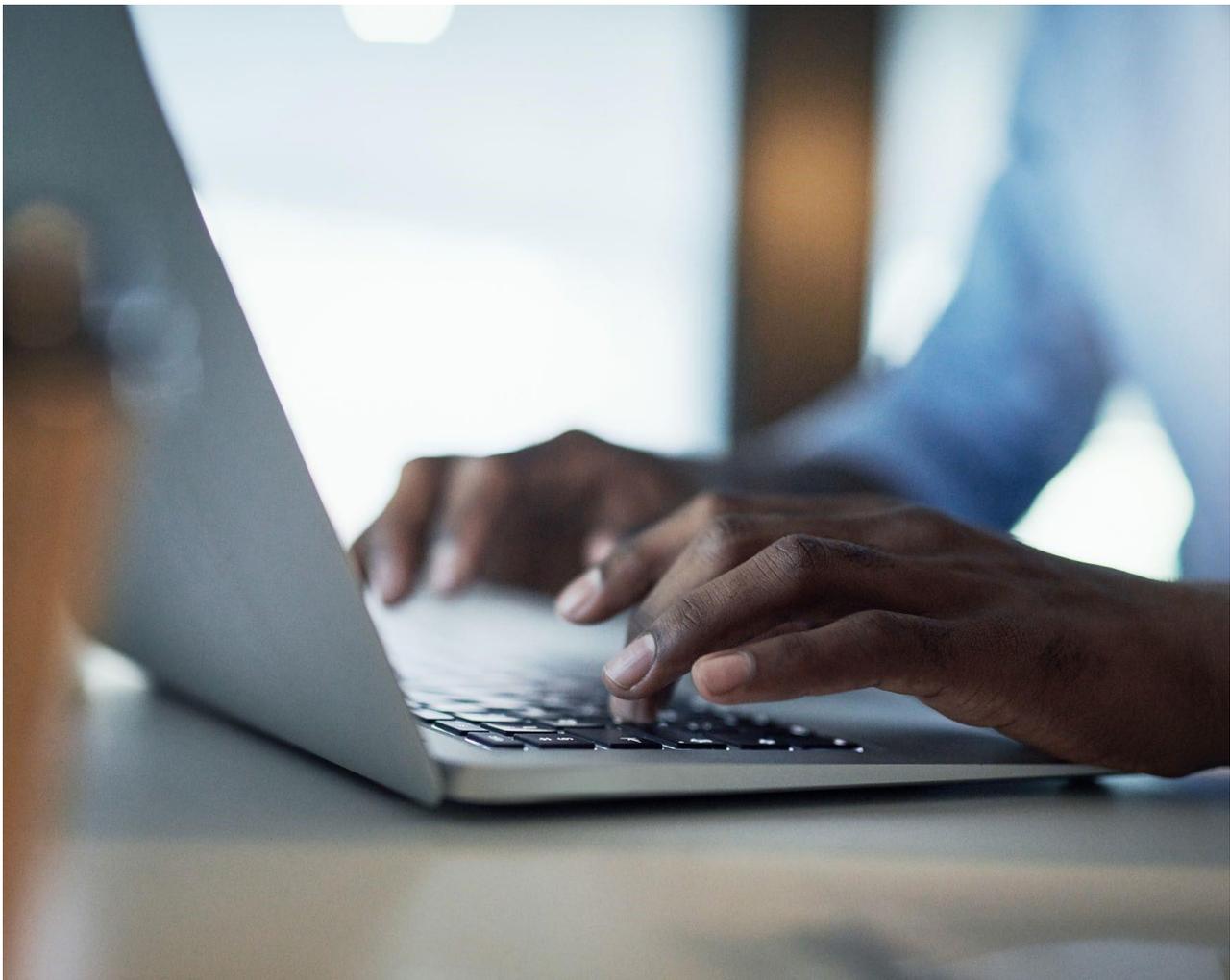


# **Cost recovery for the inspection under the Network and Information Systems (NIS) Regulations 2018**

**This guidance provides notice of how cost recovery for the inspection under the Network and Information Systems (NIS) Regulations 2018 will work.  
April 2025**





# Contents

<b>Cost recovery for the inspection under the Network and Information Systems (NIS)</b>	
<b>Regulations 2018</b>	2
<b>Part 1: Cost recovery arrangements</b>	2
Introduction	2
The fee boundary and what is cost recoverable	2
Cost recoverable activities	2
Who is subject to cost recovery?	3
<b>Part 2: Procedures for charging fees</b>	4
Methodology used for calculating fees	4
Administrative and financial arrangements	4
Fees	5
Procedure for handling queries and disputes	5
Procedure for resolving operational issues.	6
Contacts for advice and guidance	6

# Part 1: Cost recovery arrangements

## Introduction

This guide is aimed at operators that are subject to the requirements of the NIS Regulations 2018. It provides information about how the cost recovery scheme operates, as well as details about the scope and nature of the activities undertaken by 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

An Agency Agreement exists between the Secretary of State for the Department of Energy Security and Net Zero and HSE which sets out the functions which HSE has agreed to perform in relation to the oil subsector in England, Wales and Scotland and certain essential services in the gas sector<sup>1</sup>.

HSE will recover its costs for the discharge of specified functions directly from the Operator of Essential Services (OES) under the NIS Regulations 2018. No fee is payable under NIS Regulations 2018 for any function where a fee is payable (or has been paid) for that function under COMAH or Offshore Regulations.

## Cost recoverable activities

HSE will recover its costs, based on an hourly rate, for the time spent regulating under NIS. The majority of the compliance work relating to individual OES that HSE performs under the NIS Regulations 2018 is cost recoverable and is as follows:

- Receipt of incident reports under Regulation 11 (in particular action taken upon receipt of an incident notification).
- Submission of information notices under Regulation 15 (in particular information notices under regulations 15(1),(2) and (4)-(7)).
- Inspections under Regulation 16 (in particular conducting inspections under regulation 16(1), including preparation, write up and follow up actions; providing one to one advice to operators on how they can improve and aid compliance).
- The function of providing written reasons for a decision following a request made by the OES in accordance with regulation 17(5) of the NIS Regulations 2018 under regulation 17(6) of the NIS Regulations 2018.

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<sup>1</sup> Gas sub sector essential services, specified in Schedule 2, paragraph 3, sub-paragraphs (5) to (8) of the 2018 Regulations.

Cost recovery rates are calculated in accordance with HM Treasury guidance on fees and charges and include the full cost of carrying out the cost recoverable work. See [Methodology for calculating fees](#) below.

## **Who is subject to cost recovery?**

Cost recovery under the NIS Regulations 2018 will apply to the oil subsector in England and Wales and Scotland as defined in Schedule 2, paragraph 2 of the NIS Regulations 2018; and the upstream gas subsector in England and Wales and Scotland, in relation to the essential services specified in Schedule 2, paragraph 3, sub-paragraphs (5) to (8) of the NIS Regulations 2018.

# 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 [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 (which will include NIS in the invoice comments)
- 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 on the pattern of quarters March to May, June to August, September to November and December to February. Invoices will invariably contain costs for time outside these strict quarterly periods.

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 rates for NIS inspections are the same as the hourly rates for Offshore and COMAH cost recovery regimes, depending on whether the inspection is being carried out at an Offshore Installation or a COMAH site.

You can view the [cost recovery rates](#) on the HSE website for an inspection at:

- an installation regulated under the Offshore Installations (Offshore Safety Directive) (Safety Case etc) Regulations 2015
- a site regulated under the COMAH Regulations 2015

## **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 Offshore and COMAH

Cost Recovery Review Groups. These Groups have the overall responsibility to keep under review the effectiveness and operation of the Offshore and COMAH cost recovery 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:

Chemicals, Explosive and Microbiological Hazards Division or Energy Division  
Redgrave Court  
Merton Road  
Bootle  
Merseyside  
L20 7HS

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





### **Further information**

For information about health and safety, or to report inconsistencies or inaccuracies in this guidance, visit the [HSE website](#).

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