



Northern Ireland
Assembly

Committee for Finance

Report on the Legislative Consent Memorandum on the Cyber Security and Resilience (Network and Information Systems) Bill

Ordered by the Committee for Finance to be published on 24 June 2026.

Report: NIA 181/22-27 Committee for Finance

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Powers and Membership

Powers

The Committee for Finance is a statutory departmental committee established in accordance with paragraphs 8 and 9 of Strand One of the Belfast Agreement and under Assembly Standing Order No 48. The Committee has a scrutiny, policy development and consultation role with respect to the Department of Finance and has a role in the initiation of legislation

The Committee has power to:

- consider and advise on Departmental budgets and annual plans in the context of the overall budget allocation;
- consider relevant subordinate legislation and take the Committee Stage of primary legislation;
- call for persons and papers;
- initiate inquiries and make reports; and
- consider and advise on matters brought to the Committee by the Minister of Finance.

Membership

The Committee has nine members, including a Chairperson and Deputy Chairperson, and a quorum of five members. The membership of the Committee is as follows:

Mr Matthew O'Toole (Chairperson)

Ms Diane Forsythe (Deputy Chairperson)

Dr Steve Aiken OBE

Mr Gerry Carroll

Miss Jemma Dolan*

Miss Deirdre Hargey

Mr Harry Harvey**

Mr Brian Kingston***

Mr Eóin Tennyson

*Miss Jemma Dolan replaced Miss Nicola Brogan with effect from 11 February 2025.

**Mr Harry Harvey replaced Mr Paul Frew with effect from 23 September 2025.

***Mr Brian Kingston replaced Mr Phillip Brett with effect from 23 September 2025.

Background

1. The Cyber Security and Resilience (Network and Information Systems) Bill (the 'Bill') was introduced in the House of Commons on 12 November 2025 and reintroduced on 14 May 2026.
2. The Department for Science, Industry and Trade (DSIT) has been developing cyber legislation for a number of years. Currently the main piece of cyber law is the Network and Information Systems Regulations 2018. These regulations transposed the European Union's Network and Information Systems (NIS) Directive. The Cyber Security and Resilience Bill takes account of the EU's second NIS Directive (NIS 2) and addresses the ongoing need to protect essential services through cyber security measures.
3. The Bill seeks to:
 - bring data centres (which house and process much of the data generated in the UK), large load controllers (which ensure appliances continue to be powered with the electricity they need by responding to electricity usage signals) and managed service providers (organisations which provide an ongoing managed IT service) into the scope of the regulations,
 - enable designated competent authorities (CAs, also referred to as regulators) to designate "critical suppliers" where an essential, digital or managed service which they regulate relies on a supplier and an incident affecting the network and information systems which that supplier relies upon could cause significant disruption to the relevant service,
 - make provision regarding the designation of operators of essential services (an "OES") by a regulator and the duties which will apply to them,

- give the Secretary of State the power to introduce a Statement of Strategic Priorities to set outcomes for regulators to achieve and expectations for the implementation of the NIS Regulations, and
 - give the Secretary of State powers to make regulations to make further provision in relation to specified network and information systems and to persons with functions under the regulations. Such powers could be used to bring new sectors and subsectors in scope of the regulations and to make changes to the responsibilities and functions of NIS regulators.
4. DSIT consider that all the Bill provisions are reserved under both the telecommunications and national security reservations. The implementation of the NIS Regulations and the Bill relate in part to devolved matters as some of the essential services are in devolved sectors. Some provisions in the Bill alter the executive functions of the Department of Finance, designated as the Network and Information Systems (NIS) Competent Authority.
 5. Part 2 of the Bill makes amendments to the NIS Regulations to bring new services (data centres, load control and managed services) into their scope, enable regulators to designate “critical suppliers”, update the incident reporting regime, and make changes relating to recovery of costs, the sharing and gathering of information and enforcement.
 6. Part 3 of the Bill provides the Secretary of State with powers to make regulations to update the regulatory framework. These include bringing more sectors into the scope of the NIS Regulations, setting duties and security requirements regulated persons must comply with, and issuing a code of practice to aid compliance with those regulations. Part 3 also enables the Secretary of State to designate a statement of strategic priorities that regulators will have a duty to have regard to. Finally, Part 3 requires the Secretary of State to report on cyber security legislation.

7. Part 4 of the Bill provides the Secretary of State with powers to issue directions to regulators and regulated entities, where it is necessary and proportionate for national security.

Purpose of the Legislative Consent Motion

8. This section provides an overview of the provisions within the Bill and highlights those that would apply to Northern Ireland. DSIT have provided a Devolution Analysis which states that consent is required for Clauses 12, 17, 19, 20, 21, 22, 27, 28, 29, 31, 32, 33, 34, 35, 45, 46, 47, 48, 49, 50, 51 and 56. The Department of Finance considers that legislative consent is also required for clauses 15, 18, 25, 26, 38 and 52. The Executive considered the policy and agreed that the following provisions should extend here:

Clause 12: Critical suppliers – these clauses will enable regulators to designate “critical suppliers” within their sectors, where an essential, digital or managed service they regulate relies on a supplier and an incident affecting the network and information systems which that supplier relies upon could cause significant disruption to the relevant service. These suppliers will then be subject to the NIS Regulations. It places procedural requirements on regulators in making a designation, including the following: (i) providing reasons to the person they are proposing to designate; (ii) taking into account any representation that person makes; and (iii) consultation requirements, including a requirement to consult certain other relevant regulators. It also introduces a requirement for regulators to coordinate with certain other relevant regulators in exercising their functions under the NIS Regulations.

Clause 15 (reporting of incidents by regulated persons) - expands the categories of incidents that must be notified to competent authorities. Under this change, organisations would be required to report not only incidents that have actually impacted the operation or security of their network and information systems, but also those that could realistically have such an effect. The clause also introduces a new power allowing competent authorities to instruct regulated entities to make incident information public. Although the Department of Finance continues to hold incident-reporting responsibilities as a

NIS competent authority, the way these duties would be carried out in practice would be modified by the new provisions.

Clause 17: Powers to impose charges – these clauses amend the powers for regulators to charge fees under the NIS Regulations.

Clause 18 (sharing and use of information under the NIS Regulations) - expands the categories of individuals and bodies with whom competent authorities may share information. While it does not impose a mandatory duty to share data, it does adjust the existing framework and therefore alters the Department of Finance's role as a NIS competent authority.

Clause 19: Guidance – this clause amends what must be included in the guidance issued by regulators.

Clause 20: Powers to require information – this clause amends powers for regulators to request information.

Clause 21: Financial penalties – a) Introduces a new maximum penalty of 4% turnover, in addition to the current numerical cap of £17m, whichever is higher. b) Simplifies the penalty structure from three bands to two and removes the need for a distinction between material and non-material contraventions, as well as the differentiation between the two “material contravention” bands. c) Enables regulators to consider all relevant circumstances of a case when determining penalties, including patterns of noncompliance and proportionality of fine levels.

Clause 22 and Schedule 1: Enforcement and appeals – amends the functions of regulators in relation to enforcement.

Clause 25 (statement of strategic priorities) - allows the Secretary of State to issue a statement of strategic priorities, which would outline various matters, including the roles and responsibilities of regulatory authorities and the objectives they should pursue in giving effect to those priorities. As a result, the

Secretary of State could introduce new duties for regulatory authorities, which would amount to a change in their executive competence.

Clause 26 (consultation and procedure in relation to statement) - places a requirement on the Secretary of State to consult regulatory authorities on a draft version of the strategic priorities statement and provides them with a period of at least 40 days to respond.

Clause 27 (duties of regulatory authorities in relation to the statement) - applies when a strategic priorities statement is formally designated under clause 25(1). It places a statutory duty on regulatory authorities to take that statement into account when exercising any of their functions and to work towards achieving any relevant objectives it sets out. This changes how regulatory authorities, including the Department of Finance, must approach the performance of their functions.

Clause 28 (report by Secretary of State) - requires the Secretary of State to present to Parliament, at the end of each reporting period, a report describing in broad terms how regulatory authorities have met their obligations under clause 26 and how they intend to meet those obligations in the next reporting period. To support the preparation of this report, the Secretary of State is also empowered to issue a notice requiring regulatory authorities to provide specified information. For the Department of Finance, the obligation to supply such information in the form and timeframe set out in a notice represents a change to its executive competence.

Clause 29 (regulations relating to security and resilience of network and information systems) - gives the Secretary of State the authority to make regulations for specific purposes, including (a) identifying, managing, and reducing risks of security or operational compromise affecting relevant network and information systems; and (b) mitigating any adverse effects that arise from such compromises. These regulation-making powers may also include the ability to confer functions, including discretionary powers, on regulators. For the

Department of Finance, this has the potential to change how regulatory responsibilities are defined and exercised.

Clause 31 (functions of regulatory authorities: enforcement, sanctions and appeals) - enables regulations made under clause 29 to give regulators specific enforcement-related powers, including powers connected to the imposition of financial penalties. These regulations may authorise a regulatory authority to appoint inspectors and may grant both regulators and inspectors various functions, such as entering premises, examining materials, seizing documents, and retaining them where necessary. They may also confer powers on regulatory authorities relating to sanctions, including financial penalties, for breaches of relevant requirements. For the Department of Finance, these provisions alter how regulatory functions may be carried out by expanding the tools available for enforcement.

Clause 32 (provision about financial penalties) - enables the Secretary of State, when making regulations under clause 29(1), to include provisions relating to the imposition of financial penalties by regulatory authorities. These provisions may set out matters such as the level of any penalty, how the amount should be determined, and how any sums received are to be handled. For the Department of Finance, acting as a regulatory authority, this represents a change to its executive competence, as it would alter how financial enforcement responsibilities must be carried out.

Clause 33 (regulatory authorities and other persons: information, guidance and other functions) - enables additional functions to be conferred on the Department of Finance, acting as a competent authority, through regulations made under clause 29. These functions may relate to a range of activities, such as sharing information, issuing guidance, maintaining records, preparing reports, or undertaking reviews. Although this could increase the workload placed on regulatory bodies, the clause also facilitates broader information sharing, helping to promote the exchange of best practice and insights across different sectors, including internationally.

Clause 34 (recovery of costs of regulatory authorities) - allows regulations made under clause 29 to include provisions enabling a regulatory authority to recover its relevant costs by imposing charges on persons who are, or have previously been, regulated entities. These provisions may cover matters such as the level of charges, the timing and method of payment, interest payable, and mechanisms for resolving disputes. For the Department of Finance, acting as a regulatory authority, this represents a change to its executive competence because it alters how cost recovery processes would be undertaken.

Clause 35 (supplementary provision and interpretation) - allows regulations to confer functions that involve the exercise of discretion, permit a regulatory authority to delegate certain functions, require individuals to take account of specified guidance, and incorporate provisions by reference to documents. For the Department of Finance, acting as a regulatory authority, this would amount to a change in its executive competence because it modifies how functions may be carried out and delegated.

Clause 38 (effects of code of practice) - places a statutory requirement on regulatory authorities when assessing whether a regulated entity has met its obligations either under regulations made pursuant to clause 29 or under the existing NIS Regulations. In doing so, regulators must take into account any relevant provisions of a code of practice issued by the Secretary of State under clause 36. This change amends the Department of Finance's responsibilities as a competent authority and therefore amounts to an alteration of its executive competence.

Clause 45 (monitoring by regulatory authority) - enables the Secretary of State to delegate the monitoring of compliance with a direction to a regulator. Where a regulatory authority receives such a direction, it must use its information-gathering powers under section 46(2) in whatever manner it considers appropriate to produce the report required by the Secretary of State. Monitoring compliance with a national security direction is not currently a function carried out by NIS regulators, so this would introduce a new area of

responsibility for the Department of Finance and therefore alter its executive competence.

Clause 46 (information gathering) - allows a regulatory authority to require a regulated person to provide any information or documents the authority reasonably needs in order to comply with either (a) a direction issued under section 45, or (b) a request of the type described in section 45(9). This includes the ability to issue a written notice compelling the provision of such material. For the Department of Finance, acting as a regulatory authority, this constitutes a change to how its functions must be carried out, as it expands and formalise its information-gathering responsibilities.

Clause 47 (inspections) - introduces a power for regulatory authorities to conduct inspections in defined circumstances. For the Department of Finance, acting as a regulatory authority, this represents a change to its executive competence by granting an additional enforcement tool. The Department of Finance recommends granting legislative consent for clause 47, as the ability to carry out inspections where appropriate will strengthen cyber security and resilience by ensuring more effective oversight.

Clause 48 (notification of contravention) - provides regulatory authorities with the ability to issue enforcement notices when they have reasonable grounds to believe that a person has failed to meet requirements set out in the Bill. For the Department of Finance, acting in its regulatory capacity, this introduces a new enforcement power and therefore represents a change to its executive competence.

Clause 49 (penalty amounts) - grants regulatory authorities the ability to impose penalties for non-compliance and to determine the level of the penalty set out in a contravention notice. For the Department of Finance, in its role as a regulatory authority, this represents the introduction of a new enforcement power and therefore changes its executive competence.

Clause 50 (enforcement of notification) - gives regulatory authorities the ability to issue confirmation decisions relating to enforcement notifications made under clause 49. A confirmation decision may, for example, require the payment of a penalty. For the Department of Finance, acting as a regulatory authority, this introduces a new enforcement mechanism and therefore represents a change to its executive competence.

Clause 51 (enforcement of penalty) - provides regulatory authorities with the power to enforce penalties that have been issued under clause 50. For the Department of Finance, acting in its capacity as a regulatory authority, this represents the introduction of a new enforcement power and therefore amounts to a change in its executive competence.

Clause 52 (enforcement of non-disclosure requirements) - gives regulatory authorities the ability to enforce penalties where non-disclosure obligations have been breached. It outlines the process for taking enforcement action and the penalties that may be applied. For the Department of Finance, acting as a regulatory authority, this represents the introduction of a new enforcement power and therefore amounts to a change in its executive competence.

Clause 56 (information sharing) - grants regulatory authorities the ability to share information with specified organisations, including for the purpose of strengthening cyber security and resilience. For the Department of Finance, acting as a regulatory authority, this introduces a new power and therefore represents a change to its executive competence.

Committee Consideration of the Legislative Consent Motion

9. The Department wrote to the Committee on 8 September 2025, advising of the Bill's scheduled introduction on 10 September 2025. Introduction was delayed until 12 November 2025 . The letter advised the Committee that the territorial extent of the Bill is UK-wide and advised the Committee of the Bill contents. The Department notified the Committee that legislative consent to the Bill proposals will be required and the Department would keep the Committee updated.
10. On 26 November 2025, the Department briefed the Committee on the Bill, the current status of the Westminster legislative process as well as the potential for the Minister to lay a legislative consent memorandum explaining why he would not be seeking a legislative consent motion at this time. The officials indicated that the Department was awaiting the final consideration of the devolution analysis, clearer legal assurances on Secretary of State powers and the Windsor Framework analysis before commencing the legislative consent process.
11. During questioning, officials confirmed that if a serious cyberattack affected Northern Ireland then the Secretary of State could intervene directly, local regulators would still manage day-to-day oversight but intelligence and information could escalate to UK level.
12. Regarding concerns over the Windsor Framework, officials did not report any specific conflicts but they expressed concern that the quality and rigour of the Windsor Framework analysis supplied by the UK department and expressed a view that the analysis felt superficial rather than thorough.
13. Members asked officials whether human rights implications of national security powers had been properly assessed. The officials responded that this is part of the reason consent had not yet been agreed. They expect stronger analysis

from the UK Government, confirmation that checks and balances are in place and adequate scrutiny of how Secretary of State powers could be exercised.

14. The Committee questioned whether the Bill could affect data sharing on an all island basis or GDPR adequacy. Officials confirmed that no concerns on this issue had been identified and on the contrary that the Bill is aligned with the EU's NIS2 Directive, and should therefore provide greater regulatory consistency for cross-border services.
15. Members raised as to why the Assembly could not legislate separately on this issue instead of relying on Westminster legislation. The officials replied that cyber security is fundamentally a national-security issue, threats do not respect borders, and a UK-wide framework gives stronger and faster protection than potentially fragmented local legislation. They confirmed that no separate NI primary legislation is planned.
16. The Minister subsequently laid a Legislative Consent Memorandum on 7 January 2026 under Standing Order 42A(4)(b) confirming that the provisions of the Bill dealing with devolution matters should be agreed and that it was his intention to bring forward a Legislative Consent Motion as soon as possible following the Executive's agreement.
17. At its meeting of 14 January 2026, the Committee noted this Legislative Consent Memorandum and agreed to ask the Department of Finance for detail on what work still need to be carried out to make progress with the LCM.
18. A response was received from the Department as was considered at the meeting of 28 January 2026 stating that departmental officials have provided the Department for Science, Innovation and Technology (DSIT) Bill team with additional considerations relating to the clauses within the Bill identified as requiring legislative consent. In addition to those already agreed, a further six clauses have been identified as potentially requiring consent, and DSIT has been asked to consider and respond accordingly. Department of Finance officials have also written to the relevant Bill Team in DSIT seeking a revised

Windsor Framework Analysis. Officials have requested that the assessment covers the entire Framework, not only Article 2, and that it includes a detailed analysis and impact assessment.

19. The Minister sought Executive agreement to lay a further Legislative Consent Memorandum, this was granted on 28 May 2026.
20. A Legislative Consent Memorandum under Standing Order 42A(4)(a) was laid by the Department of Finance on 9 June 2026. Therefore, the Committee had limited time to scrutinise and report on the Legislative Consent Motion.
21. A further briefing session with officials was held on 17 June 2026. Following the briefing session of 26 November 2026, the Department added to the number of clauses it felt were subject to the Legislative Consent Memorandum. These clauses were 15, 18, 25, 26, 27, 28, 38, 46, 47 and 56.
22. Officials reaffirmed to the Committee that this legislation is of a regulatory nature reaffirming that because cyber threats do not respect regional boundaries a co-ordinated national approach is preferable than differing regional measures.
23. The Committee agreed that they were satisfied with the further information on the additional provisions highlighted by the departmental officials.
24. The Committee considered the Legislative Consent Memorandum at its meeting of 24 June 2026.
25. At its meeting on 24 June 2026, the Committee agreed that it was content with the proposal to extend provisions in Cyber Security and Resilience (Network and Information Systems) Bill to Northern Ireland by way of a Legislative Consent Motion.

Conclusion

26. Following consideration of the Legislative Consent Memorandum laid on 9 June 2026 the Committee for Finance agreed to support the Minister for Finance in seeking the Assembly's endorsement of the Legislative Consent Motion:

“That this Assembly endorses the principle of the extension of the provisions of the Cyber Security and Resilience (Network and Information Systems) Bill to Northern Ireland”.

Links to Appendices

Appendix 1: Memoranda and Papers from the Department of Finance

[View the Memoranda and Papers supplied to the Committee by the Department of Finance](#)

Appendix 2: Minutes of Proceedings

[View Minutes of Proceedings of Committee meetings related to the report](#)

Appendix 3: Minutes of Evidence

[View Minutes of Evidence from evidence sessions related to the report](#)

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