

LEGISLATIVE CONSENT MEMORANDUM

CYBER SECURITY AND RESILIENCE (NETWORK AND INFORMATION SYSTEMS) BILL

Draft legislative Consent Motion

1. The draft motion, which will be tabled by the Minister of Finance, is:

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

Background

2. This memorandum has been laid before the Assembly by the Minister of Finance in accordance with Standing Order 42A(4)(a).
3. The Cyber Security and Resilience (Network Information Systems) Bill (“the Bill”) was introduced in the House of Commons on 12 November 2025. The latest version of the Bill can be found at:

<https://bills.parliament.uk/bills/4035>

The Bill will reform and add to the existing [Network and Information Systems \(NIS\) Regulations 2018](#).

Summary of the Bill and its policy objectives

4. The NIS Regulations came into effect on 10 May 2018 and seek to ensure that ‘essential services’ have adequate data and cyber security measures in place. The Network and Information Systems (NIS) 2 Directive (NIS 2 (Directive (EU) 2022/2555)) has since been made and applied in the EU.
5. The Bill’s provisions look to update the NIS Regulations across the UK. The NIS Regulations currently apply to five sectors of critical national infrastructure: transport, energy, drinking water, health, and digital infrastructure, as well as certain digital services, including online marketplaces, online search engines, and cloud computing services.

6. The key provisions of the Bill cover:

- bringing more entities into scope of the regulatory framework,
- empowering regulators and enhancing oversight, and
- ensuring the regulatory framework can keep pace with the ever-changing cyber landscape.

7. In particular, 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.

Provisions which deal with a Devolution Matter

8. The UK Government 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.

9. The Bill is sponsored by the Department of Science Innovation and Technology (DSIT).
10. The UK Government's view is 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.
11. The Department of Finance considers that legislative consent is required in relation to clauses 12, 15, 17, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29, 31, 32, 33, 34, 35, 38, 45, 46, 47, 48, 49, 50, 51, 52 and 56.
12. As such the Department of Finance considers that legislative consent is also required for clauses 15, 18, 25, 26, 38 and 52.
13. **Clause 12 (critical suppliers)** gives competent authorities the ability to identify and designate certain individuals or organisations as “critical suppliers” when specific criteria are satisfied. For the Department of Finance, acting as a competent authority under the NIS Regulations, this would expand its operational responsibilities by introducing a new regulatory power and associated procedural obligations. It would also require the Department to work in partnership with other relevant regulators when carrying out these functions.

The Department of Finance recommends granting legislative consent for clause 12, as it enables a broader group of organisations to be brought within the scope of “critical supplier” regulation under the NIS framework, thereby enhancing the overall cyber-security resilience of supply chains.

14. **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.

The Department of Finance recommends granting legislative consent for clause 15. The clause widens the scope of incidents that must be reported under the NIS Regulations and introduces tighter reporting deadlines, including a new requirement for operators of essential services to submit an initial notification within 24 hours of becoming aware of a cyber incident, whether it is ongoing or has already occurred.

15. **Clause 17 (powers to impose charges)** updates the provisions that allow competent authorities to levy charges under the NIS Regulations. The amendment enables authorities to establish charging schemes designed to recover the costs associated with carrying out their regulatory duties. For the Department of Finance, acting as a competent authority, this represents an additional power.

The Department of Finance recommends that legislative consent is given for clause 17, as it broadens the current framework governing the ability to impose charges.

16. **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.

The Department of Finance recommends granting legislative consent for clause 18 because it enables the competent authority to share information more broadly within the NIS framework.

17. **Clause 19 (guidance)** revises regulation 3 of the NIS Regulations so that guidance produced by competent authorities must include specified content. It also requires competent authorities, when developing that guidance, to take account of any relevant code currently in force and to consult and coordinate with other competent authorities. For the Department of Finance, acting as a competent authority, this represents a change to its role by introducing more detailed and prescriptive obligations than those that currently apply.

The Department of Finance recommends granting legislative consent for clause 19, as it ensures that guidance on cyber security and resilience issued by competent authorities addresses key required matters in a consistent and structured way.

18. **Clause 20 (powers to require information)** replaces regulation 15 of the NIS Regulations with an updated provision that strengthens the ability of competent authorities to request information from the bodies they regulate. Under this revised power, a competent authority may require any information or documentation it reasonably considers necessary to determine whether, and how, it should exercise its responsibilities under the Regulations. For the Department of Finance, acting as a competent authority, this represents an expansion of existing functions.

The Department of Finance recommends granting legislative consent for clause 20, as it provides clearer and broader powers for competent authorities to obtain the information it needs to fulfil its regulatory duties effectively.

19. **Clause 21 (financial penalties)** acknowledges that competent authorities already possess the ability to issue financial penalties for breaches of the NIS Regulations. However, this clause introduces an additional power allowing a competent authority to issue a “notice of intention to impose a penalty” in specified situations. It also imposes a new statutory duty on competent authorities to consider particular factors when assessing whether a penalty is justified and proportionate. For the Department of Finance, acting as a competent authority, these changes adjust its executive competence by expanding and structuring its enforcement powers.

The Department of Finance recommends granting legislative consent for clause 21, as it reinforces the existing penalty framework and ensures that the strengthened regime also applies to any critical suppliers designated under clause 12.

20. **Clause 22 and Schedule 1 (enforcement and appeals)** introduce Schedule 1 of the Bill, which updates and expands the enforcement powers available to the Department of Finance in its capacity as a competent authority, thereby modifying its executive competence.

The Department of Finance recommends granting legislative consent for clause 22 and Schedule 1, as the revised framework enhances the enforcement tools available where regulated entities fail to meet their obligations.

21. **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.

The Department of Finance recommends approving legislative consent for clause 25, as the requirement for regulators to work towards the objectives set out in the strategic priorities statement could, depending on the nature of those objectives, modify the functions carried out by regulatory bodies.

22. **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.

The Department of Finance recommends approving legislative consent for clause 26 as this is a new entitlement for the regulator, which amounts to an alteration of their executive competence.

23. **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.

The Department of Finance recommends granting legislative consent for clause 27, as it modifies the way in which regulators are legally required to carry out their responsibilities.

24. **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.

The Department of Finance recommends granting legislative consent for clause 28, as the requirement to provide information in accordance with directions from the Secretary of State constitutes an alteration to how the department must carry out its functions.

25. **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.

The Department of Finance recommends granting legislative consent for clause 29, as the regulations made under this clause could reshape the legal obligations placed on regulators and thereby alter how they are required to carry out their functions.

26. **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.

The Department of Finance recommends granting legislative consent for clause 31, as the regulations made under this provision would assign additional functions to regulatory authorities and thereby change the way in which those authorities are legally required to perform their duties.

27. **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.

The Department of Finance recommends granting legislative consent for clause 32, as regulations made under this clause would modify the way the regulatory authority is legally required to perform its duties, particularly in relation to financial penalties.

28. **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.

The Department of Finance recommends granting legislative consent for clause 33, as it provides flexibility for further functions to be assigned where appropriate and supports improved cooperation and knowledge-sharing within and beyond the UK.

29. **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.

The Department of Finance recommends granting legislative consent for clause 34, as any regulations made under this provision would modify the way in which the regulatory authority is legally required to carry out its duties, particularly in relation to recovering costs.

30. **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.

The Department of Finance recommends granting legislative consent for clause 35, as any regulations made under this provision would alter the way in which the regulatory authority is legally required to perform its duties, including the use of discretion, the delegation of functions, and adherence to prescribed guidance.

31. **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.

The Department of Finance recommends granting legislative consent for clause 38, as it ensures that regulatory authorities apply appropriate and consistent

considerations when determining whether a regulated person has complied with their obligations.

32. **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.

The Department of Finance recommends granting legislative consent for clause 45, as the regulations made under this provision would change how the regulatory authority is legally required to perform its duties, particularly in relation to monitoring compliance and reporting to the Secretary of State.

33. **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 formalises its information-gathering responsibilities.

The Department of Finance recommends granting legislative consent for clause 46, as it alters the way in which regulatory authorities are legally required to perform their functions, particularly in relation to obtaining information necessary to meet statutory directions and requests.

34. **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.

35. **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.

The Department of Finance recommends granting legislative consent for clause 48, as it would enable regulatory authorities to issue enforcement notifications in appropriate cases, helping to strengthen cyber security and resilience.

36. **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.

The Department of Finance recommends granting legislative consent for clause 49, as it enables the issuing of penalties in situations where organisations fail to meet required standards of cyber security and resilience.

37. **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.

The Department of Finance recommends granting legislative consent for clause 50, as it enables enforcement action to be taken when organisations fail to meet the legal standards expected for cyber security and resilience.

38. **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.

The Department of Finance recommends granting legislative consent for clause 51, as it enables enforcement action to be taken where organisations fail to meet the legal standards required for cyber security and resilience.

39. **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.

The Department of Finance recommends granting legislative consent for clause 52, as it provides regulatory authorities with the necessary powers to address breaches of non-disclosure requirements.

40. **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.

The Department of Finance recommends granting legislative consent for clause 56, as it enables greater information sharing, which can be used to support improved cyber security and resilience across relevant sectors.

41. The following clauses do not alter the function of the devolved government and the Department of Finance and the UK Government consider that legislative consent is not required for the following 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 16, 23, 24, 30, 36, 37, 39, 40, 41, 42, 43, 44, 53, 54, 55, 57, 58, 59, 60 and 61.

Reasons for making the Provisions

42. The Bill seeks to significantly update and strengthen the existing NIS Regulations 2018 and aligns with the obligations in the NIS 2 Directive (NIS 2 (Directive (EU) 2022/2555)) which has been made and applied in the EU.
43. These changes are designed to function within a single, coherent regulatory system. Operating under a separate or outdated framework would undermine this consistency and reduce the effectiveness of the reforms.
44. Cyber threats do not respect regional boundaries, and because they operate across the UK as a whole, safeguarding against them requires a coordinated national approach rather than a patchwork of differing regional measures.
45. Unified cybersecurity standards improve supply-chain confidence, boost competitiveness, and help businesses remain dependable service providers. The Bill's focus on more robust requirements for third-party and supplier security is especially advantageous for local organisations that rely on trust and seamless cooperation with partners across the UK.
46. Allowing Northern Ireland to diverge from the updated legislation would introduce avoidable weaknesses. Remaining under the existing 2018 NIS framework while the rest of the UK and EU adopts stronger protections would widen the security gap and increase exposure to cyberattacks, potentially creating vulnerabilities that adversaries could use to access UK-wide systems.

Reasons for utilizing the Bill rather than an Act of the Assembly

47. Given the need to defend against cyber threats across the UK as a whole, this is the most efficient method of introducing of the relevant provisions contained within the Westminster Bill in consistent and co-ordinated manner.

Consultation

48. In January 2022, the UK Government launched a consultation on proposed legislation aimed at strengthening the UK's cyber resilience. The Government published its response in November 2022. Together, the consultation and the subsequent response highlighted a clear need to broaden the regulatory framework for digital service providers and to update the NIS Regulations, reflecting lessons learned during the first three years of their implementation.

Human Rights and Equality

49. Given the growing reliance on digital infrastructure for accessing work, health services, education and social inclusion, allowing Northern Ireland to remain governed by outdated 2018 NIS Regulations could expose individuals to greater risk of rights-interfering service failures. Maintaining parity with Europe and Britain ensures that Northern Ireland residents benefit from the same level of protection for essential services, which is consistent with equality principles and avoids the “no diminution” concerns referenced in human rights assessments.
50. In introducing the Bill, UK Government Ministers have been satisfied that the Bill is lawful. This includes Ministers having been satisfied that the Bill is fully compliant with any relevant Withdrawal Agreement obligations, including those provided for in the Windsor Framework in respect of rights under Article 2 and those in respect of electricity under Article 9 / Annex 4.

On 8 September DSIT provided the Department of Finance with a Windsor Framework Analysis as follows:

Q1: Is a right, safeguard or equality of opportunity provision set out in the rights, safeguards and equality of opportunity chapter of the GFA (the multi-party agreement) engaged?

No. The NIS Regulations were made in 2018 under section 2(2) of the European Communities Act 1972 as they are based on the EU’s Directive (EU) 2016/1148 (“the NIS Directive”). There are provisions within the Bill which would not have been possible to enact on 31 December 2020. However, the NIS Directive does not contain any provisions which address rights, safeguards or equality of opportunity which are listed in the relevant chapter of the Good Friday Agreement (GFA), or rights which are listed in Annex I of the Windsor Framework.

Q2: Has that right, safeguard or equality of opportunity (or protection for that right) been diminished since 31 December 2020 (the day the UK left the EU)?

No. The Bill itself does not engage any rights, safeguards or equality of opportunity as listed in the relevant chapter of the GFA, or Annex I of the Windsor Framework.

Q3: Did that diminution or removal of protection result from EU exit?

No. There has been no diminution of any rights, nor do we consider that any of the provisions of the Bill engage Article 2 of the Windsor Framework. Whilst some provisions of the Bill could only have been enacted after our exit from the

EU, as there has been no diminution, we consider that the Bill does not breach Article 2 of the Windsor Framework.

Financial Implications

51. There are likely to be additional costs for the Department of Finance as the Network Information Systems (NIS) Competent Authority for Operators of Essential Services in the energy (electricity, gas and oil), transport (road and rail), drinking water supply and distribution and health sectors here. At present these additional costs are unquantifiable and under the proposed regulations the NIS Competent Authority may introduce a charging scheme to recover specified costs.

Summary of Regulatory Impact

52. The Bill strengthens cyber-resilience requirements and expands the number of organisations and suppliers subject to NIS regulation. This will increase employer demand for cybersecurity, IT risk, compliance and incident-response professionals in Northern Ireland. Strengthening defences will therefore require additional skilled staff or upskilling existing employees.
53. The local technology and digital services sectors are well positioned to respond to increased demand for skilled roles, meaning the Bill may stimulate job creation in cybersecurity, supplier-security management, and digital infrastructure resilience.
54. Operators of Essential Services are likely to face certain expenses as they work to comply with strengthened NIS requirements, such as undertaking security audits, meeting incident-reporting duties, implementing supplier-assurance measures, and potentially investing in updated cybersecurity solutions. However, because the expanded regulatory thresholds for data centres, managed service providers, and large load controllers do not currently apply in Northern Ireland, no additional organisations are expected to currently fall within scope.
55. Operators of Essential Services may also face additional investment needs due to strengthened supply-chain requirements, as the Bill obliges both regulated entities and their third-party providers to adopt higher cybersecurity standards.
56. It is not envisaged that the Bill will negatively impact any smaller organisations.

Engagement to date with the Committee for Finance

57. The Committee for Finance was informed about the Bill on 8 September 2025. Officials subsequently delivered an oral briefing to the Committee on 26 November. Following a request from Committee members for an update after the Finance Committee meeting on 14 January, the Departmental Assembly Liaison Officer provided further information on 27 January, detailing the work required to advance the LCM.

Conclusion

58. The view of the Minister for Finance is that in the interests of clear legislation, that so far as the provisions of the Bill deal with a devolution matter, they should extend to this jurisdiction.

Department of Finance
9 June 2026