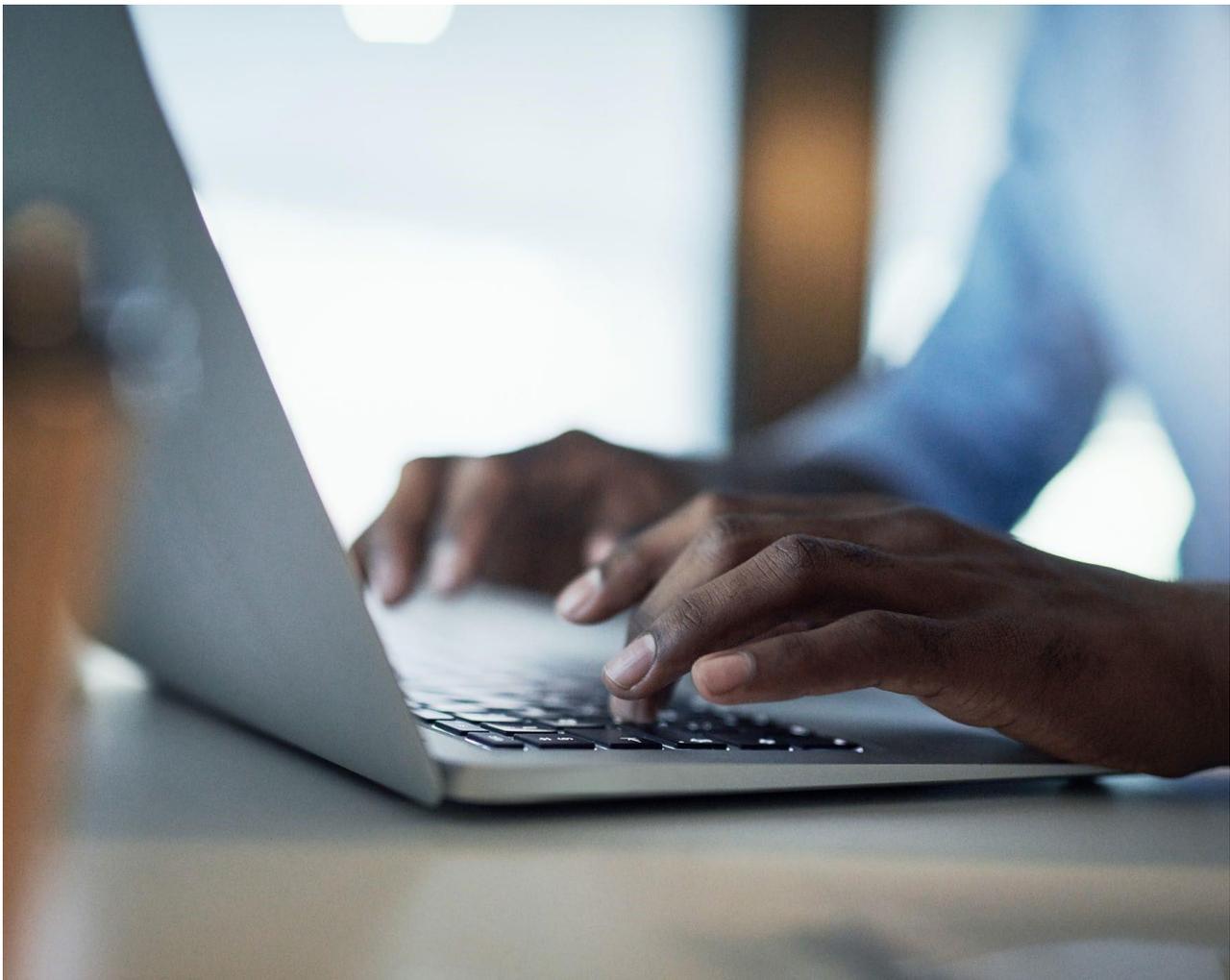


# Cost Recovery for Explosives

This guidance provides notice of how cost recovery will apply in the Explosives sector

April 2025





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# Part 1: Cost recovery arrangements

## Introduction

This guide is aimed at duty holders in the explosives sector who acquire, manufacture and / or store explosives. It provides information about how the cost recovery scheme operates, as well as details about the scope and nature of the activities undertaken by the Health and Safety Executive (HSE), for which costs are recovered. It also explains how the costs are calculated.

The [cost recovery rates](#) are on the HSE website.

## The fee boundary and what is cost recoverable

Cost recovery was extended in the Explosives sector on 1 April 2024 by the Health and Safety and Nuclear (Fees) (Amendment) and Gas Safety (Miscellaneous Amendment) Regulations (the “Fees Regulations 2024”).<sup>1</sup> The Fees Regulations 2024 have been made under the Health and Safety at Work etc. Act 1974 (HSWA), and give HSE the power to cost recover for the enforcement, including inspection and investigation of any of the relevant statutory provisions under the Explosives Regulations 2014<sup>2</sup>, the Acetylene Safety (England and Wales and Scotland) Regulations 2014<sup>3</sup> and the Dangerous Goods in Harbour Areas Regulations 2016<sup>4</sup>.

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<sup>1</sup> The Health and Safety and Nuclear (Fees) (Amendment) and Gas Safety (Miscellaneous Amendment) Regulations 2024. Available at: [The Health and Safety and Nuclear \(Fees\) \(Amendment\) and Gas Safety \(Miscellaneous Amendment\) Regulations 2024 \(legislation.gov.uk\)](#)

<sup>2</sup> The Explosives Regulations 2014. Available at: [The Explosives Regulations 2014 \(legislation.gov.uk\)](#)

<sup>3</sup> The Acetylene Safety (England and Wales and Scotland) Regulations 2014. Available at: [The Acetylene Safety \(England and Wales and Scotland\) Regulations 2014 \(legislation.gov.uk\)](#)

<sup>4</sup> The Dangerous Goods in Harbour Areas Regulations 2016. Available at: [The Dangerous Goods in Harbour Areas Regulations 2016 \(legislation.gov.uk\)](#)

Fees are payable to HSE by the following persons:

<b>Explosives Regulations 2014</b>	<b>Acetylene Safety (England and Wales and Scotland) Regulations 2014.</b>	<b>Dangerous Goods in Harbour Areas Regulations 2016</b>
Fees for applications for licenses, variations, transfers or replacements of licenses to manufacture or store explosives, made to HSE under Explosives	Fees for applications under and replacements of licences under the 2014 Acetylene Regulations are payable by:	Fees in relation to Part 5 of the Dangerous Goods in Harbour Areas Regulations 2016 are payable by:  Applicant and / or Explosives licensee.
Regulations 2014 are payable by:  Applicant, Explosives licensee and / or Transferee of Explosives licence  (See Schedule 7 Part 1 of the Fees Regulations 2024).	Applicant, Acetylene licensee and / or Transferee of the Acetylene licence  (See Schedule 7 Part 5 of the Fees Regulations 2024)	(See Schedule 8 of the Fees Regulations 2024).
Explosives licensee for enforcement, including inspection and investigation of any of the relevant statutory provisions and referred to below as the 'Explosives Duty Holder.'	Acetylene licensee for enforcement, including inspection and investigation of any of the relevant statutory provisions and referred to below as the 'Explosives Duty Holder.'	Explosives licensee for enforcement, including inspection and investigation of any of the relevant statutory provisions and referred to below as the 'Explosives Duty Holder'.

A number of flat fees also apply which are set out on the face of the Fees Regulations 2024, see Schedule 7 Part 2, Part 3 and Part 4.

No fee is payable for enforcement, including inspection and investigation of any of the relevant statutory provisions as described above if a fee is payable or has been paid under any other HSE charging regime.

No fee is payable for enforcement, including inspection and investigation of the relevant statutory provisions in relation to Part 13 of the Explosives Regulations (placing on the market of civil explosives). If regulatory activities associated with Part 13 of the Explosives Regulations reveal a material breach of the law then Fee for Intervention<sup>5</sup> will apply.

## Costs Recovered

HSE will recover its costs reasonably incurred by charging an hourly fee for any of the functions conferred on HSE by HSWA which relate to the enforcement, including inspection and investigation of any of the relevant statutory provisions against the duty holder (as specified above). Examples of these relevant statutory provisions include:

### Inspection

HSE recovers costs for work associated with inspection including all work checking compliance with HSWA and the relevant statutory provisions under the Explosives Regulations 2014, the Acetylene Safety (England, Wales and Scotland) Regulations 2014 and the Dangerous Goods in Harbour Areas Regulations 2016.

The amount of time cost recovered will vary depending upon the individual circumstances of each inspection but will include time spent preparing and reporting on findings as well as conducting the inspection. Time spent reviewing a duty holder's response to actions raised following a visit will also be recovered.

### Investigation

HSE investigates accidents and serious incidents meeting HSE's incident selection criteria<sup>6</sup> and complaints in accordance with HSE's Complaints Procedure<sup>7</sup>. This activity is cost recoverable. HSE will advise the duty holder as soon as it becomes evident whether the work will be subject to cost recovery.

### Enforcement

Subject to the exclusions outlined below, costs connected with enforcement activities are recovered from duty holders.

Where a possible offence comes to the attention of HSE, any activities carried out to enable the HSE to decide whether to prosecute and in preparing a summons or, in Scotland, preparing a report for the Procurator Fiscal, are cost-recoverable. This may include consideration of facts, gathering evidence, taking statements and other legal work. Where costs have been recovered as a result of these activities the HSE will not seek to recover them as legal costs.

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<sup>5</sup> Fee for Intervention. More information available at: [Fee for intervention \(FFI\) - HSE](#)

<sup>6</sup> Investigation – Stage 2: Decide whether to investigate – Additional Guidance. Available at:” [Investigation - Stage 2: Decide whether to investigate \(hse.gov.uk\)](#)

<sup>7</sup> HSE Complaints procedure. Available at: [Operational Procedure - Complaints - Introduction \(hse.gov.uk\)](#)

## **Assessment**

HSE cost recovers for any work associated with the assessment of submissions made seeking exemption from any regulatory provision or requirement under any relevant legal or regulatory provision.

## **Exclusions**

Costs will not be recovered for:

- Legal proceedings connected with duties under HSWA and the relevant statutory provisions from the time a summons is obtained from a Magistrates Court, and any subsequent investigation in connection with that prosecution in England and Wales or investigation or prosecution connected with duties under HSW and the RSPs from the time the case is referred to the Procurator Fiscal or the Procurator Fiscal intervenes, whichever is the sooner, in Scotland.
- Work in connection with an appeal against an improvement or prohibition notice at an Employment Tribunal from the date that the Tribunal receives a notice of appeal.
- Activity related to cost-recovery disputes.

## **Provision of advice for compliance**

HSE will not cost recover for advice given to duty holders in advance of them becoming a licence applicant under the Explosives regulations 2014, Acetylene Safety (England and Wales and Scotland) Regulations 2014 and Dangerous Goods in Harbour Areas 2016. Advice given by HSE on the general application of the relevant statutory provisions is not subject to cost recovery

## **Application of cost recovery to Explosives duty holders using contractors**

While HSE is carrying out enforcement activity, including inspection and investigation under the relevant statutory provisions, if it is necessary for HSE to interact and / or visit a contractor that has been working at the Explosives duty holder site then costs will be recovered from the Explosives duty holder, according to the criteria in the paragraphs above.

However, if enquiries lead to further investigation of health and safety issues not related to the responsibilities of the Explosives duty holder, no further costs will be recoverable from them.

## **HSE Contracted Third Party Involvement**

Where work is contracted to a third party by HSE, for example the use of external specialists to support an investigation, the actual cost to the HSE of the service will be recovered from the Explosives duty holder. This will be shown as a separate item on the invoice and the cost recovery rate may differ from the hourly rate. The HSE has management arrangements to ensure that the quality and duration of the work of third parties is properly controlled and monitored.

## **Where will cost recovery apply?**

Cost recovery under the relevant statutory provisions will apply to Explosives and Acetylene licence holders and to holders of a licence under the Dangerous Goods in Harbour Areas Regulations 2016 (in so far as they relate to duties under Part 5 of those regulations). Cost recovery will also apply to licence applicants and licence transferees under the Explosives Regulations 2014, the Acetylene Safety (England and Wales and Scotland) Regulations 2014 and the Dangerous Goods in Harbour Areas Regulations 2016. Cost recovery will apply in England, Wales and Scotland.

# Part 2: Procedures for charging fees

## Methodology used for calculating fees

The total amount charged is calculated on the time spent on the particular cost recoverable activity, multiplied by a pre-determined hourly rate. The costs recovered are calculated in accordance with [HM Treasury's guidance on managing public money](#) and includes the full cost of all the resources used in carrying out and supporting that cost recoverable activity. The costs included in these headings are as follows.

- **Gross salaries of direct staff**
  - staff actually carrying out the work, their line managers and support staff.
- **Gross salaries of operational management and strategy**
  - staff who deal with the consistency and quality of operational work, as well as finance and planning issues specific to that division.
- **Indirect costs**
  - travel and subsistence
  - staff development and training
- **Executive delivery costs**
  - developing and maintaining guidance for duty holders;
  - internal guidance for inspectors (for example to achieve consistency of regulation);
  - consulting and discussing current problems and their effective control with duty holders and their representatives; and
  - industry-specific research and development.
- **Overheads**
  - accommodation costs
  - use of information technology
  - office services (for example postage and telecommunications)
  - corporate services (for example finance and planning, human resources, senior management and business services)
  - depreciation of fixed assets and cost of capital.

## Administrative and financial arrangements

HSE issues invoices and receives payments for all cost recoverable activities irrespective of who carried out the work, for example HSE employee or a contractor. HSE is responsible for debt recovery. Invoices identify each separate cost recoverable activity, including:

- date of activity
- location.

- number of hours spent.
- the rate to be applied.
- the name of the inspector doing the work.
- The total amount payable.

Invoicing and debt recovery functions are carried out centrally; inspectors are not responsible for the issuing of invoices or for any follow-up actions relating to non-payment of invoices. Queries on invoices should be referred to the contact point given in HSE's Query and Disputes guidance

Invoicing will take place within 30 working days of the end of a quarter. Invoices will be issued in March, June, September and December. Invoices will invariably contain costs for time outside the quarterly periods which precede the invoice date.

Payment will be due to HSE within 30 days of the date of the invoice. HSE will actively pursue outstanding debts in accordance with its debt recovery procedures.

## **Fees**

Fees are charged on an 'actuals' basis. That is, the recovery of the full cost of the time spent by HSE carrying out a relevant activity or intervention. The way in which HSE has approached the identification of the relevant costs for inclusion in the charge out rate follows the guidance in HM Treasury's [Managing public money](#). The time spent by all HSE staff working on the enforcement, including inspection and investigation of the relevant statutory provisions will be invoiced and the hourly rate will be calculated to include these grades of staff.

The rate charged to duty holders under the Explosives Regulations 2014, the Acetylene Safety (England and Wales and Scotland) Regulations 2014 and the Dangerous Goods in Harbour Areas Regulations 2016 is given on the HSE website.

### [Cost recovery rates](#)

## **Procedure for handling queries and disputes**

If a duty holder has a query about an invoice, they should contact HSE to seek to resolve it informally. If it is not possible to do this, they should refer to [Cost Recovery – HSE Queries and Disputes Procedure](#)

It should be noted there are time limits at each level, within which queries should be submitted.

## **Procedure for resolving operational issues.**

Where matters of dispute arise on operational issues, which have implications for the cost recovery regime, these will first be considered by the Explosives Cost Recovery Group. This group will have the overall responsibility to keep under review the effectiveness and operation of the explosives regime's financial and administrative arrangements. The membership of the Review Group will comprise representatives from industry and trade associations, as well as HSE officials.

If the matter cannot be resolved by the Review Group, it will be referred to senior officials within HSE.

## **Contacts for advice and guidance**

For further advice or queries on the operation of the cost recovery system, contact:

CEMHD  
Redgrave Court  
Merton Road  
Bootle Merseyside  
L20 7HS

Email: [HIDCostRecovery@hse.gov.uk](mailto:HIDCostRecovery@hse.gov.uk)





### **Further information**

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First published 04/24

Published by the Health and Safety Executive 04/25