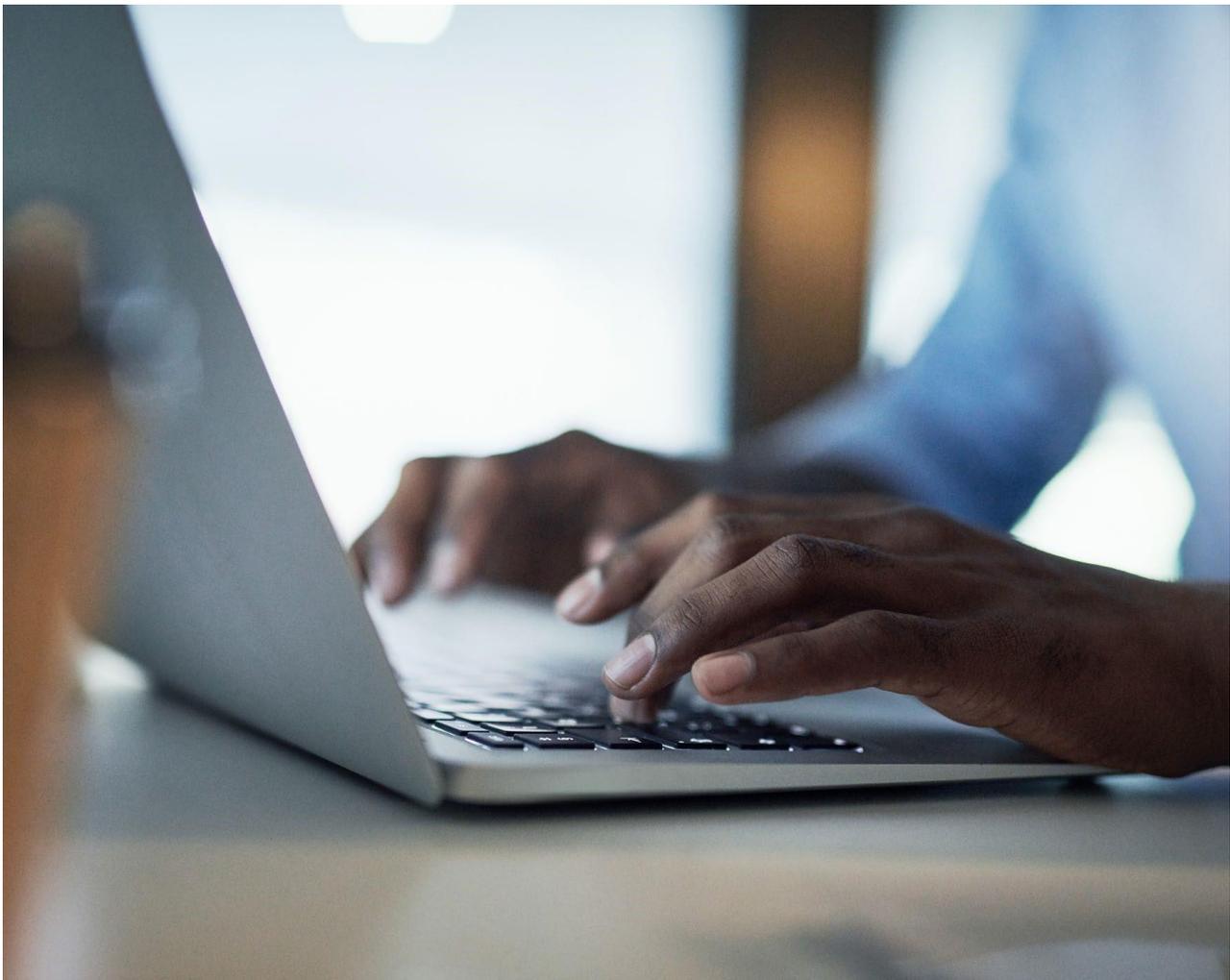


Cost recovery for Oil, Gas and Chemical Pipeline Systems

This guidance provides notice of how cost recovery for the inspection under the Pipeline Safety Regulations 1996 (PSR) will work.

April 2025



Contents

Part 1: Cost recovery arrangements	1
Introduction	1
The fee boundary and what is cost recoverable	2
Application of Cost Recovery to New Pipelines where the operator is still to be determined	3
Costs Recovered	3
Part 2: Procedures for charging fees	6
Methodology used for calculating fees	6
Administrative and financial arrangements	6
Fees	7
Procedure for handling queries and disputes	7
Procedure for resolving operational issues	7
Contacts for advice and guidance	8

Part 1: Cost recovery arrangements

Introduction

This guide is aimed at operators that are subject to the requirements of the Pipeline Safety Regulations 1996¹ (PSR). 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.

¹The Pipeline Safety Regulations 1996, available at: [The Pipelines Safety Regulations 1996 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

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

The fee boundary and what is cost recoverable

Cost recovery was introduced for the oil, gas and chemical pipelines sector on 1 April 2024 by the Health and Safety and Nuclear (Fees) (Amendment) and Gas Safety (Miscellaneous Amendment) Regulations 2024² (the “Fees Regulations 2024”). The Fees Regulations 2024 have been made under the Health and Safety at Work etc. Act 1974 (HSWA), which gives HSE the power to cost recover for the enforcement, including inspection and investigation of any of the relevant statutory provisions under the Pipeline Safety Regulations 1996³

A fee is payable by the operator of a pipeline as defined in PSR). Charges under this regime will apply to all oil, gas and chemical pipelines except for:

- Within the 500 metre safety zone around an offshore installation, where charging will be levied under the Offshore Installations (Safety Case) Regulations 2005⁴ or the Offshore Installations (Offshore Safety Directive) (Safety Case etc) Regulations 2015⁵; and
- Where costs are recovered in relation to the conveyance of gas under the Gas Safety (Management) Regulations 1996.

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.

Application of Cost Recovery to New Pipelines where the operator is still to be determined

In the case of a new pipeline, where the operator is still to be determined, the person who commissioned the pipeline is deemed to be the pipeline operator (PSR reg 2).

² 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 \(legislation.gov.uk\)](#)

³ The Pipeline Safety Regulations 1996, available at: [The Pipelines Safety Regulations 1996 \(legislation.gov.uk\)](#)

⁴ Offshore Installations (Safety Case) Regulations 2005. Available at: [The Offshore Installations \(Safety Case\) Regulations 2005 \(legislation.gov.uk\)](#)

⁵ Offshore Installations (Offshore Safety Directive) (Safety Case etc) Regulations 2015. Available at: [The Offshore Installations \(Offshore Safety Directive\) \(Safety Case etc.\) Regulations 2015 \(legislation.gov.uk\)](#)

Costs Recovered

HSE will recover its costs reasonably incurred by charging an hourly fee, for the time spent regulating under PSR. Costs can be charged for enforcement, including inspection and investigation of any of the relevant statutory provisions including but not limited to:

Statutory notifications, consultations and reports

HSE reviews statutory consultations and notifications e.g. consultations on Pipeline Works Authorisations, Interim Pipeline Regime and Disused Pipeline Notifications, which are required by other public bodies and regulators. During HSE's review, if pipeline related safety issues are identified, either actual or potential (when planned pipeline work commences) then HSE will charge for the time spent on these issues because they become a PSR related matter. Other chargeable matters include HSE's activities on decommissioning plans and notifications under PSR before construction, before use and in other cases.

Inspection

HSE recovers costs for work associated with inspection including all work checking and compliance with HSWA and the relevant statutory provisions during the design, construction, operation, maintenance, decommissioning and demolition of pipelines and pipework and any associated plant, onshore and offshore.

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 criteria⁶ and complaints in accordance with HSE's Complaints Procedure⁷.

Enforcement

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

Where a possible breach or offence is identified by HSE, any activities carried out to enable the HSE to decide whether to prosecute and in preparing a summons or, in

⁶ HSE's incident selection criteria, available at: [Investigation - Stage 2: Decide whether to investigate \(hse.gov.uk\)](https://www.hse.gov.uk/investigation-stage-2-decide-whether-to-investigate)

⁷ HSE Complaints procedure. Available at: [Operational Procedure - Complaints - Introduction \(hse.gov.uk\)](https://www.hse.gov.uk/operational-procedure-complaints-introduction)

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, HSE will not seek to recover them as legal costs in any subsequent prosecution.

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 HSW 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 relevant statutory provisions 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 on advice for compliance

Advice given by HSE on the general application of relevant statutory provisions is not subject to cost recovery.

Application of cost recovery to pipeline operators 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 carrying out work for the pipeline operator then HSE will recover costs from the pipeline operator, 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 pipeline operator, no further costs will be recoverable from them.

Third Party Involvement

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

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

- 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 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 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.

[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 Pipelines Cost Recovery Group This

group will have the overall responsibility to keep under review the effectiveness and operation of the PSR 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:

Energy Division Redgrave Court
Merton Road
Bootle Merseyside L20
7HS

Email: 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](#).

You can order HSE priced publications at the [HSE books website](#).

HSE priced publications are also available from bookshops.

This publication is available on the HSE website at www.hse.gov.uk/enforce/charging/index.htm

© Crown copyright If you wish to reuse this information visit the [copyright guidance on the HSE website](#).

First published 04/24

Published by the Health and Safety Executive 04/25