Developed a pre-apprenticeship bootcamp with MTC-Training at OAS. An initial 23 attendees from Job Centres (Department of Work and Pensions), career switchers and other applicants completed the first boot camp in Winter 2026.
- Supported 15 days of teaching resource from the fusion sector for 7 Universities. Also launched a webinar series for undergraduates, with ~90 attending each session.
- Funded equipment purchases and curriculum development for Cumbrian Robotics Operations Skills Centre (CROSS), in conjunction with RAICo and National College for Nuclear and Clean Energy. A pilot was delivered to 14 apprentices in Spring 2026, with the first full cohort of 200 apprentices beginning their studies in September 2026.

In 2026/27, FOSTER will be seeking to further entrench the projects and programmes which have been achieving impact. This will be done across four work strands:

- Mapping Fusion Careers - clearly articulated and published career pathways and reskilling bridges in and out of fusion.
- Pathways into Fusion - engaging with the wider STEM and adjacent industries to attract experienced talent into fusion.
- Education & Destination - targeting people currently in formal education.
- Human Impact Stories, Communications & Outreach - telling fusion's diverse narrative.

Performance Report
HOW WE PERFORMED

Performance
Accountability
Annual Accounts

Enabling Goal:
Corporate Performance

This enabling goal focuses on supporting the delivery of UKAEA's strategic goals through effective management, collaboration, and resource allocation.

The delivery of our mission and goals is only possible if people work within a culture of safety, security, and commitment to quality; two of these are highlighted in greater detail below. This is achieved through effective governance and with a focus on the wider enabling environment for fusion in the UK. This includes UKAEA's commercial, financial and legal functions which are specialised in supporting value-generating collaborations and procurements.

Ensuring the efficient allocation of resources to support research and development activities includes managing budgets, facilities, property and personnel. Engaging with stakeholders to build support for UKAEA's initiatives involves working with government bodies, public sector partners, industry, and the public to promote fusion energy. Monitoring and evaluating the performance of UKAEA's projects and programs helps identify areas for improvement and ensures that strategic goals are being met.

Security/Business Resilience

As part of UKAEA's commitment to meeting all legislative and statutory requirements for physical, cyber and personnel security, the Business Resilience Group has broadened its remit and now holds full accountability for business continuity management, crisis management, emergency preparedness and response, and security risk management, which includes responsibility for safe and secure business travel.

A central element of this expanded remit is the UKAEA-wide Business Resilience Strategy, published internally during the year. The Strategy sets out clear deliverables and strengthens organisational resilience by safeguarding people and assets while enabling business areas to support UKAEA's mission and strategic objectives. This is complemented by a separate Cyber and Information Security Strategy developed by the Computing Division. Investment in physical security infrastructure across the estate has continued.

During the year, UKAEA delivered its largest crisis management exercise in recent years, involving the Crisis Management team and an operational facility. The exercise successfully validated contingency arrangements and trialled new approaches, including digital mapping, upgraded communications and revised command and control arrangements. Learning from the exercise has been captured and embedded into updated processes. Oversight of security continues to be provided by the Group Executive Committee's Security Sub-Committee, with close engagement maintained with the Cabinet Office Security Group and participation in the annual departmental security health check under Government Functional Standard no. 007.

Crisis Management Exercise

Progress has also been made in strengthening security culture through targeted awareness workshops. Looking ahead, priorities include incident management training, further development of the organisational resilience exercise programme, a review of emergency preparedness and response arrangements, and continued investment in physical security and security culture maturity.

In parallel, additional work has been done to improve cyber security protections (see ARAC report on page 117), including improving information asset management, strengthening security controls and reducing technical debt. This has been supported by ongoing communications and training, containing security awareness campaigns and simulated phishing exercises. UKAEA continues to align its approach with the Government's Secure by Design principles and the Cyber Assessment Framework, alongside a structured programme to implement an ISO 27001-aligned information security management system.

Quality

UKAEA's Quality function plays a central role in ensuring that the organisation consistently meets the needs and expectations of its internal and external customers. This is achieved through the effective application, maintenance, and continual improvement of the Quality Management System and its supporting processes.

The Quality function delivers its responsibilities by:

Developing and maintaining management system processes and documentation in alignment with national and international standards, ensuring full compliance with statutory and regulatory requirements.

Leading the process for identifying, investigating, and controlling non-conformities to prevent recurrence and strengthen organisational learning.

Promoting collaborative approaches to problem investigation and delivering quality management training.

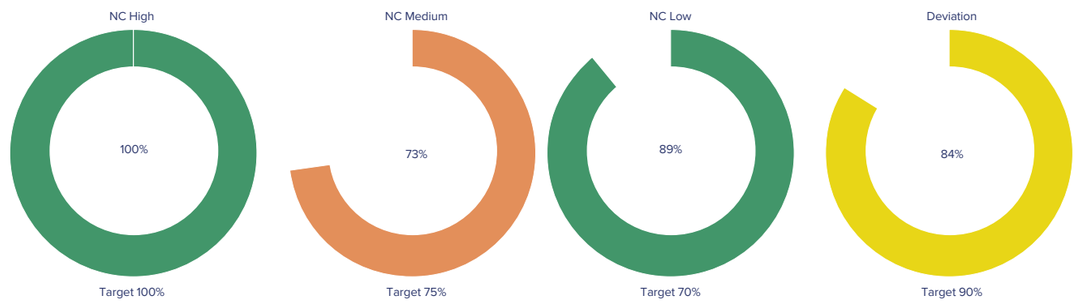
Monitoring and measuring the effectiveness of management system processes and applying continual improvement methodologies to enhance business performance.

The vision is to enhance quality culture and organisational performance by successfully delivering quality-related improvement actions. This aims to generate positive outcomes across all projects and operational activities, strengthening UKAEA's capability as a world leader in fusion energy research.

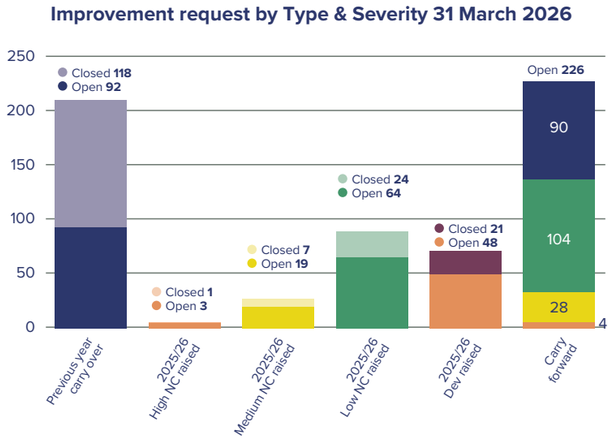
Improvement request performance forms part of UKAEA's Corporate Performance Measures and is reviewed at the monthly Operations, People, Skills Committee. This enables leadership to evaluate system performance, identify key quality trends, and prioritise areas for improvement.

In 2025/26, 83% of improvement requests were closed out on time, with 100% of the highest severity items completed within agreed timescales. Following the introduction of a new system for recording the improvement requests, there is increased visibility of any outstanding actions before they become overdue.

UKAEA Group Performance Measure
On Time Closure % of Non Conformance and Deviations 2025/26



On-time Closure % of Improvement Requests 2025/26



Quantity of Improvement Requests by Type & Severity 2025/26

Most improvement requests have arisen from system or equipment failures, insufficient adherence to established processes, and inadequate process control.

Previous year carry over	Improvement requests that were raised in previous financial years.
Graded Non-conformance (NC) (High/Medium/Low)	Improvement request: non-fulfilment of a need or expectation that is stated, generally implied or obligatory. These are graded by severity of impact.
Deviation (Dev)	Improvement request: temporary approval to deviate from a specified requirement.
Carry forward	Improvement requests that were raised and are still live going into the next financial year.

Successes in 2025/26

During this reporting year, a new integrated platform has been implemented to centralise assurance data, bringing together audit, risk, and quality information in one location. This has significantly improved visibility of quality improvement actions and has enabled more effective tracking of non-conformances through an integrated workflow that drives action plans to completion.

In November 2025, UKAEA hosted an event to mark World Quality Week 2025 in collaboration with the Institution of Engineering and Technology Project Controls Technical Network. Open to both internal and external participants, the event aligned with the Chartered Quality Institute's global initiative, celebrating the value and impact of quality management. Under the theme "Quality: Think Differently", UKAEA showcased innovative approaches to project quality and highlighted how these practices support progress toward sustainable fusion energy and the resolution of complex scientific and engineering challenges.

World Quality Week 2025 at Culham Campus

The Quality function facilitated A3 (problem-solving template developed by Toyota) workshops with the Tritium Fuel Cycle team, introducing a structured, team-based method for root cause analysis. This approach has strengthened understanding of project failures and supported the development of more robust corrective actions.

Rationalisation of process documentation has continued in the reporting year, improving operational efficiency by simplifying and standardising the requirements for completing work. This included developing and implementing the Building Design Standards, which integrated multiple previously separate processes into a cohesive, easy-to-follow framework. These changes delivered reduced complexity, greater consistency, and improved cross-team delivery. The document suite provides a clear and coherent articulation of requirements, thereby enabling the safe, effective, and efficient execution of activities.

Performance Report
HOW WE PERFORMED

Performance
Accountability
Annual Accounts

PERFORMANCE OVERVIEWS

64 Risks

68 Sustainability and Waste

78 Financial Review

Risks

Managing Risks

UKAEA Group operates within a rapidly evolving and inherently high-risk environment, delivering long-term, world-leading fusion science and engineering while acting as a steward of significant public investment. Effective risk management is therefore integral to how UKAEA Group protects value, supports delivery, and maintains the confidence of government, partners and the public.

During the year, UKAEA Group faced a mixed external context shaped by the Spending Review settlement, ongoing geopolitical instability, and increasing global competition for skills, materials and technology. In response, the organisation continued to refine its risk management framework to ensure that the most significant threats to the delivery of strategic objectives were clearly understood, actively managed and subject to appropriate oversight.

UKAEA Group has continued to strengthen controls across cyber security, information management and partnerships, while simplifying internal systems and improving workforce planning to support organisational resilience.

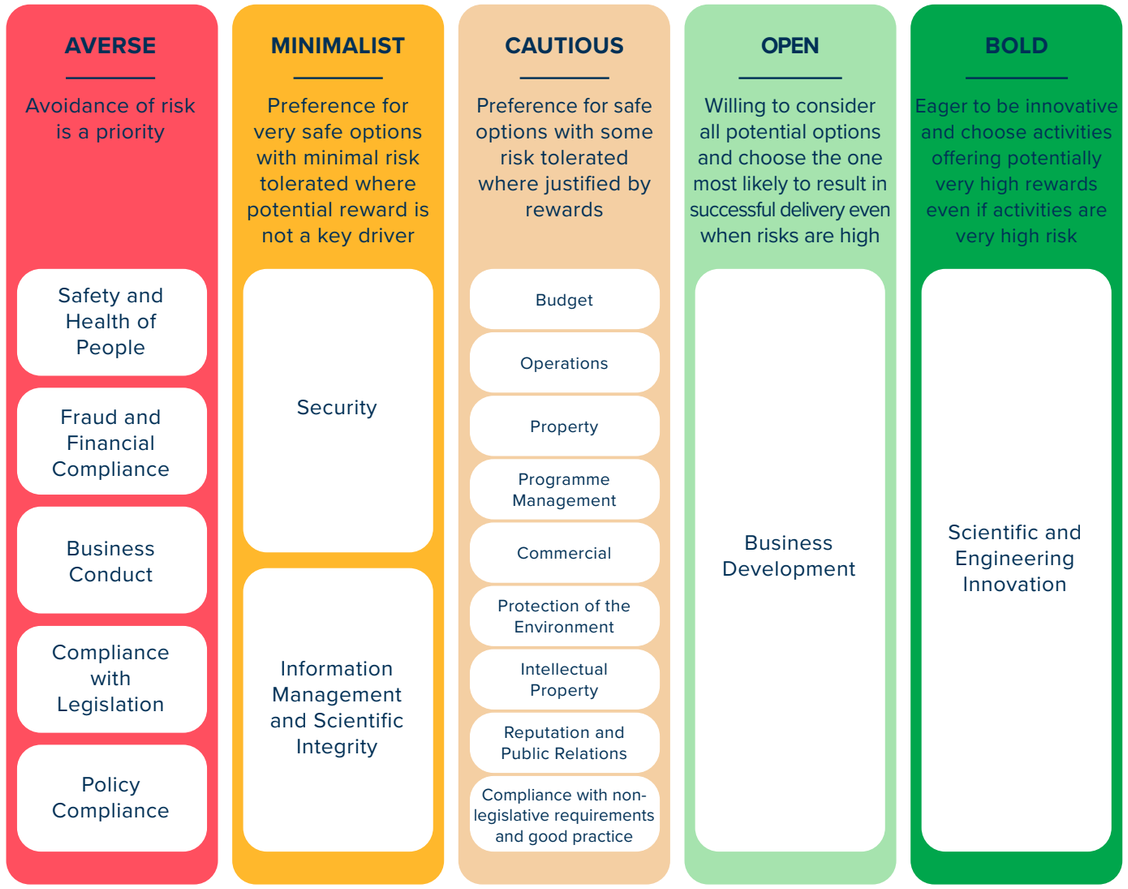
Risk Oversight and Outlook

Risks continue to evolve and are actively managed, with regular updates to maintain focus and alignment with priorities. Overall, UKAEA considers its risk exposure to be within acceptable levels and remains well positioned to manage uncertainty while progressing its long-term fusion objectives.

Risk Appetite

UKAEA's appetite for risk is set by the UKAEA Group Board and represents the amount of risk UKAEA is willing to accept in the pursuit of its strategic objectives. The Board recognise the strategic importance of being able to take and seek risk in order to achieve its objectives. UKAEA's appetite for risk is shown to the right. UKFE has its own appetite for risk which is set by the UKFE Board.

UKAEA Group Risk Appetite



UKAEA Group's Principal Risks

SOLVING PROBLEMS
Solve challenges of sustainable fusion energy - from design through to decommissioning with world-leading science and engineering.

PRODUCT
Enable partners to design, deliver, and operate commercial fusion power plants.

PROSPERITY
Drive UK economic growth and a thriving industry that exports fusion technology around the world.

PLACE
Create clusters that accelerate innovation in fusion and related technologies.

PEOPLE
Develop the talented, diverse people needed to deliver fusion energy.

The table below outlines UKAEA Group's principal areas of strategic risks and the mitigating activities engaged in managing them. The table also shows UKAEA's corresponding appetite for risk, the direction of trend and UKAEA's strategic objectives that may be impacted.

Area of Strategic Risk	Risk Appetite Categories	Management	Strategic Objective and trend direction
Demonstrating technical progress IF UKAEA Group is unable to demonstrate technical progress towards its mission (technical progress and economic impact), THEN it may lose funding and investment.	Reputation & Public Relations (Cautious)	• The UKAEA Strategy 2026 to 2030 sets out a summary of technical outcomes to be delivered by 2030 and progress towards these will be tracked and reported in future annual reports.	
Proportionate Controls Framework IF UKAEA Group fails to implement a proportionate control framework THEN staff become demotivated and resources for fusion research and innovation are not optimised. Also risk non-compliance if responsibilities and accountabilities are unclear.	Operations (Cautious)	• UKAEA is evaluating opportunities for efficiency through streamlined processes and governance arrangements.	
Intellectual Property IF UKAEA Group fails to generate value from its IP and other assets THEN that loss would compromise its leadership in international fusion.	Security (Minimalist)	• The increasing emphasis on commercialisation and collaboration has increased the importance of protecting intellectual property. During the year, UKAEA enhanced systems for recording and managing IP, strengthened governance around collaborations and licensing, and reinforced organisational awareness of information protection responsibilities. UKAEA Group also seeks opportunities to commercialise IP through its technology transfer programme.	
Maintain our world-leading position IF the UKAEA Group does not maintain its world-leading position in fusion THEN it will lose staff and key partners as well as investment from public and private sources.	Reputation & Public Relations (Cautious)	• This is mitigated through clear milestones, strengthened benefit realisation, and improved performance reporting, alongside growing commercial and technology transfer activity.	
Cyber IF UKAEA Group does not maintain adequate cyber resilience THEN it leaves itself vulnerable to major business disruption and potential loss of data.	Security (Minimalist)	• UKAEA continues to focus on maintaining appropriate levels of cyber resilience and information security. In November 2025, the Authority launched the Cyber Acceleration Programme, bringing together UKAEA, UKFE, DESNZ and external partners to strengthen cyber resilience across six workstreams aligned with the NIST Cyber Security Framework. Supported by an approved two-year investment, early delivery has already reduced exposure to prolonged cyber risk and strengthened assurance over information security controls.	
Attracting and retaining top talent IF UKAEA Group is unable to recruit and retain top talent THEN it will not have the capacity and capability to deliver its programmes.	Operations (Cautious)	• UKAEA is placing increasing emphasis on embedding mature workforce planning, strengthening both tactical and strategic approaches to ensure that suitably skilled staff are available where and when they are needed. This work is reducing the risk of skills gaps, improving deployment flexibility and supporting organisational resilience.	

Sustainability and waste

Sustainability report

Overview
The UKAEA manages its environmental impacts across its multiple sites in a manner consistent with its statutory functions, regulatory obligations, and responsibility for the stewardship of public assets. The UKAEA holds several Environmental Permits granted by the Environment Agency and Discharge Consents granted by local water authorities such as Thames Water, which define the parameters within which UKAEA operates its plant and equipment. These permits require the application of Best Available Techniques (BAT) to minimise environmental impacts.

The UKAEA's approach to sustainability is guided by its Sustainability Strategy, which sets out commitments to sustainable design and construction, a resilient and efficient estate, and responsible procurement and supply-chain practices. The Sustainability Strategy was updated in December 2025 to reflect changes in strategic direction and compliance obligations through to 2030, including the forthcoming 2026–2030 Greening Government Commitments (GGC) Framework. As the GGC Framework is only applicable to the Culham Campus (due to other UKAEA Group sites meeting the out-of-scope requirements), the Sustainability Strategy is Culham focused except where stated to apply more broadly.

Sustainability considerations are embedded within UKAEA's governance, risk management, and operational decision-making processes.

This Sustainability section has been prepared in accordance with the Financial Reporting Manual (FReM), Sustainability Reporting Guidance (SRG), and Taskforce on Climate related Financial Disclosures (TCFD)-aligned disclosure guidance issued by HM Treasury. Disclosures are made on a mandatory or "comply or explain" basis, applying materiality judgement in the context of UKAEA's activities and the information needs of users of the Annual Report.

UKAEA encourages users of this report to submit an Environmental Information Request to **eienquiries@ukaea.uk** where additional information or clarification is required.

Scope, Boundaries and Materiality
Due to the expanding scope of sustainability reporting requirements, UKAEA applies materiality judgement when determining the information disclosed within this Annual Report. Aspects that have been considered include UKAEA's specialist, safety-critical and regulated facilities; the management of long-lived assets and infrastructure; statutory and regulatory requirements; and the need for proportionate and decision-related reporting.

Where minimum reporting requirements apply, disclosures are provided irrespective of materiality. Where disclosures are subject to materiality judgement, UKAEA explains instances where information has not been included because it is not material, not available at the reporting date, or not proportionate to disclose. In almost all occasions, the reason is due to either UKAEA holding a full exemption for the 2021-2025 GGC framework, or the GGC 2026-2030 framework not yet being published.

Unless otherwise stated, sustainability information is reported for the same reporting period and organisational boundary as the financial statements. Baseline years are identified for key metrics to support trend analysis, and comparative information is provided where reliable historical data is available. In line with 2021-2025 GGC guidance, 2017-2018 has been used as the baseline year where data is available.

UKAEA uses government-published conversion and emissions factors in the preparation of sustainability metrics. No alternative conversion factors were applied during the reporting period.

The UKAEA Group, including UKAEA and UK Fusion Energy Ltd (UKFE), has adopted the TCFD framework. This report includes disclosures specific to UKAEA. For UKFE-specific disclosures, reference should be made to the UKFE Annual Report filed at Companies House.

Historically, UKAEA has been fully exempt from the operational targets of the Greening Government Commitments due to the nature of its experimental activities where safe, technically feasible and financially viable energy-efficiency measures cannot be implemented to the extent required to meet targets. Notwithstanding this exemption, UKAEA reports emissions, waste and resource-consumption data for transparency, together with its strategy and objectives for reducing environmental impacts.

In accordance with GGC requirements, UKAEA also reports actions relating to biodiversity, sustainable procurement, climate change adaptation and sustainable construction. Rural proofing is not applicable to UKAEA and is therefore not included in this report.

In preparation for the revised 2026–2030 GGC framework, UKAEA engaged with DESNZ and the Department for Environment, Food and Rural Affairs (Defra) to determine the appropriate scope of application. A revised exemption has been granted under the draft framework for "activities where decarbonisation is not technically feasible". As a result, UKAEA is now within scope of GGC targets across most operations, with limited exclusions relating to specific fusion-related activities. UKAEA will refine metrics and targets as required following publication of the final framework, with updated disclosures reported in future Annual Reports.

Environment, Sustainability and Waste

Emissions and Energy
UKAEA's greenhouse gas (GHG) emissions arise primarily from electricity consumption associated with fusion experiments, supporting laboratories and specialist research facilities, and from fuel use across buildings and the wider estate. Additional contributors include business travel, fleet activities, and emissions associated with purchased goods and services.

Emissions and energy consumption vary annually due to changes in operational demand, programme delivery requirements, and the commissioning or decommissioning of facilities.

As part of the JET Decommissioning and Repurposing (JDR) programme, supporting plant and equipment is being progressively shut down and removed. This has resulted in reduced energy demand and increased waste volumes. This trend continues from the significant variance reported in the 2023–2024 Annual Report when JDR activities commenced.

Summary of financial and non-financial sustainability information

Area		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Greenhouse gas emissions (1,000 tCO_2e)		15.37	15.60	22.11	17.60	17.27	15.52	18.74	10.90*	6.07
Estate Energy	Consumption (mill kWh)	36.13	49.75	77.82	68.70	74.59	70.63	81.60	25.53**	18.65
	Expenditure (£k)	4,055.00	5,686.00	9,345.00	7,248.55	10,020.00	14,605.00	16,340.50	8,860.54	7,556.93
Estate Waste	Amount (tonnes)	503.04	659.20	643.79	297.89	861.58	861.20	719.65	780.50	861.87
	Expenditure (£k)	309.50	371.27	319.05	124.37	202.02	161.56	197.60	182.26	267.77
Estate Water	Consumption ('000 m^3)	62.70	97.95	92.89	98.61	102.09	107.12	108.04	34.96	24.90
	Expenditure (£k)	144.00	279.00	206.29	276.26	233.84	370.45	357.29	195.83	171.48

* Previously reported as 10.88
** Previously reported as 46.79

Emissions per capita

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Emissions tCO2e	15.37	15.60	22.11	17.60	17.27	15.52	18.74	10.90*	6.07
Average number FTE staff/contractors	1,130	1,249	1,461	1,818	2,087	2,306	2,441	2,574	2,468
Per Capita	13.60	12.49	15.14	9.68	8.28	6.73	7.68	4.23	2.46

* Previously reported as 10.88

NOTE: FTE figures for 2025/26 are for UKAEA National Fusion Lab employees and agency staff. Previous years' figures included UKFE/UKIFS staff where applicable.

HOW WE PERFORMED

Business Travel

Scope 3 Business Travel Emissions			2022/23	2023/24	2024/25	2025/26
Domestic Travel	Distance Travelled (km)	Hire vehicles	478,670.96	515,687.65	856,855.40**	983,761.23
		Taxi	49,388.26	71,466.95	39,316.25	131,483.20
		Bus / Coach	42,298.09	61,264.86	70,298.00	68,055.73
		Rail	344,971.50	452,797.00	553,143.96	561,101.74
		Flight	55,370.51	58,892.00	44,837.00	51,911.17
	Emissions (tCO2e)	Hire vehicles	81.70	86.02	143.38***	164.99
		Taxi	7.35	14.87	8.18	27.36
		Bus / Coach	1.31	1.95	2.15	2.16
		Rail	12.24	16.06	19.61	19.90
		Flight	7.20	9.48	7.22	7.04
Other Travel	Distance Travelled (km)	Short Haul International	1,381,413.39	1,554,607.00	965,871.00	1,309,938.39
		Long Haul International	2,392,668.27	2,274,300.00	3,498,130.00	5,235,983.67
		International (non-UK)	262,592.02	494,858.00	369,628.00	446,265.80
		Rail - Eurostar	24,675.62	39,449.00	15,046.82	50,117.13
	Emissions (tCO2e)	Short Haul International	112.13	170.60	105.99	99.02
		Long Haul International	244.24	350.77	539.52	473.49
		International (non-UK)	25.49	51.35	38.36	37.58
		Rail - Eurostar	0.11	0.18	0.07	0.22
	Emissions with RF factor* (tCO2e)	Short Haul International	212.09	238.68	179.57	167.49
		Long Haul International	462.00	439.14	913.99	800.16
		International (non-UK)	48.22	90.87	64.98	63.61

* Air travel CO2 emissions are multiplied by the Radiative Forcing (RF) factor, to account for the higher global warming potential from emissions released at higher altitudes.

Note: Reporting of business travel emissions began in 22/23 FY and we hold no prior data

** Previously reported as 544,010.89

*** Previously reported as 90.80

Consumer Single Use Plastics (CSUP)

CSUP	2022/23	2023/24	2024/25	2025/26
Total quantity of CSUP	273,183.00	294,865.00	292,378.00	295,476.00

UKAEA reports domestic Scope 1 and Scope 2 emissions in line with government requirements and the GHG protocol:

- **Scope 1** emissions comprise direct emissions from sources owned or controlled by UKAEA, including fuel combustion and fleet vehicles.
- **Scope 2** emissions comprise indirect emissions from purchased electricity.
- **Scope 3** emissions comprise indirect emissions from activities such as purchased goods and services, employee commuting and business travel

Domestic Scope 1 and Scope 2 emissions, associated energy consumption, and related energy expenditure, are set out in the Greenhouse gas emissions table below. GHG emissions are calculated using established methodologies and government-published emissions factors. Where estimates were required, the basis of estimation and actions to improve data quality were disclosed through quarterly GGC submissions. Notes have been included in **table footers** where material.

Estate Energy and Greenhouse gas emissions

Greenhouse gas emissions		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Non-financial indicators (1,000 tCO_2e)	Total emissions (Scope 1-3)	15.37	15.60	22.11	17.60	17.27	15.52	18.74	10.9*	6.07
	Gross emissions Scope 1 (direct)	1.45	1.20	1.32	1.76	1.65	1.90	1.98	2.23**	2.23
	Gross emissions Scope 2 & 3 (indirect)	13.92	14.40	20.79	15.84	15.62	13.62	16.76	8.67***	3.84
Related energy consumption (million kWh)	Electricity: Non-Renewable	29.80	44.74	72.02	62.00	66.95	64.00	73.93	25.53****	18.65
	Electricity: Renewable	-	-	-	-	-	-	0.24	0.65	0.84
	Gas	6.33	5.01	5.80	6.70	7.64	6.63	7.43	8.53*****	8.60
	LPG	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-
Financial indicators (£k)	Expenditure on Energy	4,055.00	5,686.00	9,345.00	7,248.55	10,020.00	14,605.00	16,340.50	8,860.54	7,556.93
	CRC Licence expenditure	294.00	330.00	-	-	-	-	-	-	-
	Expenditure on accredited offsets	-	-	-	-	-	-	-	-	-
	Expenditure on official business travel	569.00	677.00	655.00	42.00	451.00	1058.95	1205.68	1635.27	1942.97

NOTE: The greenhouse gas emissions were calculated (from the raw data) using **DEFRA conversion factors**. The emissions categories we currently report under Scope 3 are: energy transmission and distribution emissions and business travel. Electricity consumption data is aligned with GGC scope of UKAEA owned and operated m2. From 2023/24 electrical financials have been amended to more accurately align with this scope.

* Previously reported as 10.88
** Previously reported as 2.21
*** Previously reported as 7.80
**** Previously reported as 25.52
***** Previously reported as 8.47

UKAEA has assessed the materiality of overseas Scope 1, Scope 2 and Scope 3 emissions. At the reporting date, these are not considered material for inclusion but are reviewed periodically as guidance evolves and data quality improves.

During the year, UKAEA incurred expenditure on energy-efficiency and emissions-reduction activities, primarily through renovation and new-build projects. These initiatives support emissions management but do not replace operational energy requirements arising from programme delivery.

These activities support the objectives of the UKAEA Sustainability Strategy 2026–2030 to improve estate energy efficiency and resilience while enabling delivery of UKAEA's research mission.

Carbon offsets are not currently held or used by UKAEA. No non-financial or financial disclosures relating to the volume, type or cost of carbon credits are therefore applicable for the reporting period. This position is reviewed periodically.

Water Use and Finite Resources

Water use has transitioned from being primarily driven by cooling, testing and research activities to being largely associated with the supply of potable water across the UKAEA estate. Consumption levels may vary based on programme requirements and operational demand.

Total potable water consumption and associated expenditure are set out in the finite resource consumption table. UKAEA monitors water use across the estate and considers resilience to climate-related water stress through its TCFD-aligned risk-management processes.

Expenditure on water and other finite resources is disclosed in line with Sustainability Reporting Guidance and GGC requirements. Indirect water use and other finite resource consumption have been considered on a materiality basis. Water management forms part of UKAEA's longer-term estate resilience planning, consistent with the Sustainability Strategy 2026–2030 focus on efficient resource use and climate adaptation.

Finite Resource Consumption

Finite Resource Consumption			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Non-financial indicators ('000m3)	Water consumption (whole site)	Supplied	62.7	97.95	92.89	98.61	102.09	107.12	108.04	34.96	20.47
		Abstracted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Supply per FTE	0.06	0.08	0.06	0.05	0.05	0.05	0.04	0.01	0.01
	Average number FTE staff/contractors		1,130	1,249	1,461	1,818	2,087	2,306	2,441	2,574	2,468
	A4 paper reams equivalent		4,800	5,200	9,200	200	3,200	1,600	1,200	1,000	500
Financial indicators (£k)	Water supply costs (whole site)		144	279	206	276	234	370	357	196	171
	Paper supply cost*		7.00	8.00	12.00	<1	3.20	9.50	8.90	6.79	3.25

* note this does not include print room publication paper supply.

HOW WE PERFORMED

Waste Management
UKAEA generates a range of waste streams from office activities, laboratories, specialist fusion research facilities, and estate operations. Waste is managed in accordance with regulatory requirements under Environment Agency permits and Thames Water discharge consents, alongside internal procedures that follow the waste hierarchy.

Waste arisings are reported by category and destination in waste data tables below, including quantities recycled, recovered or disposed of, together with associated expenditure. UKAEA distinguishes between conventional waste and hazardous or regulated waste and applies appropriate controls to each.

Information and Communications Technology (ICT) and digital waste information is reported within reused and recycled waste categories due to the historic GGC exemption under which UKAEA operated during the reporting period. As a result, ICT waste data is not available at the level of disaggregation required to separately report the number of units, mass and value recovered. UKAEA will implement revised data-collection arrangements under the 2026–2030 GGC Framework to enable separate ICT waste reporting in future Annual Reports.

Hazardous waste, single-use items and environmental incidents are considered on a materiality basis and disclosed where assessed as material.

Waste-management practices support the UKAEA Sustainability Strategy 2026–2030 objective to reduce environmental impacts arising from construction, operations and supply-chain activities.

Waste Disposal

Waste			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Non-financial indicators (tonnes)	**Total waste disposed of**		**503.04**	**659.20**	**643.79**	**297.89**	**861.58**	**861.20**	**719.65**	**780.50**	**861.8748**
	Hazardous waste	**Total**	**24.48**	**19.89**	**30.49**	**16.87**	**40.28**	**49.02**	**20.86**	**2.76**	**47.87**
	Non-hazardous waste	Landfill	13.36	56.36	40.30	18.81	26.48	16.30	40.24	35.82	121.17
		Reused/ Recycled (inc. ICT)	270.94	409.16	394.20	200.03	594.05	625.30	477.65	467.28	427.75
		Composted (inc. food)	37.36	33.84	36.72	7.04	18.35	8.84	15.62	55.88	49.14
		Incinerated (energy recovery)	100.10	99.04	102.32	40.29	147.35	129.20	129.35	163.06	174.05
		Incinerated (no energy recovery)	0.07	0.03	0.00	2.36	0.08	0.26	1.11	2.68	0.00
		Total non-hazardous waste	421.83	598.43	573.54	268.53	786.31	779.90	663.97	724.72	772.11
	Radioactive	Produced	40.94	50.05	49.81	31.46	57.50	46.55	37.40	97.99	42.60
		Disposed	56.73	40.88	39.76	12.49	34.99	32.18	34.82	53.02	41.90
	OSR (see note below)	Produced	36.49	9.81	25.63	7.55	16.16	1.63	16.52	0.00	0.00
	Total Radioactive / OSR waste disposed of		**56.73**	**40.88**	**39.76**	**12.49**	**34.99**	**32.28**	**34.82**	**53.02**	**41.90**
Financial Indicators (£k)	Total disposal cost		309.50	371.27	319.05	124.37	202.02	161.56	197.60	182.26	267.77
	Hazardous waste disposal cost		24.00	16.50	25.20	19.77	57.70	45.78	30.98	5.53	69.16
	Non-hazardous waste disposal costs	Landfill	2.00	4.00	16.50	3.83	7.47	8.78	13.40	8.26	1.29
		Reused/ Recycled	5.00	30.00	64.43	12.21	(8.96)	(23.75)	(11.63)	(59.00)	(66.26)
		Composted	1.50	1.30	1.59	1.95	0.84	-	2.91	6.30	13.94
		Incinerated (energy recovery)	21.00	20.47	24.33	8.58	40.32	37.56	36.25	21.89	64.57
		Incinerated (no energy recovery)	-	-	-	-	-	0.12	-	-	-
	Radioactive	Disposed	256.00	299.00	187.00	78.03	104.65	93.07	125.69	199.29	185.07

NOTES:
1. The figure for 'Composted' includes food waste sent for anaerobic digestion.
2. Out of Scope of Regulations (OSR) waste is material where the activity is low enough to fall below the threshold set by the Environmental Permitting Regulations to be classified as radioactive waste, so it is disposed of as (and included within the reported tonnages of) non-radioactive disposal routes.

Waste
UKAEA's activities on the Culham Campus create a varied range of waste streams. Some of these waste streams are complex and require extensive input from experts to ensure UKAEA complies with its legal obligations under the waste duty of care and code of practice, among other relevant legislation. The duty of care legislation makes provision for the safe management of waste to protect human health and the environment. The code of practice sets out practical guidance on how to meet waste duty of care requirements. It is issued under section 34(7) of the Environmental Protection Act 1990 in relation to the duty of care set out in section 34(1) of that act.

Decommissioning and repurposing of the former JET project facilities and associated infrastructure has continued. Clearance of the J4 building was completed on schedule, enabling its redevelopment for the LIBRTI project. More than 250 tonnes of controlled and hazardous waste were removed from the J4 building, alongside a further 300 tonnes of transformers and oil removed from the J5X area. A pioneering new factory providing a more sustainable source of gold and reducing reliance on mining by processing waste circuit boards has been unveiled by The Royal Mint. UKAEA waste teams have completed all contractual arrangements, carried out a duty of care visit to the facility, and are now ready to ship their first consignment of circuit boards to the new processing plant.

Waste Types
UKAEA, its tenants, and contractors working on-site produce in the region of 1,000 tonnes of waste per year (excluding building and demolition wastes). Most of this waste can be streamed into five categories: controlled, hazardous, radioactive, water, and gaseous discharge.

Controlled
Controlled waste is routine office and industrial waste which is not contaminated with hazardous materials or radioactivity. UKAEA segregates all controlled waste into material types, sending 95% for recycling or energy capture, minimising the amount of waste going to landfill.

Hazardous
Hazardous waste includes materials or substances which are harmful to humans or the environment. UKAEA's dedicated on-site hazardous waste storage facility segregates the different types of hazardous materials to prevent cross contamination and is only disposed of by licensed carriers.

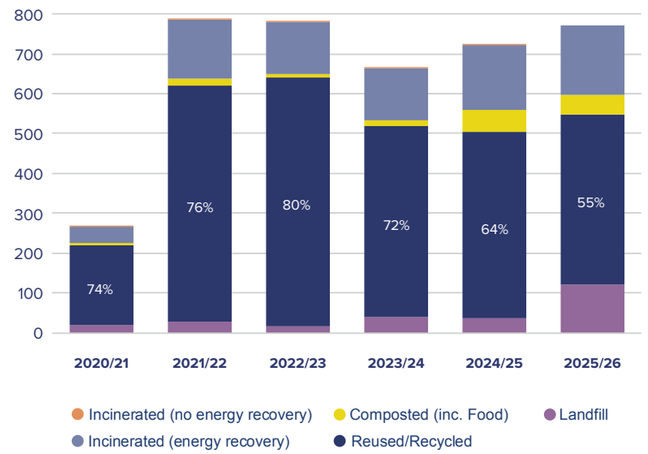
Radioactive
Most of the radioactive waste on site is of low activity/contamination. Only a small volume of intermediate waste is produced, which is carefully managed to minimise the amount requiring disposal. Processing waste, such as the thermal treatment of solids, allows for down categorisation and releases tritium which can be recycled for future use within UKAEA's research facilities. All radioactive waste is managed in accordance with the UKAEA environmental permits issued by the Environment Agency (environmental permitting regulations permit EPR/LB3330DP). The most appropriate waste routes are selected in accordance with the best available techniques and waste-acceptance criteria.

Water
Aqueous waste comes from several sources on-site: general washing in bathrooms and kitchens, water from operational areas, foul drainage, and radioactive water from some research facilities.

Uncontaminated water, primarily from kitchens and bathrooms, is disposed via the Thames Water sewage system. The remaining non-radioactive water is discharged via a dedicated trade effluent system under controlled conditions to comply with the UKAEA Environment Agency permit. Low level radioactive water, produced within our research facilities, is discharged via a dedicated radioactive drain system to the trade effluent system under an Environment Agency permit.

Gaseous discharges
Non-radioactive gas discharges are controlled where applicable under the relevant legislation, such as greenhouse gases. Radioactive gaseous discharges (tritium being the main isotope of importance) are regulated, monitored, and discharged under an Environment Agency permit. All exhaust stacks have in-line monitoring systems, and there are tritium alarms in and around the operational areas. Where higher levels of tritium are found, such as in the JET vessel, the air is passed through an abatement system which removes the tritium for storage, processing, and recycling.

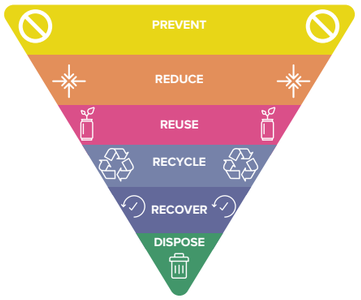
Controlled Waste Disposal



The significant increase in waste arising in recent years is mainly attributed to the enabling works and site clearance for major construction projects on the Culham Campus.

Waste management

As well as ensuring UKAEA meets all its legal obligations relevant to waste activities, it also vigorously applies the principles of the waste hierarchy.



Prevent

UKAEA's waste teams are regularly consulted on various projects at the conception stage, advising on waste minimisation techniques.

Reduce

From materials research for future fusion power plant design, to reducing the waste burden, to promoting reusable coffee cups at our favourite coffee outlets, waste reduction is at the heart of most of UKAEA's activities.

Reuse

UKAEA has been proactive in offering redundant plant and equipment for reuse by different facilities on-site, or by other organisations. Permits have also been applied for to allow the reuse of construction waste on-site, such as soil removed during excavation works.

Recycle

UKAEA has a recycling rate of 55% for its controlled waste streams, diverting hundreds of tonnes of waste from landfill.

Recover

The materials detritiation facility on Culham Campus has been operating with great success for several years now and is able to recover tritium from hard materials. Recovery methods like this will be crucial during the decommissioning of JET, substantially reducing the quantity of intermediate level waste.

Dispose

With some of the more complex waste streams, best available technique studies are performed to make sure that all possible options are considered in advance of disposal. Compliance monitoring is carried out on the disposal contractors and disposal sites to ensure that all legal and environmental obligations are fulfilled.

Tim Bestwick
Group Chief Executive and Accounting Officer
8th July 2026

Greening Government Commitments
UKAEA reports sustainability metrics aligned with the Greening Government Commitments (GGC) where applicable. Metrics that contribute directly to GGC targets are identified within the relevant data tables. Other sustainability metrics are disclosed for transparency and management purposes but do not contribute to GGC targets.

Certain elements of the GGC framework do not fully align with the specialist and experimental nature of UKAEA's estate and research activities. Where exemptions apply, these are explained. For example, radioactive wastes are exempt from waste targets due to limitations on disposal methods.

During 2025/26, greenhouse gas emissions continued upon the downward trend previously identified in the 2024/25 report. Similarly, water usage has continued to decrease, while waste tonnage has continued to increase. These trends reflect the reductions made through decommissioning activities for JET and its supporting plant and equipment; the variation in headcount; and the changes in waste disposal (both following the introduction of Simpler Recycling measures, and new internal data reporting methodologies).

Climate-Related Governance and Risk (TCFD)

TCFD Compliance Statement
UKAEA has prepared disclosures in accordance with HM Treasury's Taskforce on Climate-related Financial Disclosures (TCFD) application guidance on a comply-or-explain basis. Using our enterprise risk management scoring and escalation methodology, UKAEA has determined that climate change does not constitute a principal risk.

On this basis, UKAEA has complied with the following TCFD-recommended disclosures:
- Governance – recommended disclosures (a) and (b)
- Risk Management – recommended disclosures (a) to (c)

Proportionate qualitative climate scenario analysis has been undertaken to support estate resilience and long-term asset stewardship. Quantitative financial-scenario analysis has not been performed, reflecting the non-principal classification of climate risk and the specialist nature of UKAEA's operations.

Governance
UKAEA recognises the importance of identifying and managing climate-related risks and opportunities and is committed to transparent, accountable and sustainable operations.

TCFD governance is provided through the Sustainability Committee, which oversees sustainability strategy, carbon-reduction initiatives and climate adaptation actions. The Sustainability Committee reports to the Corporate Development Committee, with regular updates provided to the Audit & Risk Assurance Committee and the UKAEA Group Board.

Through these governance arrangements, the Board has oversight of climate-related risks and opportunities as part of its responsibilities for strategy, risk and performance. Climate-related matters are embedded within existing governance, risk and assurance processes. Executive responsibility for managing climate-related risks sits with divisional management, reflecting the varied nature of operations across the UKAEA estate.

Strategy and Scenario Considerations
As part of Phase 3 of TCFD implementation for government bodies, UKAEA has assessed how climate-related risks interact with organisational risks, including infrastructure resilience, long-term asset management and operational continuity.

UKAEA applied the Government Property Function's Estates Adaptation Framework to assess climate risk at a strategic level.

A proportionate scenario analysis was undertaken, considering conservative, Paris Agreement-aligned and more severe global warming scenarios. This qualitative analysis supports understanding of potential physical climate risks over the short, medium and long term and informs resilience planning rather than forecasting outcomes or setting policy. The inherent assumptions and limitations of this approach are acknowledged.

In assessing relative risk significance, climate-related risks are considered lower in immediacy than UKAEA's principal risks as identified on page 66. This assessment informs prioritisation within the enterprise risk-management framework.

Risk Management
Climate-related risks are identified and managed through UKAEA's enterprise risk-management framework alongside strategic, operational and safety risks. Mitigation actions are prioritised based on likelihood and impact.

Climate risk assessment followed the six-step Estates Adaptation Framework methodology. It was applied to all UKAEA sites (excluding external sites such as West Burton and Harwell who have their own sustainability arrangements in place). The highest-scoring risks were found to apply primarily to the Culham Campus and are summarised below, together with associated mitigation actions.

It is worth mentioning that in addition to direct and cascading climate impacts, UKAEA is also impacted by transitional climate risks related to the policy, regulatory, market and technology shifts that arise as the world moves toward a low-carbon economy. For UKAEA, these risks will become more significant as it moves from operating major research assets like JET to enabling a commercial fusion ecosystem. Net-zero policy will tighten expectations around nuclear fusion regulation, waste management and sustainable decommissioning. At the same time, these transitional forces create strong opportunities. Net-zero commitments increase long-term demand for fusion and JET decommissioning offers a showcase for sustainable nuclear practice.

Climate Risk Category	Description	Impacted Areas	Mitigations
Storms and high winds	Risk from moisture, wind and driving rain	• Building fabric • Operations and equipment	Improve the resilience of the older buildings Protect vulnerable & critical equipment
Flooding	Risks from surface water and river flooding	• Buildings and operations • People and communities	Specify sustainable drainage and maintain the current drainage system, factoring in contingency costs for emergencies and ensuring business continuity plans are up to date and address climate related scenarios
Cascading	Indirect risks from climate events happening in nearby areas or nationally	• Transport infrastructure • Energy and ICT services • Power and water supplies • Supply chain operations	Identify critical services on site and in the supply chain and focus on putting in place mitigations for these, ensuring business continuity plans are up to date and address climate related scenarios
Transitional	Business risks/ opportunities from changing regulations and changing demand for goods & services	• Business compliance • Funding opportunities • Reputation	Continue to deliver against sustainability strategy and objectives, aligning with the latest policy and regulatory changes

Mitigations are embedded in divisional risk registers and captured at a strategic level through the UKAEA Sustainability Strategy 2026–2030 and the forthcoming revised Estates Strategy, ensuring climate adaptation is considered in financial and investment decisions.

Wider Sustainability Considerations

UKAEA considers wider sustainability topics applying a materiality filter, including supply-chain impacts, sustainable procurement and biodiversity. Relevant qualitative disclosures are included where assessed as material.

Sustainable procurement and supply-chain management support the Sustainability Strategy 2026–2030 objective to embed environmental considerations within commercial and contract management.

At the Culham Campus, new developments are required to maintain and enhance biodiversity in line with local authority biodiversity net gain requirements. UKAEA seeks to retain and enhance tree canopy cover and vegetation across the campus. A sequential mitigation approach is applied, prioritising on-site mitigation, followed by off-site mitigation or local authority biodiversity contributions where necessary. This approach is applied to all other UKAEA sites, unless justified through exemption.

Supply chain sustainability is one of three core pillars of UKAEA's sustainability framework. During 2024/25, sustainability and social value expectations were strengthened within strategic supplier relationship management. A new carbon reporting tool was introduced to capture Scope 3 emissions using an apportionment approach, with insights used to inform future reporting and improvement actions.

Business travel has historically been a significant emissions source. During 2024/25, UKAEA focused on developing a sustainable business travel policy and guidance to reduce emissions from business travel and commuting. This policy will be published as an annex to the UKAEA Sustainability Strategy 2026–2030.

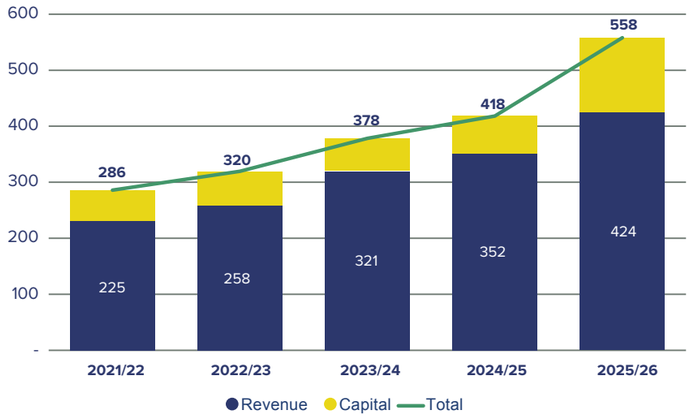
Assurance and Use of Sustainability Information
Sustainability information supports governance oversight and decision-making across UKAEA. Data limitations and development areas are disclosed transparently. UKAEA continues to strengthen data quality and reporting capability and will enhance future disclosures in line with evolving guidance and proportionality.

An ongoing programme to improve sub-metering across the estate is underway to enhance emissions data quality. Some future targets and metrics are not included in this report as the final 2026–2030 GGC Framework had not been published at the time of writing.

Financial review

UKAEA Group incorporates the results of UKAEA National Fusion Laboratory (referred to as UKAEA hereafter), UK Fusion Energy Ltd (formerly UKIFS), AEA Insurance Ltd and UKAEA's share of trading results and net assets of the Harwell Science and Innovation Campus Joint Venture. The Annual Accounts on ***pages 134 - 172*** provide financial statements and further information. The key highlights are presented below.

Total funding profile over last 5 Years (£M)



Funding Profile
Over the last five years, funding has increased to enable the growth in science, research and operational funding for the experimental fusion programmes, and investment in facilities. It has increased by 33% since the previous year and by 95% over the past 5 years.

Income £558M
The majority of the income in 2025/26 was from UKAEA Group's sponsoring department, DESNZ, at £513M. This is in respect of a series of major ongoing projects to develop the UK fusion capability – STEP, H3AT, Fusion Technology, LIBRTI, MAST-U and decommissioning of the JET experiment in Culham. Grant in Aid (income from UKAEA Group's sponsoring department) accounts for 92% of total income.

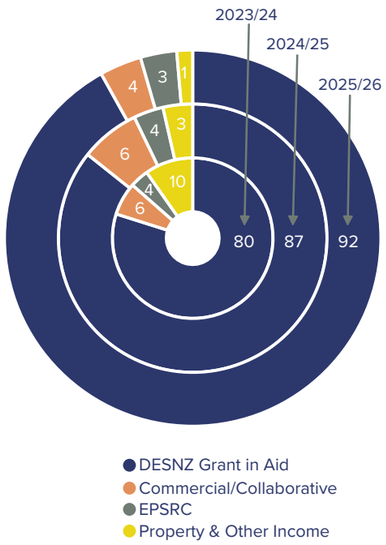
Of the total income received, £424M was revenue and £134M was capital, with £133M of the capital funding coming from DESNZ.

However, the revenue income comes from a variety of different sources.

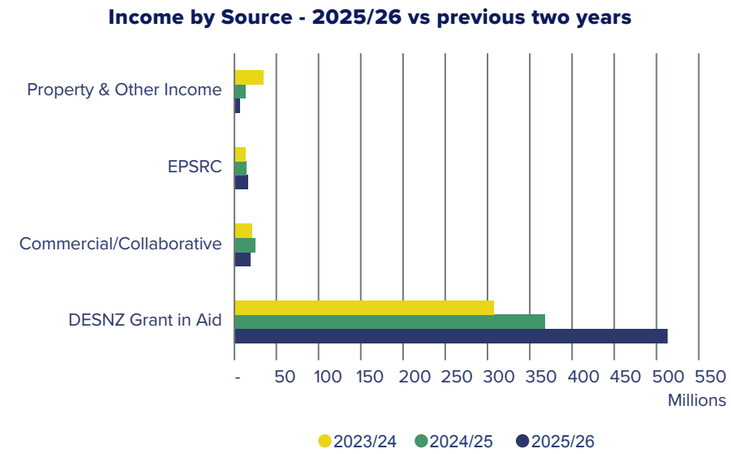
Income from commercial and collaborations reduced in 2025/26 to £20M compared to £25M in 2024/25. This is due to the natural reduction of some large long-term contracts. Work is taking place to bid for new work.

EPSRC funding increased overall, though fell as a percentage, to £17.4M. Property income decreased due to tenancies ending. £2M of commercial profits was utilised to fund property estates.

Income by source (excluding capital) (%)



Income by Source - 2025/26 vs previous two years

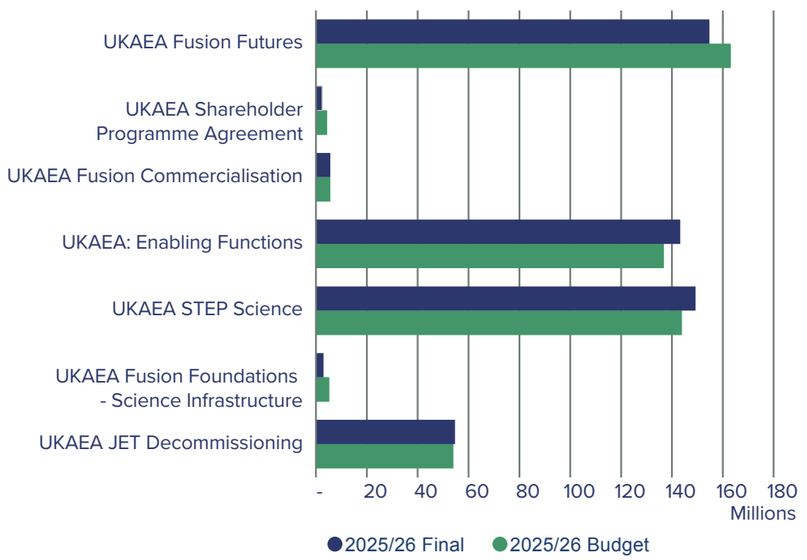


DESNZ Funding
UKAEA Group expenditure, which is not covered by external income, is subject to budgetary control by DESNZ. The majority of UKAEA budget is funded from the Capital Departmental Expenditure Limit (CDEL); the budget was set at £513M for 2025/26. This includes £110M of additional budget which was transferred later in the year. Overall the entire budget was utilised. There was some over and under spends within individual projects, but overall UKAEA Group spent its budget.

As the majority of our funding is from government via Grant in Aid or external grants, UKAEA Group aims to balance income and expenditure (excluding depreciation and impairments) at an operational level. This was achieved in 2025/26.

Please note that in the graph below, the STEP programme includes costs appropriate to the programme, outside those incurred by UKFE. The most significant example is the purchase of the West Burton site.

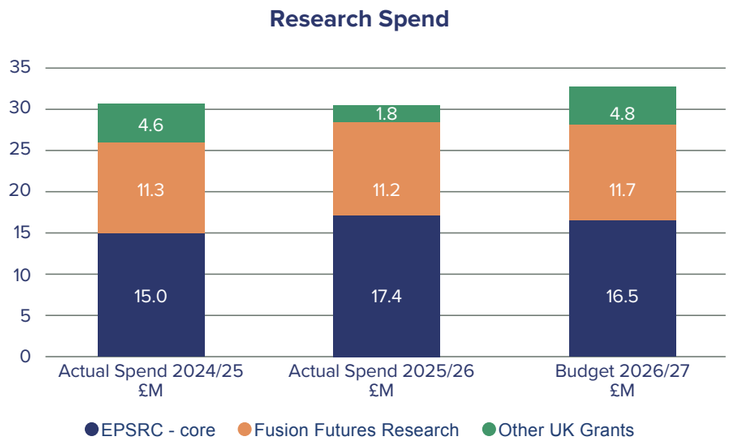
DESNZ Income by Programme - 2025/26

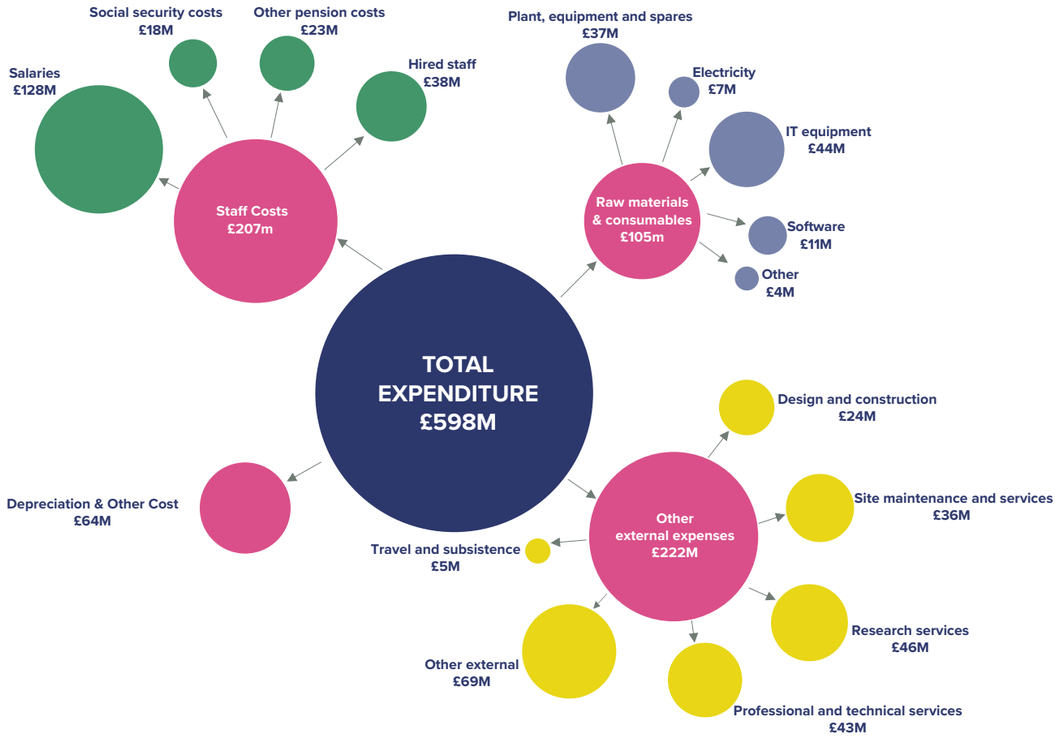


HOW WE PERFORMED

Research Funding

UKAEA's foundational research is funded in various ways. The majority comes from an EPSRC grant from UKRI. EPSRC maintains responsibility for Fusion Research. The current EPSRC grant ends in 2026/27 and we are working with UKRI on the funding going forward.





Expenditure

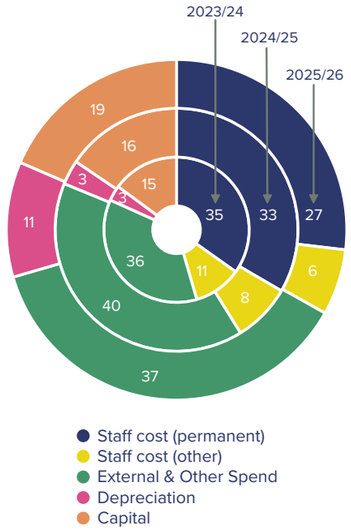
Expenditure is higher than income because it includes depreciation and other below the line non-cash costs. UKAEA spends most of its revenue income on people, both permanent staff and contingent labour, and on external expenditure.

The people are predominantly engineering and operations people who are operating our facilities and programmes. Over the past three years, as UKAEA's facilities and research has grown, the level spent on staff, operating expenditure and capital has remained consistent.

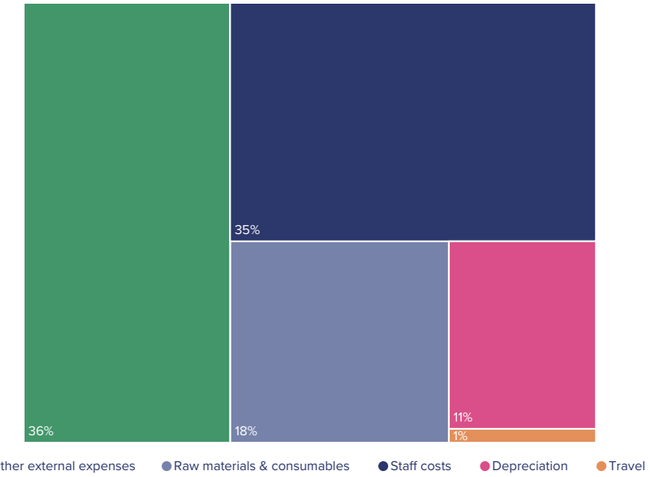
There has been an increase in external spend in 2025/26 compared to previous years and this reflects the increasing size of the fusion programme and UKAEA's mission to maximise UK economic benefit. £222M was spent on external expenditure and of this £213M was spent within the UK.

The depreciation is mainly in respect to the buildings on the Culham site that are utilised by UKAEA. The balance of spend is external, encompassing utilities, plant and equipment, site services and construction.

Total expenditure by type (including capital) (%)



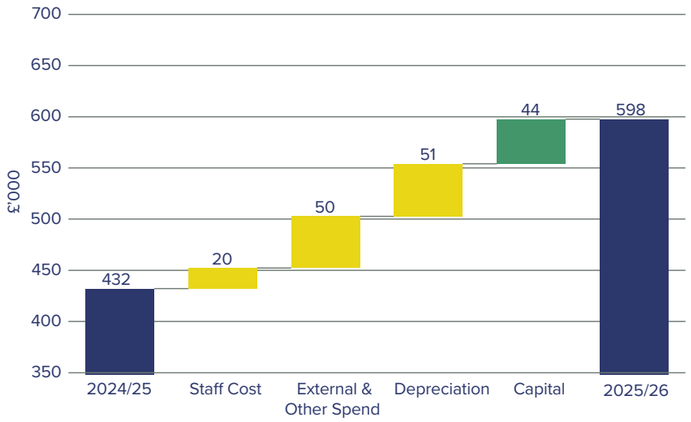
FY25/26 Actuals by spend type



Total expenditure by type

Total expenditure in the year was £598M, £166M higher than in 2024/25 with the increases mostly from external expenditure, capital and depreciation. The increase is driven largely by one-off purchases, including the Sunrise computer and the West Burton site.

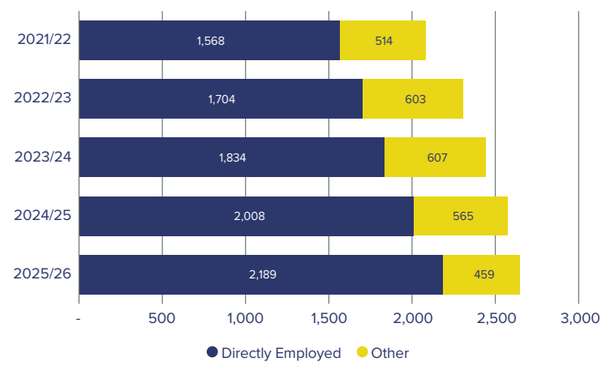
Revenue and Capital Expenditure vs last year (£M)



Staffing

Staff Full Time Equivalents have increased steadily year on year, driven by the expansion of programmes such as STEP and LIBRTI. Temporary staff have started to decrease in the past year, driven by a focus on attracting permanent staff to strengthen key capabilities.

People full time equivalents



HOW WE PERFORMED

UK Fusion Energy
UK Fusion Energy is a wholly owned subsidiary of UKAEA. In 2024/25 it was included in the accounts with 5 months of activity. In 2025/26 a whole year of activity is included. In 2025/26 the expenditure by UKFE was 23% of the DESNZ CDEL budget and 20% of the total expenditure. In future years, over the next four years of the Spending Review, that proportion is expected to increase.

In these accounts some accounting notes have been expanded to disclose UKAEA and the Group numbers. UKFE are producing a separate set of accounts to be filed in Companies House.

A site in West Burton was purchased in-year for UKFE to base its STEP prototype power plant to prove the commercial viability of net energy production. This site was a significant purchase and is owned by UKAEA and leased to UKFE for a peppercorn rent.

A contingent asset has been recognised in the accounts for the coal ash in the West Burton site where UKFE will be based. The value of this ash is unknown due to its unconfirmed possible future use.

Impairments
There has been an impairment in the year.

It is for £26M following an assessment of the carrying value of a project.

Investments & Associates
Funding has been made available in the year to support fusion energy by investing with external companies. An investment was made for £5.6m with TAE Technologies to create a new associate to design, develop, and ultimately manufacture and service neutral beams for a wide range of fusion approaches. Another investment commitment at yearend was in RH3OVA, formed by UKAEA and Eni, to deliver services addressing key fuel cycle challenges facing the development of commercial fusion energy. The last was to invest £5m in First Light Fusion's new funding round to deliver affordable, scalable, fusion energy.

In addition £20m was invested in UKI2S which is an evergreen fund supporting fusion spin out and start-up companies. This supports the Fusion Strategy which sets out to grow fusion supply chains and skills in the UK.

Provisions
The JET Life-time Plan
A key item on the UKAEA balance sheet is the provision for site restoration for the Joint European Torus (JET) facility at Culham, which ceased scientific operations in December 2023 after 40 years.

The site restoration provision, at almost £1Bn, represents the estimated costs of decommissioning this facility and restoring the site upon which it sits. Due to the nature of fusion experiments, the fuel types used, and the advanced remote handling systems which will be used for decommissioning for the first time, this decommissioning project will be of great scientific and technical importance. It will also be subject to unique uncertainties and risks.

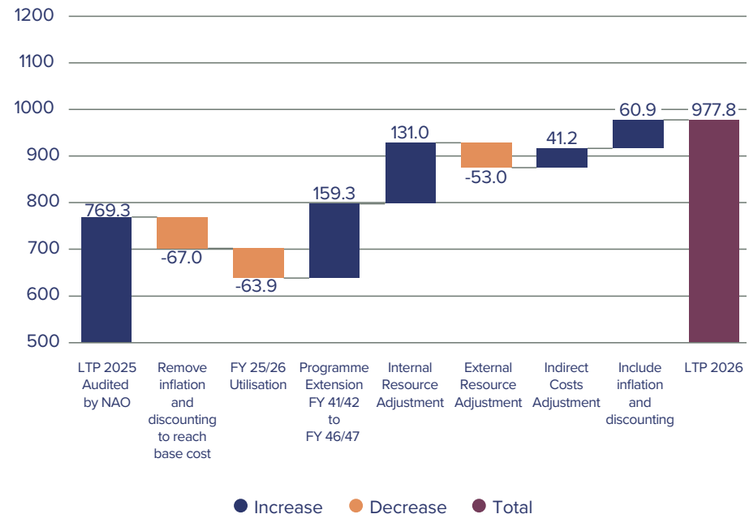
The JET Lifetime Plan contains three major activities:
1. Decommissioning the JET experimental tokamak fusion machine.
2. Storing, processing, and disposal of radioactive wastes.
3. Demolishing structures, including buildings, and restoring the ground – once their use for decommissioning is complete.

The JET Life time Plan is set out as a costed project plan. DESNZ, as sponsoring department, provides UKAEA with a Letter of Comfort that it will cover the cost of decommissioning JET. UKAEA therefore recognises a matching receivable.

As a substantial programme across multiple years (at least 17), JET Decommissioning will require business case approvals from DESNZ and HM Treasury. This will be approached in tranches – providing oversight of the full programme and requesting approvals for a defined period of spend. The business case sets out the case for decommissioning (Lifetime Plan) alongside options to pursue Alternative Strategies to repurpose the JET facilities for UK science and innovation where there is a strong value for money case to do so. The first tranche of the programme has been fully approved in a full business case in 2025/26. This means that funding is approved until 2030.

HOW WE PERFORMED

FY25/26 Actuals by spend type



This Lifetime Plan
The current assessment of the Lifetime Plan (Decommissioning) is that a provision of £978m (2024/25 £769m) is required - including inflation and discounted to current value. This is a substantive increase in the year.

The changes are due to the programme receiving less funding in the Spending Review than it had anticipated, thereby extending the life of the programme. This increases uncertainty and therefore risk. Given the length of the programme this has a substantial impact on the overall provision required for the programme.

The full impact of the change in funding on the whole lifecycle costs will be investigated in 2026, by completing decision making and modelling costs. Currently the working assumption is that there will be a four-year delay to the critical path of the programme as the detritiation facility will be available four years later than planned, as the funding to build it will not be available until after 2030. An additional 18 months was added to the start of the programme due to delays in the handover due to JET being used for longer than at first anticipated. In total the six extra years add £159M to the Base.

Increased resources are required in Decommissioning & Handling (D&H), Engineering, Waste and Office of Site Management (OSM), totalling £131M. There are lower contract costs in D&H and Waste, partially offset by higher OSM contract and Tier II costs, resulting in an overall reduction of £53M in contract costs. Indirect costs (overheads) increase by £41M.

The unique facilities at Culham will enable UKAEA to use novel detritiation (tritium removing) techniques to reduce Intermediate Level Waste (ILW) from JET whilst also generating intellectual property benefiting operational and decommissioning costs across the UK and internationally. These novel techniques will also deliver the assumed cost savings in processing, packing, transport and long-term decay storage. Although the techniques are novel, UKAEA has conducted research to confirm that a significant number of the materials present in the machine can be detritiated. However, there is an uncertainty in the estimates, validity of assumption and risk of errors in the methodologies used in preparation of the estimate, which is being mitigated by regular reviews of the assumptions and use of reference class forecasting to benchmark contingency.

2025/26- 2029/30 Spending Review
The Spending Review invested a record £2.5Bn in Fusion over the five-year period. An additional £100M has been transferred since then. This certainty of funding gives UKAEA Group a strong base on which to grow. Of the £2.6Bn, £1.3Bn will be invested in UKFE for the next phase of delivering STEP in partnership with industry and £1.3Bn in UKAEA's National Fusion Laboratory.

Tim Bestwick
Group Chief Executive and Accounting Officer
8th July 2026

ACCOUNTABILITY REPORT

86 Accounting Officer's Statement

87 Directors' Report

88 Efficiency Overview

89 Governance Statement

93 Governance Model

94 Risk Management

100 Board and Committee Reports

100 UKAEA Group Board Report

106 UKAEA Group Executive Committee Report

108 National Fusion Laboratory Executive Committee Report

113 Board Subcommittee reports

118 Remuneration and Staff Report

128 Other Parliamentary Disclosures

Accounting Officer's Statement

Section 4(3) of the Atomic Energy Authority Act 1954 requires the United Kingdom Atomic Energy Authority (also referred to as 'the Authority') to prepare a statement of accounts for each financial year in the form, and on the basis, set out by HM Treasury. The financial statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Authority and of its income and expenditure, Statement of Financial Position, and cash flows for the financial year.

In preparing these financial statements, the Accounting Officer must comply with the requirements of the Government Financial Reporting Manual, particularly to:

- Observe any additional guidance issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on a going concern basis.
- Confirm that the Annual Report and Accounts is fair, balanced, and understandable.
- To take personal responsibility for the Annual Report and Accounts and the judgements required to determine that it is fair, balanced, and understandable.

The Accounting Officer of the Department for Energy Security & Net Zero (DESNZ) has appointed the Interim Chief Executive Officer as Accounting Officer of UKAEA Group. The responsibilities of an Accounting Officer for keeping proper records and for safeguarding the Authority's assets, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, are set out in Managing Public Money published by HM Treasury. These include:

- Ensuring that the resources are used for the purposes intended.
- Providing assurance that UKAEA Group exercises the highest standards of probity in the management of public funds.
- Having personal accountability for the economic, efficient and effective use of resources.
- Accounting accurately and transparently the financial position and transactions.
- Delegating financial, and other, authority and accountability to senior colleagues.

UKAEA Group has a wholly-owned subsidiary, UKFE Ltd (formerly UKIFS Ltd), and the same Accounting Officer responsibilities extend to this subsidiary.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that UKAEA Group's auditors are aware of the information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Directors' Report

The following items, required as part of the Directors' report, are included:

- Composition of the UKAEA Board on ***page 100***.
- Disclosure of personal data-related incidents on ***page 117***.
- A Directors' register of interests can be viewed **here**.

Future Outlook and Going Concern
Substantial commitment and funding from HM Government have enabled significant growth in UKAEA Group in recent years.

UKAEA Group has a pipeline of major investment, with a budget of £2.6Bn from DESNZ over the current Spending Review. This has increased from the £2.5Bn announced originally due to additional investment in 2025/26. This is a record budget settlement over five years and will ensure that we are best placed to deliver in the coming years.

The business cases for JDR and LIBRTI were approved in 2025/26, and the business case for STRIDE is being written for approval in 2026.

The pipeline of works over the forthcoming years is strong, with STEP planned as a multi-decade programme, with the business cases being approved in stages.

In addition, UKAEA Group receives further income from grants and commercial activities.

The JET facility ceased scientific operations at the end of 2023. UKAEA is leading the decommissioning programme, which enables this to be integrated with repurposing and regeneration of the JET site, and to explore the opportunities for research and technical development in the decommissioning of a fusion device for the first time. UKAEA Group's Statement of Financial Position includes a provision of £1.01Bn primarily for decommissioning, site restoration and historic organisational-restructuring costs.

Matching reimbursement receivables are recognised for most of these liabilities based on assurances from our Sponsoring Department that it will continue to accept responsibility in principle for these costs and will provide for them in their departmental resource accounts.

There is therefore no effect on UKAEA Group's ability to operate as a going concern. The financial statements have consequently been prepared on a going concern basis.

I have reviewed all evidence provided to support the annual Governance Statement. My conclusion is that UKAEA Group's overall governance and internal control structures are generally sound and fit for purpose.

Tim Bestwick
Group Chief Executive and Accounting Officer
8th July 2026

Efficiency Overview

In recent years, the UKAEA Group has transitioned from primarily a research and development organisation into a delivery-oriented entity focused on achieving commercially viable fusion energy. Between 1983 and 2021, UKAEA received most of its funding from the EU to operate JET, the most powerful operational fusion machine in the world.

Since 2021, UKAEA Group has shifted to a model where approximately 85% of its funding is now directly from the UK Government. Concurrently, the number of projects and programmes has significantly increased. This increased complexity, along with comprehensive assurance and oversight requirements mandated by Government, has necessitated a growth in corporate functions.

In 2025/26 UKAEA started to review its corporate functions to identify what efficiencies could be made and to ensure costs are kept to a minimum. This was in light of the increased range of programmes being delivered across the organisation. Efficiency working groups, which reported directly to UKAEA's Executive Committee, were set up to monitor certain activities. These reviewed:

- Corporate functions,
- Estates,
- Commercial income, and
- Processes.

Process improvements started in 2025/26 to make things simpler for divisions and programmes. Some of the changes include:

- Simplifying the invoice approval process and increasing delegation limits, and
- Reducing the number of Work Order Numbers (cost centres).

In April 2026 invoice scanning was introduced in the Accounts Payable team and other process improvements have commenced and will be made throughout 2026/27.

UKAEA has joined the Government wide efficiency group to learn best practice from other departments. A business plan to ensure work on efficiencies is clear, transparent and effective has been drawn together to plan future developments in 2026/27.

In addition, overhead principles were agreed by the Executive Committee to drive forward improvements. These have created greater governance and transparency.

Three Corporate Performance Measures have been agreed for 2026/27. These are:

- To produce 5% efficiencies per annum,
- To reduce UKAEA's office footprint at Culham by 10%, and
- For 4 service areas to improve two processes in 2026/27. These areas are finance, commercial, HR and engineering.

Governance Statement

Scope of responsibility and purpose of the governance statement

As Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of the United Kingdom Atomic Energy Authority's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in HM Treasury's Managing Public Money.

The Governance Statement, for which I am personally responsible, sets out how I have discharged my responsibility to manage and control UKAEA Group's resources during the year. It also sets out the governance framework and control structure of UKAEA Group, its stewardship and corporate governance, and the framework in place to evaluate the effectiveness of the risk management process.

Internal Audit Opinion and Significant Issues

UKAEA Group has an internal audit function which operates across the Group in accordance with the Government Functional Standard GovS009: Internal Audit and the Global Internal Audit Standards including the public sector Application Note.

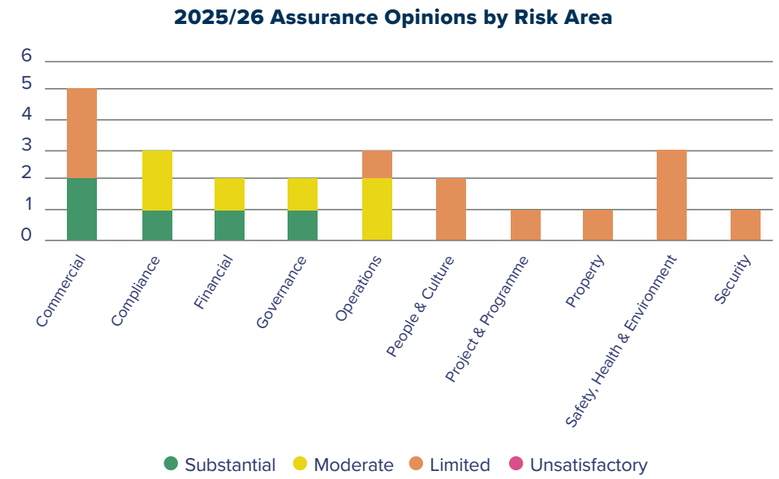
It provides assurance on the adequacy and effectiveness of UKAEA Group and subsidiary risk management, control, and governance frameworks driven by the strategic objectives, risk appetites, and potential risk exposures of UKAEA Group and its subsidiaries. The breadth of the internal audit function extends to the management system audit programme focused on operational safety, health, environment, and quality performance, and monitoring adherence to ISO 9001, 14001 and 45001. This provides a holistic view of assurance across operational and functional areas to the UKAEA Group Accounting Officer and UKAEA and UKFE Audit and Risk Assurance Committees.

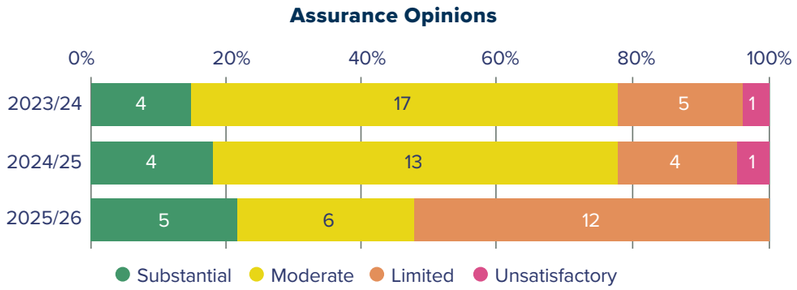
The Group Internal Auditor is required to provide an independent opinion on the adequacy and effectiveness of UKAEA Group's framework of governance, risk management and internal control. In their Annual Report and Opinion for 2025/26, the Internal Auditor has provided a "Limited" assurance opinion, representing a lower level of assurance than the "Moderate" assurance opinion received in 2024/25. The UKFE internal auditor has returned a "Moderate" assurance opinion for 2025/26.

Identification of Significant Issues

While the proportion of audit results with a limited or unsatisfactory assurance opinion remained consistent for 2023/24 and 2024/25, there has been predominance 48% of limited assurance opinions in 2025/26. These have occurred mainly in:

- Safety, Health and Environment where repeat audits due to previous limited assurance opinions in 2023/24 for Work Control, Construction, Design and Management (CDM) and Quality, Safety, Health & Environment, Risk and Assurance Directorate (QSHERA) have found repeat findings.
- Relationship with UKFE where the Fusion Partner and Corporate Services Agreement processes, monitoring and governance required improvement.
- People and Culture where the previously identified issues with stress and wellbeing within the function were found to be still present, and
- the Annual Bonus Review audit where the need to strengthen aspects of performance measure monitoring, including system capability and governance arrangements, was identified.





Mitigation Action Plan
UKAEA Group will undertake a structured programme of activity during 2026/27 to strengthen its internal control framework. The Group is committed to achieving an improved level of assurance in future reporting periods.

In relation to safety and CDM, after repeated Limited Assurance reports a Tiger Team led by two senior staff members was established in December 2025 to conduct root cause analysis of the previous reports and identify systemic issues. This includes linking up with other similar organisations to better understand best practice.

Over the past six months, UKAEA has made significant progress in the development of digital tools to strengthen work control and work authorisation processes. At the time of the audit, these tools were still undergoing testing and therefore were not included within the audit scope or scoring.

The development of a new digital work control application has now been completed, and a phased rollout across UKAEA is underway, with full implementation planned by September 2026. The application delivers a streamlined and clearly defined workflow that supports compliance with the Construction (Design and Management) Regulations, while also providing a robust and transparent audit trail.

GOVERNANCE STATEMENT

In relation to the Relationship with UKFE, the UKAEA Executive Sponsor for the Fusion Partnership, the Fusion Partner Office Manager and their counterparts at UKFE have worked closely with the audit team to develop a suitable action plan to address the recommendations in the internal audit report. The target dates of the actions were staggered to reflect the relative importance and urgency of the various recommendations. By the end of the financial year, sufficient actions had been completed to address recommendations relating to governance, oversight of work packages (quality in particular) and asset ownership. The team is on track to address remaining recommendations by the end of Q1 2026/27.

All Corporate Services Agreement internal audit recommendations were implemented in 2025/26. These included the establishment of a dedicated governance forum (the Corporate Service Performance Committee), regular meetings between key service areas, and revamped Key Performance Indicators.

In relation to People and Culture, the audit identified a high number of improvements and good practices, in particular across talent acquisition and onboarding, EDI & wellness and people data management and reporting. While these improvements were highlighted, internal audit identified some ongoing operational pressures and system-level weaknesses contributing to workforce stress in the team.

Activity at both organisational and local levels is planned to address the pressures and weaknesses faced:

1. Root cause analysis of workplace stressors (short-term) in the People & Culture team, with associated action plan (short to long-term).

2. The development of an organisational-level transformation plan to better control and co-ordinate change activity across the business, and the demand on any team involved in their delivery (such as People & Culture team).

3. A structured review of the organisations' people software portfolio, including process mapping, developing costed business cases for consideration on programmes of work to address weaknesses.

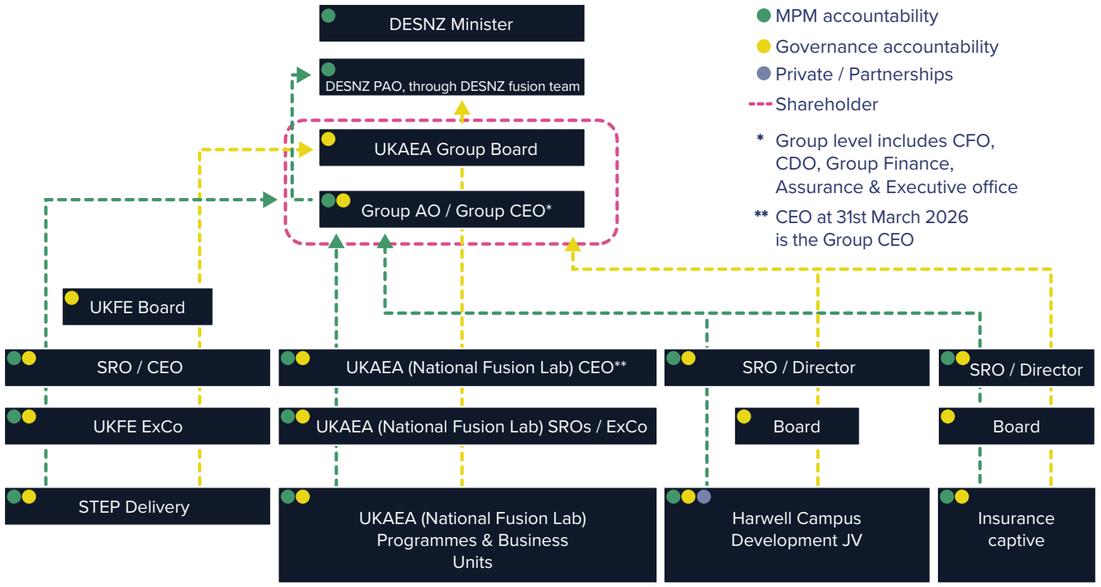
In relation to the Annual Bonus Performance Measures, internal audit identified the need to strengthen aspects of performance measure monitoring, including system capability and governance arrangements. Actions have been implemented to improve processes, oversight and reporting, alongside enhancements to supporting guidance and engagement with measure owners. Further improvements are being delivered through the introduction of an updated system with stronger controls, increased assurance, and improved auditability. The 2025/26 audit of this area shows an improved level of assurance (from "Limited" to "Moderate") compared to last year.

Monitoring and Review
The programme of improvement will be overseen by the UKAEA and UKFE Audit and Risk Assurance Committees throughout the year, consistent with their role in providing independent assurance on the effectiveness of governance, risk management and internal control.

The ARACs will monitor progress against agreed actions and will provide advice to the Accounting Officer to support their assessment of the effectiveness of the system of internal control.

Corporate Governance

Corporate Structure
UKAEA is a non-departmental public body sponsored by the Department for Energy Security and Net Zero.



Framework Document
The Framework Document between DESNZ and UKAEA sets out the overall governance framework and the formal operating relationship. It was last updated and published in January 2025. The Framework Document acts as a central reference point for everyone involved between the sponsoring Department and UKAEA, and supports them in making strategic, policy, and financial decisions and agreements with confidence.

UKAEA Group
UKAEA Group includes UKFE Ltd (formerly UK Industrial Fusion Solutions Ltd) which was stood up in November 2024 as a company limited by shares and a wholly owned subsidiary of UKAEA Group. UKFE was set up to deliver a prototype fusion energy plant at West Burton in Nottinghamshire, working together with industry to deliver the prototype plant by 2040. The UKFE Corporate Structure Document sets out the overall governance framework and formal operating relationships between UKFE and UKAEA Group in its role as Shareholder. It establishes the Company's core responsibilities and establishes a reference point to support both UKFE and UKAEA in how they make key decisions.

The Delegated Authority Letter from the UKAEA Group Accounting Officer to the UKFE CEO further sets out the transfer of formal delegated spending authorities and budget allocations within specific limits and guidelines. The UKFE Delegation Framework delegates these authorities within UKFE, with financial and commercial approvals underpinned by system controls. A separate Delegated Authority Letter was issued in March 2026 to transfer responsibility for the management of the UKAEA Group owned West Burton site to the UKFE CEO.

The UKAEA Group has 50% control of a joint Public Sector Limited Partnership (HSIC PubSP), the public-sector partner in Harwell Science and Innovation Campus Ltd Partnership (HSIC), which is responsible for the development of the Harwell Campus. Both HSIC PubSP and HSIC have appropriate and fully documented governance arrangements in place, covering such matters as membership of, and decisions made by, their Boards of Directors, appointment and removal of directors, funding and confidentiality.

UKAEA Group's subsidiary, AEA Insurance Ltd, has appropriate governance arrangements in place. These are formally reviewed and updated as necessary by its Board of Directors, on which UKAEA is represented by the Head of Pensions and Insurance. A compliance and company secretarial summary is tabled for review at each board meeting. A risk register and provisions for an annual internal audit of controls and risks are also in place.

The UKAEA is responsible for the management of the Combined Pension Scheme (CPS) and related pension schemes, which are for eligible UKAEA employees and other participating employers. The CPS is an unfunded, final salary defined benefit scheme. A Pensions Oversight Board, chaired by UKAEA's Chief Financial Officer, was established in 2024 to provide additional assurance to UKAEA. A separate Annual Report and Accounts is prepared for the pension schemes and published on the gov.uk website.

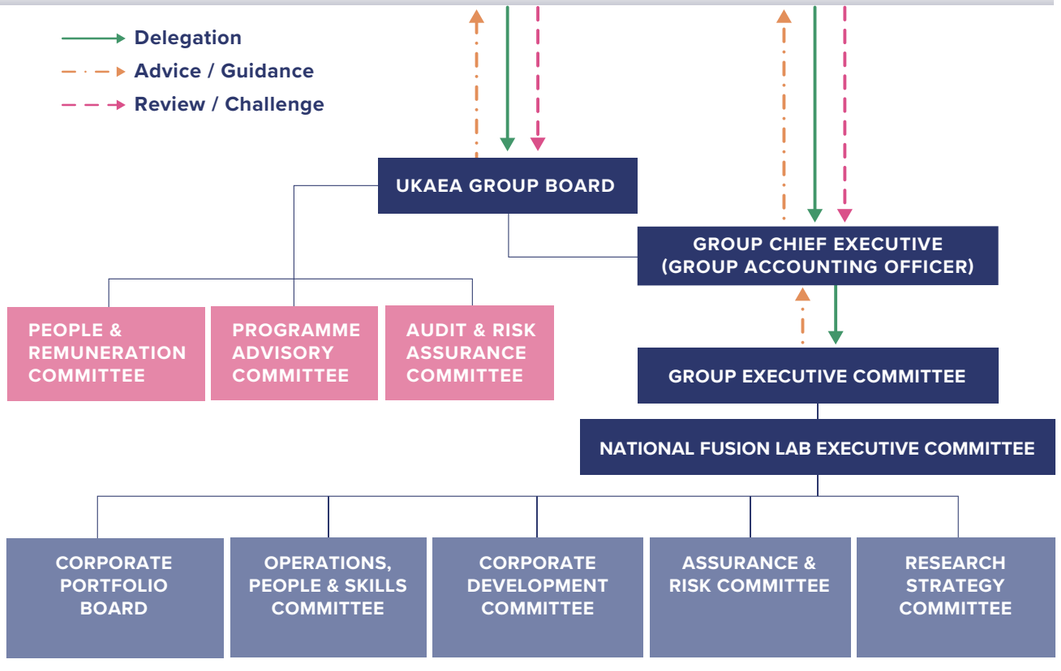
UKAEA has dormant registrations at Companies House for UK Fusion Solutions Ltd and UKAEA Ltd.

Governance arrangements and our efforts to enhance UKAEA Group governance arrangements continue, with a Board members' survey completed in December 2025 and with Terms of Reference and membership of Group Executive Committee and National Fusion Lab Executive Committee Sub-Committees being reviewed in 2025/26.

Governance model

MINISTERIAL OWNER: DEPARTMENT FOR ENERGY SECURITY AND NET ZERO

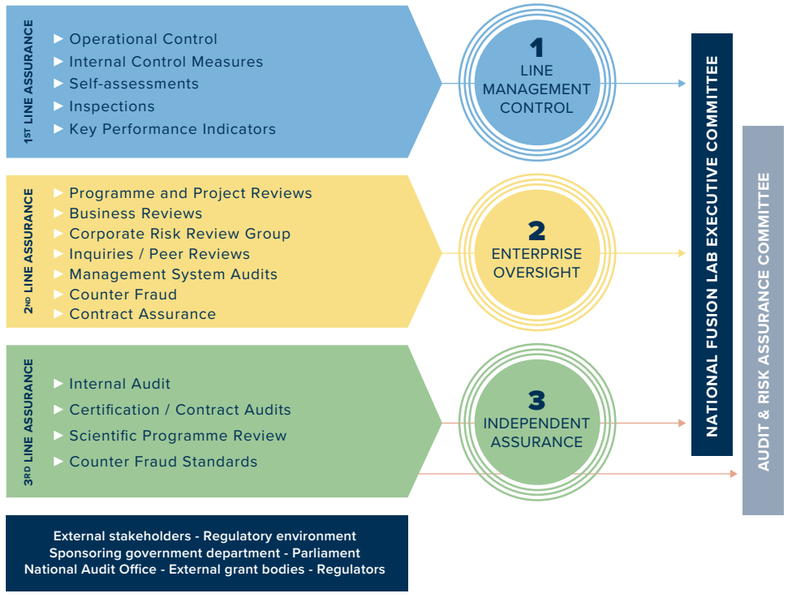
UKAEA is an executive non-departmental public body sponsored by the Department for Energy Security and Net Zero



Risk management

An integrated system of risk management is in place across the organisation; see 'UKAEA Group's Principal Risks' in the Performance Report for a summary of the key risks faced by UKAEA Group.

Risk Assurance Framework
The risk assurance framework comprises three key areas: governance, risk management, and internal control. All processes are assured through the UKAEA Group 'three lines of assurance' model, which provides the Board with an appropriate level of comfort that risks are being managed effectively and have a sound system of internal controls in place.



UKAEA continues to embed and apply its risk assurance framework as a key driver of continuous improvement across the Group. By strengthening internal control systems and minimising threats to the achievement of UKAEA Group's mission, the framework supports ongoing enhancement of governance and oversight. Through regular assessment of the effectiveness of governance and control arrangements, aligned to the 'three lines of assurance' model, UKAEA Group adheres to the principles, guidance, and best practice set out in the Government's Orange Book, while also drawing on wider industry innovation.

UK Fusion Energy contributes to the risk and assurance frameworks by reporting strategic and escalated risks through the Group Executive Committee and Group Board governance lines. UKAEA continues to support UK Fusion Energy while the risk and assurance function is matured within the subsidiary. Assurance measures are mapped to identify key strengths and potential gaps while developing realistic and proportionate action plans where appropriate as UKAEA Group matures towards a fully integrated governance, risk, and assurance framework.

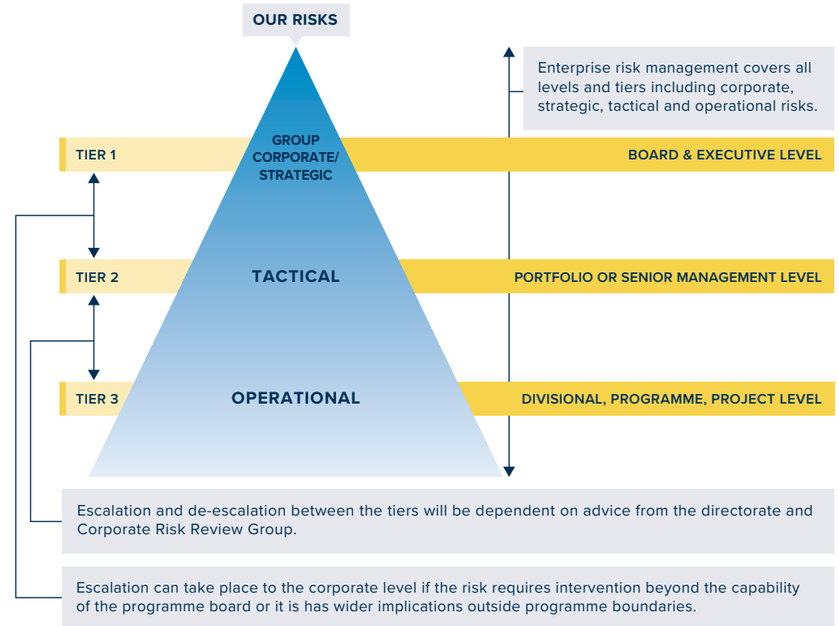
The implementation of a fully-integrated governance, risk and compliance platform is key to the risk, assurance and audit processes' ability to drive one another in a more efficient and effective manner. UK Fusion Energy shares this platform, and joint working ensures that benefits are maximised.

The Group CEO, as Accounting Officer, is responsible for reviewing the effectiveness of the risk management and internal control systems. This review of the effectiveness of these systems is informed by the work of senior managers within UKAEA Group, who have responsibility for the development and maintenance of the internal control framework (an internal audit function), feedback from the external auditors which includes the management letter, and other reports.

The assurance framework allows the Accounting Officer to be confident that key regulatory and safety risks are being controlled and that UKAEA Group has demonstrable compliance with the standards set by regulatory and government bodies.

Enterprise Risk Management Process
The early identification and effective management of risk is fundamental to achieving UKAEA Group's mission, goals and strategic objectives.

The approach encompasses risk management across a broad range of activities at operational, tactical and strategic levels. Risk registers are held at each level of the risk hierarchy, including operational project risk registers and tactical portfolio risk registers which can be escalated to the corporate / strategic risk register if appropriate. The UKAEA Group Board provides a view and strategic guidance on the top risks recommended by the Executive Committees.



UKAEA Group operates a mature Enterprise Risk Management (ERM) process embedded at all levels of the business. A transparent, open and positive risk culture drives effective risk management decision making. The ERM process is compliant with best practice laid out by the Institute of Risk Management, the Treasury's 'Orange Book', and ISO31000. The risk process ensures that:

- Interconnected risk management operates at all levels of the business and that UKAEA Group's people are empowered to escalate their risks and concerns.
- Significant risks, associated mitigations and control effectiveness are tracked, challenged and moderated by programme / project boards and the Corporate Risk Review

Group. Senior management also actively engage through the Executive Committees, Audit and Risk Assurance Committee, and the Board.

- The risk appetite is endorsed by the Board, and risks are assessed against the risk appetite in balancing innovation and enabling opportunities against the need for greater focus on reducing risk.

Risk appetite is a key part of the ERM framework, helping UKAEA Group to find the right balance between innovation and caution, without exposing the organisation to irrecoverable damage or stagnation. The UKAEA Group Board has overall responsibility for risk appetite, determining the amount and type of risk that UKAEA is willing to take in pursuit of our strategic objectives and the amount of risk that can be endured while supporting effective decision making. Risk appetite is set to reflect the evolving risk landscape of the entire Group structure and encompasses a wider range of appetites to encompass the differing needs of each constituent part. Operational risk appetite is maturing to further enhance the quality of risk information supporting decision making. The Group CEO is accountable to Government for ensuring that all risks are managed effectively.

Tactical and operational risks are owned by relevant senior managers or subject matter experts. A robust governance structure enables the review and escalation of risks as appropriate. The Corporate Risk Review Group, which meets quarterly, provides oversight of enterprise risk which includes corporate, programme and major project risks. The group reviews the status and progress of mitigations identified by the risk owners, and the effectiveness of the controls. The Audit and Risk Assurance Committee, on behalf of the Board, formally reviews key risks on an ongoing basis in conjunction with UKAEA's risk appetite statement, reporting and/or escalating to the Board as required. Performance of programmes and major projects, including status, risk, and financial metrics, is reviewed monthly by the National Fusion Laboratory Executive Committee.

The executive Assurance and Risk Committee provides a key stage in the reporting of risk and assurance matters, providing leaders in the organisation with the opportunity to review and comment on strategic risks and mitigation plans prior to reporting to the Board's Audit and Risk Assurance Committee.

Quantitative cost and schedule risk analysis for major projects and programmes provides greater insight into the effect of uncertainty on a programme's budget and milestones. This allows senior leadership to develop controls and mitigation plans to increase the probability of project success, and to increase the maturity of the contingency process within UKAEA.

Risk management processes

The framework for managing risk is embedded across the organisation and benefits from the ongoing commitment and participation of leadership. Risks are regularly reported to the Board via Audit and Risk Assurance Committee, and quarterly to UKAEA's sponsoring government department

Government Functional Standards
Implementation of the Government Functional Standards across thirteen applicable functions has continued. Progress of implementation is reviewed quarterly, with most functions now meeting the baseline requirements. Clear and actionable improvement plans continue to be refined, and implementation owners have been set aims for continuous improvement where the assessment frameworks allow measurement. Oversight of progress involves function owners reporting on progress of compliance with the standards. Additionally, external peer reviews have been carried out for several functions, and it is probable that this type of activity will apply to other functional standards as the government assessment framework matures.

Self-Assessment
Several self-assessment tools supplied via UKAEA Group's Sponsoring Department or the Cabinet Office, based on government standards and maturity models, continue to be utilised by UKAEA. These provide a valuable insight and measure of assurance to UKAEA management. However, reporting continues to present some challenges as not all functions have the self-assessment tools. Functions without self-assessment tools have had these tools developed in-house to provide 'like-for-like' assurance insights. The most recent self-assessments indicate a "Good" or "Better" rating across most standards. Human resource is rated "Developing" and assessments are still underway for analysis and grants. Delivery against costed action plans continue to enhance compliance.

Last year's report updated on the 2023 Public Body Review: **UK Atomic Energy Authority: public body review 2023 - GOV.UK**. The annual Chair's Letter, the final recommendation that had not been completed at that time, was completed in 2025/26. There are now no outstanding recommendations.

Other control and governance structures

Whistleblowing Policy
UKAEA has an established whistleblowing policy, which is available for all workers. Five whistleblowing concerns were reported in 2025/26, compared to two in 2024/25. In two of the five cases it was found that the concerns did not meet the criteria of a whistleblowing event. The other three cases were investigated, and the allegations were not proven.

Declaration of Outside Interests
UKAEA has a detailed policy for the declaration of outside interests. Board members and the Executive Committees are required to complete an annual declaration of interests. At the commencement of Board meetings, the Chair requests for members to confirm any conflict. A Board Register of Interests is published on gov.uk. UKAEA have strengthened advice, guidance and training materials in the areas of Corporate Governance, such as 'Declaration and Management of Outside Interests' and 'Gifts and Hospitality', to ensure impartiality, integrity and transparency in the work done. An internal register is maintained to ensure activities do not constitute a conflict of interest and are not detrimental to the reputation and good standing of UKAEA.

Alexander Tax Review
UKAEA is compliant with the requirements of the Alexander Review (2012). All senior staff and non-executive members are paid via UKAEA payroll. In all cases, this results in appropriate tax contributions being deducted at source.

Cabinet Office Controls
UKAEA Group complies with the suite of Cabinet Office controls.

Freedom of Information (FOI)
As a public authority, UKAEA Group has a legal obligation to provide information through an approved publication scheme and in response to requests. All requests must be responded to within 20 working days of receipt. Any FOI requests are directed, by the staff receiving the request, to be made in writing and are forwarded or sent directly to foienquiries@ukaea.uk. The email account is published on the UKAEA website which also receives FOI enquiries directly and is monitored by the FOI officers. UKAEA Group follows the Information Commissioner's Office guidance. An acknowledgement is issued to each original FOI; the aim is to acknowledge the request within 1-2 working days of receipt. Each request is tracked and responded to within a 20-working day timeframe, beginning on the first working day after the request has been received. In the reporting period 2025/26, UKAEA Group received and processed 37 FOI requests, decreasing from 53 received in the previous year. The compliance rate for responding within 20 days was 92%, compared to 98% for the previous year. A benchmarking exercise found that government offices of state achieved a compliance rate of 91% for a similar period and other government bodies were trending at 61%.

Governance of Knowledge and Information Assets
The Group Director of Quality, Safety, Health, Environment, Risk and Assurance (QSHERA) is the executive lead for information security and the Chief Development Officer is the executive lead for knowledge assets. During the year, activity focused on strengthening the management and oversight of the Information Asset Register, improving data quality, clarifying ownership, and supporting effective lifecycle management of information assets. Structured engagement sessions were held with colleagues responsible for information assets, enabling records to be reviewed and updated and supporting greater consistency in information governance practices. This work also informed updates to roles and responsibilities associated with information asset management, supporting clearer ownership and handover arrangements. In parallel, the QSHERA team completed a review of newly issued mandatory government training on information governance, with work progressing to integrate this material into UKAEA's internal training provision.

Counter Fraud
During the past year, progress has been made against the annual plan and actions in line with the Government Counter Fraud Standard GovS 013 have continued to be implemented. The internal audit service can access accredited Counter Fraud specialists as required.

Better Payment Practice
UKAEA supports the Better Payment Practice code in its treatment of suppliers with the aim of paying undisputed invoices as soon as possible. The key principles are to settle the terms of payment with suppliers when agreeing the transaction, to settle disputes on invoices without delay, and to make sure that suppliers are made aware of the terms of payment and abide by those terms. During the year, UKAEA Group (UKAEA and UK Fusion Energy Ltd) has achieved a 96% success rate for payment of suppliers in accordance with these terms, constituting a 1% improvement on 2024/25 . The average number of payment days from invoice date was 6.9 days, compared to 6.73 days in 2024/25. These statistics are reported for all invoices received; and there is no distinguishing whether the invoice was valid or not.

Conclusion

As Accounting Officer, I have considered the evidence provided in support of the production of the Annual Governance Statement, including the Internal Auditor's opinion and the advice and assurance provided by ARACs.

I conclude that, while the evidence gathered during 2025/26 indicates that UKAEA Group has operated with a limited level of control in certain areas, mitigating actions have either already been completed or are planned to address these areas to ensure a higher level of control in 2026/27.

The transition from JET operations to UKAEA Group, including the establishment of the UKFE Ltd subsidiary, has resulted in significant organisational change and growth over the past two years. This has given rise to some medium-term challenges in embedding fully effective governance, risk management and control arrangements.

While weaknesses have been identified where processes and controls fall short of good practice, there is no evidence that these have resulted in material irregularity, impropriety, or failure to secure value for money. I am satisfied that these issues have not adversely impacted UKAEA Group's ability to deliver its objectives during the year.

We are committed to addressing the remaining issues associated with our recent transition and growth. Delivery of these improvements will support compliance and enable the organisation to achieve an improved level of assurance in future years.

Tim Bestwick
Group Chief Executive and Accounting Officer
8th July 2026

UKAEA Group Board Report

Overview and Key Duties

The Board, which met eight times during the year, has a schedule of matters reserved for its approval. This includes:

- Establishing the overall strategic direction of UKAEA Group within the policy and resources framework agreed with the responsible government minister
- Reviewing UKAEA Group's corporate objectives, goals, and performance against these
- Oversight of UKAEA Group's subsidiaries; approving the annual accounts, budget, and business plans
- Agreeing and upholding UKAEA values and providing oversight of UKAEA's EDI strategy
- Reviewing and approving proposals to start new activities or to discontinue existing activities
- Ensuring that high standards of corporate governance are observed at all times
- Reviewing corporate risks, and reviewing the safety, environmental, and security performance of UKAEA Group.

In addition to routine business and updates, including from executives and sub-committees, issues covered at Board meetings throughout the year included:

Date of Board Meeting	Issues Covered
May 25	Spending Review 2025 Pay flexibility implementation AI Growth Zone Landscape of technical fusion challenges Annual Report and Accounts 2024/25 Task Force on Climate Related Financial Disclosures
July 25	Spending Review 2025 Annual Report and Accounts 2024/25 Technical Update: Integrated Engineering AI Growth Zone/Investment Partner H3AT Tritium Loop Collaboration
July 25 Extraordinary Meeting	Annual Report and Accounts 2024/25
September 25	Spending Review settlement and DESNZ underspends Strategy discussion CEO Recruitment Landscape of technical fusion challenges – Part 2 Singular Machines Spin Out STRIDE Outline Business Case
November 25	Commercial Deep Dive TAE Beams Tritium JV H3AT Tritium Loop Collaboration Technical Deep Dive: Plasma Acceleration Cyber Security Improvements
January 26 Extraordinary Meeting	JDR Full Business Case Tranche 2
January 26	West Burton Site acquisition Landscape of technical fusion challenge – Parts 3 and 4 Strategy session – strategic plan Technology Prosperity Deal Innovation update
March 26	Strategy – UK Fusion, UKAEA, UKIFS UKIFS Business Plan 2026-30 UKAEA 2026/27 Budget and CPMs CEO Recruitment People Strategy Securing Value

The Board delegates responsibility for day-to-day and business management control to the CEO who is assisted by senior management.

Board Composition

The Directors' biographical details demonstrate the diverse range of experience from positions at the highest level in the UK scientific and business community.

The composition of the UKAEA Board is in line with other bodies that report to DESNZ. An outline of the key skills of Board members can be found overleaf:

GOVERNANCE

Skills & Experience		Board members									
Topic Area	**Description**	**BT**	**LB**	**CF**	**SG**	**RG**	**SH**	**RH**	**MR**	**RE**	**TB**
Strategic Planning	Developing and deploying strategic planning and oversight.	●	●	●	●	●	●	●	●	●	●
Science and Technology	Understanding of governance of public sector research establishments to realise benefit of UK science and innovation investment. Experience of technology transfer from Public to Private sector, or from one organisation to another, and credibility to influence private sector funding, catalysed by the public.	●	●	●	●	●	●	●	●	●	●
Research & Academia	Senior role in a science or R&D-oriented organisation, including (but not limited to) research institutions, oil & gas, defence, healthcare, aviation, or digital/AI technology fields.	●	●	●	●	●	●	●	●	●	●
Commercial, Innovation and IP	Commercialisation of public funding, including ability to build successful companies from IP. Creating Joint Ventures (JV) or Special Purpose Vehicles (SPV's) from public sector organisations.	●	●	●	●	●	●	●	●	●	●
Programme & Risk Management	Programme management / governance Oversight of programme benefits realisation Invstment portfolio governance Risk Management Strategy	●	●	●	●	●	●	●	●	●	●
Nuclear / Energy Sector / International development	Experience of nuclear sector or in a similar safety critical energy infrastructure organization Developing and maintaining strong relationships and networks within the sector Horizon scanning	●	●	●	●	●	●	●	●	●	●
Public/Private Interface Government Relations	Working or interacting with public sector bodies Managing a broad spectrum of stakeholders including within Governmental and regulatory bodies, both in the UK and Internationally Networking /collborative leadership	●	●	●	●	●	●	●	●	●	●
Finance	Financial planning and management, including value for money and cost appraisals	●	●	●	●	●	●	●	●	●	●
People, Culture, Leadership and Organisational / Transformational Change	Evidence of leading large scale organisational and transformational change, ideally in UK and international scientific, research, technology, and/or engineering communities. Track record in increasing diversity and inclusion within an organisation. Experience of leading culture change programmes in complex environments.	●	●	●	●	●	●	●	●	●	●
Regulatory compliance	Working within a regulatory framework (e.g. HSE, EA, Nuclear)	●	●	●	●	●	●	●	●	●	●
Property*	Developing private investment strategy enabling property development Experience of attracting venture capital / building revenue from property investment	●	●	●	●	●	●	●	●	●	●
International Marketing & Sales*	Specialist experience of Technology / Spin outs and associated international consultancy to enhance revenue	●	●	●	●	●	●	●	●	●	●

* new for 2025/26

● Specialist experience, knowledge / skill

● General experience, knowledge / skill

● No specific experience, knowledge/skill

HOW WE PERFORMED

Biographies and Attendance

Non-Executive Director		Executive Member	
Bernard Taylor, Chair	8/8	*Tim Bestwick*	8/8
Luc Bardin	8/8	*Ian Chapman*	2/3
Eithne Birt	1/1	*Ruth Elliot*	8/8
Claire Flint	6/7	*Lee McDonough*, DESNZ	
Sue Gray	5/8	**Board Attendee**	
Robin Grimes	8/8	*Tim Bestwick*	3/3
Richard Hookway	7/8	*David Gann*, UKFE Board Chair	6/8
Stephen Hillier	7/8	*Justin Kingsford*	7/8
Mary Ryan	7/8	*Heather Lewtas*	3/5

Changes to the Board since March 2025.

- Eithne Birt's appointment as Non-Executive Director ended on 1st May 2025.
- Claire Flint was appointed as Non-Executive Director on 1st June 2025.
- Ian Chapman's appointment as Executive Member ended on 31st July 2025.

Directors' Independence

The Non-Executive Directors constructively challenge and help develop proposals on strategy, and bring strong and independent judgement, knowledge, and experience to the Board's deliberations. The independent Directors are of sufficient calibre and number that their views carry significant weight in the Board's decision making. The Board considers all its Non-Executive Directors to be independent in character and judgement.

No Non-Executive Director:

- Has been an employee of UKAEA within the last five years.
- Has, or has had within the last three years, a material business relationship with UKAEA or its former or current subsidiaries.
- Receives remuneration from the Authority other than a director's fee and expenses incurred in carrying out their duties.
- Has close familial ties with any of UKAEA's advisers, directors or senior employees.
- Holds cross-directorships or has significant links with other directors through involvement in other companies or bodies.
- Has served on the Board for more than nine years.

Accountability Report
GOVERNANCE

Evaluation of Board Performance

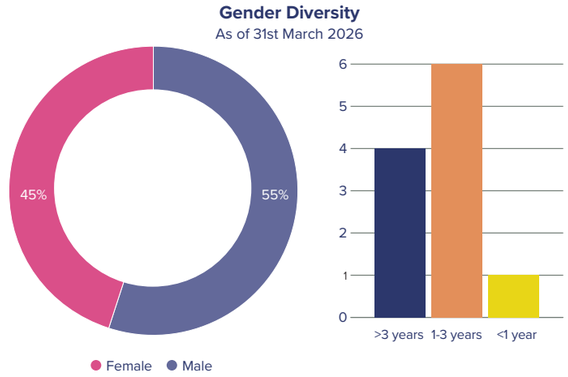
A Board effectiveness review was undertaken during the latter part of 2024 via an independent review led by Sir John Parker. One-to-one interviews with UKAEA Board Members and other external parties were undertaken as well as an anonymous survey issued to all members. Several recommendations were presented in January 2025 which covered structure, processes, people and performance to deliver on its duties and identifying where effectiveness could be further improved. Recommendations from the review were adopted and in 2025/26 all 19 adopted actions were completed.

External Review

In addition to the formal Board sub-committees, external advice is a key element of the corporate governance process. The Programme Advisory Committee, which is chaired by a Non-Executive Director, is made up of experts with backgrounds in fusion and industry. This Committee provides external scrutiny of UKAEA programmes and strategy, and reports directly to the Board. The key role of the committee is to review the UKAEA scientific programme, provide implementation and planning guidance and advice to the Executives, as well as independent assurance to the Board that the whole UKAEA programme is soundly based and achievable.

Compliance with the Corporate Governance Code

UKAEA Group's corporate governance arrangements are kept under review to make sure that they are compliant, where applicable, with the provisions of corporate governance in central government departments: Code of Good Practice April 2017. The Chair and Non-Executives are appointed by UKAEA's sponsoring department.



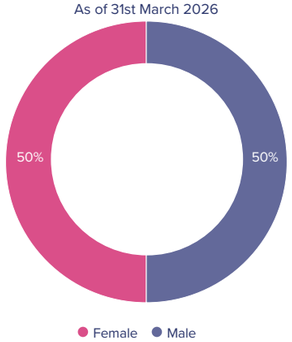
Performance
Accountability
Annual Accounts

UKAEA Group Executive Committee Report

UKAEA Group Executive Committee	
Terms of Reference	Last reviewed and approved in May 2026.
Overview	UKAEA Group Executive Committee (GEC) provides oversight of performance, delivery, good governance and sound reporting of the Group including its subsidiaries, taking account of material issues of strategic risk and opportunities for the organisation, and generating recommendations for the UKAEA Group Board, including on strategic direction. GEC also provides oversight of the UKAEA Combined Pension Scheme on behalf of DESNZ.
Roles and Responsibility	The Group Executive Committee is the overall oversight and decision-making body for performance and delivery of the UKAEA Group. It delivers the UKAEA strategic direction on behalf of the UKAEA Group Board, bringing together all aspects of business. It has accountability for ensuring that the activities of the UKAEA Group are run effectively to meet its agreed objectives within budget. The scope of the committee includes: • Setting the strategy for the Group and driving its delivery on behalf of the UKAEA Group Board. • Providing oversight of delivery performance of the UKAEA Group subsidiaries, AEA Insurance Ltd and UKFE Ltd, to achieve that strategy. • Providing oversight of key corporate plans and strategies, including property and spinouts. • Reviewing the UKAEA Group financial performance and major funding requests. • Reviewing the risk landscape. • Considering and reviewing corporate governance/assurance matters and approval of major policy changes. • Providing oversight of the management of the UKAEA Combined Pension scheme and Harwell Science and Innovation Campus Ltd Partnership (HSIC). • Approving the annual Group Internal Audit programme. • Making and reviewing submissions to the UKAEA Group Board. • Security (n.b.: a Security Sub-Committee was created in 2025/26).
Chair	Ruth Elliot, Chief Financial Officer and Director of Corporate Services
Number of Meetings	6

Membership

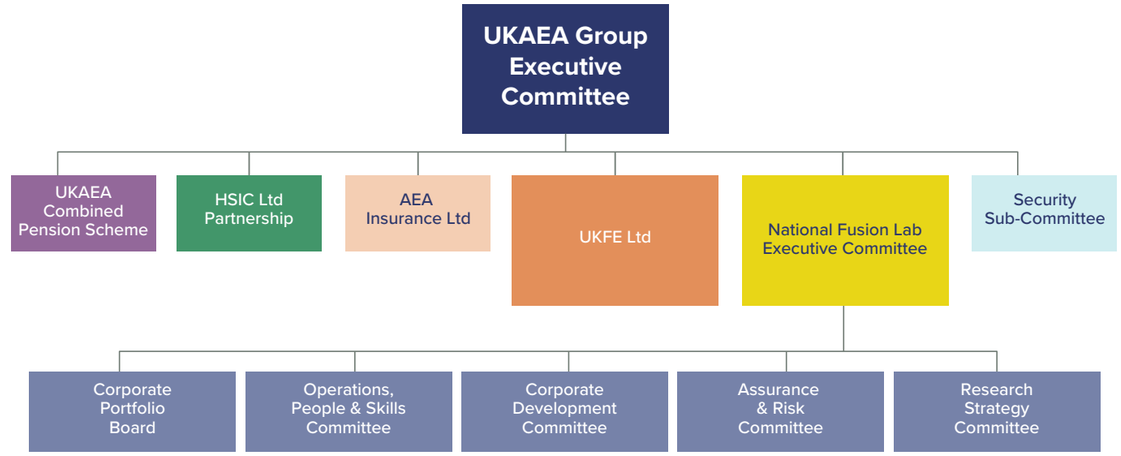
Gender Diversity
As of 31st March 2026



	Attended / Due
Ruth Elliot, Chief Financial Officer and Director of Corporate Services	6/6
Nicola Barber, Group Director of QSHE, Risk, and Assurance	6/6
Tim Bestwick, Chief Development Officer and Deputy CEO (until July 2025), Interim Chief Executive Officer and Accounting Officer (from August 2025)	5/6
Ian Chapman, Chief Executive Officer and Accounting Officer (until July 2025)	2/2
Jill Evans, Director of Finance and Business Systems	6/6
Grazka Kazmierska, Finance Director of UK Industrial Fusion Solutions Ltd	6/6
Justin Kingsford, Chief Operating Officer	6/6
Heather Lewtas, Interim Chief Development Officer (from May 2025)	4/5
Paul Methven, Chief Executive Officer of UK Fusion Energy Ltd	6/6

Matters covered	In addition to routine business and updates, during reporting year 2025/26, the matters covered included the following: • Group CPMs • Spending Review 2025 • Travel Policy • West Burton site development • UKAEA Group Policy Manual • West Burton site purchase • UKAEA-UKFE Shareholder Relationship and Corporate Services Agreement • UKAEA Group missions and goals • Cyber Acceleration Programme update • UKFE 2026-30 Business Plan • Cyber Acceleration Programme Business Case • West Burton lease • Group Risk Appetite • GEC survey results • Spin Outs

As part of the Group reporting structure, the subsidiaries, delivery organisations and the National Fusion Laboratory Executive Committee report into the GEC.



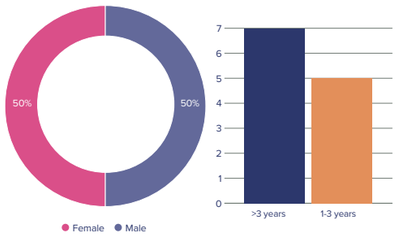
- UKAEA Combined Pension Scheme – managed on behalf of DESNZ.
- Harwell Science and Innovation Campus Ltd Partnership (HSIC) – Harwell Science and Innovation Campus Public Sector General Partner Ltd (UKAEA and UKRI are equal partners) as the public sector partner has 50% control of the Joint Venture.
- AEA Insurance Ltd – subsidiary of UKAEA.
- UK Fusion Energy Ltd – wholly owned subsidiary, a company limited by shares.
- National Fusion Laboratory Executive Committee.
- Security Sub-Committee – responsible for providing direction and oversight of security resources to deliver security risk mitigation, and for enhancing operational effectiveness and strategic decision-making to protect UKAEA's strategic advantage in Fusion Technology. Ensures that appropriate governance, policies, processes, procedures, and practices are in place to protect UKAEA's assets in fusion technology. Assets include people, information and know-how, physical infrastructure, and equipment.

National Fusion Laboratory Executive Committee Report

National Fusion Lab Executive Committee	
Terms of Reference	Last reviewed and approved in March 2026
Roles and Responsibility	The Executive Committee is chaired by the CEO and has responsibility for decision-making and oversight of the activities of the UKAEA National Fusion Laboratory. It analyses performance and operational delivery of Divisions and Programmes and assesses material issues of risk and opportunity. It has accountability for ensuring that the activities of the National Fusion Lab are run effectively and efficiently to meet agreed objectives within budget, as well as setting the behaviours of the organisation to embed a strong delivery culture. The committee meets monthly.
Chair	Tim Bestwick, UKAEA Group Chief Executive Officer and UKAEA Group Accounting Officer
Number of Meetings	12

Membership and Attendance

Gender Diversity
As of 31st March 2026



	Attended / Due
Ian Chapman, Chief Executive Officer and Accounting Officer (until July 2025)	2/3
Tim Bestwick, Chief Development Officer and Deputy CEO (until June 2025); Chief Executive Officer and Accounting Officer (from July 2025)	12/12
Nicola Barber, Group Director of QSHE, Risk, and Assurance	11/12
Rob Buckingham, Executive Director for Robotics, Repurposing & Decommissioning	12/12
Ruth Elliot, Chief Financial Officer and Director of Corporate Services	12/12
Jill Evans, Director of Finance and Business Systems	12/12
Justin Kingsford, Chief Operating Officer	12/12
Heather Lewtas, Head of Innovation (until May 2025); Interim Chief Development Officer (from May 2025)	11/12
Fulvio Militello, Executive Director of Plasma Science & Fusion Operations	11/12
Joe Milnes, Executive Director for Engineering, Computing, and STEP Partner	11/12
Amanda Quadling, Executive Director of Materials, Blankets and Research	11/12
Sharon Taylor (Director of People and Culture)	10/12
Steve Wheeler, Executive Director for Fusion Technology, Fuel Cycle and ITER Components	10/12

Matters covered	During reporting year 2025/26, the matters covered included:

- Reports from sub-committees (see below) – standing item.
- Programme and project quarterly updates, covering: STEP (Fusion Partner), STRIDE, JDR, LIBRTI, Fusion Futures-Industry Capability, FOSTER (Skills), H3AT and CHIMERA projects – standing item.
- Divisional and operational quarterly updates, covering: Materials, Tritium & Technology, RRDD, Plasma, Computing, QSHERA, Innovation & Business Development, Integrated Engineering – standing item.
- Finance reporting – standing item.
- Risk reporting – standing item.
- Commercial and supply chain updates - standing item.
- Fusion Safety Authority updates - standing item.
- People and Culture updates.
- Spending Review and budget planning decisions.
- Longer discussion and decision items on: strategic topics of international collaboration, research priorities, commercialisation and industry engagement; operational efficiency and reform, and fusion's challenges and technical prioritisation.

Accountability Report
GOVERNANCE

To assist the Executive Committee, five sub-committees report into it, alongside specific programme boards responsible for the governance of UKAEA programmes and major projects. This committee structure is reviewed annually to ensure effectiveness and efficiency.

- **Corporate Portfolio Board** is responsible for providing assurance that UKAEA's major programmes are delivering their objectives and targeted benefits, and that they are well-governed with sufficient controls in place to demonstrate responsible use of public funding.
- **Research Strategy Committee** is responsible for maintaining the strategic positioning of the UKAEA research programmes, considering the advice of the Fusion Advisory Board, Programme Advisory Committee, and UKAEA's obligations to international collaborations. The committee identifies, proposes, and assesses new research opportunities and provides assurance to the Executive on research governance processes.
- **Operations, People and Skills Committee** is responsible for the effective management and oversight of operational services delivery and cross-cutting activity that impacts on the operational outputs of UKAEA's divisions and programmes. It sets and monitors Key Performance Indicators (KPIs) for People, Quality, Safety, Health, Environment, Risk & Assurance (QSHERA), Office of the Chief Engineer and UKAEA's waste strategy on behalf of UKAEA.
- **Corporate Development Committee** is responsible for UKAEA's strategic partnering and collaboration across the fusion sector and monitors UKAEA's activities around innovation, investment, communication, and supply chain development. The Committee also has oversight of strategic planning for Campus development and property assets and driving UKAEA's Sustainability Strategy.
- **Assurance and Risk Committee (ARC)** is responsible for assuring the Executive that UKAEA's activities and processes have sound systems of internal control. It has oversight of enterprise risk and ensuring the effectiveness of the risk management framework.

Performance
Accountability
Annual Accounts

KEY

G Group Executive Committee (GEC) E National Fusion Lab Executive Committee

Ruth Elliot
Chief Financial Officer and Director of Corporate Services

Experience:
See ***page 104*** for Ruth Elliot's bio.

Dr Tim Bestwick OBE
Chief Development Officer and Deputy CEO (Interim CEO from July 2025)

Experience:
See ***page 104*** for Tim Bestwick's bio.

Justin Kingsford
Chief Operating Officer

- Operations
- High performing teams
- Major Programme and Project delivery

Justin joined UKAEA in May 2023 from the Army and brings a wealth of experience in operations, major project management, and team building. He was commissioned into The King's Royal Hussars in 1996 and deployed on operations to Bosnia, Kosovo, and Northern Ireland. He also spent two tours in American Headquarters on operations in Afghanistan and Qatar. More recently, he spent five years as Programme Director for two programmes in the Government Major Projects Portfolio, and a further two years in the Defence Infrastructure Organisation. He is a medium risk level Gateway Reviewer and since joining UKAEA has completed an INSEAD COOs course.

Nicola Barber
Group Director of QSHE, Risk, and Assurance

- Governance
- Leadership
- Assurance
- Enterprise risk management

Nicola joined UKAEA in 2022 and is a Fellow of the Institute of Risk Management. Nicola has worked in a number of disciplines within the nuclear industry for the last 16 years. This includes holding senior roles in risk and assurance across a number of nuclear sites. Nicola's previous experience also includes leading planning teams in the Rail and Oil & Gas industries and project management in the Utility industry.

External appointments:
Member of the Nuclear Special Interest Group Steering Group for the Institute of Risk Management.
UKAEA appointed Board member of RADSAFE CLG.

Sharon Taylor
Director of People and Culture

- Human Resources
- Leadership
- People strategy
- Organisation design and development

Sharon was appointed as Director of People and Culture in November 2024 and has worked in Human Resources for the majority of her career. She has extensive experience in many different sectors including Policing, Airline, Insurance and more latterly in the Civil Service where she worked internationally. Sharon joined UKAEA from the Home Office where she partnered with Border Force and was based at Heathrow airport.

Sharon was born in Yorkshire and studied in Leeds and Manchester. She continued her learning at Cranfield, Roffey Park and Ashridge focussing on leadership, People strategy, and organisational design and development. She is a Fellow of the Chartered Institute of Personnel and Development.

Jill Evans
Director of Finance and Business Systems

- Business systems and assurance
- Finance operations and shared services
- Business planning

Jill joined UKAEA in 2025. Jill has senior experience across public sector finance from a variety of roles in central and local government organisations.

Her role encompasses all aspects of finance with overall responsibility for the core business system enabling HR, Procurement, and Finance.

Jill is a Fellow of the Chartered Institute of Management Accountants.

Professor Rob Buckingham
Executive Director for RACE, RAICo and JET Decommissioning and Repurposing

- Robotics and design for remote operations
- Innovation-led change

Rob was appointed Executive Director in March 2023, with responsibility for RACE, RAICo and JDR.

He was lead author of the UK's Robotics and Autonomous Systems 2020 Strategy (2014) and The Cyber-Physical Infrastructure (2022). Before joining the UKAEA, Rob co-founded and was Managing Director of OC Robotics which developed and commercialised snake-arm™ robots. He is a Fellow of the Royal Academy of Engineering and a Fellow of the Institute of Engineering and Technology. Rob received an OBE for services to robotics engineering in the 2021 New Year Honours.

External appointments:
LuffyAI Non-Executive Director, UK Robotics Growth Partnership, and NDA Future Challenge Board.

Professor Fulvio Militello
Executive Director of Plasma Science & Fusion Operations

- Fusion science and technology
- Leadership
- Science programme management

Fulvio was appointed Director of Tokamak Science and MAST-U in December 2021, following a career as a research scientist and manager at UKAEA in 2008. Before joining the Authority, he worked in Italy, France, and the United States as a plasma physicist, authoring 100 scientific papers and a book on plasma boundary physics.

Fulvio led the EUROfusion programme for alternative divertors, he has been Adjunct Professor of Physics at Chalmers University (Sweden) and is Visiting Reader at Imperial College London.

Dr Joe Milnes
Executive Director for Engineering, Computing, and STEP Partner

- Project delivery
- Operations
- Technical leadership

Joe joined UKAEA in 2000. His background is in engineering, and he has a PhD in thermal-hydraulic modelling. Joe has held a variety of engineering and management roles across JET, MAST-U and ITER, chaired reviews and advised a range of international fusion facilities, and served as UKAEA's interim Chief Operating Officer between November 2022 and May 2023.

Dr Amanda Quadling
Executive Director of Materials, Blankets and Research

- Collaborative R&D
- Laboratory operations
- Science innovation

Amanda is a mineralogist with a PhD in Materials Science and Engineering. She has spent the last twenty years creating and managing laboratories, incubators, commercial service divisions, and Centres of Excellence focused on products and services in the energy sector and heavy industry. She was previously on the Technology Advisory Board of global corporate Morgan Advanced Materials and Technical Director for UK manufacturer Mandl Materials. In 2019, Amanda was named 10th most influential woman in UK engineering 2019 (Financial Times). She is now Director of Materials, Senior Responsible Owner for the £220M LIBRTI (breeder blanket testbed) Programme and Programme Manager for the UK Fusion Research Programme.

Stephen Wheeler
Executive Director for Fusion Technology, Tritium Fuel Cycle and Industrial Capability

- Operations management
- Leadership
- Project governance
- Operational growth

Stephen joined UKAEA in 2015 following a career in industry first in engineering design and later managing advanced production facilities in Europe and North America. He successfully established the RACE business unit operation and over five years delivered five-fold growth. In April 2020 he was appointed Director of Fusion Technology.

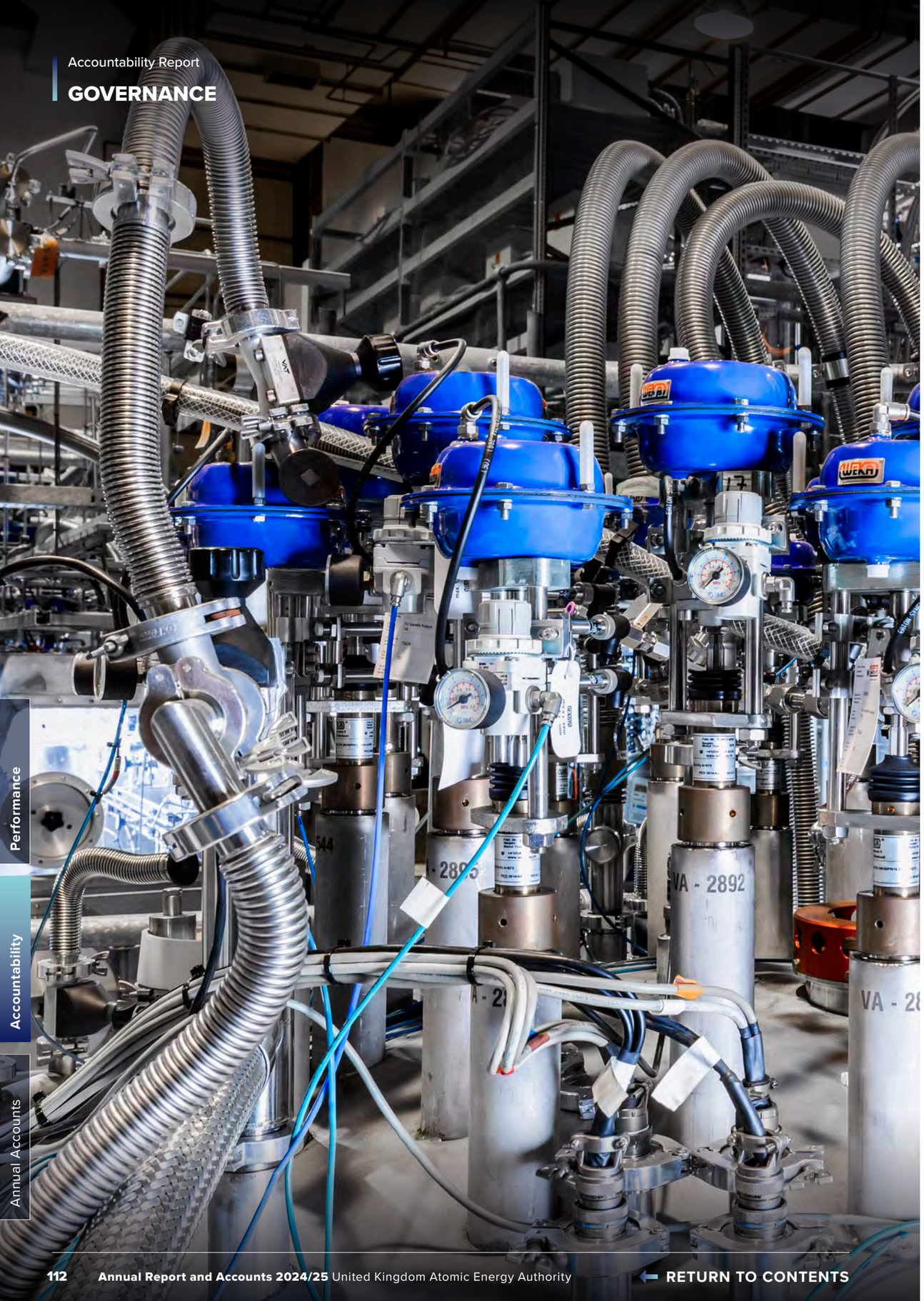
Heather Lewtas
Head of Innovation (and Interim Chief Development Officer from May 2025)

- Research and Innovation
- Leadership
- Commercialisation and Intellectual Property

Heather joined UKAEA in 2016. She was appointed to take on the role of interim Chief Development Officer from May 2025 and has been Head of Innovation since 2022. Innovation supports all areas of UKAEA to effectively develop commercial opportunities arising across the fusion programme and helps deliver that impact. Previously she was on STEP Executive as Strategic Operations Manager and was Technical Lead for Research and Development for STEP. Prior to joining UKAEA she worked in the defence and aerospace sectors running technology programmes on materials and structures and in spacecraft instrumentation having received her PhD in Physics. In May 2026 Heather was appointed Director of TAE Beam UK.

Retirements from the Committees during the reporting year

Professor Sir Ian Chapman Chief Executive Officer and Accounting Officer - Member until July 2025



Board Subcommittee reports

Programme Advisory Committee

Programme Advisory Committee (PAC)	
Terms of Reference	Approved in March 2025
Roles and Responsibility	The Committee provides technical advice and reports on the quality, relevance and importance of UKAEA's research in a national and international context. In particular, the Committee advises in the areas of plasma physics, materials, robotics, tritium and technology, and how these align with UK and international strategic priorities. The Committee also reports to the Board on progress of major programmes and projects.
Chair	Robin Grimes
Number of Meetings	2

	Non-Executive Directors	Attended / Due
Membership and Attendance	Robin Grimes (Chair)	2/2
	Committee Attendees	**Attended / Due**
	Ian Chapman (Chief Executive Officer and Accounting Officer – to July)	1/1
	Tim Bestwick (Chief Executive Officer and Accounting Officer – from July)	1/1
	Sarah Newton (Technical Secretary)	2/2
	Yitong Chen (Technical Secretary)	1/1
	Kay Church	2/2
	Paul Clarke	2/2
	Melissa Denecke	2/2
	Ambrogio Fasoli	2/2
	Amy Gottschling	2/2
	Malcolm Joyce	2/2
	Bill Lee	2/2
	Kathy McCarthy	1/1
	Rachael McDermott	2/2
	Anna Orlowska	2/2
	Hugh Radesk	2/2
	Fiona Rayment	1/2
	Dennis Whyte	2/2

Matters covered	Issues considered by the Programme Advisory Committee during the year included: • The future of MAST-U and UKAEA's plasma research. • The opportunities of advanced computing and AI on UKAEA's programmes. • The coordination of research and technology development between UKAEA and UK Fusion Energy Ltd in relation to the STEP programme.

Programme Advisory Committee Chair's Report 2025/26

As is usual, the PAC generated reports from its two meetings, one from the full spring meeting and an interim report from its autumn meeting. Both are submitted to the Board. They detail findings of the PAC regarding UKAEA's overall research strategy in supporting the wider fusion ecosystem alongside the STEP powerplant design programme led by UK Fusion Energy Ltd. PAC has considered that UKAEA's programmes remain well-placed to support the UK's leading international position in fusion research, making specific recommendations for further consideration and action across the portfolio.

Chair
Robin Grimes

People and Remuneration Committee

People and Remuneration Committee	
Terms of Reference	Approved in March 2025
Roles and Responsibility	The People and Remuneration Committee has delegated responsibility from the UKAEA Group Board for reviewing the remuneration policy and making recommendations to DESNZ on the level of directors' and executives' remuneration. It also endorses the UKAEA's people and EDI strategies to best enable the UKAEA to fulfil its mission. It offers advice on major proposed changes to policies, organisational structures, HR practices, pay and remuneration arrangements or terms and conditions of UKAEA employees. As members of the UKAEA Group Board are appointed by DESNZ, UKAEA does not maintain a nominations committee.
Chair	Claire Flint
Number of Meetings	5

	Non-Executive Directors	**Attended / Due**
Membership and Attendance	Eithne Birt (Chair to May)	1/1
	Claire Flint (Chair from July)	4/4
	Luc Bardin	5/5
	Sue Gray	5/5
	Bernard Taylor	5/5
	Committee Attendees	**Attended / Due**
	Ian Chapman CEO (to July)	2/2
	Tim Bestwick CEO (from July)	4/4
	Madhav Bakshi DESNZ	3/5
	Sharon Taylor	5/5

Matters covered	• Agreed Executive objectives for the 2025/26 financial year. • Undertook Non-Executive Director succession planning. • Undertook annual performance reviews of executive directors, discussing pay and bonus payments based on performance against the objectives set. • Reviewed implementation of UKAEA's pay and grading reforms. • Contributed to the development of the UKAEA People Strategy.

Chair's Report

I am delighted to be chairing the People and Remuneration Committee. I took over as Chair from Lady (Eithne) Birt CB early in the reporting year. I am very grateful to Lady Birt for her professionalism and dedicated service to UKAEA during her time as Chair.

The Committee has continued to focus on recruitment, retention and reward to ensure the organisation has the breadth of skills and experience required to deliver its strategic ambitions.

A key priority during the year has been executive performance and succession. The year also marked the handover of the UKAEA Chief Executive role from Ian Chapman to Tim Bestwick, and the Committee supported a well-managed transition, ensuring continuity of leadership and clarity of objectives for the incoming CEO.

The Committee has continued to closely monitor pay strategy in a highly competitive labour market, overseeing the successful reforms of UKAEA's pay and grading structure. The Committee has coordinated with its counterpart for UK Fusion Energy Ltd on these matters.

It has also provided sustained input into UKAEA's People and Culture Strategy which represents an important step in strengthening the leadership, capability and culture that underpin UKAEA's mission. The organisation is entering a period of significant evolution, and strong, values led leadership will be essential in ensuring that we continue to deliver safely, collaboratively and with a clear sense of purpose.

Overall, 2025/26 has been a demanding but positive year, with UKAEA continuing to adapt its structures and management arrangements to support its evolving mission. We look forward to 2026/27, with the Committee focusing in particular on the implementation of the UKAEA People and Culture Strategy, UKAEA's approach to workforce planning and management, and of course supporting the incoming CEO.

Chair
Claire Flint

Audit and Risk Assurance Committee

Audit and Risk Assurance Committee	
Terms of Reference	Approved in March 2025
Roles and Responsibility	The Committee supports and advises the Board and Accounting Officer by independently reviewing the integrity, efficacy and effectiveness of the safety, health and environmental management system, the risk management processes, the control environment and the integrity of the financial statements and the annual report of the UKAEA Group.
Chair	Richard Hookway
Number of Meetings	4

Membership and Attendance	**Non-Executive Directors**	**Attended / Due**
	Richard Hookway (Non-Executive Director)	4/4
	Luc Bardin (Non-Executive Director)	4/4
	Stephen Hillier (Non-Executive Director)	4/4
	Committee Attendees	**Attended / Due**
	Ian Chapman (Chief Executive Officer and Accounting Officer) to 31-07-25	1/1
	Tim Bestwick (Interim Chief Executive Officer and Accounting Officer) from 01-08-25	2/3
	Ruth Elliot (Chief Financial Officer and Director of Corporate Services)	4/4
	Nicola Barber (Group Director of QSHE, Risk and Assurance)	4/4
	Jill Evans (Director of Finance and Business Systems)	4/4
	Justin Kingsford (Chief Operating Officer)	3/4
	Stuart Biltcliffe (Financial Controller)	4/4
	Ian Korner (Head of Pensions and Insurance)	4/4
	Suzanne Melvin (Head of Safety, Health and Environment)	4/4
	Jakub Kaniewski (Information and Cyber Security Manager)	1/1
	Andrew Hynes (Director of Computing Operations)	3/3
	Sarah Laws (Group Head of Internal Audit)	4/4
	External Audit Representative	4/4
	DESNZ Representative	3/3

Matters covered	Key areas considered by the Audit and Risk Assurance Committee during the year were: • UKAEA Group Audit Strategy and Plan endorsement. • Overview of Group Internal Audit programme and management's progress to resolve issues and risks identified. • Overview of the Assurance programme, Strategy and Framework, and overview of the effectiveness of internal controls. • UKAEA Group Annual Report and Accounts, including compliance with HM Treasury guidance, and the application of accounting policies and assumptions. • Various deep dives into specific risk areas. • Review of significant financial matters. • Review of JET Lifetime Plan which underpins the site restoration provision. • Review of pension scheme accounts. • Review of risk management and risk appetite. • Review of significant safety, health, and environment matters. • Review of Group security including cyber security. • Counter fraud risk assessment and action plan. • Committee's Performance Effectiveness Review exercise.

Information Security
The Group Director of QSHE, Risk and Assurance is the executive lead for information management. Information risks are overseen by the Information Assurance Steering Committee, with significant risks escalated through the Corporate Risk Review Group. Information Asset Owners are accountable for local information assets, including appropriate security controls and business continuity arrangements.

Reflecting the rising and converging threat landscape, a Security Sub-Committee of Group Executive Committee, chaired by the Chief Operating Officer, was established in 2025/26 to provide central coordination and prioritisation of physical, personnel and cyber-security risks, ensuring a coherent, organisation-wide approach.

During the year there has been a sustained focus on improving information asset management, strengthening security controls and reducing technical debt. This has been supported by ongoing communications and training, including security awareness campaigns and simulated phishing exercises. UKAEA continues to align its approach with the Government's Secure by Design principles and the Cyber Assessment Framework, alongside a structured programme to implement an ISO 27001-aligned information security management system.

No reportable data breaches or data loss incidents occurred during the year.

Composition of the Audit and Risk Assurance Committee
For the year to 31st March 2026, the committee had one member possessing what the Smith report and HM Treasury's Audit and Risk Assurance Committee handbook describes as recent and relevant financial experience: Richard Hookway (see biography on page 104).

Independent Oversight
As our external auditor, the National Audit Office (NAO) are given complete access to all financial and other information, and the committee meets (without management present) with the NAO. The committee chair also meets with the Group Head of Internal Audit, the Group Director of QSHERA, the Chief Financial Officer and the secretary of ARAC on a regular basis.

Chair's report

ARAC met on four occasions throughout the year to fulfil its role: providing oversight of the system of internal control; financial reporting; health, safety and the environment; risk management; cyber, information, personnel and physical security; whistleblowing; fraud; all matters relating to both internal and external audit; and reviewing and making recommendations to the AO and Board. Throughout the past year, the Committee spent significant time on each of these areas reviewing regular reports and conducting "deep dives" into specific risk areas.

As a result of its work, ARAC concluded that the Executive Committee and the wider UKAEA Team continue to make significant progress in managing and mitigating risks.

This progress has been against changes to the risk landscape. Geopolitical uncertainties are unfolding around the world. These may negatively impact upon UKAEA's increasingly commercial and globalised outlook. Geopolitical risk manifests around our supply chain and how this threatens the delivery of UKAEA's programmes and benefits realisation. Process and systems complexity has been identified as a threat impacting upon several areas including compliance, staff retention, delivery to schedule and budget. Cyber risk stands as a top threat reflecting its potential to cause major operational disruption and loss of sovereign IP.

Having the right skills in the right place across UKAEA continues to be a challenge and there remain several positions that are difficult to recruit and retain resulting in significant reliance on contingent labour in certain areas to bridge this gap. This continues to be one of UKAEA's key risks, placing significant strain on our ability to deliver the highly scientific, technical and niche work underpinning our corporate goals and several mitigating actions are underway. The focus in the coming year will be:

- Continuous review of health, safety and environment matters.
- UK Fusion Energy Ltd and the STEP programme objectives; delivering appropriate assurance and ensuring the demands placed on the STEP fusion partner are met.
- Strategic Investment and Development for Energy and AI (STRIDE), plan to transform the Culham Campus including the provision of an AI Data centre.
- "Fusion Futures" continuous portfolio delivery within the timeline set out by UK Government, managing both risk and opportunity.
- Oversight of the financial and control dimensions of the JET Decommissioning and Repurposing programme.
- Review of effectiveness of the management of climate related risks including the framework of the Task Force on Climate-Related Financial Disclosures.
- Continuous review of the overall risk landscape to seek assurance over management and mitigation of risk and effectiveness of controls.
- Improving adherence to control and compliance standards.
- Oversight and review of the performance of the Group Internal Audit Programme.
- Continuous improvement of UKAEA contract management including frameworks of governance, risk management and control.

The organisation will need to continue to demonstrate value for money across all its major programmes while retaining its world-leading reputation for fusion research. ARAC will play its part in providing assurance to this end.

Chair
Richard Hookway

Remuneration and staff report

Directors' remuneration

Directors' remuneration policy

The remuneration of Directors appointed to the UKAEA Board is set by the Secretary of State for DESNZ with the approval of HM Treasury in accordance with the Atomic Energy Authority Act 1954. The UKAEA People and Remuneration Committee makes recommendations to DESNZ on the overall remuneration package for Directors who are appointed to the UKAEA Board. The Non-Executive Directors who form the committee are not involved in decisions relating to their own remuneration.

In reaching its recommendations, the committee has regard to the following considerations:
- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities; and
- the funding available to UKAEA.

The committee takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Service contracts

Executive Directors who are members of the UKAEA Board are appointed by the Secretary of State for DESNZ. This is normally for a three-year term and is dependant upon continuing employment with UKAEA.

Remuneration and pension entitlements

The individual components of the remuneration packages are:

Salary and fees

The CEO, deputy/interim CEO and CFO as Executive Directors receive a basic salary. The Chair and Non-Executive Directors receive fees for their services.

Non-taxable benefits

Executive Directors are also reimbursed for reasonable expenses incurred in line with the policy for UKAEA's employees. These reimbursements are not included in the following table.

Performance-related bonuses

The performance bonuses for Executive Directors are calculated in accordance with performance against agreed objectives, confirmed by DESNZ on the basis of recommendations from the People and Remuneration Committee. The total bonus is made up of two components: the performance of UKAEA against specific quantified targets, and the performance of the individual against specific targets. Executive Directors' performance-related bonuses are calculated on the basis of assessment by the People and Remuneration Committee of performance against the relevant specific targets.

Board Directors' remuneration for the year (subject to audit)

Individual Board Directors' remuneration for the year is shown in the following table, with salaries, allowances, fees and bonuses disclosed on an accruals basis.

	Fees / Salary and allowances		Benefits [a]		Annual bonus [b]		Pension benefit [c]		Total	
	2025/26 £k	2024/25 £k	2025/26 to nearest £100	2024/25 to nearest £100	2025/26 £k	2024/25 £k	2025/26 £k	2024/25 £k	2025/26 £k	2024/25 £k
Bernard Taylor Chair from 29 Apr 2024	20-25	20-25	-	-	-	-	-	-	20-25	20-25
Dr Luc Bardin Non-Executive Director	10-15	10-15	400	400	-	-	-	-	15-20	15-20
Stephen Barter Non-Executive Director to 13 May 2024	-	0-5	-	-	-	-	-	-	-	0-5
Lady Eithne Birt Interim Chair to 28 Apr 2024, Non-Executive Director 29 Apr 2024 to 13 May 2025	0-5	15-20	-	-	-	-	-	-	0-5	15-20
Claire Flint Non-Executive Director from 1 Jun 2025	10-15	-	-	-	-	-	-	-	10-15	-
Dame Sue Gray Non-Executive Director	10-15	10-15	-	200	-	-	-	-	10-15	15-20
Prof Robin Grimes Non-Executive Director	10-15	10-15	700	500	-	-	-	-	15-20	15-20
Sir Stephen Hillier Non-Executive Director	10-15	10-15	200	400	-	-	-	-	15-20	15-20
Richard Hookway Non-Executive Director	10-15	10-15	700	100	-	-	-	-	15-20	15-20
Lee McDonough Non-Executive Director, Director General, Net Zero, Nuclear and International at DESNZ	-	-	-	-	-	-	-	-	-	-
Mary Ryan Non-Executive Director	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Prof Sir Ian Chapman Executive Director, CEO, Accounting Officer to 31 July 2025	85-90	240-245	-	-	10-15	40-45	12	150	110-115	430-435
Tim Bestwick Executive Director, Deputy CEO to 2 Jul 2025, Interim CEO from 3 Jul 2025 and Interim Accounting Officer from 1 Aug 2025	200-205	135-140	-	-	25-30	15-20	228	48	455-460	200-205
Ruth Elliot Executive Director, CFO	130-135	125-130	-	-	10-15	15-20	27	27	170-175	170-175

Notes:
a. Expenses benefits disclosed for the Chair and Non-Executive Directors relate to travel for Board and other meetings at Culham and include the tax liability on these expenses which was met by UKAEA. These expenses vary depending on the distance of the individual's home from Culham.
b. Where applicable, annual bonuses of Directors are subject to approval by DESNZ. 2025/26 bonuses are estimated, 2024/25 bonuses are actual.
c. The value of pensions benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights. In some cases, the pensions benefit is negative in real terms where pay increases and additional service have not offset the effect of inflation.

2025/26 notes:
Lady Eithne Birt - annual equivalent fee was £10k - £15k
Claire Flint - annual equivalent fee was £10k - £15k
Prof Sir Ian Chapman - annual equivalent salary was £240k - £245k
Ruth Elliot - full time annual equivalent salary was £145k - £150k

2024/25 notes:
Bernard Taylor - annual equivalent fee was £20k - £25k
Stephen Barter - annual equivalent fee was £10k - £15k
Ruth Elliot - full time annual equivalent salary was £140k - £145k

REMUNERATION AND STAFF REPORT

Pension entitlements (subject to audit)

Executive Directors are members of the United Kingdom Atomic Energy Authority Combined Pension Scheme (CPS) which pays an annual pension based on pensionable final earnings together with a lump sum at normal retirement age. Benefits are also payable in the event of death or ill health retirement. UKAEA also operates an unfunded pension arrangement in respect of three former Chief Executives to take account of pensionable pay above the earnings cap introduced by the Finance Act 1989.

Further details of the pension schemes and unfunded pensions can be found later in the Remuneration and staff report.

The pension entitlements shown in the table below are those that would be paid annually on retirement based on service to 31 March 2026 and include the value of added years paid for by Directors.

	Accrued pension as at 31/03/26 £k	Lump sum as at 31/03/26 £k	Real increase in accrued pension [a] £k	Real increase in lump sum [a] £k
Prof Sir Ian Chapman [b]	47	140	1	2
Tim Bestwick	31	92	11	32
Ruth Elliot	5	14	2	5

Notes:
(a) The real increase has been calculated after subtracting inflation.
(b) Figures for Prof Sir Ian Chapman are up to 31 July 2025 when he left UKAEA.

The following table sets out the Cash Equivalent Transfer Value (CETV) of the Executive Directors' accrued pension entitlements which have been calculated by the Scheme managers in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996 as amended, having taken actuarial advice. The transfer values do not represent sums paid or payable to the Directors but represent a potential liability of the pension scheme or UKAEA.

	CETV at 31 March 2025 £k	Real increase in CETV [a] £k	CETV at 31 March 2026 £k
Prof Sir Ian Chapman [b]	932	10	975
Tim Bestwick	476	237	734
Ruth Elliot	66	26	107

Notes:
(a) The real increase has been calculated after subtracting inflation.
(b) Figures for Prof Sir Ian Chapman are up to 31 July 2025 when he left UKAEA.

Members of the pension scheme have the option to pay Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above tables.

Fair pay disclosures (subject to audit)

Remuneration ratios	2025/26 £k	2024/25 £k
Highest paid Director's total remuneration for the year excluding pension benefit	225-230	280-285

	Salary and allowances	Performance pay and bonuses payable
Highest paid Director - percentage change from the previous financial year [a]	-16.5%	-35.3%
Group employees taken as a whole, excluding the highest paid Director - average percentage change from the previous financial year [b]	7.96%	3.32%

Notes:
(a) This calculation is based on the midpoint of the band used in disclosing Directors' remuneration for each of salary and performance pay and bonuses payable.
(b) Calculated as the total on an annualised basis for all Group employees (apart from the highest paid Director) as at 31 March, divided by the full time equivalent number of employees (excluding the highest paid Director) as at 31 March.

Employee remuneration ratios - Group

	Salary £	Other pay and benefits [a] £	Total remuneration £	Highest paid Director's remuneration as a multiple of the percentile [b] Ratio
2025/26				
25th percentile	40,402	5,393	45,795	5.0
Median percentile	52,180	8,503	60,683	3.8
75th percentile	64,115	11,021	75,136	3.1
2024/25				
25th percentile	37,509	5,163	42,672	6.7
Median percentile	48,376	8,661	57,037	5.0
75th percentile	59,723	10,585	70,308	4.1

Notes:
(a) Other pay and benefits includes bonus and allowances such as specialist allowances, market premium and responsibility allowances.
(b) Calculated using midpoint of £5k disclosure band for highest paid Director's remuneration.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the percentile remuneration of the organisation's workforce.

For the 2024/25 financial year, having completed engagement with the government, the pay award for most staff was not implemented until June 2025. Increases in pay for senior staff, including the highest paid director, were implemented from 1st August 2024.

For the 2025/26 financial year, the pay award for most staff was implemented in July 2025. Increases in pay for senior staff were implemented from 1st August 2025, and the highest paid director's pay was increased during the year as a result of being appointed to the position of Interim CEO.

A pay and regrading project was carried out during the year 2025/26, and the results were implemented from 1st March 2026. See People section in the Corporate performance report and People and remuneration committee section in the Governance report for further detail.

The implementation of the 2024/25 and 2025/26 pay awards plus the pay and regrading project has resulted in increased salaries across all percentiles. The change from CEO to Interim CEO during 2025/26 has led to a reduction in all the percentile pay ratios.

In 2025/26 one Group employee received remuneration in excess of that of the highest paid UKAEA Board Director (in 2024/25 no employees received remuneration in excess of that of the highest paid Director).

Remuneration of employees of the Group excluding the highest paid Director ranged from £21,629 to £240,000 (2024/25: £19,845 to £237,500).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, pension benefits, employer pension contributions or the cash equivalent transfer value of pensions.

Staff report

Staff costs (subject to audit)

	Group	
	2026	**2025**
Directly employed staff:	**£k**	**£k**
Salaries, bonuses and allowances	127,528	114,993
Social security costs	17,849	14,209
Pension costs – defined contribution plans (see below)	23,390	20,943
	168,767	150,145
Temporary staff *	38,357	32,722
	207,124	**182,867**

* Comparative amended for reclassification

Staff numbers (subject to audit)

The average number of full-time equivalent staff during the year was as follows:

	Group	
	2026	**2025**
Directly employed staff	2,189	2,008
Temporary staff *	459	486
	2,648	**2,494**

* Comparative amended for reclassification

Temporary (non-payroll) staff may be 'off-payroll workers' who are engaged via an intermediary, or they may be on the payroll of another organisation within the supply chain. Most of the temporary staff are engaged to carry out specialist work in UKAEA Group's scientific facilities.

Staff composition as at 31 March 2026 (not subject to audit)

All figures in the tables below relate to actual staff numbers at the year end rather than to full time equivalents.

Board and senior staff

	Male	Female	Total
Board members	6	5	11
Group Executive Committee members	4	4	8
UKAEA Executive Committee members	6	6	12
Senior staff - Group	22	12	34

All Employees - Group

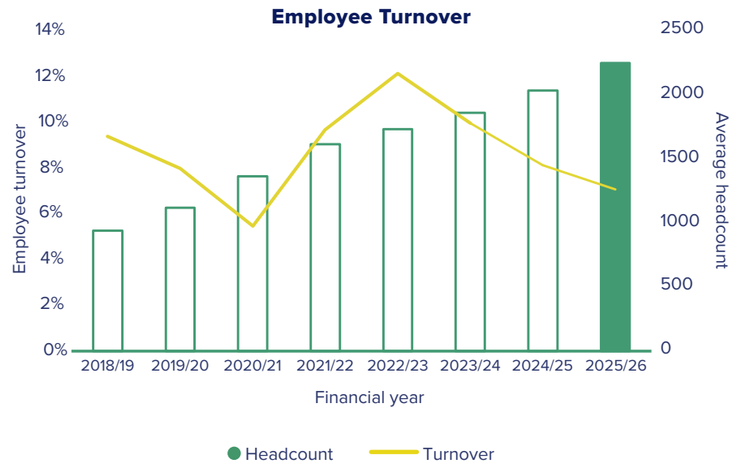
	2026		2025	
Male	1,688	72.2%	1,553	72.6%
Female	649	27.8%	586	27.4%

Sickness absence (not subject to audit)

The average sickness absence per employee of the Group during the year 2025/26 was 7.6 days (2024/25: 6.7 days).

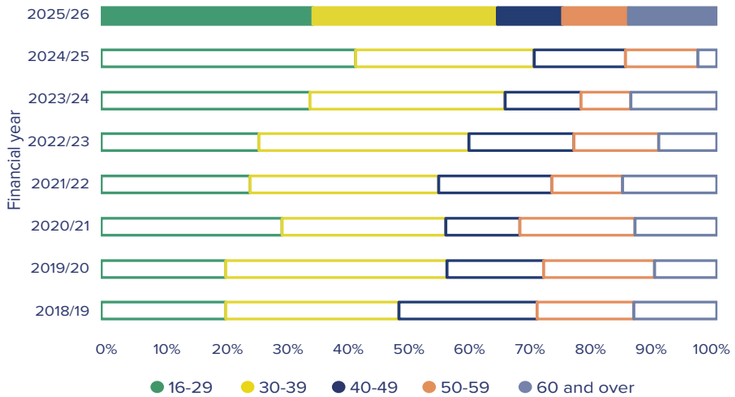
Employee turnover - Group (not subject to audit)

2026	**2025**
7.05%	8.15%



Employee turnover (number of leavers as a proportion of average headcount) has decreased from a peak in 2022/23. See People section in the Performance report for further detail.

Leavers by age profile



UKAEA Group pension schemes (subject to audit)

(a) Defined benefit schemes

The UKAEA Group has three defined benefit schemes: The Combined Pension Scheme (CPS), the Principal Non-Industrial Superannuation Scheme (PNISS) and the Protected Persons Superannuation Scheme (PPSS). These schemes have members from other employers as well as the UKAEA Group. No information in these financial statements relates to other employers participating in the CPS, PNISS or PPSS. UKAEA has overall responsibility for the management of the schemes under a Framework Agreement with DESNZ. No contingent liability is expected to arise from this responsibility.

In common with other public sector schemes, the CPS, the PNISS and the PPSS do not have many of the attributes of normal pension schemes. All contributions are paid to and benefits paid by HM Government via the Consolidated Fund. Any surplus of contributions made in excess of benefits paid out in any year is surrendered to the Consolidated Fund and any liabilities are met from the Consolidated Fund via the annual Parliamentary vote. The Government does not maintain a separate fund and actuarial valuations are based on a theoretical calculation as to how a typical UK pension scheme would have invested the historical surplus of contributions over payments.

(a) Defined benefit schemes continued
In accordance with the FReM, the schemes are accounted for as defined contribution schemes.

Employer contributions are calculated in accordance with HM Treasury methodology 'Superannuation Contributions Adjusted for Past Experience' and are based on the expected cost of members' benefits as they accrue. The contributions paid by the UKAEA Group during the year totalled £24,364k (2025: £20,645k).

(b) Defined contribution schemes

UKAEA manages two defined contribution schemes, the Additional Voluntary Contribution (AVC) scheme and the Shift Pay Pension Savings Plan (SPPSP) scheme, both of which are fully insured schemes administered by Prudential (a trading name of Prudential Distribution Limited, which is a subsidiary of M&G plc.) to whom contributions are paid.

The AVC scheme includes members from the UKAEA Group and from other employers who are members of CPS or PPSS and who have opted to pay additional voluntary contributions. No employer contributions are made to this scheme.

The members of the SPPSP scheme include shift working employees of UKAEA and of other employers who are members of CPS or PPSS. The costs of the SPPSP scheme, which are directly linked to shift pay earnings, are charged to the Statement of comprehensive net income at the time the shift pay is paid. The contributions paid by the UKAEA Group during the year totalled £30k (2025: £23k).

(c) Unfunded retirement benefits

There are unfunded retirement benefits in respect of three former UKAEA Chief Executives which are not included in the UKAEA pension schemes.

The movement in the liability for these benefits is shown below:

	Group and UKAEA	
	2026 £k	**2025 £k**
At 1 April	1,615	1,640
Interest on liability	80	81
Benefits payable	(109)	(106)
Change in discount rate	-	-
Actuarial gain/(loss)	(20)	-
At 31 March	**1,566**	**1,615**

Interest on the liability is recognised in the Statement of comprehensive net income and the actuarial gain/(loss) is recognised in taxpayers' equity. The closing liability, discounted at the appropriate pensions liability discount rate, is included in other provisions for liabilities and charges in the Statement of financial position (further details of provisions are given in Note 18).

Accountability Report
REMUNERATION AND STAFF REPORT

People management and workforce policy

UKAEA Group's pay policy is determined by our sponsoring department, DESNZ.

Our Trade Union is Prospect and we have an extant framework on how we engage and consult. We use our existing mechanisms to seek their feedback and thinking on current issues.

Equality, diversity and inclusion policy

UKAEA is committed to promoting equality, diversity, and inclusion inside and outside of the organisation, and to ensuring that the working environment is welcoming, supportive, and inclusive for all. In 2025 we launched our current Equality, diversity and inclusion strategy centring around four main strategic objectives:

- **Pillar 1** - Insight that Drives Inclusion: To understand workforce needs through transparent data collection, reporting, and analysis to enable evidence-based, data-led decision making.
- **Pillar 2** - Attract, Retain & Advance: To build a diverse and inclusive workforce by attracting talent from a wide range of backgrounds and positioning UKAEA as an employer of choice. To ensure fair, inclusive, and transparent recruitment and progression processes that provide equity of opportunity at all levels.
- **Pillar 3** - Training & Development: To equip colleagues with the knowledge and tools to understand their responsibilities in ensuring equality and foster inclusive behaviours. To develop cultural awareness and confidence among managers to lead inclusively and support diverse teams effectively.
- **Pillar 4** - Inclusive Workplace & Culture: To embed equity across UKAEA by identifying and removing barriers for underrepresented groups. To create a culture of fairness, dignity, and respect, engaging colleagues to contribute to inclusivity and continuously reviewing policies and practices to reduce discrimination and improve access.

UKAEA's equal opportunities policy requires that all job applicants enjoy equal opportunity for employment on the basis of ability, qualifications, experience and suitability for the work. We deliver in-house training on diversity and equality, unconscious bias and specific recruitment training. These courses cover equality, diversity and inclusion, ensuring that line managers are aware of their responsibilities towards, and the benefits of, these topics.

UKAEA's equal opportunities policy provides a framework for ensuring that equality is considered throughout the employment of staff. For those who become disabled during their employment, we provide occupational health facilities which provide direct support to the employee and advise line managers on modifications and restrictions which are required. In addition to the training mentioned above, People Department Business Partners provide coaching on flexible working and unconscious bias to ensure that employees with disabilities are given equal opportunity in training, career development and promotion. UKAEA follows the guidelines of the Disability Confident Scheme.

Expenditure on consultancy and temporary staff

UKAEA Group expenditure on temporary staff (the provision of workers to cover business-as-usual or service delivery activities within an organisation) was £38,357k (2025: £32,722k), as detailed in the Staff costs note (Note 6.1). The increase year on year is reflective of the cost of engaging technical temporary staff.

UKAEA Group spend on consultancy (the provision to management of objective advice relating to strategy, structure, management, or operations of an organisation, in pursuit of its purposes and objectives) was £4,878k (2025: £4,142k). Such advice is sought when the UKAEA Group does not have the skills set required within its support services and the particular requirement falls outside the 'business-as-usual' environment. When used appropriately, consultancy can be a cost effective and efficient way of getting the temporary and skilled external input that the UKAEA Group needs. The increase in expenditure year on year reflects the increased UKFE requirement as the STEP programme progresses.

Off-payroll appointments

An off-payroll engagement is a working arrangement where an individual provides services to a client through an intermediary. Disclosures in sections (a) to (c) below relate to the UKAEA Group.

	Number of people
(a) Highly paid off-payroll worker engagements as at 31 March 2026, earning £245 per day or greater	
Number of existing engagements	243
Of which the number that have existed at the time of reporting for	
Less than one year	82
Between one and two years	25
Between two and three years	44
Between three and four years	28
For four or more years	64
(b) All highly paid off-payroll workers engaged at any point during the year ended 31 March 2026, earning £245 per day or greater	
Number of temporary off-payroll worker engagements in force during the year ended 31 March 2026	374
Of which:	
Number not subject to off-payroll legislation	351
Number subject to off-payroll legislation and assessed as within the scope of IR35	-
Number subject to off-payroll legislation and assessed as not within the scope of IR35	23
Number of engagements reassessed for consistency/assurance purposes during the year	23
Of which:	
Number of engagements that saw a change to IR35 status following the review	-
(c) Off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2025 and 31 March 2026	
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	4
Total number of individuals on payroll and off-payroll that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year	23
(d) AEA Insurance Limited (see also Note 14.1): Off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2025 and 31 March 2026	
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	2
Total number of individuals on payroll and off-payroll that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year	3

AEAIL is a captive insurance company registered in the Isle of Man and subject to their tax and National Insurance legislation. AEAIL does not employ anyone.

Two AEAIL Directors, who have been engaged since 2002 and 2024 respectively, are off-payroll by default and one of them is paid a small fee by AEAIL.

The third Director of AEAIL, who has been engaged since 2024, is an employee of UKAEA and on the UKAEA payroll.

Trade union facility time - Group

Facility time is when an employee takes paid time off from their normal role to carry out their role (duties and activities) as a trade union representative.

Table 1: Relevant union officials

Number of employees who were relevant union officials during the year	19
Full time equivalent employee number	18.8

Table 2: Percentage of time spent on facility time

Percentage of working hours spent on facility time by employees who were relevant union officials	Number of employees
0%	5
1-50%	14
51-99%	0
100%	0

Table 3: Percentage of total pay bill spent on facility time

Total cost of facility time (£k)	170
Total pay bill (£k)	168,767
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.10%

Table 4: Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours, calculated as: (total hours spent on paid trade union activities by relevant union officials during the year ÷ total paid facility time hours) x 100	0%

Exit packages paid to employees - Group and UKAEA (subject to audit)

	Number of compulsory redundancies		Number of other departures agreed	
	2025/26	2024/25	2025/26	2024/25
Total number of exit packages	0	0	10	0
Total cost of exit packages (£k)	0	0	86	0

Number of exit packages for which cost was:

Less than £10,000	0	0	6	0
£10,000 - £25,000	0	0	4	0

The exit packages disclosed above relate to pay in lieu of notice.

Other parliamentary disclosures

Fees and charges (subject to audit)
The UKAEA Group does not receive fees and charges for public services, as defined by HM Treasury in Managing Public Money. There are therefore no related disclosures within the Group Annual Report.

Regularity of expenditure (subject to audit)
UKAEA Group expenditure is compliant with the framework of authorities against which we are audited. This includes any relevant legislation, legal principles, such as subsidy control, procurement law or other legal requirements and HM Treasury consent where required.

Losses and special payments (subject to audit)
An impairment has been incurred for £26.2m following a review of the future value of work delivered to date on the design and build of a complex, first of a kind, test rig.

Remote contingent liabilities (subject to audit)
Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' the UKAEA Group discloses contingent liabilities where the possibility of an outflow of economic benefits is considered remote. These relate to obligations that have a very low likelihood of crystallising and therefore do not require recognition as provisions.

As at 31 March 2026, the Group had remote contingent liabilities arising from indemnities provided in connection with land access licences for adjoining farmland at the West Burton site. These licences permit non-intrusive topographical and tree surveys. The indemnities include caps of £5 million across five licences and £1 million across two licences, all of which are scheduled to expire by July 2026. Given the non-intrusive nature of the survey activities and the absence of identified risk factors, the probability of any liability arising is assessed as remote.

Tim Bestwick
Group Chief Executive and Accounting Officer
8th July 2026

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements
I certify that I have audited the financial statements of the United Kingdom Atomic Energy Authority and its group for the year ended 31 March 2026 under the Atomic Energy Authority Act 1954.

The financial statements comprise the United Kingdom Atomic Energy Authority and its Group's
- Consolidated statement of financial position as at 31 March 2026;
- Consolidated statement of comprehensive net income, Consolidated statement of cash flows and Consolidated statement of changes in taxpayers' equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:
- give a true and fair view of the state of the United Kingdom Atomic Energy Authority and its Group's affairs as at 31 March 2026 and its loss for the year then ended; and
- have been properly prepared in accordance with the Atomic Energy Authority Act 1954.

Opinion on regularity
In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions
I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)'. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's 'Revised Ethical Standard 2024'. I am independent of the United Kingdom Atomic Energy Authority and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter
I draw attention to Note 18.1 to the financial statements, which describes liabilities arising from the site restoration and decommissioning of the Joint European Torus (JET). These liabilities are subject to significant estimation uncertainty and are sensitive to changes in underlying assumptions, including discount rates, changes in cost estimates driven by regulatory and policy requirements or technological developments, and funding profile. Material changes to the liabilities could occur as a result of subsequent events that are different from the current assumptions adopted by the United Kingdom Atomic Energy Authority.

My opinion is not modified in respect of this matter.

Conclusions relating to going concern
In auditing the financial statements, I have concluded that the United Kingdom Atomic Energy Authority and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the United Kingdom Atomic Energy Authority and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the United Kingdom Atomic Energy Authority and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information
The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters
In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Atomic Energy Authority Act 1954 and Secretary of State direction issued thereunder.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with the Atomic Energy Authority Act 1954 and Secretary of State direction issued thereunder; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception
In the light of the knowledge and understanding of the United Kingdom Atomic Energy Authority and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:
- adequate accounting records have not been kept by the United Kingdom Atomic Energy Authority and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements
As explained more fully in the Accounting Officer's Statement, the Accounting Officer is responsible for:
- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the United Kingdom Atomic Energy Authority and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with the Atomic Energy Authority Act 1954;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Atomic Energy Authority Act 1954 and Secretary of State direction issued thereunder; and
- assessing the United Kingdom Atomic Energy Authority and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the United Kingdom Atomic Energy Authority and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements
My responsibility is to audit, certify and report on the financial statements in accordance with the Atomic Energy Authority Act 1954.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud
In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:
- considered the nature of the sector, control environment and operational performance including the design of the United Kingdom Atomic Energy Authority and its Group's accounting policies.
- inquired of management, the United Kingdom Atomic Energy Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the United Kingdom Atomic Energy Authority and its Group's policies and procedures on:
  - o identifying, evaluating and complying with laws and regulations;
  - o detecting and responding to the risks of fraud; and
  - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the United Kingdom Atomic Energy Authority and its Group's controls relating to the United Kingdom Atomic Energy Authority's compliance with the Atomic Energy Authority Act 1954, and Managing Public Money;
- inquired of management, the United Kingdom Atomic Energy Authority's head of internal audit and those charged with governance whether:
  - o they were aware of any instances of non-compliance with laws and regulations;
  - o they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant internal and external specialists, including property valuation specialists, and internal financial instrument experts regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

As a result of these procedures, I considered the opportunities and incentives that may exist within the United Kingdom Atomic Energy Authority and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the United Kingdom Atomic Energy Authority and its Group's framework of authority and other legal and regulatory frameworks in which the United Kingdom Atomic Energy Authority and its Group operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the United Kingdom Atomic Energy Authority and its Group. The key laws and regulations I considered in this context included the Atomic Energy Authority Act 1954, Managing Public Money, employment law and pensions legislation and tax legislation.

Audit response to identified risk
To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

Other auditor's responsibilities
I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report
I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 9th July 2026

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

ANNUAL ACCOUNTS

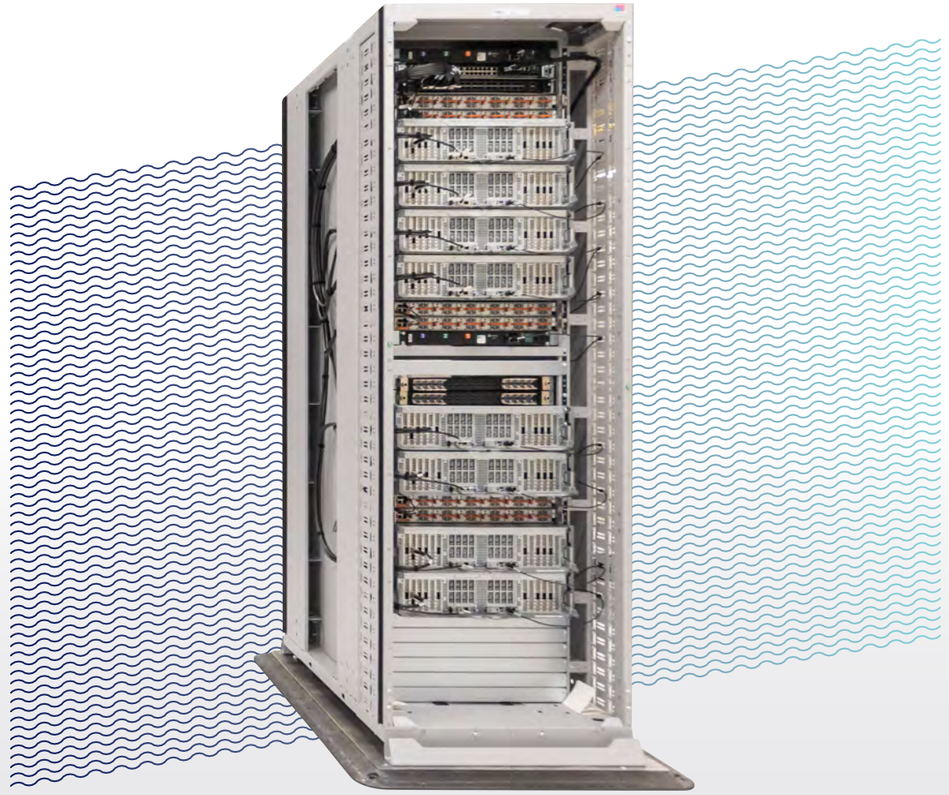
134 Consolidated statement of comprehensive net income

135 Consolidated statement of financial position

136 Consolidated statement of cash flows

137 Consolidated statement of changes in taxpayers' equity

138 Notes to the financial statements



Consolidated statement of comprehensive net income

for the year ended 31 March 2026

	Note	Group 2026 £k	Group 2025 £k	UKAEA 2026 £k	UKAEA 2025 £k
Income					
Revenue	4/5	428,639	355,423	361,092	333,247
Other income	5	1,782	1,240	1,782	1,240
Less: Share of revenue of joint venture		(6,116)	(5,198)	-	-
Total operating income		**424,305**	**351,465**	**362,874**	**334,487**
Expenditure					
Staff costs	6.1	198,087	175,812	179,600	170,263
Purchase of goods and services	6.2	224,744	172,403	181,756	160,893
Depreciation, amortisation and impairment	6.3	44,397	14,162	59,810	14,155
		467,228	362,377	421,166	345,311
Other operating expenses	6.4	(1,399)	2,764	(1,441)	2,831
Revaluation adjustment	9/10/11	18,251	(3,225)	18,110	(3,225)
Total operating expenditure		**484,080**	**361,916**	**437,835**	**344,917**
Operating (loss)/profit		**(59,775)**	**(10,451)**	**(74,961)**	**(10,430)**
Finance income	7	1,465	1,689	1,271	1,435
Finance expense	7	(1,232)	(492)	(1,232)	(492)
Profit/(loss) on disposal of assets		(3)	(142)	(3)	(142)
Share of profit/(loss) of joint venture after tax	14.2	(12,763)	25,720	-	-
Profit/(loss) before tax		**(72,308)**	**16,324**	**(74,925)**	**(9,629)**
Current tax (charge)/credit	8	6,442	5,238	3,913	4,200
Deferred tax (charge)/credit	8	(1,273)	(1,564)	(1,273)	(1,564)
Profit/(loss) for the year		**(67,139)**	**19,998**	**(72,285)**	**(6,993)**
Other comprehensive net income					
Net gain/(loss) on revaluations - Property, plant and equipment and right-of-use assets	9/10	16,376	7,091	13,826	7,091
Net gain/(loss) on revaluations - joint venture	14.2	(5,127)	10,378	-	-
Actuarial gains/(losses) on defined benefit pension plans		20	-	20	-
Tax (charge)/credit relating to components of other comprehensive income	8	1,630	(125)	2,266	(125)
Total other comprehensive net income for the year		12,899	17,344	16,112	6,966
Total comprehensive net income/(expenditure) for the year		**(54,240)**	**37,342**	**(56,173)**	**(27)**

The notes on pages 138-172 are an integral part of these financial statements.

Consolidated statement of financial position

as at 31 March 2026

	Note	Group 2026 £k	Group 2025 £k	UKAEA 2026 £k	UKAEA 2025 £k
Non-current assets					
Property, plant and equipment	9	461,981	383,254	431,498	382,700
Right-of-use assets	10	28,008	3,751	28,001	3,735
Investment property	11	65,899	92,813	65,899	92,813
Intangible assets	12	279	428	238	377
Reimbursement receivable - site restoration	12	923,273	712,836	923,273	712,836
Trade and other receivables	13	25,353	24,918	22,825	23,849
Financial assets	14	133,054	138,628	30,939	18,623
Total non-current assets		1,637,847	1,356,628	1,502,673	1,234,933
Current assets					
Trade and other receivables	13	192,502	146,951	187,588	145,763
Cash and cash equivalents	15	83,846	63,944	78,206	58,404
Total current assets		276,348	210,895	265,794	204,167
Total assets		**1,914,195**	**1,567,523**	**1,768,467**	**1,439,100**
Current liabilities					
Trade and other payables	16	138,199	86,802	134,338	85,587
Lease liabilities	17	3,699	597	3,678	577
Provisions for liabilities and charges	18	59,111	62,592	59,073	62,554
Total current liabilities		201,009	149,991	197,089	148,718
Total assets minus current liabilities		**1,713,186**	**1,417,532**	**1,571,378**	**1,290,382**
Non-current liabilities					
Trade and other payables	16	1,383	1,421	1,383	1,421
Deferred income	19	11,728	12,492	11,728	12,492
Deferred income tax liabilities	20	31,316	31,673	30,680	31,673
Lease liabilities	17	30,217	22,378	30,217	22,378
Provisions for liabilities and charges	18	950,253	739,940	950,101	739,788
Total non-current liabilities		1,024,897	807,904	1,024,109	807,752
Assets less liabilities		**688,289**	**609,628**	**547,269**	**482,630**
Taxpayers' equity					
General reserve		25,973	13,658	25,973	13,658
Revaluation reserve		96,741	72,199	94,827	72,199
Capital grants reserve		368,640	288,306	356,027	287,701
Retained earnings		196,935	235,465	70,442	109,072
Total taxpayers' equity		**688,289**	**609,628**	**547,269**	**482,630**

The notes on pages 138-172 are an integral part of these financial statements.

Tim Bestwick
Group Chief Executive and Accounting Officer
8th July 2026

Consolidated statement of cash flows
for the year ended 31 March 2026

	Note	Group 2026 £k	Group 2025 £k	UKAEA 2026 £k	UKAEA 2025 £k
Cash flows from operating activities					
Profit/(loss) for the year		(67,139)	19,998	(72,285)	(6,993)
Adjustments for non-cash transactions:					
- Depreciation, amortisation and impairment	6.3	44,397	14,163	59,810	14,155
- Deferred income released	19	(1,658)	(1,133)	(1,658)	(1,133)
- Property, plant and equipment revaluation adjustment	9	5,366	-	5,225	-
- Right of use assets revaluation adjustment	10	15,737	-	15,737	-
- Change in fair value of investment property	11	(2,852)	(3,225)	(2,852)	(3,225)
- Loss on disposal of property, plant and equipment		3	142	3	142
- Net finance (income)/expense recognised	7	(233)	(1,197)	(39)	(943)
- Deferred tax charge/(credit)	8	1,273	1,564	1,273	1,564
- Share of loss/(profit) of joint venture	14.2	12,763	(25,720)	-	-
Changes in working capital:					
- (Increase)/decrease in trade and other receivables		1,311	(25,841)	5,035	(23,619)
- (Increase)/decrease in current financial assets		-	200	-	-
- Increase/(decrease) in trade and other payables		12,651	8,583	11,464	7,406
- Use of and change in provisions, net of the movement on reimbursement receivables		(1,331)	318	(1,331)	391
Net cash inflow/(outflow) from operating activities		**20,288**	**(12,148)**	**20,382**	**(12,255)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(72,757)	(62,101)	(62,128)	(61,545)
Proceeds from sale of property, plant and equipment		31	-	31	-
Costs of right-of-use assets incurred prior to inception of corresponding leases		-	(37)	-	(37)
Purchase of investment property		(87)	(4,820)	(87)	(4,820)
Purchase of intangible assets		-	(192)	-	(139)
Purchase of investments		(10,601)	-	(10,601)	-
Net cash inflow/(outflow) from investing activities		**(83,414)**	**(67,150)**	**(72,785)**	**(66,541)**
Cash flows from financing activities					
Capital grant from sponsoring department		83,182	67,113	72,553	66,505
Interest received	7	1,465	1,689	1,271	1,435
Payments of interest on lease liabilities	7	(1,063)	(316)	(1,063)	(316)
Repayments of lease liabilities	17	(556)	(751)	(556)	(751)
Net cash inflow/(outflow) from financing activities		**83,028**	**67,735**	**72,205**	**66,873**
Net increase/(decrease) in cash and cash equivalents in the year		**19,902**	**(11,563)**	**19,802**	**(11,923)**
Cash and cash equivalents at the beginning of the year		63,944	75,507	58,404	70,327
Cash and cash equivalents at the end of the year		**83,846**	**63,944**	**78,206**	**58,404**

The notes on pages 138-172 are an integral part of these financial statements.

Consolidated statement of changes in taxpayers' equity
for the year ended 31 March 2026

Group

	General reserve [a] £k	Revaluation reserve [b] £k	Capital grants reserve [c] £k	Retained earnings [d] £k	Total £k
Balance at 1 April 2024	**13,658**	**67,131**	**231,840**	**192,544**	**505,173**
Changes in Taxpayers' Equity 2024/25:					
Total comprehensive net income for the year	-	6,966	-	30,376	37,342
Capital grant from sponsoring department	-	-	67,113	-	67,113
Depreciation transfer	-	(1,366)	(10,647)	12,013	-
Transfer re assets moved between investment property and property, plant and equipment and right-of-use assets	-	(532)	-	532	-
Balance at 31 March 2025	**13,658**	**72,199**	**288,306**	**235,465**	**609,628**
Changes in Taxpayers' Equity 2025/26:					
Total comprehensive net income for the year	-	18,006	-	(72,246)	(54,240)
Capital grant from sponsoring department	12,315	-	120,586	-	132,901
Depreciation transfer	-	(1,734)	(40,252)	41,986	-
Transfer re assets moved between investment property and property, plant and equipment and right-of-use assets	-	8,270	-	(8,270)	-
Balance at 31 March 2026	**25,973**	**96,741**	**368,640**	**196,935**	**688,289**

UKAEA

	General reserve [a] £k	Revaluation reserve [b] £k	Capital grants reserve [c] £k	Retained earnings [d] £k	Total £k
Balance at 1 April 2024	**13,658**	**67,131**	**231,840**	**103,523**	**416,152**
Changes in Taxpayers' Equity 2024/25:					
Total comprehensive net income for the year	-	6,966	-	(6,993)	(27)
Capital grant from sponsoring department	-	-	66,505	-	66,505
Depreciation transfer	-	(1,366)	(10,644)	12,010	-
Transfer re assets moved between investment property and property, plant and equipment and right-of-use assets	-	(532)	-	532	-
Balance at 31 March 2025	**13,658**	**72,199**	**287,701**	**109,072**	**482,630**
Changes in Taxpayers' Equity 2025/26:					
Total comprehensive net income for the year	-	16,092	-	(72,265)	(56,173)
Capital grant from sponsoring department	12,315	-	108,497	-	120,812
Depreciation transfer	-	(1,734)	(40,171)	41,905	-
Transfer re assets moved between investment property and property, plant and equipment and right-of-use assets	-	8,270	-	(8,270)	-
Balance at 31 March 2026	**25,973**	**94,827**	**356,027**	**70,442**	**547,269**

Notes:
(a) General reserve - This is a legacy reserve created from historical transactions, representing investment in UKAEA by the sponsoring department.
(b) Revaluation reserve - Reflects the unrealised element, net of tax, of the cumulative balance of gains/(losses) on revaluations of Land and buildings, Leasehold improvements and Plant and equipment (see Note 9).
(c) Capital grants reserve - Relates to capital grants received from UKAEA's sponsoring government department less the associated depreciation.
(d) Retained earnings - Represents total assets less liabilities, to the extent that the total is not represented by other reserves.

The notes on pages 138-172 are an integral part of these financial statements.

Notes to the financial statements

1 General information

UKAEA is a public sector research establishment (PSRE).
UKAEA is a non-departmental public body (NDPB) and was established by the Atomic Energy Authority Act 1954.
The address of UKAEA's registered office is Culham Campus, Abingdon, Oxfordshire, OX14 3DB.
UKAEA and its subsidiaries are referred to as 'the Group'.
UKAEA's sponsoring government department is the Department for Energy Security and Net Zero (DESNZ).

2 Basis of preparation

The financial statements comply with the provisions of the Atomic Energy Authority Act 1954 and the requirements of HM Treasury. The latter requires the financial statements to be prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury as updated annually. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Group for the purpose of giving a true and fair view has been selected.

The financial statements have been prepared on a going concern basis.

The financial statements are presented in pounds sterling, which is UKAEA's functional currency, and have been prepared under the historical cost convention, except for land and buildings, leasehold improvements, plant and equipment, right-of-use assets and investment properties which are revalued (Notes 3.8 to 3.10).

The preparation of financial statements in conformity with IFRS requires judgements, estimates and assumptions to be made that affect the application of accounting policies and the reported amounts of income, expenditure, assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most material effect on the amounts recognised in the consolidated financial statements is included in the notes to the financial statements.

3 Material accounting policies

The principal accounting policies applied by UKAEA and its subsidiaries UK Fusion Energy Ltd (UKFE) and AEA Insurance Ltd (AEAIL) in the preparation of these financial statements are set out below. These policies have been applied consistently in dealing with all items that are considered material to the financial statements.

3.1 Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from the activities of that entity. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

3.1 Consolidation continued

(b) Joint ventures and associates

Joint ventures are those entities over which the Group exercises joint control through a contractual arrangement. Associates are those entities over which the Group has significant influence, but neither control nor joint control. The results, assets and liabilities of joint ventures and associates are incorporated in the consolidated financial statements using the equity method of accounting. Investments in joint ventures and associates are initially carried in the Statement of financial position at cost and subsequently adjusted by post-acquisition changes in the Group's share of the net assets of the joint venture or associate, less any impairment in the value of individual investments. Losses of joint ventures in excess of the Group's interest in those joint ventures are not recognised, except where the Group has made a commitment to make good those losses.

(c) Transactions eliminated on consolidation

Intra-group transactions and balances and unrealised gains and losses on transactions between Group entities are eliminated on consolidation.

3.2 Segment reporting

The FReM previously required all FReM entities to provide an operating segments note in accordance with the requirements of IFRS 8 'Operating Segments'. It has recently been clarified by HMT that IFRS 8 is to apply un-adapted, and so the FReM no longer expands the scope of IFRS 8. As the Group and UKAEA do not meet the specific criteria under IFRS 8 they are no longer required to prepare an operating segments disclosure.

3.3 Revenue recognition

Revenue is shown net of value added tax, returns, rebates and discounts.

(a) Grant in Aid

Grant in Aid relating to expenditure recognised as an expense in profit or loss is recognised in the Statement of comprehensive net income in the same period as the related expenditure that it is intended to fund, in accordance with IAS 20. This departure from the specified treatment in the FReM has been agreed with UKAEA's sponsoring government department.

Grant in Aid relating to expenditure recognised in the Statement of financial position is recognised as financing and credited to taxpayers' equity in line with the FReM.

(b) Grant income

Grant funding relating to expenditure recognised as an expense in profit or loss is recognised in the Statement of comprehensive net income in the same period as the related expenditure that it is intended to fund, in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

(c) Rental income

Rental income from investment properties is recognised in the Statement of comprehensive net income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(d) Service contracts

Revenue from customer contracts is recognised under IFRS 15 'Revenue from Contracts with Customers'. Revenue is recognised when a performance obligation has been met i.e. at the point when delivery of a product or service transfers control to the customer and specific criteria have been met. Contract milestones have been identified as the performance obligations for revenue recognition at a point in time. Revenue from contracts that do not separately identify milestones is recognised on completion. Most of UKAEA's contracts with customers allow for invoices to be raised and paid once contract milestones have been completed. Revenue is measured based on the consideration set out in the customer contract.

3.4 Staff costs

(a) Short-term employee benefits

Short-term employee benefits including salaries are recognised in the year in which the related service is provided. A liability is recognised for the amount expected to be paid under short-term bonus arrangements if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by employees and the obligation can be estimated reliably.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

(c) Retirement benefits

Obligations for contributions to defined contribution schemes are recognised as an expense when they are due. The Group has no further payment obligations once the contributions have been paid.

The Group operates three defined benefit schemes for the benefit of its employees. Two of these are closed to new members. The schemes are unfunded multi-employer defined benefit schemes. In accordance with the FReM, these schemes are accounted for as defined contribution schemes in these financial statements and the obligations recognised are limited to the contributions due.

The Group also has a separate liability in respect of unfunded retirement benefits relating to three individuals. The liability recognised in the Statement of financial position is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a real rate of interest set by HM Treasury. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to taxpayers' equity in the period in which they arise.

(d) Capitalised staff costs

The costs of time spent by staff in bringing property, plant and equipment assets to their condition and location for use are capitalised.

3.5 Research expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of comprehensive net income when incurred.

3.6 Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Group using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using the exchange rates at that date. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities are recognised in the Statement of comprehensive net income.

3.7 Current and deferred tax

The tax charge or credit for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive net income, except to the extent that it relates to items recognised directly in taxpayers' equity. In such case, the tax is also recognised in taxpayers' equity.

3.7 Current and deferred tax continued

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, plus any adjustment to tax payable in respect of previous years.

Research and Development Expenditure Credits (RDEC) payable by HM Revenue and Customs are treated as tax credits in line with the provisions of IAS 12 'Income Taxes' and are included within current tax (charge)/credit in the Statement of comprehensive net income (see Note 8).

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

3.8 Property, plant and equipment

Land and buildings are occupied by the Group and are shown at existing use value (EUV), based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. In the intervening years any new land and buildings along with elements of land and buildings that have changed circumstances are independently revalued, and the remaining property portfolio is uplifted using indexation rates with the assistance of the valuers.

From 1 April 2025 HM Treasury changed the requirements in the FReM in respect of revaluations of non-investment assets including property, plant and equipment. Entities are now required to revalue their property assets every five years, and so the Group's accounting policy has changed accordingly from having triennial valuations to having quinquennial valuations and, as required by the transitional provisions within the FReM, this change is being applied prospectively.

References to assets being held for their ‘service potential’ and the terms ‘specialised/non-specialised’ assets were removed from the FReM. Non-investment assets are instead described as assets held for their ‘operational capacity’. This change had no impact on the valuation basis of non-investment assets, including property, plant and equipment, which remains EUV.

EUV is based on market values for existing use. Where market-based evidence of value is not available because of the specialised nature of the property, valuations are carried out on a depreciated replacement cost basis.

Leasehold improvements and plant and equipment, excluding assets with short useful lives, are revalued using appropriate indices as published by the Office for National Statistics for each class of asset.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve. Decreases that offset previous increases in the value of the same asset are charged against the revaluation reserve; all other decreases are charged to the Statement of comprehensive net income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of comprehensive net income and depreciation based on the asset’s original cost is transferred from the revaluation reserve to retained earnings.

Subsequent costs are included in an asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of comprehensive net income during the financial period in which they are incurred.

Property, plant and equipment capitalisation thresholds are as follows:

– Land and buildings	£100k
– Plant and equipment for decommissioning	£100k
– Software	£20k
– Other	£5k

3.8 Property, plant and equipment continued
Land is not depreciated. Assets under construction are not depreciated. The depreciation charge on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, less their residual values, over their estimated useful lives, as follows:

– Buildings	Initially up to 40 years, reassessed during the property valuation cycle
– Leasehold improvements	Over the balance of the lease term
– Plant, machinery and equipment	Up to 25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment may have component parts with different useful lives. In accordance with the provisions of IAS 16 'Property, Plant and Equipment', parts of any newly recognised item of property, plant and equipment with significantly different estimated useful lives are depreciated separately.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive net income. Any amounts to be released from deferred income on disposal are recognised within Other income in the Statement of comprehensive net income. When revalued assets are sold, any amounts included in the revaluation reserve are transferred to retained earnings.

3.9 Leases
Leases are accounted for in line with IFRS 16 'Leases'.

3.9(a) The Group as lessee
At inception of a contract the Group assesses whether the contract is a lease, or contains a lease. In line with the FReM the Group recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (of term 12 months or less) and leases of low value underlying assets (cost when new below £5k). For each such lease, the Group expenses the lease payments as an operating lease on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of not-yet-paid lease payments, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental discount rate(s) as advised by HM Treasury.

Lease payments included in the measurement of the lease liability comprise:
• fixed lease payments (including in-substance fixed payments), less any lease incentives
• variable lease payments that depend on an index or rate
• expected payments under residual value guarantees
• the exercise price of purchase options, if the Group is reasonably certain to exercise the options
• payments of penalties for terminating the lease, if the lease term reflects the expected exercise of a termination option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3.9(a) The Group as lessee continued
The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
• the lease term has changed or there is a change in the assessment of the likelihood of exercising a purchase option
• an index or rate changes or there is a change in expected payment under a guaranteed residual value
• a lease contract is modified and the lease modification is not accounted for as a separate lease.

At the lease commencement date the costs of right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the lease commencement date, any initial direct costs incurred, plus the amount of any provision for reinstatement recognised and measured under IAS 37.

Right-of-use assets are subsequently measured at cost less accumulated depreciation (based on the shorter period of lease term and estimated useful life of the underlying asset) and impairment losses (assessed under IAS 36 'Impairment of Assets'). The depreciation starts at the lease commencement date.

Variable rental payments that do not depend on an index or rate are expensed as incurred.

Right-of-use assets are revalued as per the policy for property, plant and equipment (Note 3.8).

3.9(b) The Group as lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

All of the Group's leases during 2025/26 and 2024/25 were operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.10 Investment property
Investment property, comprising freehold land and buildings plus investment property right-of-use assets plus investment property assets under construction, is held either for rental yields or capital appreciation and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external independent valuers.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. Valuations reflect the allocation of maintenance and insurance responsibilities between the Group and the lessee and the remaining economic life of the property.

Changes in fair values are recognised in the Statement of comprehensive net income.

3.11 Intangible assets
Intangible assets comprise acquired computer software licences and are stated at cost, net of amortisation and any provision for impairment. The cost of intangible assets, less estimated residual value, is amortised on a straight-line basis over their estimated useful lives of up to five years.

3.12 Impairment of non-financial assets
Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.13 Financial instruments
UKAEA measures its financial assets in accordance with IFRS 9 'Financial Instruments', whereby financial assets are classified into the following measurement categories: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL).

UKAEA's financial assets comprise trade and other receivables, investments and cash and cash equivalents. UKAEA's interest in its subsidiaries, associate and joint venture (Notes 14.1 to 14.3) are exempted from the application of IFRS 9. Term deposits (Note 15) are solely payments of principal and interest and are therefore held at amortised cost. All other financial assets of the Group were held at amortised cost at both 31 March 2026 and 31 March 2025 except for other investments, which are held at FVTPL.

Financial assets are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets.

Under IFRS 9, financial liabilities are classified as held at amortised cost or at FVTPL.

The majority of UKAEA's financial liabilities relate to trade and other payables.
All financial liabilities of the Group were held at amortised cost at both 31 March 2026 and 31 March 2025.

Financial liabilities are included in current liabilities, except for maturities greater than 12 months after the reporting date which are classified as non-current liabilities.

As the majority of financial instruments relate to contracts to buy non-financial items in line with UKAEA's expected purchase and usage requirements UKAEA is exposed to little credit, liquidity or market risk (see Note 26(c)).

UKFE and AEAIL also measure their financial instruments in accordance with IFRS 9.

3.14 Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.15 Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

UKAEA's site restoration provision is the most significant area of estimation uncertainty in the financial statements. Full details are in Note 18.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using real rates of interest. The change in the provision due to passage of time and changes in discount rate is recognised as finance expense or finance income as appropriate.

Where assurances have been received from another party that they will reimburse some or all of the expenditure required to settle a provision, and the requirements for recognition of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' section 53 are met (i.e. it is virtually certain that reimbursement will be received if the obligation is settled) a reimbursement asset will be recognised to the extent of the amount expected to be reimbursed. The reimbursement asset is shown separately from the related provision in the Statement of financial position. As the reimbursement asset is reduced in line with the utilisation of the corresponding provision there is a net neutral utilisation impact in respect of such provisions.

3.16 IFRS issued but not yet effective
The following new standards, amendments and interpretations to existing standards are not yet effective or are not yet effective in HMT's 2025/26 FReM and have not been early adopted by the Authority:

IFRS 18 Presentation and disclosure in financial statements
IFRS 18 'Presentation and Disclosure in Financial Statements' will replace IAS 1 'Presentation of Financial Statements' and is effective for annual reporting periods beginning on or after 1 January 2027 in the private sector. The public sector implementation date is not yet confirmed. The impact of IFRS 18 on the public sector is still being assessed.

3.17 Critical accounting judgements and key sources of estimation uncertainty
In the application of UKAEA's accounting policies, the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying UKAEA's accounting policies
The key area where significant accounting judgements have been made by management and which have the most significant effect on the amounts recognised in the financial statements is:
- Site restoration provision - Note 18.1

Key sources of estimation uncertainty
The key sources of estimation uncertainty are set out in the relevant notes to the financial statements and comprise the following:
- Impairment of property, plant and equipment - Note 6.3
- Site restoration provision - Note 18.1

4 Disaggregation of revenue under IFRS 15 'Revenue from Contracts with Customers'

UKAEA's customer contract revenue, derived from the transfer of goods and services, totalled £9,616k (2025: £7,701k).

Contract balances

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers:

		Group and UKAEA	
	Note	2026 £k	2025 £k
Trade receivables	13	4,938	3,352
Contract assets	13	2,182	734
Contract liabilities	16	(669)	(474)

Contract assets relate to direct costs incurred on not-yet-satisfied performance obligations and to performance obligations satisfied but not yet invoiced.

Contract liabilities relate to consideration received in advance.

Movement in contract assets/liabilities in the year - Group and UKAEA:

	Contract assets		Contract liabilities	
	2026 £k	2025 £k	2026 £k	2025 £k
Contract assets/liabilities at the beginning of the year	734	875	(474)	(482)
Contract assets for performance obligations satisfied but not yet invoiced	612	(112)	-	-
Contract liabilities for payments received in advance of the satisfaction of performance obligations	-	-	(195)	8
Changes in the measure of progress	836	(29)	-	-
Contract assets/liabilities at the end of the year	**2,182**	**734**	**(669)**	**(474)**

5 Operating income

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Grant in Aid from sponsoring department	380,087	296,189	273,458	260,831
Rentals, property and construction income	8,443	10,565	2,327	5,366
Revenue from contracts with customers and collaborations	22,820	26,147	22,820	26,145
Grant income	17,289	22,522	17,289	22,522
Intercompany charges	-	-	45,198	18,383
Total revenue	**428,639**	**355,423**	**361,092**	**333,247**
Release of deferred capital grant income	1,658	1,133	1,658	1,133
Other	124	107	124	107
Total other income	**1,782**	**1,240**	**1,782**	**1,240**
Less: Share of revenue of joint venture	(6,116)	(5,198)	-	-
Total operating income	**424,305**	**351,465**	**362,874**	**334,487**

6 Operating expenditure

6.1 Staff costs

Staff costs comprise:

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Directly employed staff:				
Salaries, bonuses and allowances	127,528	114,993	117,935	111,804
Social security costs	17,849	14,209	16,466	13,830
Pension costs – defined contribution plans (see below)	23,390	20,943	21,653	20,389
	168,767	150,145	156,054	146,023
Temporary staff *	38,357	32,722	32,583	31,295
Total	**207,124**	**182,867**	**188,637**	**177,318**
Less: Costs capitalised	(9,037)	(7,055)	(9,037)	(7,055)
Total expenditure recognised in Statement of comprehensive net income	**198,087**	**175,812**	**179,600**	**170,263**

* Comparative amended for reclassification

Full details of UKAEA Group's pension schemes are given in the Remuneration Report.

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Total employer's pension contributions paid to the CPS during the year	24,364	20,645	22,650	20,236
Total employer's pension contributions paid to the SPPSP during the year	30	23	30	23

6.2 Purchase of goods and services

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Research services	45,798	52,934	38,987	51,770
IT equipment	44,110	7,919	41,466	7,907
Professional and technical services *	42,803	29,320	25,365	21,896
Plant, equipment and spares	37,232	38,965	29,302	36,903
Site maintenance and services	35,900	22,802	35,610	22,735
Property purchases	28,327	265	28,327	265
Design and construction *	23,852	45,000	16,477	45,000
Contribution to UKi2S	20,000	-	20,000	-
Software	11,404	8,406	10,616	8,269
Electricity	7,413	8,710	7,413	8,710
Travel and subsistence	4,878	4,142	4,475	4,117
Consultancy	2,543	2,298	354	1,571
Other	22,178	11,700	12,969	11,199
Total	**326,438**	**232,461**	**271,361**	**220,342**
Less: Costs capitalised	(101,694)	(60,058)	(89,605)	(59,449)
Total expenditure recognised in Statement of comprehensive net income	**224,744**	**172,403**	**181,756**	**160,893**

* Comparative amended for reclassification

Operating leases - lessee rentals:				
- Short term leases - plant, machinery and vehicles	37	76	37	76
- Short term leases - property	93	2	93	2

Auditors' remuneration:				
Fees payable to the Group's auditor, the National Audit Office, for the audit of the Group's annual accounts	229	180	229	180
Fees payable to the Group's auditor for other services - audit of the accounts of subsidiary UKFE	95	80	-	-

Audit of subsidiary AEAIL and joint venture:
The audit fee payable to the auditors of AEAIL was £13k (2025: £12k).
The audit fee payable to the auditors of HSIC PubSP, in which UKAEA has a share of one half, was £23k (2025: £21k).
The audit fee payable to the auditors of HSIC Holdings, in which UKAEA has a share of one quarter via HSIC PubSP, was £39k (2025: £30k).

6.3 Depreciation, amortisation and impairment

	Note	Group		UKAEA	
		2026 £k	2025 £k	2026 £k	2025 £k
Depreciation - property, plant and equipment	9	17,463	13,519	17,393	13,518
Depreciation - right-of-use assets	10	546	463	537	459
Amortisation - intangible assets	12	165	149	155	147
Impairment - property, plant and equipment	9	26,223	31	41,725	31
		44,397	**14,162**	**59,810**	**14,155**
Impairment - property, plant and equipment:					
- Arising from the professional valuation in the year of owner occupied land and buildings.		-	31	-	31
- Following a review of the future value of the work delivered to date on the design and build of a complex, first of a kind, test rig.		26,223	-	26,223	-
- Due to a peppercorn lease of land at West Burton to subsidiary UKFE, the UKAEA-only value of the leased land decreased following the year end professional property valuation.		-	-	15,502	-
		26,223	**31**	**41,725**	**31**

6.4 Other operating expenses

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Movement in provisions net of reimbursement receivables	66	1,796	66	1,869
Movement in contract assets	(785)	(21)	(785)	(21)
Expected Credit Loss	(702)	921	(702)	921
Foreign exchange differences	22	68	(20)	62
	(1,399)	**2,764**	**(1,441)**	**2,831**

7 Finance income and expense

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Finance income				
Interest receivable	1,465	1,689	1,271	1,435
Total finance income	**1,465**	**1,689**	**1,271**	**1,435**
Finance expense				
Interest on lease liabilities	(1,063)	(316)	(1,063)	(316)
Revalorisation of provisions:				
- Unwinding of discounting	(17,504)	(16,450)	(17,504)	(16,450)
- Adjustments to reimbursement receivables	17,415	16,355	17,415	16,355
Interest on unfunded retirement benefits	(80)	(81)	(80)	(81)
Total finance expense	**(1,232)**	**(492)**	**(1,232)**	**(492)**

Full details of provisions and the discount rates used are provided in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

8 Tax (charge)/credit

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Current tax				
Current tax credit (RDEC)	5,682	5,565	3,142	4,496
Current tax charge for year	650	(31)	662	-
Adjustments relating to previous years	110	(296)	109	(296)
	6,442	5,238	3,913	4,200
Deferred tax				
Origination and reversal of temporary timing differences	(676)	(1,717)	(676)	(1,717)
Recognition of deferred tax asset (Note 20)	-	597	-	597
Adjustments relating to previous years	(597)	(444)	(597)	(444)
	(1,273)	(1,564)	(1,273)	(1,564)
Total tax (charge)/credit	**5,169**	**3,674**	**2,640**	**2,636**

The Research and Development Expenditure Credit (RDEC) is mandatory. The RDEC is beneficial for the Group and offsets the tax charge on any non-trading profits from property and other activities.

The current tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Profit/(loss) for the year	(67,139)	19,998	(72,285)	(6,993)
Add back: Tax charge/(credit)	(5,169)	(3,674)	(2,640)	(2,636)
Profit/(loss) before tax	(72,308)	16,324	(74,925)	(9,629)
Tax calculated at the standard UK corporation tax rate of 25% (2025: 25%)	18,077	(4,081)	18,731	2,407
Tax effects of:				
- Reversal of timing differences	(15,838)	(3,142)	(19,661)	(3,141)
- Items not deductible for tax purposes	(1,614)	7,731	550	734
- Share of taxable profits of joint venture	-	-	1,042	598
- R&D expenditure credit under s104A CTA 2009	(1,894)	(1,855)	(1,047)	(1,499)
- Profits offset by RDEC credit	1,894	1,257	1,047	901
- Net RDEC claim for the year	5,682	5,565	3,142	4,496
- Tax losses for which no deferred income tax asset was recognised	25	59	-	-
- Adjustments for previous periods	110	(296)	109	(296)
Current tax (charge)/credit for the year	**6,442**	**5,238**	**3,913**	**4,200**

The tax (charged)/credited to taxpayers' equity during the year is as follows:

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Deferred tax (charge)/credit relating to fair value gains on property, plant and equipment	1,630	(125)	2,266	(125)

9 Property, plant and equipment

Group	Land £k	Buildings £k	Leasehold improvements £k	Plant and equipment £k	Assets under construction £k	Total £k
Cost or valuation						
At 31 March 2024	**61,512**	**102,621**	**4,410**	**63,921**	**143,130**	**375,594**
Additions	-	-	-	1,305	60,796	62,101
Disposals	-	-	-	(658)	-	(658)
Revaluation - recognised in taxpayers' equity	(4,240)	10,124	101	1,106	-	7,091
Revaluation - recognised in profit and loss	-	-	-	-	-	-
Impairment	-	(30)	-	(1)	-	(31)
Transfers within property, plant and equipment	-	41,202	35	13,185	(54,422)	-
Transfers (to)/from investment property	(63)	(2,290)	-	-	(999)	(3,352)
At 31 March 2025	**57,209**	**151,627**	**4,546**	**78,858**	**148,505**	**440,745**
Additions	490	-	1	211	110,014	110,716
Disposals	-	-	-	(467)	-	(467)
Revaluation - recognised in taxpayers' equity	9,866	1,694	101	4,714	-	16,375
Revaluation - recognised in profit and loss	(456)	(4,911)	-	1	-	(5,366)
Impairment	-	-	-	-	(26,223)	(26,223)
Transfers within property, plant and equipment	30,003	27,109	-	12,254	(69,366)	-
Transfers (to)/from investment property	(230)	479	-	-	-	249
At 31 March 2026	**96,882**	**175,998**	**4,648**	**95,571**	**162,930**	**536,029**
Depreciation						
At 31 March 2024	**-**	**(17,314)**	**(618)**	**(27,040)**	**-**	**(44,972)**
Depreciation charge	-	(5,398)	(240)	(7,882)	-	(13,520)
Disposals	-	-	-	516	-	516
Transfers within property, plant and equipment	-	-	-	-	-	-
Transfers to investment property	-	485	-	-	-	485
At 31 March 2025	**-**	**(22,227)**	**(858)**	**(34,406)**	**-**	**(57,491)**
Depreciation charge	-	(6,849)	(249)	(10,365)	-	(17,463)
Disposals	-	-	-	434	-	434
Transfers within property, plant and equipment	-	-	-	-	-	-
Transfers to investment property	-	472	-	-	-	472
At 31 March 2026	**-**	**(28,604)**	**(1,107)**	**(44,337)**	**-**	**(74,048)**
Net book value						
At 31 March 2025	**57,209**	**129,400**	**3,688**	**44,452**	**148,505**	**383,254**
At 31 March 2026	**96,882**	**147,394**	**3,541**	**51,234**	**162,930**	**461,981**
Net book value under the historical cost model						
At 31 March 2025	**132**	**103,287**	**2,983**	**41,260**	**148,505**	**296,167**
At 31 March 2026	**30,055**	**124,886**	**2,983**	**43,854**	**162,930**	**364,708**

The additions during the year include expenditure on the acquisition of the Group's West Burton site and development of UKAEA's Culham campus and to progress major programmes, including STEP, H3AT, STRIDE and LIBRTI. For further information on these programmes, please see the Performance Report.

The value of Group property, plant and equipment additions in the year which were funded by government grant comprises £109,822k (2025: £62,101k) funded by capital grant from sponsoring department.

For details of impairments see Note 6.3.

All property, plant and equipment are owned by the Group.

New land and buildings along with elements of land and buildings that have changed circumstances during the year have been revalued as at 28 February 2026. The valuations were undertaken by Carter Jonas in accordance with the Valuation Standards of the Royal Institute of Chartered Surveyors, IFRS and guidelines in HM Treasury's FReM. The value of the remaining property portfolio has been uplifted using indexation rates with the assistance of the valuers.

The Group determined that the valuations were still appropriate as at the reporting date.

9 Property, plant and equipment continued

UKAEA	Land £k	Buildings £k	Leasehold improvements £k	Plant and equipment £k	Assets under construction £k	Total £k
Cost or valuation						
At 31 March 2024	**61,512**	**102,621**	**4,410**	**63,921**	**143,130**	**375,594**
Additions	-	-	-	749	60,796	61,545
Disposals	-	-	-	(658)	-	(658)
Revaluation - recognised in taxpayers' equity	(4,240)	10,124	101	1,106	-	7,091
Revaluation - recognised in profit and loss	-	-	-	-	-	-
Impairment	-	(30)	-	(1)	-	(31)
Transfers within property, plant and equipment	-	41,202	35	13,185	(54,422)	-
Transfers (to)/from investment property	(63)	(2,290)	-	-	(999)	(3,352)
At 31 March 2025	**57,209**	**151,627**	**4,546**	**78,302**	**148,505**	**440,189**
Additions	490	-	1	211	97,925	98,627
Disposals	-	-	-	(467)	-	(467)
Revaluation - recognised in taxpayers' equity	7,324	1,694	101	4,707	-	13,826
Revaluation - recognised in profit and loss	(315)	(4,911)	-	1	-	(5,225)
Impairment	(15,502)	-	-	-	(26,223)	(41,725)
Transfers within property, plant and equipment	30,003	27,109	-	11,891	(69,003)	-
Transfers (to)/from investment property	(230)	479	-	-	-	249
At 31 March 2026	**78,979**	**175,998**	**4,648**	**94,645**	**151,204**	**505,474**
Depreciation						
At 31 March 2024	**-**	**(17,314)**	**(618)**	**(27,040)**	**-**	**(44,972)**
Depreciation charge	-	(5,398)	(240)	(7,880)	-	(13,518)
Disposals	-	-	-	516	-	516
Transfers within property, plant and equipment	-	-	-	-	-	-
Transfers to investment property	-	485	-	-	-	485
At 31 March 2025	**-**	**(22,227)**	**(858)**	**(34,404)**	**-**	**(57,489)**
Depreciation charge	-	(6,849)	(249)	(10,295)	-	(17,393)
Disposals	-	-	-	434	-	434
Transfers within property, plant and equipment	-	-	-	-	-	-
Transfers to investment property	-	472	-	-	-	472
At 31 March 2026	**-**	**(28,604)**	**(1,107)**	**(44,265)**	**-**	**(73,976)**
Net book value						
At 31 March 2025	**57,209**	**129,400**	**3,688**	**43,898**	**148,505**	**382,700**
At 31 March 2026	**78,979**	**147,394**	**3,541**	**50,380**	**151,204**	**431,498**
Net book value under the historical cost model						
At 31 March 2025	**132**	**103,287**	**2,983**	**41,260**	**148,505**	**296,167**
At 31 March 2026	**30,055**	**124,886**	**2,781**	**43,007**	**151,204**	**351,933**

For details of additions during the year see the Group disclosure.

The value of UKAEA property, plant and equipment additions in the year which were funded by government grant comprises £97,733k (2025: £61,546k) funded by capital grant from sponsoring department.

For details of impairments see Note 6.3.

10 Right-of-use assets (excluding investment property right-of-use assets)

Group	Land and buildings £k	Plant, equipment and vehicles £k	Total £k
Cost or valuation			
At 31 March 2024	**4,153**	**486**	**4,639**
Additions	417	109	526
Remeasurements	-	(42)	(42)
Disposals	-	(289)	(289)
At 31 March 2025	**4,570**	**264**	**4,834**
Additions	10,248	166	10,414
Remeasurements	334	-	334
Revaluation - recognised in profit and loss	(15,737)	-	(15,737)
Disposals	-	-	-
Transfers from investment property right-of-use assets	29,792	-	29,792
At 31 March 2026	**29,207**	**430**	**29,637**
Depreciation			
At 31 March 2024	**(639)**	**(270)**	**(909)**
Depreciation charge	(352)	(111)	(463)
Disposals	-	289	289
At 31 March 2025	**(991)**	**(92)**	**(1,083)**
Depreciation charge	(419)	(127)	(546)
Disposals	-	-	-
At 31 March 2026	**(1,410)**	**(219)**	**(1,629)**
Net book value			
At 31 March 2025	**3,579**	**172**	**3,751**
At 31 March 2026	**27,797**	**211**	**28,008**
Net book value under the historical cost model			
At 31 March 2025	**3,579**	**172**	**3,751**
At 31 March 2026	**34,180**	**211**	**34,391**

10 Right-of-use assets (excluding investment property right-of-use assets) continued

UKAEA	Land and buildings £k	Plant, equipment and vehicles £k	Total £k
Cost or valuation			
At 31 March 2024	**4,153**	**486**	**4,639**
Additions	417	89	506
Remeasurements	-	(42)	(42)
Disposals	-	(289)	(289)
At 31 March 2025	**4,570**	**244**	**4,814**
Additions	10,248	166	10,414
Remeasurements	334	-	334
Revaluation - recognised in profit and loss	(15,737)	-	(15,737)
Disposals	-	-	-
Transfers from investment property right-of-use assets	29,792	-	29,792
At 31 March 2026	**29,207**	**410**	**29,617**
Depreciation			
At 31 March 2024	**(639)**	**(270)**	**(909)**
Depreciation charge	(352)	(107)	(459)
Disposals	-	289	289
At 31 March 2025	**(991)**	**(88)**	**(1,079)**
Depreciation charge	(419)	(118)	(537)
Disposals	-	-	-
At 31 March 2026	**(1,410)**	**(206)**	**(1,616)**
Net book value			
At 31 March 2025	**3,579**	**156**	**3,735**
At 31 March 2026	**27,797**	**204**	**28,001**
Net book value under the historical cost model			
At 31 March 2025	**3,579**	**156**	**3,735**
At 31 March 2026	**34,180**	**204**	**34,384**

The right-of-use assets above relate to leases entered into by UKAEA and UKFE of industrial and office buildings, vehicles, lifting and transporting equipment and office equipment. AEAIL does not have any leases.

As at 31 March 2026 UKAEA has five property leases subject to capitalisation as right-of-use assets under IFRS 16. One of those property right-of-use assets met the definition of an investment property under IAS 40 'Investment Property' as at 31 March 2025 and so was recognised within investment property in the Statement of financial position (see Note 11). That asset no longer met the definition of an investment property as at 31 March 2026 so was transferred to Right-of-use assets and was professionally revalued at end 2025/26, resulting in a downwards revaluation adjustment (it is management's intention that in future years this property will return to being an investment property and valued accordingly, which may result in a future increase in its value). Three of the capitalised property leases are short life assets and so are not revalued. As the remaining one is for a shorter period than the useful life of the underlying asset and the rent is open market with regular periodic reviews UKAEA has used the cost measurement model as an appropriate proxy for the current value in existing use or fair value of the right-of-use asset.

11 Investment property

Group and UKAEA	Investment property £k	Investment property right-of-use assets £k	Investment property assets under construction £k	Total £k
Cost or valuation				
At 31 March 2024	**62,210**	**-**	**-**	**62,210**
Additions	-	19,691	4,820	24,511
Transfers within investment property	5,819	-	(5,819)	-
Transfers (to)/from land and buildings	1,868	-	999	2,867
Revaluation adjustment - change in fair value *	(6,129)	9,354	-	3,225
At 31 March 2025	**63,768**	**29,045**	**-**	**92,813**
Additions	-	-	-	-
Remeasurements	-	747	-	747
Transfers (to)/from land and buildings	(721)	-	-	(721)
Transfers (to)/from right-of-use assets	-	(29,792)	-	(29,792)
Revaluation adjustment - change in fair value	2,852	-	-	2,852
At 31 March 2026	**65,899**	**-**	**-**	**65,899**
Net book value under the historical cost model				
At 31 March 2025	**23,896**	**19,691**	**-**	**43,587**
At 31 March 2026	**24,736**	**-**	**-**	**24,736**

* Comparative amended for reclassification

Investment properties were valued at fair value as at 28 February 2026 by independent valuers. The valuations were undertaken by Carter Jonas in accordance with the Valuation Standards of the Royal Institute of Chartered Surveyors, IFRS and guidelines in HM Treasury's FReM.

Investment properties are held for their investment potential. Rental income from tenants outside the Group is negotiated at arm's length. The following amounts have been recognised in the Statement of comprehensive net income:

	Group and UKAEA	
	2026 £k	**2025 £k**
Rental income	2,327	2,884
Direct operating expenses:		
- Investment properties that generated rental income	1,870	2,944
- Investment properties that did not generate rental income	10	653
- Expected Credit Loss	(702)	921

12 Intangible assets

Group	Software £k	Total £k
Cost		
At 31 March 2024	**2,505**	**2,505**
Additions	192	192
At 31 March 2025	**2,697**	**2,697**
Additions	16	16
At 31 March 2026	**2,713**	**2,713**
Amortisation		
At 31 March 2024	**(2,120)**	**(2,120)**
Amortisation charge	(149)	(149)
At 31 March 2025	**(2,269)**	**(2,269)**
Amortisation charge	(165)	(165)
At 31 March 2026	**(2,434)**	**(2,434)**
Net book value		
At 31 March 2025	**428**	**428**
At 31 March 2026	**279**	**279**

UKAEA	Software £k	Total £k
Cost		
At 31 March 2024	**2,505**	**2,505**
Additions	139	139
At 31 March 2025	**2,644**	**2,644**
Additions	16	16
At 31 March 2026	**2,660**	**2,660**
Amortisation		
At 31 March 2024	**(2,120)**	**(2,120)**
Amortisation charge	(147)	(147)
At 31 March 2025	**(2,267)**	**(2,267)**
Amortisation charge	(155)	(155)
At 31 March 2026	**(2,422)**	**(2,422)**
Net book value		
At 31 March 2025	**377**	**377**
At 31 March 2026	**238**	**238**

13 Trade and other receivables

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Amounts falling due after more than one year				
Reimbursement receivables:				
- Site restoration	923,273	712,836	923,273	712,836
- Restructuring	19,021	19,353	19,021	19,353
Corporation tax	6,332	5,565	3,804	4,496
	948,626	**737,754**	**946,098**	**736,685**
Amounts falling due within one year				
Trade receivables	6,234	7,512	6,231	7,509
Reimbursement receivables:				
- Site restoration	54,500	56,500	54,500	56,500
- Restructuring	2,942	3,033	2,942	3,033
Prepayments and accrued income - Grant in Aid from sponsoring department	85,940	41,642	85,940	41,642
Prepayments and accrued income - other	16,608	18,870	16,035	18,779
Contract assets - in respect of revenue receivable	645	33	645	33
Contract assets - direct costs in respect of work in progress	1,537	701	1,537	701
VAT	17,614	10,573	14,331	9,479
Corporation tax	5,644	8,055	4,605	8,055
Other receivables	838	32	822	32
	192,502	**146,951**	**187,588**	**145,763**

There are no impaired assets in any of the classes of trade and other receivables. UKAEA has calculated an Expected Credit Loss provision for its trade receivables, in accordance with the requirements of IFRS 9, in the sum of £759k (2025: £1,609k).

The reimbursement receivables have been discounted at the rates applicable to the provisions to which they relate. Further details of these rates are disclosed in Note 18.

14 Financial assets

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Non-current				
Movements during the year				
At 1 April	138,628	102,530	18,623	18,623
Revaluation and profit/(loss) on joint venture	(17,890)	36,098	-	-
Investment additions	12,316	-	12,316	-
At 31 March	**133,054**	**138,628**	**30,939**	**18,623**
Total non-current assets				
Investments in subsidiary undertakings	-	-	3,000	3,000
Investment in joint venture	120,738	138,628	15,623	15,623
Investment in associate	5,600	-	5,600	-
Other investments	6,716	-	6,716	-
	133,054	**138,628**	**30,939**	**18,623**

14.1 Investments in subsidiary undertakings

Name		Country of incorporation	Ownership interest %	
			2026	2025
AEA Insurance Limited		Isle of Man	100	100
UK Fusion Energy Ltd (formerly UK Industrial Fusion Solutions Ltd)		England and Wales	100	100
UK Fusion Solutions Ltd	(dormant subsidiary)	England and Wales	100	100
UKAEA Ltd	(dormant subsidiary)	England and Wales	100	100

All subsidiary undertakings are included in the consolidation. The proportion of voting rights in the subsidiary undertakings held directly by the Group does not differ from the proportion of shares held.

Registered offices:
AEA Insurance Limited: 1st Floor, Goldie House, 1-4 Goldie Terrace, Upper Church Street, Douglas, Isle of Man, IM1 1EB
UK Fusion Energy Ltd (formerly UK Industrial Fusion Solutions Ltd) and dormant subsidiaries: Culham Campus, Abingdon, Oxfordshire, OX14 3DB

14.2 Investment in joint venture

The Group has 50% control of a joint venture, Harwell Science and Innovation Campus Public Sector Limited Partnership (HSIC PubSP), the public sector partner in Harwell Science and Innovation Campus Holdings (HSIC Holdings LP), which is responsible for the development of the Harwell Oxford Campus. The interest in the joint venture, which is accounted for using the equity method in the Group financial statements, is as follows:

	Group and UKAEA	
	2026 £k	2025 £k
At 1 April	138,628	102,530
Share of profit/(loss) net of tax	(12,763)	25,720
Revaluation - prior year	-	13
Revaluation - current year	(5,127)	10,365
At 31 March	**120,738**	**138,628**
Analysed as follows:		
Cost or valuation	65,369	70,496
Share of retained profits/(losses)	55,369	68,132
	120,738	**138,628**

The £12,763k share of loss of the joint venture (2025: profit of £25,720k) represents UKAEA's share of the operating profit/loss of HSIC Holdings LP via HSIC PubSP and was largely due to revaluation adjustments and the cost of financing.

The following amounts represent the Group's share of the income, results, assets and liabilities of HSIC Holdings LP via HSIC PubSP. They are included in the Statement of comprehensive net income and Statement of financial position:

	Group and UKAEA	
	2026 £k	2025 £k
Profit/(loss) net of tax		
Income	6,116	5,198
Expenditure	(12,529)	(9,638)
Net revaluation gain/(loss)	(6,350)	30,160
	(12,763)	**25,720**
Assets		
Non-current assets	209,141	198,394
Current assets	42,030	41,830
	251,171	**240,224**
Liabilities		
Current liabilities	6,145	3,925
Non-current liabilities	124,288	97,671
	130,433	**101,596**
Net assets	**120,738**	**138,628**

There are no contingent liabilities relating to the Group's interest in the joint venture, and no significant contingent liabilities of the joint venture itself.

14.2 Investment in Harwell joint venture continued

Within current/non-current assets there is £198.3m of investment properties (2025: £187.6m). The investment properties have been valued at market value as at 31 March 2026 using information provided by Radice Chartered Surveyors, independent chartered surveyors. The valuation was carried out in accordance with the provisions of RICS definition of market value. The market value has been determined having regard to factors such as current and future projected income levels, taking account of location, quality of the building and recent market transactions in the sector. Changes in these assumptions such as the valuation basis applied in comparable market transactions, or the level of income generated by the investment property could materially impact the valuation of the investment properties.

The Group noted that the joint venture accounts are in the final stages of audit and not yet approved by the HSIC board.

Annual accounts including the full investment property disclosure note can be requested from the address below.

Registered office:
Harwell Science and Innovation Campus Public Sector Limited Partnership
c/o Science and Technology Facilities Council
UK Astronomy Centre
Royal Observatory Edinburgh
Blackford Hill
Edinburgh
EH9 3HJ

14.3 Investment in associate

TAE Beam (UK) Ltd

In March 2026 a new venture, TAE Beam (UK) Ltd, was created to develop neutral beams for fusion and non-fusion applications, creating high-skilled jobs and establishing a critical supply chain.

UKAEA holds 13.5% of the shares in TAE Beam (UK) Ltd, with a nominal value of £135, with TAE Technologies, Inc. holding the remaining 86.5%. TAE Beam (UK) Ltd falls to be accounted for as an associate under IAS 28 'Investments in Associates and Joint Ventures' due to UKAEA's significant influence over certain Board decisions.

TAE Beam (UK) Ltd is incorporated in England and Wales. Its registered address is 27 Old Gloucester Street, London, United Kingdom, WC1N 3AX.

The interest in the associate, which is accounted for using the equity method in the Group financial statements, is as follows:

	Group and UKAEA	
	2026 £k	**2025 £k**
At 1 April	-	-
Investment addition	5,600	-
Share of profit/(loss) net of tax	-	-
Revaluation - current year	-	-
At 31 March	**5,600**	**-**
Analysed as follows:		
Cost or valuation	5,600	-
Share of retained profits/(losses)	-	-
	5,600	**-**

15 Cash and cash equivalents

	Group		UKAEA	
	2026 £k	**2025 £k**	**2026 £k**	**2025 £k**
At 1 April	63,944	75,507	58,404	70,327
Net change in cash and cash equivalent balances	19,902	(11,563)	19,802	(11,923)
At 31 March	**83,846**	**63,944**	**78,206**	**58,404**
The following balances were held at 31 March:				
Commercial banks and cash in hand	82,927	62,759	78,206	58,404
Short-term bank deposits	919	1,185	-	-
	83,846	**63,944**	**78,206**	**58,404**

Term bank deposits were held during the year with major UK banks by a subsidiary of UKAEA. The average interest rate on the deposits held at 31 March 2026 was 3.90% (2025: 4.50%). The credit risk associated with these deposits was considered to be low because of the size and status of the banks involved.

16 Trade and other payables

	Group		UKAEA	
	2026 £k	**2025 £k**	**2026 £k**	**2025 £k**
Amounts falling due within one year				
Trade payables	17,139	11,107	14,485	9,697
Accrued costs	99,353	60,925	87,241	56,247
Payments received on account	12,190	8,575	12,190	8,575
Contract liabilities	669	474	669	474
Corporation tax	-	31	-	-
Social security and other taxes	4,013	3,208	3,662	2,997
Amounts payable to group undertakings	-	-	11,495	5,272
Other payables	4,835	2,482	4,596	2,325
	138,199	**86,802**	**134,338**	**85,587**
Amounts falling due after more than one year				
Payments received on account	1,321	1,359	1,321	1,359
Other payables	62	62	62	62
	1,383	**1,421**	**1,383**	**1,421**

17 Lease liabilities

	Group £k	UKAEA £k
At 31 March 2024	**3,588**	**3,588**
Additions	20,180	20,160
Remeasurements	(42)	(42)
Repayments	(1,067)	(1,067)
Unwinding of discounting	316	316
At 31 March 2025	**22,975**	**22,955**
Additions	10,414	10,414
Remeasurements	1,082	1,082
Repayments	(1,619)	(1,619)
Unwinding of discounting	1,064	1,063
At 31 March 2026	**33,916**	**33,895**

At 31 March 2025		
Due within one year	597	577
Due after one year	22,378	22,378
	22,975	**22,955**
At 31 March 2026		
Due within one year	3,699	3,678
Due after one year	30,217	30,217
	33,916	**33,895**

A maturity analysis of lease liabilities as at 31 March is given in the table below:

	Group		UKAEA	
	2026 £k	2025 £k	2026 £k	2025 £k
Undiscounted lease payments to be made after the reporting date:				
Not later than one year	5,104	1,550	5,083	1,530
Later than one year and not later than two years	3,834	1,533	3,834	1,533
Later than two years and not later than three years	3,884	1,350	3,884	1,350
Later than three years and not later than four years	3,935	1,350	3,935	1,350
Later than four years and not later than five years	2,083	1,350	2,083	1,350
Later than five years and not later than ten years	7,234	6,853	7,234	6,853
Later than ten years and not later than twenty years	13,081	12,750	13,081	12,750
Later than twenty years and not later than forty years	16,006	16,534	16,006	16,534
Total lease payments	**55,161**	**43,270**	**55,140**	**43,250**
Less: Interest element	(21,245)	(20,295)	(21,245)	(20,295)
Total present value of obligations	**33,916**	**22,975**	**33,895**	**22,955**

18 Provisions for liabilities and charges

Group	Site restoration £k	Restructuring £k	Other £k	Total £k
At 31 March 2024	**747,657**	**29,084**	**6,367**	**783,108**
Unwinding of discounting	16,355	629	4	16,988
Provisions utilised in the year	(47,344)	(3,296)	(1,251)	(51,891)
Provisions not required written back	-	-	-	-
Increase/(decrease) in provision in the year	57,443	(815)	1,896	58,524
Changes in price levels	(3,774)	501	8	(3,265)
Discount charge	(1,002)	70	-	(932)
At 31 March 2025	**769,335**	**26,173**	**7,024**	**802,532**
Unwinding of discounting	17,415	550	4	17,969
Provisions utilised in the year	(53,712)	(3,219)	(1,170)	(58,101)
Provisions not required written back	-	-	-	-
Increase/(decrease) in provision in the year	273,008	2,429	60	275,497
Changes in price levels	(3,558)	1,109	14	(2,435)
Discount charge	(24,715)	(1,383)	-	(26,098)
At 31 March 2026	**977,773**	**25,659**	**5,932**	**1,009,364**

At 31 March 2025				
Non-current	712,835	22,909	4,196	739,940
Current	56,500	3,264	2,828	62,592
	769,335	**26,173**	**7,024**	**802,532**
At 31 March 2026				
Non-current	923,273	22,454	4,526	950,253
Current	54,500	3,205	1,406	59,111
	977,773	**25,659**	**5,932**	**1,009,364**

18.1 Site restoration provision

The site restoration and decommissioning provision represents UKAEA's estimate of the present obligation to decommission the Joint European Torus (JET) and associated facilities at the Culham Campus. This includes the dismantling of plant and buildings and the treatment, storage, and eventual disposal of radioactive and non-radioactive wastes arising from the programme.

JET ceased scientific operations in December 2023. UKAEA is responsible for overseeing the decommissioning and repurposing of the part of the Culham site occupied by JET. Where required, UKAEA works with the Nuclear Decommissioning Authority (NDA), or its authorised parties, in relation to the disposal of intermediate-level radioactive waste (ILW). No part of JET is expected to generate high-level radioactive waste (HLW).

Basis of measurement

The site restoration provision is subject to significant estimation uncertainty.
The provision is measured in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and represents management's best estimate of the expenditure required to settle the obligation at the reporting date.

Estimates are derived from the latest available technical, commercial, and regulatory information, having regard to current legislation, regulations, and government policy. Cost estimates are prepared at an appropriate level and aggregated to produce an overall provision, with appropriate allowances made for infrastructure, site-wide support, and attributable overhead costs. The estimate is formally reviewed and updated annually.

Future cash flows are discounted to the reporting date using HM Treasury nominal discount rates and inflation assumptions published at the balance sheet date, in line with UKAEA's accounting policy. Cash flows occurring within the first year are assumed to be at present value and are not discounted. The rates are set out in the table below.

General provisions				
			2026	**2025**
Nominal rates	Short-term	(up to and including 5 years)	3.64%	4.03%
	Medium-term	(between 6 and 10 years)	4.22%	4.07%
	Long-term	(between 11 and 40 years)	5.32%	4.81%
	Very long-term	(41 or more years)	5.07%	4.55%
Inflation rates	Year 1		2.50%	2.60%
	Year 2		2.00%	2.30%
	Into perpetuity		2.00%	2.00%

Management judgements

The determination of the appropriate confidence level used to value the provision represents a significant management judgement.

The provision is based on a P50 confidence level estimate, derived using an NDA-aligned Quantitative Risk Assessment (QRA) methodology. A P50 estimate represents the expected outturn cost, with an approximately equal probability that actual costs will be higher or lower than the estimate. Management considers that, at the current stage of programme maturity and for financial reporting purposes, a P50-based estimate provides the most appropriate representation of the best estimate required by IAS 37.

18.1 Site restoration provision continued

Higher confidence levels, such as P80, have also been modelled and indicate materially higher cost outcomes, reflecting the inclusion of lower-probability, higher-impact risks. The increase in estimated cost is not linear; movements to higher confidence levels result in disproportionately larger increases in estimated costs. Management considers that the adoption of a higher confidence level would represent a more cautious estimate and, in management's judgement, would not constitute the best estimate required for recognition purposes at the reporting date. The methodology applied, including the use of the Lifetime Plan, QRA and P50 confidence level, is consistent with approaches used across comparable NDA-sponsored decommissioning programmes.

	P50 - 50% chance of actual costs being higher or lower	**P80 - 80% chance of actual costs being lower**
	£m	**£m**
Undiscounted costs	1,228	1,525
Discounted costs	**977**	**1,202**

The site restoration provision has been developed in accordance with the funding constraints set out under the Spending Review 2025 (SR25). Beyond this ie for years 2030/31 onwards no funding constraints have been applied in estimating the provision, it has been assumed that funding will be received to match the programme profile.

Movement in the Provision

The increase in the provision during the year of £273,008k primarily reflects a re-measurement of management's best estimate of the present obligation in accordance with IAS 37. This follows revisions to the JET decommissioning Lifetime Plan arising from the SR25 funding settlement, including an extension to the planned programme duration, updated base cost estimates, and a consequential increase in quantified risk and uncertainty under the NDA-aligned Quantitative Risk Assessment methodology.

In addition, the provision was affected by the passage of time through the unwinding of discount and by changes in HM Treasury nominal discount rates applied to long-term cash flows. These effects reflect changes in financial assumptions rather than changes in the underlying scope of the obligation.
The unwinding of discounting in the year of £17,415k (2025: £16,355k) is the change in the provision from unwinding the previous year's estimated forward cash flows at the same rate as was used the previous year but bringing all the cash flows forward by one year.
Changes in price levels of £(3,558)k (2025: £(3,774)k) is the change in provision arising from changes in inflation rates. This is the difference between the current year's estimated forward cash flows, discounted using last year's discount rates, inflated using this year's inflation rates and the same cash flows inflated using last year's inflation rates.
The discount charge for the year of £(24,715)k (2025: £(1,002)k) represents the effect of changes in the nominal discount rates as advised by HM Treasury in comparison to prior year rates. This is the difference between the current year's estimated, inflated, forward cash flows discounted at the current year's nominal rates and the same cash flows discounted at the previous year's nominal rates; this plus the changes in price levels gives the total change in liability due to changes in real discount rates.

The analysis of expected timing of discounted cash flows is as follows:

	Group and UKAEA	
	2026 £k	**2025 £k**
Not later than one year	54,500	56,500
Later than one year and not later than five years	235,446	292,646
Later than five years and not later than ten years	343,349	235,528
Later than ten years and not later than twenty years	344,478	184,661
	977,773	**769,335**

Overall, the year-on-year movement reflects an update to assumptions and financial re-measurement rather than the recognition of new obligations.

18.1 Site restoration provision (continued)

Funding approach
The decommissioning cost estimate is structured using a tranche-based funding approach, aligned to government Spending Review cycles. This approach provides greater flexibility and affordability by allowing future tranches to be reviewed and refined as the programme progresses, uncertainties reduce, and further technical, regulatory, and commercial information becomes available. It also ensures that funding decisions are taken closer to the period of delivery, when cost estimates are more mature, while avoiding the need to commit to a single long-term funding profile in a highly uncertain environment. While later tranches are subject to future funding decisions, this staged approach supports effective financial control and reduces the risk of over- or under-estimating the provision at early stages of a long-duration programme.

Key assumptions underpinning the estimate
The provision is based on the following principal assumptions, which apply to all components of the estimate:

The estimate is based on the approved Lifetime Plan (LTP) for the decommissioning of JET, which assumes completion of the programme by 2047, consistent with the current baseline schedule.

The provision reflects a P50 confidence level estimate derived using an NDA-aligned QRA methodology; alternative confidence levels would result in materially different provision values.

Future cash flows have been discounted using HM Treasury discount rates, as published annually, to reflect the time value of money.

The estimate assumes the timely availability of appropriate waste management routes, including treatment, storage, and disposal facilities both on-site and off-site, with sufficient capacity to manage forecast waste volumes and assumed waste classifications in line with the JET Decommissioning and Repurposing (JDR) programme, without material delay or scope change.

Forecast waste volumes and radiological classifications are assumed to remain broadly consistent with current characterisation, with no significant re-classification to higher-hazard waste streams.

The estimate assumes that the agreed decommissioning scope and site end-state remain materially unchanged, with no significant additional scope introduced beyond that approved in the Lifetime Plan.

It is assumed that the Lifetime Plan can be delivered broadly in accordance with the baseline delivery model, including the availability of suitably skilled workforce, supply chain capacity, facilities, and enabling infrastructure, and without major unforeseen delays arising from technical, regulatory, safety, or workforce constraints.

The estimate assumes that approved funding is made available broadly in line with the Lifetime Plan profile and does not assume the availability of unapproved, contingent, or speculative future funding.

18.1 Site restoration provision (continued)

Key estimation uncertainties
The provision is subject to significant estimation uncertainty due to the long-term nature and technical complexity of the programme. The most significant sources of uncertainty include:

Funding profile: Funding under SR25 is confirmed through to 2029/30. Funding beyond this period remains subject to future government decisions. Any material change to the future funding profile may require re-profiling of planned expenditure and could result in an extension to the programme duration, with a consequential increase in overall lifecycle costs.

Regulatory and policy framework: Future government policy decisions and regulatory requirements, including changes to nuclear safety, environmental permitting, or waste management policy, could impact programme scope, delivery schedule, and cost.

Waste management capability: Changes in the availability, capacity, or regulatory approval of waste treatment, storage, or disposal facilities, or changes in waste classification, could result in delays to programme delivery and increased costs.

Delivery model and workforce: Delivery of the Lifetime Plan is dependent on the continued availability and retention of suitably skilled personnel and a resilient nuclear supply chain. Constraints in labour market conditions, skills availability, or supplier capacity could affect delivery efficiency and cost.

Infrastructure condition: The programme assumes that existing site infrastructure and supporting facilities can be maintained safely and effectively over the remaining programme duration. Unforeseen asset degradation or obsolescence could require additional intervention.

Programme interdependencies: The JET decommissioning programme has interdependencies with other activities across the Culham Campus, including the STRIDE (AI Growth Zone) initiative and wider campus development plans. Changes in the timing or scope of these activities may affect access, shared infrastructure, or programme sequencing.

Technological developments: The estimate does not assume the realisation of future efficiency gains. Advances in areas such as robotics and artificial intelligence may occur over the programme lifecycle and could provide opportunities for improved efficiency or safety; however, these potential benefits are not reflected in the provision.

As the programme progresses and further technical, regulatory, and commercial information becomes available, assumptions will be refined and uncertainties reduced. This may result in future remeasurement of the provision as part of UKAEA's annual review process.

Estimation uncertainty increases in the later years of the programme due to reduced maturity of cost and schedule information, the extended delivery timeframe, and evolving regulatory requirements.

18.1 Site restoration provision continued

Sensitivity

The provision is sensitive to changes in real discount rates arising from movements in inflation and nominal discount rates, as illustrated in the sensitivity analysis set out below. Changes in discount rates, programme duration, waste handling assumptions, or delivery profile could give rise to material changes to the provision.

Group and UKAEA 2026

		Inflation rates		Nominal discount rates	
	Current rates £k	0.5% increase £k	0.5% decrease £k	0.5% increase £k	0.5% decrease £k
Not later than one year	54,500	54,500	54,500	54,500	54,500
Later than one year and not later than five years	235,446	238,478	232,445	232,501	238,450
Later than five years and not later than ten years	343,349	355,234	331,822	332,109	355,042
Later than ten years and not later than twenty years	344,478	368,208	322,237	323,007	367,558
	977,773	**1,016,420**	**941,004**	**942,117**	**1,015,550**

In addition to the sensitivities disclosed in respect of inflation, discount rates and P80 assumptions, further quantification has been undertaken using the updated LTP26 baseline. The provision has increased from £769m to £978m (discounted), reflecting both increased base costs and an increase in associated risk and contingency. The baseline has been updated for programme extension, scope and cost estimate refinements, increases in indirect costs. This is reflected in an increase in the overall ratio of (undiscounted) base costs to P50 from 1.26 to 1.34, indicating a higher level of estimation uncertainty.

At present, approximately 18% of the cost base is classified as detailed, with the remaining majority at concept stage, resulting in a higher level of contingency. As design maturity increases, the level of contingency is expected to reduce materially, with modelling indicating significant reductions in contingency when a greater proportion of costs transition to detailed estimates.

Government assurances

A letter issued by the then Secretary of State for Energy in 1986 confirmed that the Government would continue to accept responsibility in principle for costs incurred by UKAEA in treating and disposing of nuclear waste and in decommissioning plant arising from certain historic and programme agreement activities. These assurances have been reconfirmed by the Department for Energy Security and Net Zero (DESNZ). On this basis, a matching receivable has been recognised in the Statement of Financial Position.

18.2 Restructuring provisions

The restructuring provisions represent termination benefits payable under early retirement arrangements to employees who had retired early, or had accepted early retirement, before 31 March 2019. These benefits continue at least until the date at which the employee would have reached normal retirement age, and in many cases part of the benefit is payable for life. The restructuring provisions are discounted to the reporting date at the discount rate for pension liabilities advised by HMT, which is 2.95% in 2025/26 (2.40% in 2024/25). The undiscounted cost of UKAEA's restructuring provisions is £30,285k (2025: £29,966k) and the benefits are estimated to be payable over a period up to 26 years.

The analysis of expected timing of discounted cash flows is as follows:

	Group and UKAEA 2026 £k	2025 £k
Not later than one year	3,205	3,264
Later than one year and not later than five years	10,048	10,142
Later than five years and not later than ten years	7,566	7,711
Later than ten years and not later than twenty years	4,686	4,886
Later than twenty years	154	170
	25,659	**26,173**

Part of the expenditure required to settle the restructuring liabilities will be reimbursed by other parties as follows:

(i) Lump sums paid to employees on early retirement are refundable to the Group from the appropriate pension scheme at or after the date on which the individual concerned would have reached normal retirement age.
(ii) Assurances covering restructuring provisions made before 1 April 2004 have been reconfirmed by DESNZ, and expenditure related to these provisions is reimbursed by DESNZ.

On the basis of these reimbursement arrangements, receivables of £19,021k (2025: £19,353k) have been included in the Statement of financial position.

18.3 Other provisions

UKAEA has made provision of £2,188k (2025: £1,806k) for the eventual decommissioning of the MRF at its Culham site.

The remaining provisions mainly comprise unfunded retirement benefit obligations and claims relating to industrial-related injuries.

19 Deferred income

	Group and UKAEA 2026 £k	2025 £k
At 1 April	12,492	13,625
Deferred income received	894	-
Released to Statement of comprehensive net income	(1,658)	(1,133)
At 31 March	**11,728**	**12,492**

The majority of UKAEA's deferred income relates to capital grants for the RACE building and for the purchase of equipment for RACE, Fusion Technology, and the Materials Research Facility.

20 Deferred income tax liabilities

Group	Investment property £k	Property plant and equipment £k	Total £k
Deferred tax liability			
At 31 March 2024	**12,351**	**18,077**	**30,428**
Movements during 2024/25:			
Charged/(credited) to Statement of comprehensive net income:			
- Revaluation	1,717	-	1,717
- Change in tax rate	-	-	-
Charged/(credited) directly to taxpayers' equity:			
- Revaluation	-	125	125
- Change in tax rate	-	-	-
At 31 March 2025	**14,068**	**18,202**	**32,270**
Movements during 2025/26:			
Transfers	(2,197)	2,197	-
Charged/(credited) to Statement of comprehensive net income:			
- Revaluation	676	-	676
- Change in tax rate	-	-	-
Charged/(credited) directly to taxpayers' equity:			
- Revaluation	-	(1,630)	(1,630)
- Change in tax rate	-	-	-
At 31 March 2026	**12,547**	**18,769**	**31,316**
Deferred tax asset			
At 31 March 2025			**597**
Increase/(decrease) in deferred tax asset			(597)
At 31 March 2026			**-**
Net deferred tax liability			
At 31 March 2025			**31,673**
At 31 March 2026			**31,316**

20 Deferred income tax liabilities continued

UKAEA	Investment property £k	Property plant and equipment £k	Total £k
Deferred tax liability			
At 31 March 2024	**12,351**	**18,077**	**30,428**
Movements during 2024/25:			
Charged/(credited) to Statement of comprehensive net income:			
- Revaluation	1,717	-	1,717
- Change in tax rate	-	-	-
Charged/(credited) directly to taxpayers' equity:			
- Revaluation	-	125	125
- Change in tax rate	-	-	-
At 31 March 2025	**14,068**	**18,202**	**32,270**
Movements during 2025/26:			
Transfers	(2,197)	2,197	-
Charged/(credited) to Statement of comprehensive net income:			
- Revaluation	676	-	676
- Change in tax rate	-	-	-
Charged/(credited) directly to taxpayers' equity:			
- Revaluation	-	(2,266)	(2,266)
- Change in tax rate	-	-	-
At 31 March 2026	**12,547**	**18,133**	**30,680**

Deferred tax asset	
At 31 March 2025	**597**
Increase/(decrease) in deferred tax asset	(597)
At 31 March 2026	**-**

Net deferred tax liability	
At 31 March 2025	**31,673**
At 31 March 2026	**30,680**

The net deferred tax liability has been calculated using tax rate of 25%.

Movements in the deferred tax provision relating to investment property are charged or credited to the Statement of comprehensive net income in arriving at the profit or loss for the year. Movements in the deferred tax provision relating to revaluation of property, plant and equipment are charged or credited to the revaluation reserve within taxpayers' equity.

Any deferred tax assets have been netted off against deferred tax liabilities in the Accounts as they fulfilled the conditions for offsetting within IAS 12.

21 Related party transactions

UKAEA is an NDPB sponsored by DESNZ. DESNZ is regarded as a related party.

During the year the Group had various transactions which were collectively material with DESNZ and with UKRI (an entity for which DSIT is regarded as the responsible department). UKRI (STFC) is UKAEA's partner in the Harwell Science and Innovation Campus Public Sector Limited Partnership (Note 14).

No Board member, key manager or other related party has undertaken any material transactions with the Group during the year, except for remuneration as disclosed in the Remuneration and staff report.

22 Events after the reporting date

In accordance with the requirements of IAS10 'Events After the Reporting Period', post Statement of financial position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as being the date of the Certificate Report of the Comptroller and Auditor General.

23 Commitments

Expenditure contracted for at the reporting date but not recognised in the financial statements comprised capital commitments £84.5m (2025: £26.2m) for the Group, £83.0m (2025: £26.2m) for UKAEA, which related mainly to assets in course of construction. There were no further financial commitments under non-cancellable contracts.

24 Operating leases - lessor rentals

UKAEA leases its investment property with lease terms of between 2 and 99 years. The leases contain market review clauses in the event that the lessee exercises the option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. UKAEA has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. UKFE and AEAIL are not lessors.

Undiscounted lease payments to be received after the reporting date are as follows:

	2026 £k	2025 £k
Not later than one year	1,946	2,001
Later than one year and not later than two years	1,596	1,933
Later than two years and not later than three years	1,147	1,520
Later than three years and not later than four years	898	1,118
Later than four years and not later than five years	606	896
Later than five years and not later than ten years	2,861	2,814
Later than ten years and not later than twenty years	5,682	5,556
Later than twenty years and not later than forty years	9,721	9,650
Later than forty years and not later than sixty years	9,000	9,000
Later than sixty years and not later than eighty years	6,983	7,433
	40,440	**41,921**

25 Contingent asset

A contingent asset is a possible asset that may arise from past events, whose existence depends on uncertain future events not fully under the control of the entity.

There exist material pulverised coal ash deposits on the West Burton site. An ash disposal permit currently exists, to the end of March 2027, which the previous operators of the site hold. These deposits may generate future economic benefits if extraction is permitted upon UKAEA seeking a licence application from the Environment Agency. The permit application activity is expected to be undertaken, with the outcome of granting an ash disposal permit considered probable, but not virtually certain. Therefore, no asset has been recognised.

26 Financial risk management

Due to the nature of its activities, the Group is not exposed to the same degree of financial risk as that faced by other business entities. Financial instruments play a much more limited role in creating or changing risk and generally financial assets and liabilities are generated from day-to-day operational activities and not held to change the risks facing the Group in undertaking its activities. While the Group has significant financial liabilities relating to decommissioning and restructuring, most of the risks attached to these liabilities do not rest with the Group as they are broadly matched by reimbursement assets.

(a) Foreign exchange risk
Foreign exchange risk arises when commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group operates internationally and is exposed to minor foreign exchange risk arising from various currency exposures, primarily with respect to the Euro.

(b) Interest rate risk
As the Group has no borrowings or significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Cash balances on deposit are held in highly rated fixed term deposits and the exposure to interest rate risk is minimal and appropriately managed.

(c) Credit risk
The Group's income is received primarily from public sector bodies in the UK and the exposure to credit risk is therefore considered to be low.

(d) Liquidity risk
The Group is primarily financed by income from public sector bodies in the UK. The Group has a facility to request temporary working capital funding from DESNZ should the need arise.

During 2025/26, the statutory borrowing limit set by Section 3 of the Atomic Energy Authority Act 1986 as amended by The United Kingdom Atomic Energy Authority (Limit on Borrowing) Order 1991 remained at £200m. There were no borrowings by UKAEA during the current or previous year.

LIST OF ABBREVIATIONS

AEAIL	AEA Insurance Ltd
AI	Artificial Intelligence
AO	Accounting Officer
ARA	Annual Report and Accounts
ARAC	Audit and Risk Committee
ARGO	Advanced Research for Gigahertz Operations
AVC	Additional Voluntary Contribution
BAT	Best Available Techniques
BREEAM	Building Research Establishment Environmental Assessment Method
CCFE	Culham Centre for Fusion Energy
CDM	Construction Design and Management
CDO	Chief Development Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFS	Commonwealth Fusion Systems, spun out from MIT
CHIMERA	Combined Heating and Magnetic Research Apparatus
CROSS	Cumbria Robotics Operations Skills Centre
COO	Chief Operating Officer
CPM	Corporate Performance Measure
CPS	Combined Pension Scheme
CSF	Cyber Security Framework
Defra	Department for Environment, Food and Rural Affairs
DEMO	European DEMOnstration fusion power plant
DESNZ	Department for Energy Security and Net Zero
DT	Deuterium-Tritium campaigns/fuel mix
EDI	Equality, Diversity, and Inclusion
ERM	Enterprise Risk Management
ESS	European Spallation Source
ExCo	Executive Committee
F4E	Fusion for Energy
FOI	Freedom Of Information
FORT	Fusion Oriented Robotics Technology
FOSTER	Fusion Opportunities in Skills, Training, Education & Research
FTE	Full Time Equivalent
FTF	Fusion Technology Facilities
GEC	Group Executive Committee
GGC	Greening Government Commitment
GHG	Greenhouse gas
GVA	Gross Value Added
H3AT	Hydrogen-3 (tritium) Advanced Technology facility
HALO	High Heat Flux Laser Facility
HERA	Hydrogen Experiment for Real-time Analysis
HHF	High Heat Flux
HM	His Majesty's
HPC	High Performance Computing
HSIC	Harwell Science and Innovation Campus Ltd partnership
HSIC PubSP/LP	Public/private sector partnership for the Harwell joint venture
IAEA	International Atomic Energy Authority
IFRS	International Financial Reporting Standards
IO	ITER Organisation
IP	Intellectual Property
ITER	Next generation international experimental fusion reactor
JDR	JET Decommissioning and Repurposing
JET	Joint European Torus
JV	Harwell Joint Venture
kWh	Kilowatt-hour
kWp	Kilowatt Peak
KPI	Key Performance Indicator
LHC	Large Hadron Collider
LIBRTI	Lithium Breeding Tritium Innovation programme
MAST-U	Mega Ampere Spherical Tokamak Upgrade
MeV	Megaelectronvolt
MIT	Massachusetts Institute of Technology
ML	Machine Learning
MRF	Material Research Facility
NAO	National Audit Office
NDA	Nuclear Decommissioning Authority
NIST	National Institute of Standards and Technology
OAS	Oxfordshire Advanced Skills apprentice training centre
OBC	Outline Business Case
ONS	Office of National Statistics
ORI	Oxford Robotics Institute
PAC	Programme Advisory Committee
PAO	Principal Accounting Officer
PfMO	Project Portfolio Management Office
QSHERA	Quality, Safety, Health, Environment, Risk and Assurance
R&D	Research and Development
R&T	Research and Training
RACE	Remote Applications in Challenging Environments facility
RAICo	Robotics and Artificial Intelligence Collaboration
RAIN	Robotics and Artificial Intelligence in Nuclear
RTDN	Real Time Data Network
SLA	Service Level Agreement
SME	Small to Medium-sized Enterprise
SRO	Senior Responsible Officer
STEM	Science, Technology, Engineering, and Mathematics
STEP	Spherical Tokamak for Energy Production
STFC	Science and Technology Facilities Council
STORM	Spherical Tokamak Optimisation for Remote Maintenance
STRIDE	Strategic Investment & Development for Energy & AI
SYMCA	South Yorkshire Mayoral Combined Authority
TCFD	Taskforce on Climate-related Financial Disclosures
TOM	Target Operating Model
UKAEA	UK Atomic Energy Authority
UKFE	UK Fusion Energy Ltd
UKRI	UK Research and Innovation
WB	West Burton