

2026

Budget

Investment and resourcing for the Retail Energy Code
— strengthening industry delivery and safeguarding consumers

Executive Summary from our Chief Financial & Commercial Officer

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This is RECCo's 2026 Budget for industry consultation. We're spending industry's and consumers' money and have an obligation to deliver secure, scalable, and adaptable services that are economical, efficient, and meet the current and future needs of Retail Energy Code (REC) Service users.

The retail energy market is changing, and the scope and remit of RECCo will change with it. In our Forward Work Plan 2026–29, we set out our strategic objectives for the planning period. These will be delivered within the context of becoming the REC Code Manager in 2026 and are subject to regulatory control through the licence.

Our 2026 Budget is £68.14m, a 22% increase on the 2025 Budget. This increase is broadly split equally between the inclusion of the Central Switching Service (CSS) procurement allowance and an uplift in our core operating costs. The latter is due to the Ofgem and DESNZ-mandated increased delivery scope, the introduction of the Code Manager Licence, the reversal of timing underspends in 2025, and the timing of Investment Project spend cycles, which will

deliver material cost reductions in the coming years. We forecast this expected core cost uplift, and our 2026 Budget is not materially different to what we projected for the year, as disclosed in last year's Budget.

Our three-year projections give the long-term financial context of our strategic objectives. Over the planning period, our costs reduce, reflecting the impact of securing the future of the REC Services through new resourcing and technology delivery models.

RECCo does not carry reserves, nor does it have access to borrowing facilities. Consequently, we must include a Change Investment Allowance and a Contingency Allowance in our projections. Both are disclosed for full transparency. We do not include contingencies in individual line items or Investment Projects. Where these values are not spent, we return the monies to industry.

In 2026, we will become the Licensed REC Code Manager. The impact will be twofold: an increase in our headcount; and the need to deliver the Strategic Direction Statement (SDS) applicable to the REC. In that regard, none of our future activities are discretionary, with each aligned to an area of policy set out in the SDS, the stage in its development (e.g., Act Now / Think & Plan), and the timescale determined for its delivery. We've assessed the pace, scale, and proportionality of impact on RECCo and set our Budget allowances accordingly.

Other cost drivers reflect the natural life cycle within projects linked to system development and deployment (e.g., Enquiry Services) and an expanded delivery body role required by Ofgem and DESNZ (e.g., Consumer Consent Solution and Tariff Interoperability). Our projections include a £9.6m allowance (2026: £5.7m, 2027: £3.9m) for CSS procurement activities. The

Data Communications Company (DCC) has included this value within its ex-ante Business Plan submission. Current evidence suggests that the extension of existing contracts will deliver better value for industry and consumers, and work is underway to create a Business Case to demonstrate this.

Over the coming months, DCC will create, with input from RECCo and from industry, a Business Case that tests this position. This will conclude in May 2026. We've referred these costs to Ofgem but asked that the determination is paused pending the Business Case development. We've included this full procurement allowance in the Budget for complete transparency and to mirror the DCC ex-ante position. This is not confirmation of our acceptance of the procurement approach or its cost. We commit to adjusting our charges in July 2026 should the Business Case demonstrate the viability of the extension option at a significantly reduced cost.

Our headcount is increasing in 2026 to reflect changes in our operating model. This includes establishing a market design function and the REC Design Authority, restructuring service delivery, insourcing roles where this delivers better value than contracting, bringing certain Performance Assurance functions in-house, and increasing capacity to meet Code Manager Licence and new mandated delivery body obligations. The introduction of the Code Manager Licence brings a revised model of industry engagement, including the creation of the Stakeholder Advisory Forum (SAF), for which provision has been made in this Budget.

Looking longer-term, recognising emerging Government policy, particularly on Consumer-Led Flexibility, and the longer-term Ofgem aims set out in their REC Preliminary SDS, we've included market

development Investment Project allowances in Years 2 and 3. As we move forward, we expect greater clarity from Ofgem in subsequent SDSs, and we will adjust our allowances. We're already delivering Consumer-Led Flexibility market enabler projects and services, and we expect this activity to increase in the coming years.

In 2026, we will continue to deliver the REC Services to the industry standard, as well as evolve those services through continuous improvement (e.g., improving the Electricity Enquiry Service's throughput to meet peak demand). It will also be a year in which key projects deliver, or enter into, their implementation phases.

These include Market-wide Half-Hourly Settlement (MHHS), the Consumer Consent Solution, deployment of the revised Performance Assurance Operating Plan, deployment of the improved REC Portal and Digital REC, and investment in the Enquiry Services to secure its long-term economic and technical viability. Together, these activities will form the material components of what we will do in 2026.

Budget Consultation Process



The Board have approved this 2026 Budget for consultation. REC Parties can appeal the Board's decision to approve the budget to the Authority (Ofgem) in accordance with REC Section 9. Appeals should be submitted to Ofgem at industrycodes@ofgem.gov.uk no later than **6 March 2025**, setting out the rationale for such appeal with reference to the criteria set out in [REC Section 9](#).

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Table 1 presents the 2026 Budget and indicative costs for the following two years. The 2026 Budget is **£68.14m**. The increase compared to 2025 is driven by the inclusion of the CSS procurement allowance, increased scope and delivery obligations, introduction of the Code Manager Licence, and reversal of timing underspend against the 2025 Budget.

Table 2 analyses the 2026 Budget across service delivery, evolution and management, transformation and company costs. Our company costs include board costs, all company operating costs, and people costs for Corporate Services, Finance & Commercial, and Strategy & Development.

Note, 62% of RECCo costs relate to delivery, evolution, and change of REC Services for the benefit of the industry, while 32% of costs relate to transformation of those same REC Services or development of new REC Services.

REC Services & Value for Money

We're responsible for procuring and supplying REC Services to industry. In doing so, we must ensure the long-term viability of the services and that value for money is achieved. We use commercial principles and tools to manage service providers. We use a principles-based, intelligent sourcing approach to identify who is best placed to deliver value, whether that is internal delivery capability or external service providers. We utilise a variety of commercial levers to secure value, including competitive procurement, no evergreen contracts, Key Performance Indicators linked to service credits, and obligations for continual service improvement and efficiency.

In 2025, we engaged with several of our key Service Partners and offered them the opportunity to present compelling economic and service-delivery cases for the extension of their contracts beyond their natural end dates. Some of the proposals received would not deliver our required outcomes, so acting as the intelligent customer on behalf of industry, we've developed an alternative approach which will secure these outcomes over the longer term for both the REC Performance Assurance service and the Enquiry Services. The benefits of this can be seen in the reduction of REC Services costs in **Table 5** (see page 6).

Central Switching Service Procurement

DCC currently deliver the CSS through a hybrid model of four outsourced service contracts and internal DCC resources. The initial term of three of the four key underlying delivery contracts expires in 2027. DCC has the unilateral right to extend these contracts for 2–3 years. The fourth contract fully expires in 2027 and must be procured. It is not a material value contract. DCC, as required by its ex-ante price control, submitted their future Business Plan to Ofgem and included £9m re-procurement costs for the CSS.

Both RECCo and DCC are committed to delivering value for money for consumers and industry and are working together to determine whether re-procurement and associated significant design, build, and test costs and risks associated with a new supplier mix would deliver sufficient savings to warrant re-procuring the contracts. The current services are less than four years old. The alternative approach is to offer incumbent Service Partners the opportunity to present compelling economic and service-quality cases for extension.

Budget Allocation	2025–26 Budget (£m)	2026–27 Budget (£m)	2027–28 Indicative (£m)	2028–29 Indicative (£m)
REC Services	32.15	38.75	38.93	33.92
RECCo Operations	7.78	10.84	11.38	11.78
Investment Projects	11.38	14.30	10.42	10.19
Change Investment	3.00	3.00	4.00	4.00
Contingency	1.25	1.25	1.25	1.25
Total	55.56	68.14	65.98	61.14

Table 1: Three-year projections

Budget Allocation	2026–27 Budget (£m)	Service Delivery, Evolution & Management	Transformation Delivery	Company Costs
REC Services	38.75	33.05	5.70	–
RECCo Operations	–	–	–	–
Board & Staff Costs	9.06	4.81	1.90	2.34
Operation Costs	1.78	–	–	1.78
Projects	14.30	–	14.30	–
Change Investment	3.00	3.00	–	–
Contingency	1.25	1.25	–	–
Total	68.14	42.11	21.90	4.12
Split	100%	62%	32%	6%

Table 2: 2026 Budget analysis

2026 Budget & Three-Year Projections (continued)

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RECCo and DCC are aligned on what current evidence indicates as the best approach, which would be an extension if DCC is made compelling economic and service offers by its Service Partners. DCC is developing, with input from RECCo and industry, a Business Case that will demonstrate to Ofgem a clear value-for-money rationale. Maintaining competitive and commercial tension with the incumbents is critical to securing best value.

For complete transparency, we've included the full procurement costs in the projections. However, consistent with RECCo budgeting practice, we will not authorise any spend under this contingent budget line item unless and until a Business Case has been made. We've referred the costs to Ofgem, but asked them to pause their determination pending finalisation of the Business Case process in May 2026.

On review of the Business Case, we will be able to either confirm or withdraw the referral. We expect a positive outcome to the Business Case process and a significant cost reduction, which in turn will trigger an immediate reduction in our charges to industry from July 2026.

RECCo Operations

To achieve its objectives, RECCo must be a right-sized, expert organisation with resourcing levels sufficient to ensure REC Service Partners are optimally managed, and new industry initiatives are delivered on time, to budget, and to quality. We're investing in development roles across the organisation to build sustainable delivery capability, while reducing reliance on contractors. This approach strengthens internal expertise and knowledge retention, while delivering better long-term value for money.

Our resource capacity for 2026 is expected to grow in line with this strategy and to meet the increasing delivery demands placed on the company. In line with our REC compliance obligation to conduct annual zero-based budgeting, we will reassess our resourcing needs, including headcount, each budget year. Drivers for future changes in headcount may include revised delivery models, such as in-house rather than outsourcing, and new delivery obligations aligned to emerging Government policy.

Investment Projects

We're required by the REC to improve the retail energy market, including its systems and processes, and to protect consumer interests and data in the operation of the REC. For 2026, our projects are, in the main, a continuation of projects initiated in 2025. These include supporting industry and Government in the delivery of MHHS, market flexibility, deployment of an enhanced user experience REC Portal and Digital REC, investment in securing the long-term future of the Enquiry Services, and the deployment of the new REC Performance Assurance Operating Plan. The profile of projects over the planning period is addressed below.

Change Investment

This is needed to fund functional changes to REC Services. For 2026, we've maintained our Change Investment allowance at c5% of the total budget.

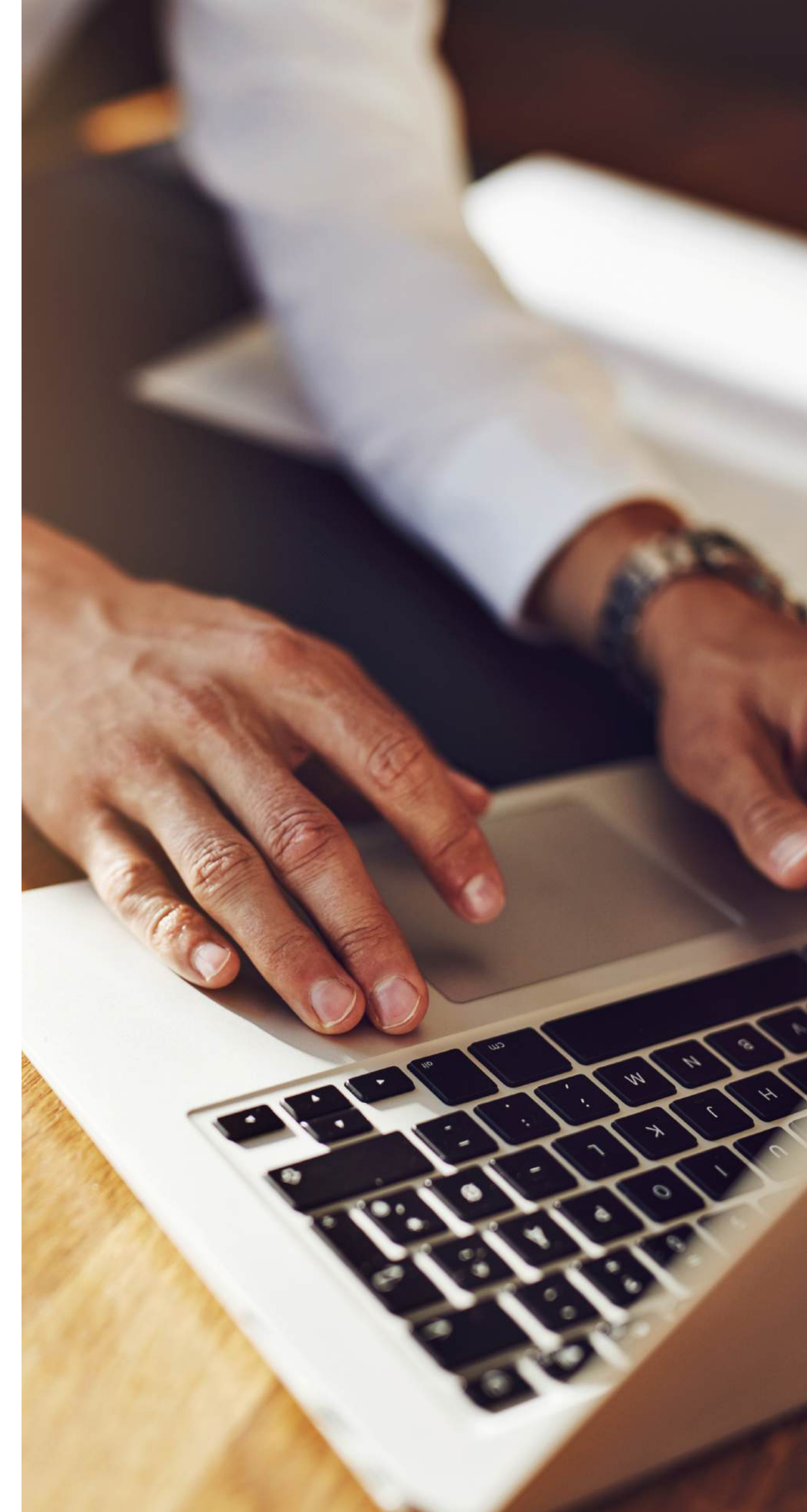
Contingency

RECCo does not include any project or other activity-specific contingencies in its Budget. Instead, we include a company contingency value to allow for complete transparency. For 2026, our contingency is maintained at c2% of the total Budget.

Longer-Term Planning Considerations

Our costs show a downward trend over the planning period. The benefits of our revised resourcing and technology platform delivery models begin to crystallise in 2027–28, with the full benefit achieved in the subsequent year. Our operating costs show a stable profile in Years 2 and 3; however, this may change if, in future years, we enhance our in-house delivery capability rather than outsource. New delivery obligations aligned to emerging Government policy may also impact headcount.

In **Table 7** (see page 8), we break down our Investment Project costs over the planning period. As stated earlier, for 2026, we're focused on delivering projects initiated in 2025, of which several, but not all, will be completed in 2026. We're adopting a low-risk phased deployment approach for Enquiry Services Evolution, and we expect that project to continue to summer 2028 with a small close-out period thereafter.



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As the REC Code Manager Licensee, we will be required to deliver Ofgem’s SDS. The SDS sets out deliverables across three horizons: Act Now, Think & Plan, and Listen & Wait, with associated time horizons of up to five years. Government policy for Clean Power and Consumer-Led Flexibility flows through to the SDS, making it clear that codes and market arrangements will need to evolve to deliver those programmes.

While the exact shape of future retail market reforms is still under development, our long-term projections should include Investment Project allowances to cater for this. We’ve included a Market Development project allowance of £3.5m in 2027 and £7.0m in 2028. As policy develops, SDS requirements become clearer, and as markets evolve, we will refine these allowances accordingly and share greater detail in our future years’ Forward Work Plans.

We’ve increased our Change Investment allowance for Years 2 and 3, reflecting the go-live of a suite of new REC Services in 2026 and 2027 (e.g., MHHS, Digital Services, and Flexible Market Services). Our planning assumption is that both industry and market developments will drive change within some of these. **Table 3** presents the charges that will apply for the coming year.

Participant	Annual Charge	Unit
Energy Suppliers	£1.12	per RMP per annum
Energy Suppliers – MHHS Project Charges	£0.019	per RMP per annum
DNOs (<750k RMPs)	£0.024	per RMP per annum
DNOs (>750k RMPs)	£51,500	per DNO per annum

Table 3: 2026 Budget charges – DNO: Distribution Network Operator, RMP: Risk Management Plan

Forecast Outturn 2025

Our 2025 Budget was £55.5m, including contingent project costs of c£2m, change investment allowance of £3m, and a company contingency of £1.25m (**Table 4**). The costs also reflected another key assumption: that incumbent Service Partners would present a compelling economic case for the long-term extension of their contracts. This was not the case for some services, and the expected investment costs for the year have not been incurred; they are now deferred into the 2026 Budget. Our expected cost outturn is c£49.2m, giving a cost underspend of c£6.3m, with our income being c£0.7m higher than expected. This gives a total returnable value to REC Funding Parties of c£7m, and we returned £5.5m as a reduction against funding invoices in January 2026. The balance will be returned post-year-end on confirmation through the year-end audit.

Key drivers for the cost underspend include in-year and recurring cost savings from negotiation of REC Service charges, not progressing contingent theft projects, targeted change investment spend, deferral of investment costs on the Enquiry Services to 2026, and lower-than-expected costs on the deployment of the Consumer Consent Service to support the introduction of Consumer-Led Flexibility. These, in turn, meant that we did not need to utilise the full contingency.

	2025–26 Budget (£m)	2025–26 Outturn (£m)
REC Services	32.15	31.12
RECCo Operations	7.78	7.40
Investment Projects	11.38	7.70
Change Investment	3.00	2.50
Contingency	1.25	0.45
Total	55.56	49.17

Table 4: Budget vs Forecast Outturn



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The REC requires us to supply the REC Services to REC Service Users to enable them to meet their operational delivery needs and ensure regulatory and governance compliance. They range from professional services delivering industry and code change, compliance, and Performance Assurance monitoring, Metering audits, Energy Theft services, and management of industry data sets. Each service contributes to the effective and efficient operation of the retail energy market, enabling competition and delivering positive consumer outcomes.

Over the planning period, the REC Services costs have reduced despite the introduction of new services. This is due to the decline in procurement costs and the economic benefits from deploying a new delivery model for Enquiry Services.

We partner with Service Partners to ensure that RECCo can keep pace with innovation, technology development, and associated investment in certain specialist areas. We give them the opportunity to present compelling economic and delivery cases to secure contract extensions. Where this challenge is not met, we develop alternative plans and strategies to secure value through procurement. We hold our Service Partners to account for their contractual service delivery obligations.

The costs shown in **Table 5** are payable to third-party Service Partners and, when supplemented with internal service management and service evolution costs (see **Table 2** on page 3), show that REC Services account for 62% of our total Budget. As detailed earlier, we've included the CSS procurement costs for complete transparency.

Central Switching Service

Working in partnership with the DCC, we've established in-year financial performance review processes and a transparent approach to budget setting. Together, we've developed a greater understanding of the resources required to deliver the CSS. We've split the CSS costs between Operate (i.e., the charges agreed with DCC for the operation of the CSS and System Operator services for the budget year) and Procure.

Code Management

The 2026 costs reflect the full-year impact of service changes in 2025, as well as the go-live costs of the enhanced REC Portal and Digital REC. We expected a material uplift in costs for 2026, arising from the end of the first term of contracts in summer 2026, but were able to negotiate some extensions on competitive terms. Where we were unable to do so, we've instead let the contract lapse and procured the services competitively. This has also allowed us to insource certain Performance Assurance activities at a more economical rate.

Enquiry Services

This Budget covers the Electricity Enquiry Service, the Gas Enquiry Service, the Green Deal Central Charging database, and the Secure Data Exchange Service. The projections in this Budget assume the continuation of the current contracts until we deploy a new delivery capability in summer 2027. Thereafter, material economic benefit will be seen from the deployment of the new capability. **The benefit of our procurement of a single Dual-Fuel Service delivery platform is evident in Year 3, with costs in that year being c40% of current costs.**

Flexible Market Services

In 2026, our activity will focus on delivering the Consumer Consent Solution and Tariff Interoperability projects. As we expect these to transition into service operation from April 2027, the associated REC Service cost is shown commencing in Year 2. Both services are enablers of the move to a Consumer-Led Flexibility market.

Energy Theft Services

These services support the industry in discharging its obligations to tackle energy theft and protect consumers from injury and economic harm. They are primarily the Energy Theft Tip Off Services and supporting Stay Energy Safe marketing costs. The increase in 2026 costs compared to 2025 reflects a planned investment in further raising public awareness of the dangers and illegality of energy theft.

Other Services

These include the costs associated with the provision of several data reporting services which support the operation of Performance Assurance, the costs of the improved digital delivery platform to enable a better industry experience when accessing Code Manager services, and the centralised administration costs of the Metering Code of Practice audit regime. We expect to invest in the Metering Audit regime in 2027.

REC Support Costs

This includes allowances for the legal review of REC Change Proposals, the cost of funding independent members of both the Change Panel and the Performance Assurance Board, and new committees being introduced through the REC Code Manager Licence.

REC Services	2025–26 Budget (£m)	2026–27 Budget (£m)	2027–28 Indicative (£m)	2028–29 Indicative (£m)
Central Switching: Operate	13.00	12.70	12.60	12.70
Central Switching: Procure	–	5.70	3.90	–
Code Manager Services	11.44	11.27	11.05	11.39
Enquiry Services	5.59	5.69	4.62	2.32
Flexible Market Services	–	–	2.50	2.59
Energy Theft Services	1.25	1.76	1.82	1.89
Data & Digital Services	0.20	0.95	1.25	2.13
Metering Services	0.11	0.04	0.54	0.25
REC Support Costs	0.56	0.66	0.65	0.65
Total	32.15	38.75	38.93	33.92

Table 5: REC Services

RECCo Operations

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The 2026 Budget is £10.84m, of which £6.8m are costs for the service management, evolution, and transformation of REC Services. The balance of £4.2m is the cost of delivering RECCo as a corporate entity, including centralised functions such as Stakeholder Engagement, Finance & Commercial, People & HR, and Risk Management. Our people costs have increased compared to 2025, driven by our requirement to strengthen each function to deliver our expanding scope and the REC Code Manager Licence, and to secure economic savings by reducing reliance on contractors. Our costs are largely stable after 2026 with variations reflecting the impact of indexation and the full-year impact of 2026 recruits (**Table 6**).

Board Costs

In line with good corporate governance and to fulfil the requirements of the forthcoming Code Manager Licence, we have a fully independent and remunerated Non-Executive Board, including an Independent Chair. The Board has the skills and expertise, including consumer interest experience, to support the organisation's operations. Non-Executive Board recruitment is carried out through market recruitment and overseen by the Nominations Committee.

Directors are re-appointed through the REC Party voting arrangements set out in the REC. Board costs are not materially different to the previous year. In the coming year, there will be increased transparency of Board engagement through the SAF and Board-level communications through the new REC Portal.

Staffing

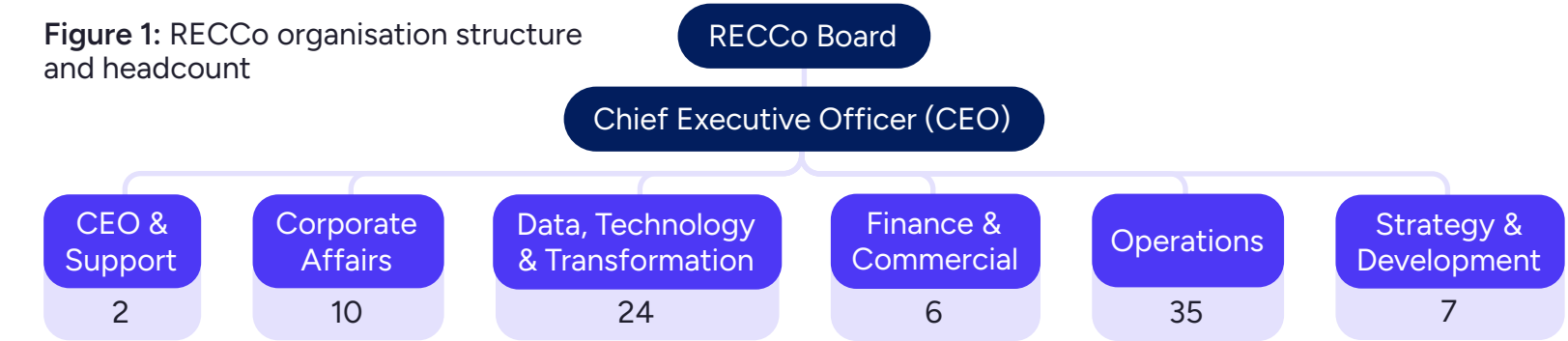
We assess our staffing requirements in line with our obligation for annual bottom-up budgeting, the outcome of an intelligent sourcing assessment on the best approach to delivery (in-house vs outsource), and any new delivery body obligations required by Ofgem or DESNZ. We've initiated a development programme to recruit and train the capabilities needed for the future. We benchmark all roles every two years, and all new recruits are assessed against it. Annual pay awards are referenced against published Office for National Statistics indices.

Figure 1 shows the expected breakdown by function for 2026, while **Figure 2** analyses our headcount for 2026, showing movement compared to what we had expected for that year in last year's Forward Work Plan. The increase in headcount reflects the in-sourcing of strategic, high-value components of the revised Performance Assurance Framework, the creation of

REC Services	2025–26 Budget (£m)	2026–27 Budget (£m)	2027–28 Indicative (£m)	2028–29 Indicative (£m)
Board Costs	0.34	0.32	0.38	0.39
Staff	6.34	8.74	9.16	9.47
Operating Costs	1.10	1.78	1.85	1.91
Total	7.78	10.84	11.38	11.78

Table 6: RECCo Operations

Figure 1: RECCo organisation structure and headcount



a REC Design Authority, the in-sourcing of business analyst and technical analyst roles as economically feasible to do so, and a strengthening of our Operations delivery team to match expanding delivery obligations. We're also building on the success of our employee development programme in 2025 with further recruitment planned for 2026 to bring in entry-level roles to the organisation.

Operating Costs

Operating costs are those required to manage the company on a day-to-day basis and to meet all our statutory, regulatory, commercial, people, and risk management obligations. None of the individual

costs is material in the context of the Budget. They include costs to **Protect** REC stakeholders (e.g., insurance and Information Security and Management), costs incurred to ensure we **Perform** our stakeholder engagement activities, and costs to ensure we comply with all our REC and wider legal obligations (e.g., statutory audit, taxation, and other compliance).

We're a remote-working organisation by design, with a small, serviced office in London. In 2026, several projects will move into the implementation phase (i.e., Digital Services and Enquiry Services), and consequently, more regular physical meetings will be required. Our Budget allows for this approach.

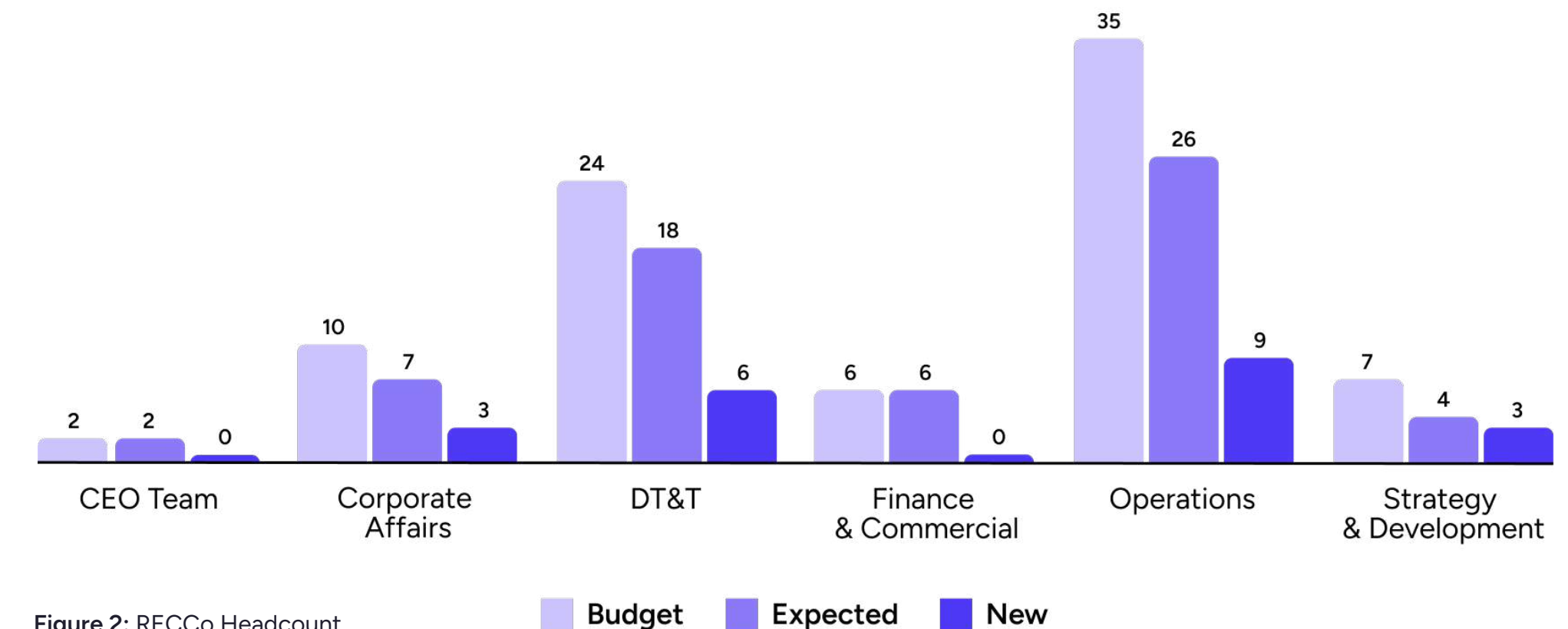


Figure 2: RECCo Headcount

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Our Forward Work Plan sets out the details of our key programmes for 2026. We've published Business Cases for the projects shown below. Our Forward Work Plan provides further information on each of our key projects and the outcomes they are required to deliver on behalf of industry and consumers.

Business Cases

[Code Manager Service Evolution](#),
[Digital Services](#), [Enquiry Services](#),
[Energy Theft](#), and [Consumer Consent Solution](#)

Our Investment Projects are aligned to activities set out in the SDS and are weighted towards the Act Now category (within two years) and the Think & Plan category (within two to three years). For each Investment Project, we've considered and assessed its pace, scope, and cost proportionality against the SDS.

We've set aside £14.3m for investment projects (Table 7) for 2026. Our project portfolio comprises the continuation of seven existing projects and the introduction of two new projects. The latter is needed to sustain the ongoing development of the REC in support of the Government's ambitions for Consumer-Led Flexibility and Market Developments.

These projects will supplement the extensive flexibility enablers already present within existing REC Services, such as Central Switching, Enquiry Services, and MHHS, as well as those to be introduced through Consumer Consent and Tariff Interoperability.

Several projects will reach maturity in 2026 and transition to REC Services in 2027. These include

Consumer Consent, Tariff Interoperability, and Digital Services. MHHS is due to complete the migration in May 2027.

As outlined earlier, we're progressing with procuring a single platform and service for the delivery of a single Dual-Fuel Service. To mitigate risk, we will use a phased deployment approach underpinned by a substantive transition period for industry migration. This will require up-front investment in 2026 and 2027, with the full benefits flowing from 2028. Operating costs in 2028 will be 40% of current costs.

In 2026, we will complete the first phase of creating Code Manager services for the future, with the deployment of a revised Performance Assurance Framework. We will then start planning how best to procure, deploy, and operate other Code Manager service requirements, such as change management, party support and engagement, and technical analysis. We expect a reorganisation of the current delivery mix, and our costs in Years 2 and 3 allow for this.

As noted earlier, as the Government pursues its Clean Power and Consumer-Led Flexibility ambitions, Ofgem's Preliminary SDS makes clear that codes and market arrangements will need to evolve to deliver those programmes. While the exact shape of future retail market reforms and delivery obligations which may flow to RECCo remain open, we've included market development budget allowances in Years 2 and 3. The value of these reflects both the time horizon and the current scope uncertainty.

Change Investment & Contingency Allowance

RECCo does not carry any financial reserves, nor does it have access to borrowing facilities. Consequently,

it must include a degree of contingency and financial prudence within its forecasts. We do this through the Change Investment Allowance and Company Contingency. Any unused values are returned to industry.

Our 2026 Change Investment is £3m (Table 8), which broadly reflects the current 2025 spend run rate. Change Investment includes funding to develop and deliver functional changes to the REC Services. It's not used to fund Investment Projects or RECCo operational or headcount requirements.

We've increased the Change Investment Allowance in Year 2, reflecting the go-live of several new REC Services in that year. We expect spending to increase

as these services transition from early life into full operational delivery. While we will continue to invest in Code Manager and Enquiry Services, this will be tempered and assessed against the major restatement of those services through the respective investment projects.

Our 2026 Contingency Allowance is £1.25m and is maintained throughout the planning period. This represents 2% of the total Budget. The future REC Code Manager licence will require the licensee to maintain a contingency in its budgets. The use of the Contingency Allowance is subject to Chief Executive Officer and Board oversight and is used to mitigate inherent market uncertainty and/or instability and to hedge against unforeseen future regulatory requirements.

REC Services	2025–26 Budget (£m)	2026–27 Budget (£m)	2027–28 Indicative (£m)	2028–29 Indicative (£m)
Enquiry Service Evolutions	1.83	5.02	3.16	0.28
Consumer Consent	2.71	4.04	0.54	–
Digital Services	3.22	1.90	–	–
Code Manager Evolution	0.30	1.17	1.16	2.16
MHHS	1.56	1.11	0.31	–
Consumer-Led Flexibility & Market Developments	–	0.55	4.50	7.00
Code Reform	0.20	0.22	–	–
Other Projects	0.20	0.29	0.75	0.75
Closed Projects	1.37	–	–	–
Total	11.38	14.30	10.42	10.19

Table 7: Investment Projects

Change Investment & Contingency Allowance	2025–26 Budget (£m)	2026–27 Budget (£m)	2027–28 Indicative (£m)	2028–29 Indicative (£m)
Change Investment	3.00	3.00	4.00	4.00
Contingency Allowance	1.25	1.25	1.25	1.25

Table 8: Change Investment and Contingency Allowance

Thank you for reading

Have your say

Email Brian O'Shea, Chief Financial & Commercial Officer, at brian@retailenergycode.co.uk with any **questions**.

Retail Energy Code Parties may also raise an appeal. Any **appeals** must be submitted by **6 March 2026** to industrycodes@ofgem.gov.uk.

Join the Budget webinar

We'll cover the key points and answer questions on **25 February 2026**, 11:00–12:30 (GMT).

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