



National
Measurement
Office

Annual Report and Accounts 2012-13



Department for Business, Innovation & Skills



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Chapter 1

Introduction by the Chief Executive

As the theme of 2013's World Metrology Day – measurement in daily life – reminded us, the points where measurement touches our lives are many and various. And nowhere is this more obvious than in the economic lives of both our citizens and the nation as a whole. We are fortunate to have a measurement infrastructure that is one of the best in the world and it is NMO's aim to pursue its Mission so that the UK's measurement system continues to adapt to its fundamental role – underpinning activities across the whole spectrum of a modern advanced economy.

The national standards, facilities, expertise and leading edge research which constitute the National Measurement System (NMS), for which we are ultimately responsible, is an essential foundation for economic growth, business enterprise, commercial transactions, consumer confidence and academic endeavour. The vast majority of the financial resources we handle are devoted to the measurement science programmes which support that infrastructure. The Strategy we produced for the NMS in 2011 has shown that it is well designed to support both the sectoral aspects of the Industrial Strategy and the further development of the "8 Great Technologies" which are central to the Government's Growth Agenda. NMS work is underway in support of almost all the Strategy sectors and each of the 8 Technologies. It will remain a priority for both NMO and the national measurement institutes, most notably the National Physical Laboratory (NPL), for all our activities to be directed at delivering impact in these areas.

A significant development during the past year was the announcement on 27 November 2012 that the future operation of NPL would take the form of a partnership arrangement between BIS, acting through NMO, and one or more academic partners. We have been working throughout 2012/13 to ensure that this is achieved, and a project team was set up at NMO, along with colleagues in BIS and NPLML, to manage this transition.

Another important aspect of our role in the measurement infrastructure is the management of the estate in Teddington where the NMO and NPL laboratories are situated. A major feature in 2012/13 was the investment in essential plant using more energy efficient equipment intended to deliver further energy savings across the site. A further exciting development was the announcement in January 2013 of Government investment of £25m in an Advanced Metrology Laboratory on the site.

In all this, it is easy to overlook the importance of the legal framework behind the UK's system of weights and measures (including statutory responsibility for the measurement accuracy of gas and electricity meters) which ensures that consumers and businesses have confidence whenever they buy and sell by quantity. In managing that legal framework, it is important we keep up to date with modern approaches to regulation. We are on target to deliver our Red Tape Challenge Commitments following the review of legislation in 2011, and one important piece of modernisation was achieved in February when the Legislative Reform (Hallmarking) Order 2013 was made allowing UK Assay Offices to apply hallmarks overseas. It is also vital

that we work closely with the Trading Standards community in enforcing weights and measures and we have continued to support them by providing training, hosting seminars and exams and also organising a market surveillance programme which this year focussed on tanker measuring systems.

With the increases in energy prices, we can also expect close interest in the meters which are used to calculate the price to be paid for these essential commodities. In discharging our responsibilities for the Gas Act 1986 and Electricity Act 1989 as detailed in our MoU with Ofgem, significant progress has been made in extending the in-service testing scheme to include legacy electricity meters.

Our experience of operating legal frameworks has also been an important part of the success of our Enforcement Directorate. Operating as the NMO Enforcement Authority, they have shown how it is possible to support business growth by working with industry to increase levels of compliance, ensuring that investment in R&D is protected against those businesses wishing to access the EU market with substandard products and poorly controlled production processes. During the past year work has commenced on contracts to enforce Tyre Labelling (for DfT) and Timber (for Defra), supplementing the contracts we already have on RoHS, Batteries, Ecodesign and Energy Labelling.

Our commercial services also continue to provide a distinctive feature of our support of appropriate regulation. We have for many years provided certification services to customers both in the UK and across the world, but in November 2012 we became the first laboratory in the world to obtain formal accreditation for calibrating micro-weights. In addition, we increased our training provision by introducing mobile training and expanding our international presence and partnerships with UK organisations. The best measure of success in such activities is what our customers think. I am therefore delighted to report that our percentage of satisfied customers increased during 2012/13 to a record 97.8%.

Along with measurement, another common thread running through our various activities is the importance of the international dimension – for instance overseas customers represent an increasing proportion of our commercial services. NMO continued to influence work at both the EU and international community level. Richard Sanders, our Director of Regulation, has now joined the WELMEC Chairperson's group, providing the UK with greater opportunity to contribute to the development and application of European weights and measure law. We have continued to be an active participant in the International Organisation of Legal Metrology (OIML), providing the Secretariat for several important committees.

An essential element of the Executive Agency model is the ability to organise corporate services on an appropriate basis. We have worked closely with BIS to ensure that NMO contributes to BIS's Corporate Services Portfolio programme involving increased collaboration across Government. NMO staff are involved with BIS colleagues across all disciplines. In particular we have been working with BIS procurement to move more contracts onto Government-wide frameworks. The performance of our small finance team continues to be outstanding – financial results are now provided to BIS and NMO managers to an even tighter timetable, thus improving the financial decision making process, and we again met all our budgets as agreed with BIS. For the second year running we reduced our Administration costs, while still maintaining service.

At the end of December, Noel Hunter stepped down at the end of his second term as Chair of our Steering Board. His extensive experience, particularly of the world of regulation, has been greatly valued over the last six years and I shall personally miss his wise counsel. Our new Chair, Isobel Pollock, brings a wealth of experience and a passionate commitment to the importance of the measurement infrastructure and we look forward to working with her in this new role. There were also a number of changes within NMO's staff during 2012/13 - Zélie Armstrong and David Williams both retired after many years of service to NMO, and Leanna Longo left to pursue other career options. Reflecting the increased range of activities we are undertaking, we were very pleased to welcome nine new members of staff to the Agency: Dave Barrett, Matthew Bignell, James Clark, Thomas Drew, Deanne Hughes, Michael Kearney, Mannie Panesar, James Reeve and Simon Trevenna. With further recruitment of staff planned for 2013/14 this is an unprecedented injection of "new blood" and bodes well for the future.



Peter Mason
Chief Executive
Date: 20 June 2013

The National Measurement Office's mission

“To provide policy support to Ministers on measurement issues and a measurement infrastructure which enables innovation and growth, promotes trade and facilitates fair competition and the protection of consumers, health and the environment.”



Chapter 2

Management Commentary

Our Strategy and Role

During the next three years, the Agency will need to combine its role of bringing together all elements of measurement policy - scientific, industrial and legal - within a common leadership and delivery framework with the specific task of implementing the changes to the future operation of the National Physical Laboratory (NPL) announced in November 2012. This major new task, which has a dedicated team working on it, has already involved a shift in the balance of our activities.

The NMO is already familiar with the challenges of carrying out a wide portfolio of activities. This ranges from responsibility for the infrastructure and research programmes of the National Measurement System (NMS) to the management of the UK's system of weights and measures (including statutory responsibility for the measurement accuracy of gas and electricity meters). We also provide a range of certification services to manufacturers across the world and have duties as an Enforcement Authority appointed to enforce certain European legislation throughout the UK.

Central to the new vision for NPL is a long-term strategic partnership between Government and an academic partner or partners in the operation of the NPL, whereby partners share in the risks and rewards, thus creating a vibrant laboratory at the heart of a science and innovation campus. This will maximise the economic impact derived from the investment the UK has made in NPL and its facilities. The aim is to strengthen fundamental research and engagement with business by:

- Enabling NPL to retain its position as a leading global national measurement institute;
- Strengthening quality of science at NPL through stronger links with academic partners;
- Establishing a postgraduate institute based around measurement science at Teddington; and
- Establishing new national facilities and capabilities within the Teddington site.

In parallel with this work, NMO's focus will continue to be the development, through the National Measurement System (NMS) programmes, of a national measurement infrastructure which is a world leader in measurement science. Advances in metrology are increasingly the result of international collaboration and only by ensuring that we are among the top flight can we ensure that UK businesses have the chance

to react quickly to the opportunities which those advances open up. Making the full use of our potential requires not just that the NMS programmes are organised and delivered in an exemplary manner but also that we maximise the contribution which the development of the Teddington estate and its laboratory facilities can make to enabling innovation and business growth. A good measurement infrastructure is essential as the bedrock of business development and innovation because new products and processes need reliable measurements to support their development and commercial exploitation. As world leaders in measurement science, NMO and the other organisations that are part of the NMS will seek to provide the necessary skills and support and disseminate those through the training and development of tomorrow's scientists and engineers today. In meeting these needs, the Agency will continue to be guided by the strategy for the NMS which was adopted in 2011 and is available on our website: <http://www.bis.gov.uk/nmo/national-measurement-system/our-strategy>. If necessary amendments will be made to support the Government's Industrial Strategy but indications are that the strategies are already quite well aligned.

At the same time, there is a second pillar of the UK's measurement infrastructure represented by the measurement legislation which provides an essential underpinning for business and consumer confidence, supports an open trading infrastructure, and provides protection for consumers, industry and retailers. We maintain legislation covering measuring instruments, pre-packages and transactions of goods, and hallmarking. We also provide statutory and commercial product and process assessment services which assist UK manufacturers, particularly SMEs, to compete in an international market for the sale of their products.

In delivering both of these pillars NMO seeks to make use of a number of other assets, in particular our skilled and committed workforce. Making ever better use of those assets, which includes the excellent facilities available in Teddington, has proved a tried and tested means of reducing the cost base of our core activities and simultaneously meeting other public policy objectives. Both the further expansion of the activities of our Enforcement Authority and the continued success of our commercial services demonstrates that this remains a viable strategy.

The Steering Board and the Management team therefore continue to be committed to expansion through steady growth detailed in our Corporate Plan by:

- Seeking new areas where our approach and our cost base offer the most competitive advantage to colleagues within Government.
- Expanding our market share for existing commercial services within existing markets.
- Expanding our range of commercial services into new markets.
- Reducing our costs to Government.
- Continuing the pressure on costs and continuing to drive up efficiency, the benefits of which will be passed on to customers.
- Obtaining more value from our engagement with international and European organisations.

The Agency's Corporate Plan is available on our website at: <http://www.bis.gov.uk/nmo/about/keydocuments>.

Financial Report

Overview

2012-13 was the second year that NMO had separate Administration and Programme budgets provided by BIS. Administration costs relate to policy advice and business support; Programme costs relate to front line delivery. It has been agreed that NMO's Programme budget would be kept as 'flat cash' over the 2010 Spending Review period. However, we are required to implement significant reductions in Administration costs. NMO kept within these budgets, and was also able to show, for the second year running, a reduction in Administration costs in spite of the additional resource devoted to the NPL Future Development Project. NMO also kept within its capital budget, which was increased to include the cost of the Advanced Metrology Laboratory announced in January 2013 to be built on the Teddington site.

The treatment of the NPLML pension liability deficit in light of an informal valuation received shortly after year end saw a significant further rise in the estimated liabilities. A provision has been made taking into account this valuation. This provision increased by nearly £5m.

Income

Much of NMO's income is received from NPLML for occupying the NPL laboratories which are owned by NMO. This income increases each year in line with inflation in accordance with the contract. This contract expires in March 2014, and a decision has been made not to extend it. However, it is planned that this income stream will continue under the new arrangements which are being developed.

NMO also receives income for services it provides to Defra, DECC and BIS for carrying out enforcement work under fixed price Memoranda of Understanding. This income has increased in 2012/13 as further contracts have been obtained and existing contracts developed. Income is also received from Ofgem for the measurement and testing (where disputed) of gas and electricity metering.

NMO finally provides certification services to private companies and Local Authorities, for which it receives income. Both the product certification and quality management system certification activities showed an increase on 2011-12, but there was a decrease in calibration work. During 2012-13 NMO increased its non-UK income by approximately 13%, which shows the increased international profile of NMO.

Costs

The net operating cost is financed by BIS, the principal cost being for the measurement science programmes. The increase in the NPLML pension deficit provision increased costs by nearly £7m. This increase was partly due to the reduction in HMT discount rates and also a reduction in gilts yield rates used to discount the liabilities of the scheme, this was based on an informal professional valuation at the year end.

Other operating costs comprising mainly of the measurement science programmes have remained fairly consistent with 2011-12, but there have been increases in laboratory testing to support the increased enforcement contracts income. There were also increases in depreciation, as the estate assets increase in value. On the other hand, impairment costs have decreased as major repairs occurred during 2011-12.

Statement of Financial Position

Taxpayers' equity of £144m is mainly for the investment in the Teddington estate. It has increased by £2m from 2011/12. This increase is largely due to the increase in the value of the estate due to investment and revaluations.

The £188m value of non-current assets consist mainly of the Teddington estate laboratory buildings and land on which NMO is located. £9.3m was spent in 2012-13 on energy efficient projects such as new chillers and boilers and the building management system.

The value of the land shown in the accounts of £9.3m is lower than market value as it is based on existing use.

Objectives, Targets and Out-turns 2012-13

Objectives

During 2012-13 NMO organised its work around the following four Objectives:

1. Increase economic growth, innovation and social impact through a world class scientific measurement infrastructure.
2. Promote competition and fair trading by providing a modern legal measurement regime.
3. Provide good value for money metrology services.
4. Protect the interests of the public, business and the environment by enforcing relevant legislation.

The Agency also committed to deliver these objectives with support from professional, value for money Corporate Services to inform good decision making in a robust control environment.

Ministerial Targets

Each year NMO agrees its key public targets with Ministers following discussion and agreement of its Corporate Plan. The targets cover both finance and delivery and reflect the Agency's overall strategic priorities.

In 2012-13 the following eight targets were set, of which NMO achieved five.

- Improve performance of the NMS programmes over this Corporate Plan period.

Target achieved. 11 of the 20 indicators on the scorecard show an increase since last year, with only 4 decreasing, the others not changing.

- Amend the Hallmarking Act to permit UK assay offices to operate overseas by October 2012.

Target not achieved in the timescale. The order was made and came into force in February 2013.

- Support business by ensuring 94% of meter examiner appointments, manufacturer authorisations / consents and modifications to meter approval and decisions are made with five business days of receipt of all necessary documentation.

Target achieved. 94.2% of decisions were made within 5 business days.

- Customer satisfaction is improved within Certification Services as shown by an increase of 5% in very satisfied customers for the last calendar year.

Target achieved. An increase of 8.6% - 72.3% of customers surveyed were very satisfied compared with 63.7% from the previous year.

- Achieve an increase in income of 5% for Certification Services from the 2011/12 financial year.

Target not achieved. Income increased by 3.8% in what were very difficult trading conditions.

- Generate a positive 3:1 net contribution to consumers and the environment as well as the low carbon economy through the activities of the Enforcement Authority.

Target achieved. The target was achieved, making a direct impact on the market of over £19m, measured by consumer detriment, the cost of noncompliant goods to the market place as well as the costs of non-complaint goods removed or brought into compliance.

- Reduce non ring-fenced Admin costs by 14% in cash terms over this Corporate Plan period.

On Target Administration costs for 2012/13 were 27% less than those originally forecasted for 2010/11 (2011/12 15.4%).

- Reduce overhead costs per non-overhead staff full time equivalent by 2% in cash terms from the 2011/12 financial year (excluding technical laboratory costs).

Target not achieved. Overhead costs per head increased by 2% from the 2011/12 financial year, due to being spread over fewer than planned staff numbers, and an increase in accommodation costs.

Operations

The National Measurement System: Science Programme Management

NMO commissions and manages the measurement science programmes which provide the National Measurement System's infrastructure of national standards, facilities, expertise and leading edge research that is a key driver of innovation in the UK economy. The measurement infrastructure also underpins the emerging technology solutions for tackling Government priorities such as environmental sustainability, energy efficiency and supply, healthcare, digital communications and national security. The legislative basis for this is the Science and Technology Act 1965.

The NMS programmes provide the measurement traceability that enables the economy to function and underpins business, international trade and quality of life through such means as consumer protection, barrier-free trade, environmental controls, safe medical treatment and food safety regulation.

Under NMO's direction, the NMS supports innovation in business by stimulating the development of improved measurement techniques and instrumentation. It provides business with high-accuracy calibration and testing services and promotes good measurement practice through published standards and guides, together with access to training and expert advice.

During the year, the NMS Programmes team procured and managed ten measurement research and dissemination programmes from four national measurement institutes (NMIs) - the National Physical Laboratory (NPL), LGC Ltd, NEL and NMO itself. These laboratories are centres of excellence for measurement science and research and have prime responsibility for holding and improving the UK's national measurement standards.

A framework for the development of the NMS and investment in measurement science over the Government's Spending Review period was published in July 2011. The National Measurement System Strategy Document 2011-2015 sets out a focus on selected national challenges and strong national and international leadership and influencing roles for NMO and the NMS. It sets out the ambition for the NMS to be world class and world leading in areas of measurement science where the UK would benefit economically as well as the intention to maintain the core measurement infrastructure of national standards, calibration and testing capabilities that are essential for business productivity. Although the NMS strategy pre-dates the Government's Industrial Strategy it is very well aligned with its priority areas and includes work in support of each of the "8 great technologies" identified as key areas of growth.

Since publishing the Strategy the team has worked on means to implement its provisions to satisfy the measurement needs of users to deliver the best measurement research programmes in terms of value and impact. During the year more case studies demonstrating the impact of the NMS have been produced which can be found on our website: <http://www.bis.gov.uk/nmo/national-measurement-system/case-studies>.

The National Measurement System: Future Operation of NPL

As a result of the contractual arrangements introduced in the 1990s, and renewed in 2004, NMO has a special relationship with NPL, being responsible on behalf of the Secretary of State for the Government side of the Governed Owned Contractor Operated (GOCO) model embodied in the current NPL Science Contract with Serco plc. The existing Science Contract expires at the end of March 2014, and although there is provision of for an extension the Minister of Universities and Science decided in March 2012 that he wished alternatives to be explored. Following that commission, a dedicated team was set up within NMO to carry out an analysis of the alternatives.

A broad consultation was launched to understand how the government could discharge its responsibility to further enhance the growth agenda and get better value for government money spent at NPL.

The analysis of the consultation led to two high-level outcomes which the project should expect to achieve;

NPL's contribution to UK growth and innovation and its successful collaboration internationally must be enhanced and that the value for money equation is increased based on better utilisation of the Government investment in the assets on site. These outcomes reflect the government's primary interests in NPL: the provision of the NMS and the effective use of the capital investment in the facilities and site at Teddington.

Keeping the UK ahead in a globally competitive marketplace is an increasingly challenging task that will require innovative use of existing resources. On 27 November 2012, the Minister for Universities and Science announced that he had concluded that the future operation of NPL would take the form of a partnership arrangement between the Department for Business, Innovation and Skills, acting through the NMO, and one or more academic partners. For NPL and its prospective partners, that means working together more closely and new collaborations to make the most of shared capabilities, competencies and products. This should increase the alignment between the activities of NPL, notably those funded from the NMS, and work related areas of science carried out in the university sector.

To arrive at a partnership, we must first identify and secure partners which meet the criteria reflected in the minister's aims and that deliver a good value-for-money solution for the future operation of the NPL to the UK. We will then begin the negotiations to establish the partnership in an appropriate legal and governance construct which enables it to meet the announcement objectives and put in place a framework that allows a postgraduate institute to be delivered. Evidence from consultations suggest that a long-term strategic partnership with an organisation with an interest in investment in science and technology will be best suited to operate the NPL. Additional co-aligned activity with the chosen partners will allow us to do more with the same resources and add synergistic value. In addition to adjacent and aligned activity, the partnership will fill a number of roles which NMO has identified as vital to the future success of the NPL, replacing the stewardship of the current GOCO arrangement.

Following a period of soft market testing, we have assembled a proposition and process that is ready to be put to the market. The partnership will be selected through an open and fair process which will gauge the potential partner's ability to deliver across a spectrum of possible involvement.

The National Measurement System: Estate Management

NMO manages the estate in Teddington where the NMO and NPL laboratories are situated. It is the responsibility of NMO to ensure the laboratories and estate meet the requirements to operate science and also the needs of users of the estate.

A site strategy for 2011-15 was agreed in July 2010 with the other main site occupiers and is being implemented.

The Building Management System (BMS) replacement works reported on last year is now proceeding. All the primary plant supplying environmental controls to the NPL laboratories is now linked to the new BMS and a laboratory level programme of works is being implemented. A programme of asset renewal of essential plant using more energy efficient equipment and new LED lighting intended to reduce future maintenance costs and deliver further energy savings around the site is also being implemented. Finally, on the 24th January 2013, the Minister of Universities and Science, announced that the government will be providing an extra £25m to NMO to build a state of the art Advanced Metrology Laboratory (AML) for cutting edge measurement research at NPL.

The National Measurement System: Legal Metrology

In addition to managing the NMS programmes as a whole, NMO itself delivers the Legal Metrology element. For Government accounting purposes some functions are classed as "Administration" and some as "Programme".

Administration

The administration budget covers legislation policy, various enforcement functions and engagement with international organisations. Our objective for regulation is “to ensure business and consumer confidence in the market place is delivered by proportionate and effective weights and measures and hallmarking legislation.” We review and seek to modernise our legislation to minimise burdens on businesses while maintaining adequate consumer protection.

Weights and Measures and Hallmarking Policy

The purpose of regulating weights and measures is to ensure consumers have the information and confidence in quantity measurements that they need to make informed purchasing decisions and to ensure businesses are trading in a fair marketplace.

Each year in the UK, over £200 billion worth of retail goods are sold on the basis of the measurement of their quantity. This equates to £4 billion a week. In addition, goods worth nearly £300 billion are weighed and measured at the industrial/business-to-business level. NMO provides the infrastructure that ensures the system of weights and measures is fair, accurate and legal. This is a fundamental part of a sustainable trading economy and enables consumers and businesses to be confident they are getting what they pay for thus facilitating business growth.

Hallmarks are markings applied to gold, silver, platinum and palladium to safeguard consumers (including businesses) by guaranteeing the type and fineness of the precious metal. They show that the object has been independently tested by an Assay Office. NMO ‘sponsors’ the British Hallmarking Council (BHC), a regulatory body which advises the Secretary of State and whose formal responsibilities are set out in the Hallmarking Act 1973.

Notable achievements during the year were:

- The Legislative Reform (Hallmarking) Order 2013 was made on 7th February 2012. This change allows UK Assay Offices to apply hallmarks overseas in order that they can remain competitive with overseas competitors that did not face this restriction.
- NMO has been negotiating in Brussels on the proposed “New Legislative Framework (NLF)” in order to secure satisfactory outcomes for UK businesses. The NLF will amend the New Approach Directives including the two metrology Directives (MID and NAWI), following a review of the Single Market. To date the UK’s position has been suitably accommodated.
- NMO successfully completed the recruitment of new members to the British Hallmarking Council in compliance with the Office of Commissioner for Public Appointments (OCPA) requirements.
- The exercise for considering changes to traceability of Local Authority measurement standards has been completed. New evidence from the public consultation showed that the costs of the proposal would outweigh the benefits by 2:1. Therefore regulatory change could not be justified.
- NMO has worked closely with the Consumer and Competition Policy Directorate of BIS to agree a generic set of enforcement powers for all consumer law including weights and measures. Work is far advanced following consultation last year, and the new generic set of powers including the retention of some specific weights and measures powers is expected to be introduced in the Consumer Rights Bill in Autumn 2013.
- NMO is on target to deliver its Red Tape Challenge Commitments following the review of its legislation in 2011. Draft clauses have been prepared to revoke the Weights and Measures (Knitting Yarns) Order 1988 and the Capacity Serving Measures (Intoxicating Liquor) Regulations 1988 using the Deregulation Bill announced in May 2013.

Enforcement of W&M legislation (including liaison with Trading Standards)

NMO works in partnership with local Trading Standards departments as well as with the organisations that support the wider enforcement role. These include notified bodies conducting conformity assessment activities and approved verifiers which ensure weighing and measuring equipment is accurate before being put on the market.

NMO is also responsible for the designation and auditing of notified bodies and market surveillance activities under the Non-automatic Weighing and the Measuring Instruments directives, as well as the appointment and monitoring of approved verifiers under national legislation.

The Team works closely with Trading Standards Professionals in Local Government and throughout the year attended and presented at a wide variety of events and regional forums. This included NMO co-ordinating the second stage of the weighbridge project on behalf of the Local Government Metrology Group. The aim of the weighbridge project was to show the importance of weighbridge accuracy and the impact errors can have on the environment, cost to businesses and local authorities. In particular it was designed to ensure that councils have robust information on which to base landfill charges, landfill tax and recycling targets. Other activities included various co-ordination meetings with Trading Standards, Approved Verifiers, Notified Bodies and industry, together with the continuing assessment of the competence of students wishing to become inspectors of weights and measures and work for Local Weights and Measures Authorities (DCATS exams).

Notable achievements during the year were:

- NMO hosted the Diploma in Consumer Affairs and Trading Standards (DCATS) metrology practical and oral exams this year, in November. There were 37 students for the metrology module which is positive as metrology has previously been on the decline.
- 95% of Local Weights and Measures Authorities (LWMAs) submitted a return under their statutory requirement to report to the Secretary of State on the level of local weights and measures enforcement work conducted over a twelve month period. The information is used as evidence to inform and update the NMO's risk matrix in relation to instruments and transactions.
- NMO hosted a hands-on NAWI verification training session at the Trading Standards Institute (TSI) conference in June together with representatives of the Local Government Metrology Group. Feedback was that this event was very successful and TSI have asked us to host a similar event at the conference this year.
- NMO, together with the Trading Standards Institute, hosted a very successful Metrology Seminar in Birmingham in March 2013. Over 100 delegates attended which is very similar to last year and seen as a great success considering local government cuts. The feedback received from the Seminar was very positive.
- The NMO market surveillance programme this year concentrated on tanker meter measuring systems and retail scales.
- WM 1005 'Advice on Flow Monitoring Equipment for Beer or Cider' was issued in May 2012. WM 1003 'Actions to be taken when weighing and measuring instruments are repaired, adjusted, altered or added to' has been revised and reissued in July 2012. Finally the guidance document on standard temperature accounting, STA, was revised and reissued in March 2013.

International

NMO aims to positively influence EU and international legal metrology forums in order to benefit UK stakeholders, businesses, consumers and manufacturers. We do this by active participation in a number of international metrology committees covering areas of interest to UK businesses and stakeholders. We are working towards ensuring a level playing field and reducing technical barriers to international trade.

NMO is an actively participating Member State of OIML (the International Organisation of Legal Metrology) and WELMEC (European Cooperation in Legal Metrology). OIML has over 58 Member States and a further 64 Corresponding Members and works to achieve international harmonisation for legal metrology by promoting the use of International Recommendations or Documents, which are developed in OIML technical committees, and provide the basis for laws regulating measuring equipment, quantity control and quantity labelling of pre-packages. NMO provides the Secretariats for important OIML technical committees such as TC9 /SC2 Automatic weighing instruments and TC8 / SC5 Water meters. NMO's Chief Executive, Peter Mason is the UK CIML (International Committee of Legal Metrology) member and is also the current CIML President.

WELMEC is an organisation of the European Union and European Free Trade association (EFTA) Member States that pursues cooperation in legal metrology. There are currently 30 Members and 7 Associate members, and 10 Observer and 9 Corresponding organisations who participate. WELMEC publishes Guides which are not mandatory but provide solutions which will be acceptable to European Regulators. NMO provides WELMEC Working groups such as WG 2 - Directive Implementation (90/384/EEC), WG 5 - Metrological Supervision, and Convenorship of WG 6 - Prepackages.

Notable NMO achievements during the year were:

- NMO in its role of Secretariat for OIML TC8 / SC5 collaborated with BSI and organised and participated in the international meeting of the Joint Working Group OIML TC8/SC5 – ISO/CEN TC 30/SC7 “Water meters for cold potable and hot water”, held at BSI, Chiswick, London, October 2012. A draft recommendation was then submitted to the BIML (OIML Headquarters) for the CIML online preliminary ballot.
- NMO in its role of Secretariat for OIML TC9 / SC2 Automatic Weighing Instruments submitted the draft recommendation OIML R 50 Continuous Totalising weighing instruments (Belt Weighers): Part 1: Metrological and technical requirements; and Part 2: Test methods, to the BIML for the CIML online preliminary ballot.
- In June, Richard Sanders joined the WELMEC Chairperson’s Group providing the UK with a strong influencing position in the development and application of European weights and measures law.

NMO hosted visitors from the Republic of Korea (Korean Agency for Technology and Standards), Trinidad and Tobago Bureau of Standards, the Japanese metrology organisation, Cypriot government representative and the China Mechanics and Electronics Academy. NMO also dealt with enquiries from several countries and organisations including the USA, Australia, China, South Africa, European weighing industry, and ISO.

Programme

The Programme budget covers statutory calibration and statutory type approval which includes the following activities:

Recalibration Programme

NMO carries out a wide range of important activities from maintaining local weights and measures standards, equipment testing, maintaining uncertainty budgets to the automation, testing and commissioning of new equipment. The maintenance of weights and measures standards completes the traceability chain, which starts with the primary standards held at NPL and proceeds through NMO's secondary and tertiary standards. Our tertiary standards are then used to calibrate the local authority standards. This traceability chain provides the UK with legal measurement under the Weights and Measures Act. In support of this, the equipment must be tested at regular intervals to ensure optimum performance is being maintained. Uncertainty budgets are also maintained for all aspects of measurement ensuring an adequate overall accuracy of measurement. Automation has become an essential aspect of our operations in order to maintain optimum efficiency.

Local Authority Audits

Visits to Trading Standard authorities are carried out to ensure local and working standards of mass, length and volume and the in situ reverification of standards and equipment if required.

Maintenance of Coinage Standards

This work requires annual calibration of coin standards for all UK and New Zealand current and commemorative coins struck by the Royal Mint and provision of trial plates of Gold, Silver, Platinum, Nickel, Copper and Aluminium for assay at the Goldsmiths’ Hall. This involves participation in the Trial of the Pyx which is held in accordance with the Coinage Act.

Type Approval

Engineers at NMO support UK manufacturers by developing technical standards and policy, working closely with manufacturer trade associations to ensure that UK industry views are taken into account. This approval literature is then provided to a Trading Standards online database (TS Interlink) and European Metrological Type Approval Services Database (EMeTAS) to enable enforcement and market surveillance activities to take place. Support and advice is also provided to UK manufacturing on generic approval requirements in order to place their equipment on the market.

Traceable test capability is provided for UK manufacturing and also to fulfil our statutory obligations for type approval work.

Gas and Electricity Meters

NMO has statutory responsibility for the measurement accuracy of gas and electricity meters and receives income for these services via Ofgem. With this responsibility comes the assurance that the UK's metering policies and practices are aligned with the European Union Measuring Instruments Directive, which aims to create a single market for measuring instruments across Europe.

NMO's responsibilities also include the testing of gas and electricity meters where the accuracy is disputed. This work was outsourced to a service provider by Ofgem in 2002 and the contract was novated to NMO when the statutory responsibility was transferred to NMO in April 2009. The original contract expired in November 2010 and a new six year contract has been negotiated, with provision for three optional 12 month extension periods.

Certification Services

In addition to the statutory function of calibration and type approval, NMO provides a range of commercial certification services split into four main areas:

1. Product Certification (Type Approval, Unit Verification and Design Examination)
2. Quality Management System (QMS) Certification
3. Calibration
4. Training

Product Certification

NMO is responsible for the type approval of a range of weighing and measuring instruments that are used for trade and other legally controlled applications. The product certification team is designated as a Notified Body under the Non-Automatic Weighing Instruments and Measuring Instruments Directives (2009/23/EC and 2004/22/EC respectively). It performs conformity assessment activities under these Directives and issues EC Type Examination, Unit Verification and Design Examination Certificates to manufacturers. These certificates are valid in all 31 countries of the EEA, giving manufacturers access to the single market with a single approval.

The team is also the UK Issuing Authority for OIML Certificates of Conformity which enables manufacturers to gain national approvals for their instruments in countries outside of Europe. In support of this, NMO is an Issuing Participant under the OIML Mutual Acceptance Arrangement for Water Meters (OIML R49), Load Cells (R60) and Non-Automatic Weighing Instruments (R76).

This year has seen a reduction in the level of demand for NMO's Product Certification Services. This reduction in demand is as a result of a number of approval projects being delayed or suspended due to circumstances beyond our control and the challenging economic environment which has led to a reduction in the number of applications for certification. The income for Product Certification in 2012-13 was £321,000.

To counter this reduction in demand new testing and certification services, such as those relating to taxi meters, have been developed and we will continue to adopt a more proactive approach to business development. We will continue to explore further opportunities and to develop the range of services that we offer. Towards the end of the year plans were put in place to implement a new team structure aimed at improving business process efficiency and improving the development of new business offerings.

NMO provide a very efficient and flexible approval service and look to provide a sustainable future for service provision to help to create growth through building a strong, innovative economy, to promote exports and boost enterprise.

Quality Management Systems Certification

This certification service provides companies with a route to place their instruments on the UK and European markets.

NMO provides certification services for;

- ISO 9001.
- Section 11A of the Weights and Measures Act 1985.
- Self-verification' under MID & NAWI Directives.
- other technical auditing.

In 2012-13 there were 25 new applications, an increase of 16%, together with increases in scope for a number of clients.

It is anticipated that the number of companies will continue to grow. This growth is reflected in the forecast income increasing by 25 to 30% in subsequent years.

The number of audits planned for 2013-14 exceeds 130.

NMO has applied to UKAS to increase our scope of auditing activities under the MID Directive.

Efficiencies continue to be sought with updates to the software management tools to automate certification functions.

Calibration

NMO supports industry and trade by providing an accurate calibration service to UK business (in addition to its legal commitment to local authority trading standards departments). This is an important service to business, especially to the pharmaceutical industry where people's health and life depends on the very accurate measurement methods used.

Other customers include tape measure manufacturers and customers from the petrochemical industry, where NMO is responsible for calibrating dip tapes and volume measures used to measure oil levels in large refinery tanks.

The Calibration team at NMO provide the following commercial services:

- Technical support infrastructure for trade, covering mass, length and volume measurements.
- Testing and calibration services to other government bodies and commercial organisations for mass (including micro weights), length and volume.
- Independently accredited calibration and test facilities, traceable to national standards. NMO issues approximately 500 certificates each year and has performed work for large pharmaceutical and manufacturing organisations. NMO offer a high accuracy service for heavy mass up to 500kg which is now the most accurate in the world and up to one tonne at a slightly lower level. NMO also perform the calibration and testing of fish net gauges on behalf of Defra to ensure fisherman only catch the correct size fish.

Recent additions and upgrades to our equipment and facilities has allowed the level of service to our commercial customers to be extended. NMO can offer mass clients measurements of significantly better than OIML Class E1 uncertainty and provide length customers with a facility unique in the UK and one of the highest accuracy volume calibration services available. During September 2012, NMO also became the first and only Mass Calibration Laboratory worldwide to be accredited for the calibration of mass standards down to 0.05mg (micro weights), with uncertainties as low as 0.000 2mg. This was achieved with the collaboration of Mettler-Toledo Switzerland. The two organisations will be offering a combined supply and calibration service to customers worldwide.

During 2012-13 NMO also retained a contract with Camelot for the testing of national lottery balls and machines.

Training

Commercial training was offered through 2012-13 with a number of courses provided for uncertainties of measurement, packaged goods and verification of fuel dispensers. In addition, NMO received funding through United Nations Industrial Development Organization (UNIDO) to provide a two-week legal metrology training course for 14 delegates from Bangladesh, Congo, Zambia and Liberia during September 2012. Following directly on from the UNIDO funded course, NMO provided legal metrology training for 5 delegates from the United Arab Emirates Metrology Laboratory.

Enforcement Functions

The Enforcement Directorate which has been appointed as the UK Market Surveillance Authority for those areas of legislative responsibility covered by the UK implementing measures seeks to act as an effective, industry-facing Enforcement Authority. The Directorate supports business growth, product development and financial investment in new innovative products, which directly impacts on the energy consumption levels of many common domestic and professional UK products, the environmental impacts of certain hazardous substances in electrical and electronic equipment and the negative social, economic and environmental impacts of illegally harvested timber.

This work is delivered through memorandum of understanding with the Department for Business Innovation and Skills for the Restriction of Hazardous Substances in Electronic and Electrical Equipment Directive and the placing on the market requirements of the Batteries and Accumulators Directive, the Department for the Environment, Farming and Rural Affairs (Defra) for Ecodesign of Energy Related Products and Energy Labelling and the European Timber Regulations and the Department for Transport for the energy efficiency labelling and technical file requirement of class 1-3 Tyres.

The objectives of the Enforcement Authority have been to work with industry to increase the levels of compliance which ensure that the investments in research and development for new products and the continued commitment to compliance of the best companies in the UK is protected against those businesses wishing to access the EU market with substandard products and poorly controlled production processes. These objectives see the Directorate providing a wide range of traditional and innovative enforcement services. Education and awareness are at the heart of the package, providing both proactive and reactive engagements with individual businesses, trade representatives and international organisations. An active web-presence provides useful information and an enquiry service allowing businesses to access advice and support. Complaints, projects, visits and testing can generate more direct engagements with individual businesses and a full range of sanctions are available to proportionately respond to businesses where the detriment to UK consumers or businesses is significant.

We are continuing to work closely with other market surveillance authorities throughout Europe and across the world to ensure appropriate levels of consistency and to seek to unlock the full potential of the legislative changes that are being made. In Europe that means participating in the Commission's expert market surveillance groups as envisaged by the Regulation on Accreditation and Market Surveillance. NMO chairs the expert groups relating to the Restriction of Hazardous Substances and the group on Energy Labelling and is a participating member in the other groups relating to our areas of responsibility. On a global scale NMO is particularly active in the European Timber Regulations, meeting with other market

surveillance authorities and third sector organisations which are tackling some of the upstream timber felling issues.

New or updated legislation has been implemented during the year in many of our key enforcement areas and full details of all the changes and the activities of the enforcement authority can be found on our website www.bis.gov.uk/nmo/enforcement.

Ecodesign of Energy Related Products

NMO Enforcement Directorate continues to work closely with businesses as the scope of the Ecodesign and Energy Labelling framework extends to new products and reduces the maximum energy usage requirements for existing products already in scope. Project work during the year has identified an industry wide issue relating to the way in which manufacturers declare the energy use of their products to consumers. NMO ensured that all manufacturers are now making these declarations in the same way, consistently using the data they had about their products to allow consumers to make effective energy related decisions about their product purchases. Several companies have entered into voluntary undertakings which detail non-compliances and the ways in which the businesses have addressed the problems and will prevent them happening in the future. Some of these included restitution payments, to reflect the detriment caused, to environmental projects, to consumers or to other innovative projects which seek to offset such detriment.

Restriction of Hazardous Substances in Electronic and Electrical Equipment and Batteries

The Restriction of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive 2011/65/EU repealing RoHS Directive 2002/95/EC, it was transposed into UK law 3 January 2013. In order to provide support to UK business 22 trade associations representing over 2700 individual businesses with a combined annual turnover of £7.5 billion, whose members were already affected or following its increased scope and new legislative obligations would be affected by the Directive were approached and appropriate support offered. Product specific projects based on the risk of non-compliance continued throughout the year, identifying manufacturers and importers, discussing technical documentation, assessing test reports and taking action where non compliant products were discovered. These included: radio controlled products, clocks and alarms, shower and bathroom products, toys and souvenirs, Nickel-Cadmium batteries and a more general project seeking to engage with some of the UK's largest import/manufacturing businesses.

European Timber Regulations

From September 2012 work began on establishing the EU Timber Regulations enforcement team. As well as undertaking recruitment activities to fulfil the core functions of awareness raising, direct enforcement and product testing, the team focussed on building its profile and expertise in this area. To this end, there was a focus on engaging with trade and business associations representing a broad range of industries, both to improve our understanding of the affected sectors, and to explain our approach to enforcement and raise awareness of the legislation more generally. Likewise there was a conscious effort to establish links with the environmental NGO sector with a view to informing our risk profiling activities, and to improve our knowledge of the nature of illegal logging in producer countries. In addition, the team engaged in widespread collaboration with the policy leads at a domestic and European level in order to promote a consistent and coherent approach to implementation.

Ecopliant

Aligning 11 project partners, from 10 Member States, Ecopliant aims to develop and validate a range of best practices to improve the collaboration between EU market surveillance authorities, through monitoring, verification and enforcement exercises. Funded by the European Commission's Intelligent Energy Europe Programme, Ecopliant was officially launched in Copenhagen in 2012, where project partners met with the Ecopliant Advisory Group, formed by European trade associations and European NGOs, to discuss the aims and intended outcomes of this European market surveillance project. The objective of Ecopliant is to help deliver the intended economic and environmental benefits of the Ecodesign Directive by strengthening market surveillance and so increasing compliance with the Directive. NMO's main function is to manage and develop a pan European test programme, which began in 2013 with testing electric motors, external power supplies and tertiary lighting.

Tyre Labelling

This new area of responsibility for the NMO Enforcement Directorate started towards the end of the 2012/13. NMO began its activities in advance of the legislative provisions by meeting with the various trade bodies responsible for the import and manufacture of new tyres. In partnership with the Tyre Industry Federation we have produced a useful guide to all the economic operators in the supply chain. A programme of retailer, distributor and importer visits has begun providing support and advice as well as compliance monitoring. In conjunction with this programme a number of detailed requests for technical information in support of claims have been made.

Corporate Services

The Corporate Services Directorate brings together the resources of Finance, Procurement, Governance, Security, Communications, Records Management, Human Resources, Reception and IT services.

Throughout the year the Agency has developed its support services in a way which is timely, cost efficient and tailored to meet the ever evolving needs of the Agency through the following activities:

- Providing local procurement expertise for contract negotiation and award.
- Providing support for the government digital agenda and ensuring the NMO converged websites receive timely updates.
- Providing ongoing and timely communication with industry and others on changes to legislation and guidance.
- Working closely with HR colleagues in BIS to secure cost effective access to Civil Service Learning, and participating in the Next Generation HR Senior Managers Board.
- Ensuring we comply with the Government wide transparency initiatives since - January 2013 - NMO has published all items of expenditure onto the www.data.gov.uk website, replacing the previous system where only items of expenditure of over £25,000 were published.
- Managing an online survey to measure customer satisfaction together with a feedback loop to respond to comments made by customers.
- Working closely with BIS under the cross government project, "Clear Line of Sight", to ensure that the Agency is planning, allocating, monitoring and reporting financial information in the same way in terms of its budgets, estimates and accounts - this included improving month end procedures so that good quality and reliable financial information is available to the BIS Finance Team on the third working day after month end and the Agency's Business Team Managers by, on average, the fourth working day.
- Supporting the recruitment and induction of a significant amount of new NMO staff.
- Implementing a government-mandated procurement system for the purchasing of common goods and services.
- Upgrading the IT system to ensure it complies with the necessary security requirements and staff are fully trained.

Forward look

As NMO enters the third year of the current Spending Review period, the NMO Mission - 'to provide policy support to Ministers on measurement issues and a measurement infrastructure which enables innovation and growth, promotes trade and facilitates fair competition and the protection of consumers, health and the environment' - remains highly relevant to the BIS concentration on the Growth Agenda.

Through the National Measurement System (NMS), for which we are responsible, we are able to provide a national measurement infrastructure which underpins economic growth, business enterprise, commercial transactions, consumer confidence and academic endeavour.

Our twin priorities are to ensure that the metrology laboratories are focused on the main national challenges we are facing - growth, energy, sustainability, health, the digital economy and security – and that we continue to develop the capability in measurement science necessary to stay among the world leaders in the field. In doing so, we have a particular responsibility to maximise the contribution made by the National Physical Laboratory, which is the largest of our metrology laboratories.

As already noted, in November 2012, it was announced that the future operation of NPL would take the form of a partnership arrangement between the Department for Business, Innovation and Skills, acting through the NMO, and one or more academic partners. This is intended to increase the alignment between the activities of NPL, notably those funded from the NMS, and work in related areas of science carried out in the university sector. The identification of potential partners, the negotiation of suitable arrangements and the transition to the new structures will be one of the principal tasks of the Agency over the next two years.

On the 24 January 2013, the Minister for Universities and Science, announced that the government will be providing an extra £25m to NMO to build a state of the art Advanced Metrology Laboratory (AML) for cutting edge measurement research at NPL. This new facility will house an estimated 20 laboratories, for around 40 scientists, specially designed for high precision metrology. The facilities will provide a tightly controlled research environment with stable temperature and humidity levels and minimised interference from vibration (direct and acoustic), and electrical and magnetic fields. It will be NMO's responsibility over the next two years to ensure that this is built to specification, on time and within budget.

As an Executive Agency, operating within BIS, we must demonstrate that high standards of accountability, transparency and efficiency can be combined with the flexibilities of the "Next Steps" model and the agility and commercial commitment which that makes possible. The approach of bringing together several different types of operation – policy making, contract management, commercial services and enforcement responsibilities has proved very successful in meeting a wide range of needs and gives us an opportunity to show that we can make a contribution to a large number of the objectives which our parent Department has set itself.

Finally, it has become clear that international matters now play a vital part in our activities. The past year has demonstrated that the UK's prominent position in both the International Organisation of Legal Metrology (OIML), where the UK holds the Presidency of the International Committee of Legal Metrology (CML), and the international Bureau of Weights & Measures, (BIPM), can be a force for getting better value from each of those organisations. Even within reduced resources overall, it makes hard-headed economic sense to put sustained effort into developing a world measurement system which addresses the needs of an increasingly globalised economy.

Risks and Uncertainties

The most significant risk that NMO is facing in achieving its objectives is the potential for delay or shortcomings with the future package of the National Physical Laboratory after the end of the existing contract with NPLML in March 2014. The package will need to provide the UK with a world class scientific measurement infrastructure taking into account Government budget restraints. The handling and evaluation of the options process is crucial to achieving this objective.

Other Information

Staff

NMO involves all members of staff in the delivery of the objectives set out in the Corporate Plan. The main channels of internal communication include feedback from the Management Board meetings, office circulars and all staff meetings. Staff are helped to realise their potential through training. NMO has been awarded Investors in People as recognition of its commitment to staff.

NMO is fully committed to providing equal opportunity for all staff. NMO follows the Civil Service guidelines ensuring that all eligible people must have equality of opportunity for employment and advancement on the basis of their suitability for the work. There is no discrimination on the basis of age, disability, gender, part-time working pattern, marital status, sexual orientation, race, colour, nationality, ethnic or national origin or religious belief. NMO's consultative mechanisms provide an opportunity for staff to have an input into issues that concern them, to offer a staff view on new initiatives, and to make suggestions for improvements where appropriate.

NMO ensures that recruitment is carried out on the basis of fair and open competition and that selection is on merit in accordance with the Office of the Civil Service Commission (OCSC) Principles. Recruitment systems are subject to regular audits by the Commission.

There were four external recruitment exercises during 2012-2013.

Days lost due to absence

NMO encourages a culture where good attendance is expected and valued. However, it recognises that from time to time absences for medical reasons may be unavoidable. NMO aims to treat its staff who are ill with sympathy and fairness and where possible to provide them with support which will enable them to recover their health and attend work regularly.

In 2012-13, the average number of working days lost was 5.2 days per annum per employee.

Sustainability Commitment

Sustainability is embedded in the philosophy and culture of NMO. A Sustainability Working Group manages the Agency's Sustainable Development Action Plan, which looks at both short and longer term issues.

A Travel Plan has been produced and accepted by the Management Board. The Travel Plan provides an overview of the current situation regarding transport arrangements at NMO. It also sets out measures which the Agency will introduce in order to meet the Travel Plan objectives.

As the Agency is responsible for the Teddington estate on which it and the National Physical Laboratory are located, it has responsibility for reporting on progress towards meeting sustainability targets for the Government estate.

Social and Community Issues

During 2012-13 NMO raised money for the Rainbow Trust instead of sending Christmas cards to stakeholders and asking staff to donate old mobile phones. The Rainbow Trust is a registered charity, located in Leatherhead and looks after terminally ill children.

During October 2012, NMO also promoted a Dr Bike event, which encouraged staff to bring in their bikes for maintenance. This particular event was funded by Richmond Council to encourage staff to commute to work using their bike to help reduce local traffic.

Major Contractors

NPL Management Ltd

NMO's major contractor is NPL Management Ltd (NPLML) a wholly owned subsidiary of Serco. NPLML is based on the same Teddington site as NMO. NMO has a 10-year contract with NPLML to perform measurement science (the "Science Contract") which expires in 2014. Within the 10-year contract there are annual amounts that NMO is committed to spend in order to support the scientists and infrastructure that they operate. NPLML are the operator of NPL which is Government Owned Contractor Operated (GOCO).

NMO is responsible for maintaining the buildings in which NPLML perform their science and for which they pay an accommodation and facilities charge.

Amey Community Ltd

NMO has a contract with Amey Community to operate the facilities management contract at the Teddington site. This expires in 2014 in line with the Science Contract with NPLML.

Other National Measurement Institutes

NMO also has contracts with LGC Ltd and TUVNEL (NEL) to perform measurement science for areas in which they specialise. These are covered by shorter term contracts which are usually of 3-year length.

SGS (UK) Ltd

NMO has a contract with SGS (UK) Ltd to test gas and electricity meters where accuracy is disputed. This work was outsourced by Ofgem in 2002 and the contract was novated to NMO when the statutory responsibility for the metrological accuracy of gas and electricity meters was transferred to NMO in April 2009. The original contract expired in November 2010 and a new contract has now been signed for an initial period of six years with three, optional 12 month extension periods.

Basis of accounts and audit

Arrangements

The accounts cover the activities of the National Measurement Office for the year ended 31 March 2013. They have been prepared in accordance with the direction given by the Treasury in pursuance of Section 7 of the Government Resources and Accounts Act 2000. They have been audited by the Comptroller and Auditor General.

Auditors

The Comptroller and Auditor General has been appointed under statute to perform the statutory audit and report to Parliament. A notional charge of £35,000 has been made in the 2012-13 accounts in respect of this. In addition, audits were made during 2012-13 by BIS Internal Audit. A charge to cover all internal audit services of £12,325 was made and is included in the Statement of Comprehensive Net Expenditure.

Disclosure of relevant audit information

There is no relevant audit information of which NMO's auditors are unaware and we have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that NMO's auditors are aware of that information.

Pension liabilities

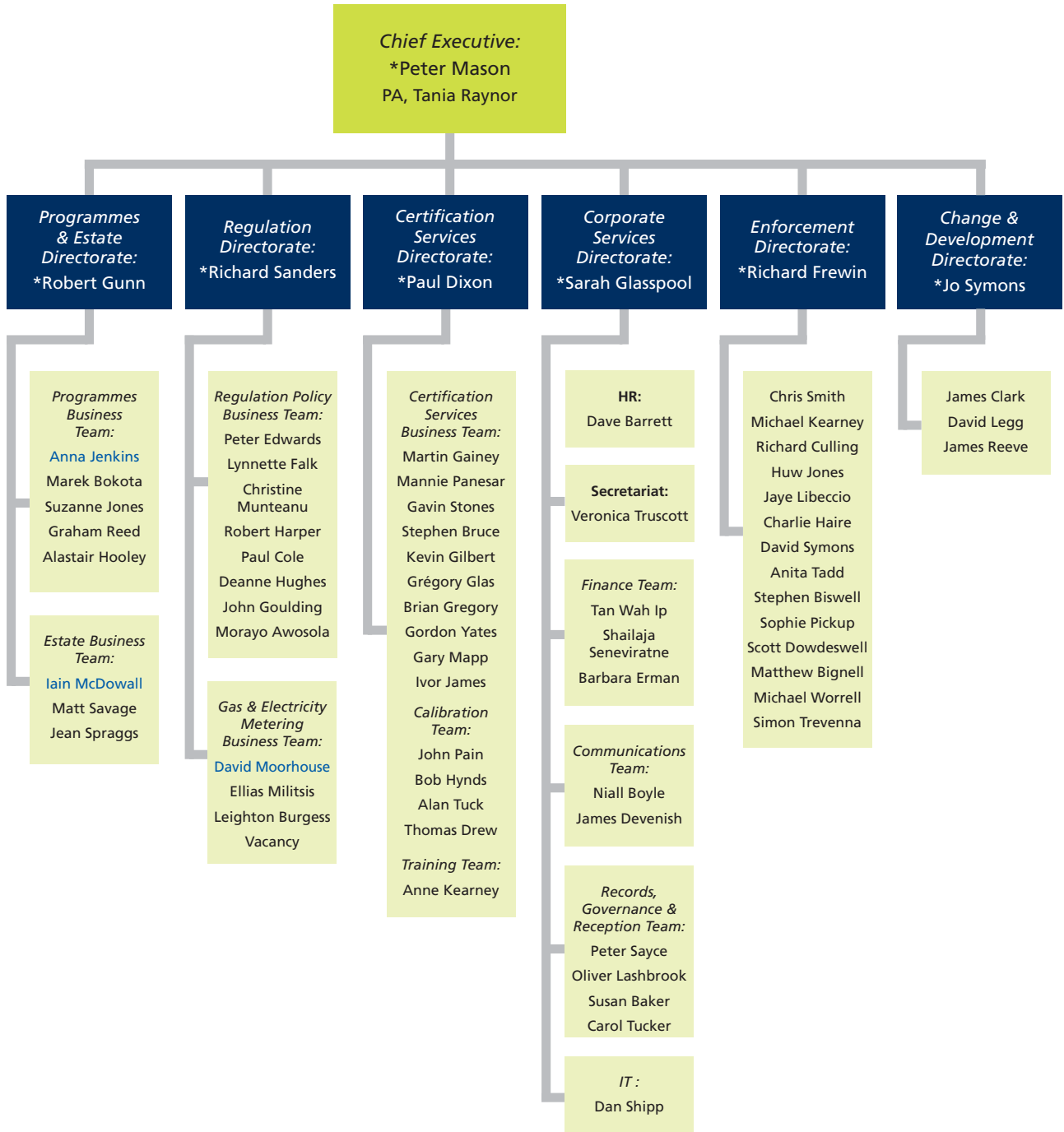
The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover present and past employees. The costs of contributions for currently employed staff are charged through the Statement of Comprehensive Net Expenditure. There is no liability for future benefits as this is a charge to the PCSPS.

Creditors payment, policy and performance

NMO settles its own accounts with payments made twice a week. In 2012-13, 99.4% of invoices were paid within thirty days of receipt of invoice. In 2011-12, 98.9% of invoices were paid within thirty days of receipt of invoice. In 2012-13, invoices were settled within an average of 7 days. In 2011-12, invoices were settled within an average of 7 days.

In November 1998, the Late Payment of Commercial Debts (Interest) Act came into force, providing small businesses with a statutory right to claim interest from large businesses (and all public sector bodies) on payments that are more than thirty days overdue. Amended legislation (the Late Payment of Commercial Debts Regulations 2002) came into force on 7 August 2002 providing all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No interest has been paid to trade creditors under this Act during 2012-13.

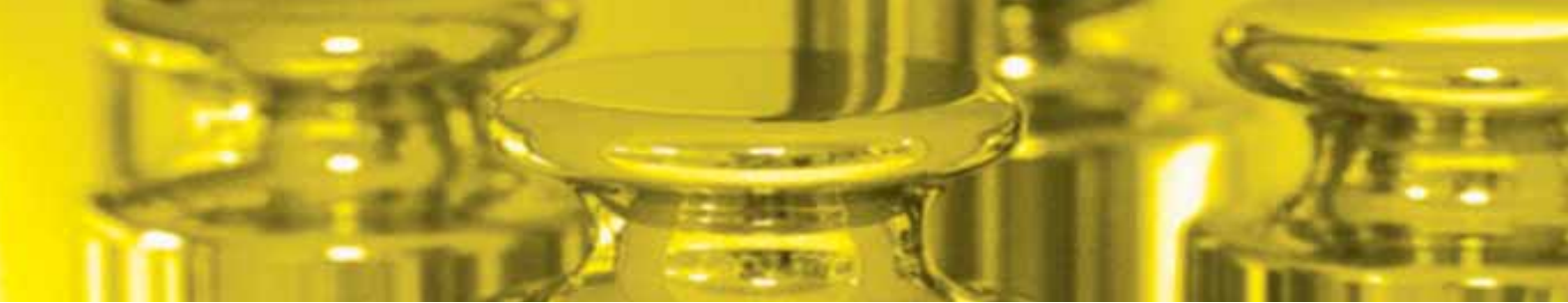
Organisation Structure as of March 2013



Note:

* Members of the Management Board

Business Team Managers



Chapter 3

Remuneration Report

Following is the Remuneration Report for NMO for 2012-13 and the tables on remuneration and pension entitlements are subject to audit.

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com.

The only senior civil servant is Peter Mason, the Chief Executive. For all other staff members their remuneration is determined by the staffing and pay system operating within our parent Department.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

All officials covered by this report hold appointments which are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on accrued payments made by the Agency and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Agency and treated by HM Revenue and Customs as a taxable emolument.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2012-13 relate to performance in 2011-12 and the comparative bonuses reported for 2011-12 relate to the performance in 2010-11.

Remuneration (including salary) and pension entitlements

The following sections provides details of the remuneration and pension interests of the most senior management (i.e. Management Board members) of the Agency.

Remuneration (salary and payments in kind)

	2012-13	2012-13	2012-13	2011-12	2011-12	2011-12
	Salary	Bonus payments	Benefits in kind (to nearest £100)	Salary	Bonus payments	Benefits in kind (to nearest £100)
	£'000	£'000		£'000	£'000	
Mr Peter Mason <i>Chief Executive</i>	80-85	0	0	80-85	0	0
Mr Richard Sanders <i>Director</i>	25-30* (60-65 full year equivalent)	0-5	100	55-60	0-5	0
Miss Sarah Glasspool <i>Director</i>	55-60	0-5	0	55-60	0-5	0
Mr Robert Gunn <i>Director</i>	65-70	0-5	800 **	65-70	0-5	900 **
Mrs Jo Symons <i>Director (part-time)</i>	35-40 (60-65 full-time equivalent)	0-5	0	35-40 (55-60 full-time equivalent)	0-5	0
Mr Richard Frewin <i>Director</i>	55-60	0-5	0	55-60	0-5	0
Mr Paul Dixon <i>Director</i>	55-60	0-5	200****	35-40*** (50-55 full-time equivalent)	0-5	0

*Went on a six month loan to the Better Regulation Delivery Office (September 2012 - March 2013).

**These payments were for excess fares when Mr Robert Gunn transferred to Teddington.

***Mr Paul Dixon joined the Management Board on 4 July 2011.

****These payments were for childcare vouchers and passport costs.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The mid-point of the banded remuneration of the highest paid director in NMO in the financial year 2012-13 was £82,500 (2011-12, £82,500). This was 2.2 times (2011-12, 2.2) the median remuneration of the workforce, which was *£36,781 (2011-12, £37,220).

In 2012-13, no (2011-12, nil) employees received remuneration in excess of the highest paid director.

*The calculation is based on the full-time equivalent staff of NMO at the reporting period and date on an annual basis.

Agency Steering Board

The non- executive members were entitled and paid the following fee:

Name	Fee £'000
Mr N Hunter*	5-10
Prof I Pollock**	0-5
Mr A Proctor	5-10
Dr P Cowley	5-10

*Mr N Hunter's second term ended on the 31 December 2012.

** Prof I Pollock joined the Board on 1 January 2013.

Mr John Dodds was a member of the Steering Board during 2012-13 but as a salaried employee of BIS, drew no remuneration.

Pension benefits

	Accrued pension at pension age as at 31/3/13 and related lump sum (bands of £5,000)	Real increase in pension and related lump sum at pension age (bands of £2,500)	CETV at 31/3/13	CETV at 31/3/12	Real increase in CETV as funded by employer	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr Peter Mason <i>Chief Executive</i>	40-45 plus lump sum 120-125	0-2.5 plus lump sum 0-2.5	913	905	1	0
Mr Robert Gunn <i>Director</i>	30-35 plus lump sum 50-55	0-2.5 plus lump sum 0-2.5	531	472	30	0
Mr Richard Sanders <i>Director</i>	20-25 plus lump sum 70-75	0-2.5 plus lump sum 0-2.5	411	381	8	0
Miss Sarah Glasspool <i>Director</i>	10-15 plus lump sum 5-10	0-2.5 plus lump sum 0-2.5	161	136	14	0
Mrs Jo Symons <i>Director</i>	10-15 plus lump sum 40-45	0-2.5 plus lump sum 0-2.5	190	176	4	0
Mr Richard Frewin <i>Director</i>	15-20 plus lump sum 55-60	0-2.5 plus lump sum 2.5-5	261	226	21	0
Mr Paul Dixon <i>Director</i>	10-15 plus lump sum 10-15	0-2.5 plus lump sum 0-2.5	166	138	18	0

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase Legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2013. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase Legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website:

<http://www.civilservice.gov.uk/pensions>.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values)(Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A handwritten signature in black ink that reads "Peter Mason". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Peter Mason

Date: 20 June 2013

Chief Executive and Accounting Officer



Chapter 4

Governance Statement

Introduction

This Governance Statement sets out the internal control procedures that have operated in the Agency during the period 1 April 2012 to 31 March 2013. Its preparation has been supported by the work of BIS Internal Audit, whom NMO engage to perform the internal audit function for the Agency.

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the National Measurement Office's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

NMO operates as an Executive Agency within the Department for Business, Innovation and Skills. The purpose of the Agency, together with its governance arrangements, accountability and delegations, is set out in a Framework Document which is available on our website.

In accordance with Managing Public Money I am personally responsible for managing the risks of the Agency and the key risks are set out in the Agency's Corporate Plan which is approved by Ministers each year. For line management purposes I report to the Director of Innovation in the Department for Business, Innovation and Skills, who is responsible for most of the funding which the Agency receives and who also sits on the Agency's Steering Board.

The Governance Framework/Structure

I am supported in my role of Agency Accounting Officer by three NMO corporate governance bodies: the Steering Board, the Management Board and the Audit Committee.

The **Steering Board** consists of myself, three non-executive members from outside Government and one member from BIS. It meets formally at least three times a year, with additional informal discussion days on key issues affecting the Agency. Its role is to provide strategic oversight, which involves:

- Advising on the Agency's strategy and its allocation of resources.
- Agreeing business plans, and monitoring the Agency's performance.
- Assessing risks/issues which could undermine the Agency's strategy/business plans.
- Assessing Agency capability and plans for the future.

During 2012-13 the Steering Board Members comprised the following personnel:

Noel Hunter Non-Executive Member, Chair (until 31 December 2012)

Professor Isobel Pollock Non-Executive Member, Chair (From 1 January 2013)

Steering Board Members

Peter Mason Chief Executive, NMO

John Dodds Director Innovation, BIS

Alan Proctor Non-Executive Member

Peter Cowley Non-Executive Member

The Steering Board met on the following dates: 21st June 2012, 26th October 2012 and 29th January 2013. All Board members attended these meetings, apart from the BIS member who missed the 21st June 2012 and 29th January 2013 meetings but was on both occasions represented by a colleague.

The **Management Board** consists of myself, the heads of the four operational Directorates, the Director of Finance and the Director of Change and Development. It now meets formally every two weeks to make decisions and monitor high-level business planning, financial, risk and management issues. The Management Board is also responsible for setting standards, values and controls within the Agency. Travel and subsistence expenses incurred by the Management Board during 2012-13 totalled £18k.

The Management Board comprised the following personnel during 2012-13:



Peter Mason
Chief Executive



Richard Sanders

Director
Regulation
(seconded to BIS between 10TH
September 2012 and 8TH March
2013)



Sarah Glasspool

Director
Finance



Robert Gunn

Director
Programmes and
Estate



Jo Symons

Director
Change and
Development



Richard Frewin

Director
Enforcement



Paul Dixon

Director
Certification
Services

In two of the operational Directorates there are Business Team Managers who have full delegated financial responsibility for income and expenditure in their areas. NMO operates a flat organisational structure with typically only one layer of management below Board level.

The **Audit Committee** consists of two non-executive Steering Board members and meets three times a year along with representatives from NAO, BIS Internal Audit and BIS Finance. Its role is to support me in my role as Accounting Officer bringing in extremely valuable external perspectives and expertise through:

- Promoting confidence in the Agency's governance, risk management and internal control framework.
- Reviewing the comprehensiveness of assurances in meeting the Agency's assurance needs.
- Reviewing the reliability and integrity of these assurances.

During 2012-13 the Audit Committee comprised of the following personnel:

Alan Proctor Non-Executive Member, Chair

Peter Cowley Non-Executive Member

The Audit Committee met on the following dates: 21st May 2012, 25th September 2012 and 29th January 2013. These meetings were attended by all Committee members.

Review of Board Performance

In January 2012 the Steering Board considered its compliance, and that of the Framework Document, with the *Corporate Governance Code*, making due allowance for the different position of an Executive Agency Steering Board. It concluded that the principles of the Code had been fully met. In view of the change in Steering Board Chair, it has been decided that the next review of Board effectiveness will take place later this year. The Audit Committee annually conducts a self-assessment in accordance with the guidance issued by the NAO entitled the *Audit Committee Self-Assessment Check List*. The 2012-13 review concluded that existing arrangements were satisfactory. During 2012-13 a new balanced scorecard approach was introduced to provide greater oversight of the diverse activities of the Agency and is used each month at Management Board meetings to focus discussions on key issues.

Issues Considered by the Steering Board and Management Board

During the year particular attention was paid to the future arrangements for the future of NPL. It was announced in November 2012 that the current contract with Serco will not be renewed in April 2014 and that alternative arrangements will need to be put in place. This has necessitated the diversion of resources to an expanded team headed by the Director of Change & Development, with significant contributions from myself, the Director of Programmes and Estate and the Finance Director. It has also been necessary to forge much closer working relationships between NMO and NPLML.

In December 2012 there was an announcement of funding for a new £25m Advanced Metrology Laboratory on the Teddington site, which NMO will manage. The estate team at NMO has started the procurement to ensure that construction can start in 2014 and both Boards have been kept up to speed on progress.

Restrictions on recruitment of staff have meant that resourcing of activities where there have been increases in workload (notably those paid for by other parts of Government such as our enforcement activities and the regulation of utility metering) has been a continuing source of concern. Staffing pressures were further increased by the decision to second the Director of Regulation to BIS for a period of six months, but this is expected to pay dividends in the future as a result of strengthening the capability of the Agency's top team.

More generally, the Management Board in particular has paid close attention to those areas where it has appeared that the published Ministerial Targets might be at risk. There were 8 Ministerial Targets for 2012/13 set for NMO. One of these was missed due to Parliamentary process, another 2 relating to external income and overhead costs per FTE were not also achieved.

Both Boards have also been engaged on the arrangements for sharing services and capabilities within Government wherever there is a good business case for doing so, most notably the proposals to change the way HR and payroll processes are handled. In September 2012 it was agreed with BIS that NMO would not move its finance systems to the new shared arrangements in phase 2 of the BIS project, which had been planned for 2013.

Looking forward, the activities for the project on the future of NPL will increase over the next year as it is the final year of the current contract. Potential partners will be identified and arrangements start to be firmed up. NMO will also need to consider how the new arrangement will impact on NMO's activities and how they may be organised. This is a highly innovative project, which envisages a partner structure which has not previously been widely used by Government and a unique approach to building that partnership. From the outset it has been clear that failure to implement an acceptable solution could impact on the quality and delivery of science at NPL as well as causing reputational damage to the Agency and our parent department. To this end, close attention to the project's progress and development has been overseen by a Project Steering Group composed of both BIS officials and a number of external members drawn from important stakeholder communities. In addition, the various NMO Governance structures, together with input from the Cabinet Office, NAO and BIS Internal Audit, are available to provide further perspectives on the project's progress.

Work on the Advanced Metrology Laboratory will also be progressed with the detailed design stage commenced.

The Risk and Internal Control Framework

NMO operates a system of internal control which is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Staff are aware of their financial responsibilities and the importance of raising issues with management where projects are not proceeding to plan. The system of internal control has been in place in NMO for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Agency's Finance Director acts as risk management 'champion' on the Management Board and is responsible for the maintenance of risk management policies, operations and profile. Detailed written guidance, which is reviewed annually by the Audit Committee (most recently in January 2013), is provided to all managers and staff.

A central feature of the Agency's risk management strategy is that it is based on risk registers which are drawn up at Directorate or Business Team level, and are reviewed monthly by the Directors or Business Team Managers. Most controls are assigned to Primary Budget Holders who are Members of the Management Board and then in the case of some Directorates to Business Team Managers. Operational and financial issues are addressed at monthly meetings attended by both Business Team Managers and the Management Board, informed by a scorecard process. Any issues which are seen to be significant are then addressed by the Management Board and where necessary escalated to our parent Department. The scorecard is derived from the Corporate Plan, and assesses both risk registers and targets at Business Team/Directorate level and Agency level.

The Agency has risk assessment guidance which both determines the priority to be given to identified risks and the acceptable level of risk. Any risks which are assessed as high or which are significantly above the

desired risk are considered by the Management Board and included in the Agency's high level risk register. In the past year the risk register has been used to track issues related to the project for the new arrangements for NPL, in particular how the conduct of the project may affect NMO reputationally, and also impact on the quality of science being performed at NPL. Changes to both Business Team and Agency level risk registers are documented.

The Risk Management system was reviewed by Internal Audit in 2008-09 and its operation during 2011/12 and it was concluded that the Agency's management demonstrated an ongoing commitment to embedding risk management with a framework that was tailored to fit and applied good practice. The guidance was found to be effectively communicated, with a consistent and dynamic approach, and management were encouraged to continue to consider further initiatives that would further promote a risk culture throughout the Agency.

As an Executive Agency we have opted for Independent Departmental Security Officer (DSO) status and have a designated Agency Security Officer (ASO), an Information Technology Security Officer (ITSO) and a Board-level Senior Information Risk Owner (SIRO). NMO's Internal Audit's previous conclusion that NMO complies with *Data Handling Procedures in Government* is followed up annually as part of their audit programme.

The Data Handling Review (DHR) requires Departments to report annually on information risk in their Resource Accounts and to the Cabinet Office in the Security Risk Management Overview (SRMO). The Agency has completed a SRMO annual return required by all of BIS partner organisations which will form part of the overall BIS SRMO report and also provides a comprehensive view of our main areas of security and information risk. Internal Audit have provided independent assurance of this return, and it was submitted to BIS on the 7 May 2013.

NMO had no protected personal data related incidents during 2012-2013 and none during the previous six years. All NMO staff have received training on Protecting Information, with a 100% pass rate (including the additional requirements for managers). Follow-up training will take place over the coming year in accordance with Cabinet Office and the National Archives guidelines. Information Asset Owners have been assigned to each dataset owned by NMO and have been trained to a higher level on data security. They provide a quarterly report on risk and security incidents on their databases. NMO will continue to assess these information risks in order to identify any weaknesses and ensure continuous improvement of its systems.

During the year NMO conducted a review of its off pay roll appointees to ensure that the arrangements comply with the new tax policy and guidance issued by BIS and the Cabinet Office. I can confirm that all arrangements meet compliance requirements.

From December 2012 NMO monthly has been publishing all of its spend data in accordance with HMT guidance, rather than items above £25k as previously. Prior to publication these were reviewed by the Finance Director who additionally has sight of all invoices as part of approving all payments to suppliers. This process provides a control to ensure that the Agency is managing its spend relating to the austerity measures.

Review of the System of Internal Control

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, by assertion statements from the Directors (Primary Budget Holders) within the Agency who have responsibility for the development and maintenance of the internal control framework, by comments on those statements by the Chairman of the Audit Committee and BIS Internal Audit, and by comments made by the external auditors in their ISA 260 and other reports. Together these arrangements are designed to ensure that continuous improvement of the system takes place.

The BIS Internal Audit programme is considered by the Audit Committee annually. BIS Internal Audit have

confirmed their opinion that the system of internal control that operated within NMO during 2012-13 was satisfactory.

In addition to this, a number of the Agency's functions are certified to the international standards ISO 9001 and ISO 1800 and we hold UKAS accreditation to the international standards ISO 17021 and 17025 for a range of functions. An essential requirement of these standards is that the functions covered are subject to a third party, and therefore independent, audit.

As regards the risks of financial losses, the Agency makes use of the toolkit introduced in October 2010 to consider how such risks might be mitigated and managed. Previous reviews covering possible system weaknesses in financial funds flows, human use or abuse of financial systems, and possible weaknesses in the control environment within which financial systems operate, have concluded that the Agency met or exceeded the required level of control in most processes. However, with the BIS Shared Services arrangement coming into operation in 2013-14, covering HR and payroll processes, NMO will again employ the toolkit to ensure that the best risk mitigation techniques are in place. No financial loss was identified for 2012-13.

With regard to the range of commercial activities carried out by the Agency, great importance is placed on the ethical standards we apply when conducting our business responsibilities, as failure to do so could cause reputational as well as financial damage. NMO's Management Board and Audit Committee review the Agency's fraud and whistle blowing policies on an annual basis. In addition, this year all staff were required to complete an online 'Fraud Awareness' exercise, which saw a 100% compliance rate.

In May 2013 evidence came to light that invoices for testing programmes in support of our enforcement activities where accruals of £168k had been submitted in respect of 2012/13 where the relevant work had yet to be carried out. There does not appear to have been any fraudulent intent, and the potential misstatements in our accounts were corrected before they were submitted for audit. Nevertheless, the incident has led to a review of our internal processes, which I have commissioned to be carried out by BIS Internal Audit.

Other relevant governance issues that have arisen during the financial year

Other than as noted above there were no significant control issues and no data security lapses during 2012-13 which required intervention from myself or the Management Board.



Peter Mason
Chief Executive and Accounting Officer
Date: 20 June 2013



Chapter 5

Accounts

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, the Secretary of State with the consent of the HM Treasury has directed NMO to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of NMO, the income and expenditure, statement of changes in the taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular to:

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis,
- make judgements and estimates on a reasonable basis,
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts, and
- prepare the accounts on a going concern basis.

The Accounting Officer of the Department of Business, Innovation and Skills has designated the Chief Executive as Accounting Officer of NMO. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NMO's assets, are set out in Managing Public Money, as published by HM Treasury.

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the National Measurement Office for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the directors and auditor

As explained more fully in the Statement of Accounting Officer's responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Measurement Office's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Measurement Office management; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the National Measurement Office's affairs as at 31 March 2013 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the introduction by the Chief Executive and the management commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
Date: 27 June 2013
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2013

	Note	2012-13 £'000 Income	2012-13 £'000 Staff Costs	2012-13 £'000 Other Costs	2011-12 £'000 Income	2011-12 £'000 Staff Costs	2011-12 £'000 Other Costs
Administration Costs:							
Operating income	4	25			30		
Staff costs	2		(1,361)			(1,501)	
Other administrative costs	3			(596)			(646)
Programme Costs:							
Operating income	4	15,044			14,442		
Staff costs	2		(1,940)			(1,818)	
Other programme costs	3			(70,114)			(70,362)
Movement on provisions	3			(7,137)			(18,228)
Totals		15,069	(3,301)	(77,847)	14,472	(3,319)	(89,236)
Net Operating Cost				(66,079)			(78,083)

Other Comprehensive Expenditure

	2012-13 £'000	2011-12 £'000
Net gain on revaluation of Property, Plant and Equipment	4,495	5,626
Total Comprehensive Expenditure	(61,584)	(72,457)

All operations are continuing.

The notes on pages 45 to 62 form part of these accounts.

Statement of Financial Position

as at 31 March 2013

	Note	31 March 2013		31 March 2012	
		£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment	5	187,002		181,311	
Heritage Assets	5	909		844	
Intangible assets	6	365		407	
Deposits and advances	9	200		200	
Total non-current assets		188,476		182,762	
Current assets:					
Trade and other receivables	9	4,513		4,715	
Cash and cash equivalents	10	3,796		1,561	
Total current assets		8,309		6,276	
Total assets		196,785		189,038	
Current liabilities					
Provisions	12	(2,790)		(210)	
Trade and other payables	11	(3,878)		(2,924)	
Total current liabilities		(6,668)		(3,134)	
Total assets less current liabilities		190,117		185,904	
Non-current liabilities					
Provisions	12	(46,520)		(44,163)	
Total non-current liabilities		(46,520)		(44,163)	
Assets less liabilities		143,597		141,741	
Taxpayers' equity:					
General fund		101,917		102,593	
Revaluation reserve		41,680		39,148	
Total taxpayers' equity		143,597		141,741	



Peter Mason

Date: 20 June 2013

Chief Executive and Accounting Officer

The notes on pages 45 to 62 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2013

	Note	2012-13 £'000	2011-12 £'000
Cash flows from operating activities			
Net operating cost		(66,079)	(78,083)
Adjustments for other non-cash transactions	3	8,091	8,848
Adjustments for non-cash provisions	3	7,137	18,228
Use of provisions	12	(2,200)	(2,107)
Increase/(Decrease) in trade and other receivables	9	202	(361)
Decrease/(Increase) in trade payables	11	954	(7,171)
Net cash outflow from operating activities		(51,895)	(60,646)
Cash Flows from investing activities			
Purchase of property, plant and equipment	5	(9,260)	(7,117)
Purchase of intangible assets	6	(15)	(306)
Proceeds of disposal of property, plant and equipment	5	-	-
Net cash outflow from investing activities		(9,275)	(7,423)
Cash flows from financing activities			
National Measurement System financed from Department		63,405	60,579
Net financing		63,405	60,579
Net increase/(decrease) in cash and cash equivalents in the period		2,235	(7,490)
Cash and cash equivalents at the beginning of the period	10	1,561	9,051
Cash and cash equivalents at the end of the period	10	3,796	1,561

The notes on pages 45 to 62 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2013

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2012		102,593	39,148	141,741
Surplus on revaluation		-	4,495	4,495
Realised element of revalued assets		1,773	(1,773)	-
Other notional and non-cash charges	3	35	-	35
Impairment of assets		190	(190)	-
Financing received for the year		63,405	-	63,405
Net operating cost for the year		(66,079)	-	(66,079)
Total recognised income and expense		(676)	2,532	1,856
Balance at 31 March 2013		101,917	41,680	143,597

for the year ended 31 March 2012

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2011		116,950	36,634	153,584
Surplus on revaluation		-	5,626	5,626
Realised element of revalued assets		1,785	(1,785)	-
Other notional and non-cash charges	3	35	-	35
Impairment of assets		1,327	(1,327)	-
Financing received for the year		60,579	-	60,579
Net operating cost for the year		(78,083)	-	(78,083)
Total recognised income and expense		(14,357)	2,514	(11,843)
Balance at 31 March 2012		102,593	39,148	141,741

The notes on pages 45 to 62 form part of these accounts.

The General Fund is used to support the on-going operations of the Agency and represents the investment made by the Agency or parent Department. The revaluation reserve represents the increase in value of non-current assets above their depreciated historic costs.

Notes to the Accounts

For the year ended 31 March 2013

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2012–13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the NMO for the purpose of giving a true and fair view has been selected. The particular policies adopted by NMO are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment. The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000). The functional currency of the Agency is pounds sterling.

1.2 Administration and Programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between Administration and Programme income and expenditure. The classification of income and expenditure as Administration or as Programme follows the definition of costs set out in the Consolidated Budgeting Guidance for 2012–13 as issued by HM Treasury.

1.3 Property, plant and equipment

Expenditure on plant and equipment of over £1,000 are capitalised with the exception of IT equipment, where everything over £500 is capitalised. For property assets, the capitalisation threshold is £2,500. All land and buildings have been valued at Existing Use Value (EUV). This has been used as a proxy for fair value. For specialised buildings, EUV has been calculated on the basis of Depreciated Replacement Cost (DRC). Non-specialist buildings have been calculated on the basis of EUV using comparable evidence and for surplus buildings, market value has been used. They have all been valued on a component basis in accordance with IAS 16 as interpreted by the FReM. Market indices issued by the Valuation Office or Building Cost Information Service (BCIS) and published professional opinion as appropriate, are applied in the intervening years between full quinquennial professional valuations. Impairment losses not resulting from a loss of economic value or service potential, is taken to the revaluation reserve to the extent that there is a credit in that reserve for that asset or portfolio of assets. Impairment losses that arise from a clear consumption of economic benefit is charged to the Statement of Comprehensive Net Expenditure. Any increase in value is transferred to the revaluation reserve. Property, plant and equipment are depreciated on a straight line basis to the residual value over the asset's expected useful life. Assets under construction are recognised and treated as capital expenditure, but not depreciated.

All land and buildings were valued as at 31 March 2009 by an independent Chartered Surveyor, Powis Hughes and Associates. This valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards (6th Edition) as amended March 2009. The next valuation will be on the 31 March 2014.

The stock of furniture and fittings is treated as a permanent asset pool which is not depreciated; replacement expenditure is charged to the Statement of Comprehensive Net Expenditure in the year of purchase.

Asset lives are normally in the following ranges:

Freehold buildings - 50 years or estimated useful life, if shorter
 Historic leasehold - residual term of land and buildings lease
 Leasehold improvements - residual term of lease
 Plant and machinery from 5 to 30 years
 Computer equipment and office machinery from 3 to 10 years
 Motor vehicles from 5 to 10 years

1.4 Heritage assets

The Agency has a number of non-operational heritage assets held for historical and cultural reasons only and are valued at fair value in accordance with the FReM. They are located at the National Physical Laboratory and National Measurement Office laboratories in Teddington, with access limited to selected NPL and NMO staff. All heritage assets are contained within a secure building and where significant assets are held in further locked facilities. The assets are listed separately on the NMO asset register and are checked for their existence annually. Due to their nature, very little maintenance is required. They consist of the National Physical Laboratory museum and archives, and some UK primary standard weights and measures. Some of these group of assets is held for statutory purposes. Most are not depreciated as they have very long estimated lives. There is little market based evidence of fair value because of their nature, so fair value is estimated using a depreciated replacement cost approach using market evidence of the value of the metal when appropriate, and some are held at nil book value.

1.5 Intangible assets

Expenditure on intangible non current assets of over £1,000 is capitalised and are carried at fair value. They are amortised on a straight line basis over the shorter of the licence period or their useful economic life.

1.6 Revenue recognition

Income comprises services provided net of VAT. Income is recognised in the period to which it relates. The amount of financing for NMS is agreed in advance with BIS and is recognised on a cash basis as per the FReM.

1.7 Segmentation

The income is analysed in segments to meet the relevant sections of the statutes under which NMO operates, which is a fees and charges requirement. Income is also analysed on a geographical basis and segment basis in accordance with IFRS 8 Operating Segments.

1.8 Value Added Tax

NMO is covered under the VAT registration of the Department for Business, Innovation and Skills. NMO recovers VAT on certain contracted-out services, as directed by HM Treasury. Irrecoverable VAT is included as expenditure or included in the costs of property, plant and equipment purchased.

1.9 Insurance

No insurance for the NMO building and staff is effected against fire, explosion, common law, third party and similar risks, except for cars leased or hired by NMO. The NPL laboratories are insured against loss or damage by fire, lightning, earthquake, explosion, aircraft (other than hostile aircraft) and other aerial devices or articles dropped therefrom, riot and civil commotion, malicious damage, storm or apparatus or pipes, flood and impact by road vehicles.

1.10 Leases

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

1.11 Leases where NMO is the lessor

Where NMO receives rentals for property which is not occupied by NMO, the rentals are credited to the Statement of Comprehensive Net Expenditure in the period to which they relate.

1.12 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling at the date of each transaction. These translation differences are dealt with in the Statement of Comprehensive Net Expenditure. Monetary assets and liabilities denominated in foreign currency at the Statement of Financial Position date are translated at the rates ruling as at that date.

1.13 Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes. The defined benefit schemes are unfunded and are non contributory except in respect of dependents' benefits. NMO recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, NMO recognises the contributions payable for the year.

1.14 Financial instruments

The only financial instruments included in the accounts are receivables and payables. Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that NMO will be unable to collect an amount due in accordance with agreed terms.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised in the Accounts at fair value on the date that the guarantee was given in accordance with IAS 39: Financial Instruments: Recognition and Measurement. At each Statement of Financial Position date, they are subsequently re-measured at the higher of the amount determined in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets, and the amount initially recognised, less when appropriate, cumulative amortisation.

NMO currently has one financial guarantee. More information is provided in Note 7 to these Accounts.

1.15 Provisions for liabilities and charges

The Agency makes provision for liabilities and charges where a legal or constructive liability (i.e. a present liability arising from a past event) exists and the transfer of economic benefits is probable. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date and are discounted to a present value where the effect is material.

1.16 Contingent liabilities

In addition to the contingent liabilities disclosed in accordance with IAS 37, the Agency discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

1.17 Estimates, techniques and changes in accounting estimates

NMO makes estimates in relation to the valuation of its property, plant and equipment and provisions. These are explained further in notes 1.3, 5 and 12.

1.18 Accounting for the costs of the Carbon Reduction Commitment Energy Efficiency Scheme

The Agency is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in its introductory phase, which will last until April 2014. NMO is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted, a liability and an expense are recognised. The liability will be discharged by surrendering allowances and is measured at the best estimate of the expenditure required to meet the obligation, which is normally at the current market price of the number of allowances required to meet the liability at the reporting date.

2. Staff numbers and related costs

Staff costs - Administration comprise:

	2012-13 Permanently employed staff £'000	2012-13 Others £'000	2012-13 Total £'000	2011-12 Permanently employed staff £'000	2011-12 Others £'000	2011-12 Total £'000
Wages and salaries	1,056	3	1,059	1,172	0	1,172
Social security costs	93	-	93	102	-	102
Other pension costs	209	-	209	227	-	227
Total	1,358	3	1,361	1,501	0	1,501

Staff costs - Programme comprise:

	2012-13 Permanently employed staff £'000	2012-13 Others £'000	2012-13 Total £'000	2011-12 Permanently employed staff £'000	2011-12 Others £'000	2011-12 Total £'000
Wages and salaries	1,493	45	1,538	1,418	18	1,436
Social security costs	124	-	124	117	-	117
Other pension costs	278	-	278	265	-	265
Total	1,895	45	1,940	1,800	18	1,818

The Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but NMO is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2012-13, employer's contributions of £486,898 were payable to the PCSPS (2011-12 £492,393) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contribution of £NIL were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £NIL, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers as the Statement of Financial Position date were £NIL. Contributions prepaid at that date were £NIL.

No persons (2011-12: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £NIL (2011-2012: £NIL).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

	2012-13 Permanently employed staff Number	2012-13 Others Number	2012-13 Total Number	2011-12 Permanently employed staff Number	2011-12 Others Number	2011-12 Total Number
Certification Services	14	-	14	14	-	14
Utilities	4	-	4	5	-	5
Regulation	7	1	8	8	1	9
Enforcement	13	1	14	11	-	11
Corporate Services/Change & Development	19	-	19	17	-	17
Programme Management	5	-	5	7	-	7
Estate Management	3	-	3	4	-	4
Total	65	2	67	66	1	67

3. Administration and Programme Costs

	Note	2012-13			2011-12		
		£'000 Admin.	£'000 Prog.	£'000 Total	£'000 Admin.	£'000 Prog.	£'000 Total
Science research costs		-	54,883	54,883	-	54,614	54,614
Accommodation		117	4,992	5,109	127	4,925	5,052
International subscriptions		-	836	836	-	820	820
Laboratory testing		-	780	780	-	727	727
General expenses		249	410	659	282	369	651
IT		36	103	139	39	72	111
Travel and subsistence		26	97	123	24	71	95
Telecommunications		13	21	34	14	20	34
Rentals under operating leases		-	56	56	-	56	56
		441	62,178	62,619	486	61,674	62,160
Non cash items excluding movement in provisions							
- Depreciation	5	101	7,813	7,914	114	7,326	7,440
- Impairments		-	67	67	-	1,327	1,327
- Revaluations		-	-	-	-	(6)	(6)
- Amortisation	6	19	53	72	11	40	51
- Notional audit fee		35	-	35	35	-	35
- Loss on disposal of non current assets		-	3	3	-	1	1
Total other non-cash		155	7,936	8,091	160	8,688	8,848
Total other programme costs excluding movement in provisions		596	70,114	70,710	646	70,362	71,008
- Write back of provisions	12	-	-	-	-	-	-
- Provisions provided in the year	12	-	5,002	5,002	-	16,700	16,700
- Unwinding of discount on provisions	12	-	2,135	2,135	-	1,528	1,528
Total provisions		-	7,137	7,137	-	18,228	18,228

During the year, the Agency purchased no non-audit services from the National Audit Office.

4. Income

The following information is given to satisfy the disclosure requirements for fees and charges, not IFRS8. This requires the disclosure of the financial objective, full cost, income, surplus or deficit and performance against each objective. The financial objective is to recover the full cost on each market segment as indicated below.

	2012-13 Income	2012-13 Full Cost	2012-13 Surplus/ (Deficit)	2011-12 Income	2011-12 Full Cost	2011-12 Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Intradepartmental	550	579	(29)	600	487	113
Intragovernmental	1,948	1,667	281	1,742	1,680	62
Statutory	722	858	(136)	778	808	(30)
Commercial	103	87	16	63	48	15
Total	3,323	3,191	132	3,183	3,023	160
Rental Income	11,746			11,289		
Total Income	15,069*			14,472*		

* Of the £15,069k income, for 2012-2013 (£14,472k, 2011-12), £25k (£30k) is derived from Administration and £15,044k (£14,442k) from Programme.

Operating Segments

The following information on operating segments and geographical analysis are required under IFRS8 the different operating segments have been chosen to reflect the different types of services that the Agency operates. These have different customers, pricing regimes and internal managers. They are accounted for separately and budgeting and decision making are based on this division.

Work performed internally for Legal Metrology is performed by more than one segment, and this is reflected in the internal reduction in costs.

The costs for the Legal Metrology which is performed internally is calculated in accordance with full cost recovery and represents the resources required to fulfill the Legal Metrology contract.

Operating segments 2012-13

	Gas and electricity metering £'000	Enforcement £'000	Certification and Calibration £'000	Other Legal Metrology £'000	National Measurement System £'000	Other £'000	Total £'000
Income from other Govt organisations	-	1,103	28	-	3	3	1,137
Income from parent Department	-	550	-	-	-	-	550
Income from public corporations	845	-	5	-	-	-	850
Income from private sector	-	8	601	-	11,743	95	12,447
Income from local authority	-	-	77	-	-	8	85
Total income	845	1,661	711	-	11,746	106	15,069
Other operating costs	834	1,473	1,583	732	68,388	85	73,095
Cross functional charging - Legal Metrology Programme	-	-	(875)	-	875	-	-
** Depreciation and amortisation	-	10	88	-	7,887	1	7,986
Impairments and revaluations	-	-	-	-	67	-	67
Total costs	834	1,483	796	732	77,217	86	81,148
Total comprehensive net expenditure	11	178	(85)	(732)	(65,471)	20	(66,079)

* The Estate team received £11,746k for rent and facilities management contributions for the Teddington buildings from the private sector. Of this £11,623k is received from NPL Management Ltd.

** The depreciation and amortisation shown are those which are direct costs to the segments, the remaining costs are apportioned within an overhead charge.

Operating segments 2011-12

	Gas and electricity metering £'000	Enforcement £'000	Certification and Calibration £'000	Other Legal Metrology £'000	National Measurement System £'000	Other £'000	Total £'000
Income from other Govt organisations	-	900	28	-	-	5	933
Income from parent Department	-	600	-	-	-	-	600
Income from public corporations/trading fund	842	-	1	-	-	9	852
Income from private sector	-	45	665	-	11,289*	19	12,018
Income from local authority	-	-	57	-	-	12	69
Total income	842	1,545	751	-	11,289	45	14,472
Other operating costs	827	1,264	1,555	938	79,108	114	83,806
Cross functional charging - Legal Metrology Programme	-	-	(909)	-	909	-	-
** Depreciation and amortisation	-	21	90	1	7,316	-	7,428
Impairments and revaluations	-	-	-	-	1,321	-	1,321
Total costs	827	1,285	736	939	88,654	114	92,555
Total comprehensive net expenditure	15	260	15	(939)	(77,365)	(69)	(78,083)

* The Estate team received £11,289K for rent and facilities management contributions for the Teddington buildings from the private sector. Of this £11,164K is received from NPL Management Ltd.

** The depreciation and amortisation shown are those which are direct costs to the segments; the remaining costs are apportioned within an overhead charge.

Geographical Analysis of Income

	2012-13 £'000	2011-12 £'000
UK	14,738	14,178
EU	184	141
Asia*	114	108
North America**	23	28
Australasia	9	16
Africa	1	1
Total	15,069	14,472

*The Asia figures include income gained from China (£36k, 2012-13 and £53k, 2011-12).

** The North America figures include income gained from the USA (£14k, 2012-13 and £25k, 2011-12).

5. Property, plant and equipment

	Land £'000	Leasehold improvements £'000	Buildings £'000	Heritage assets £'000	Plant and machinery £'000	Information technology and office £'000	Furniture and fittings £'000	Transport equipment £'000	Assets under construction £'000	Total £'000
Cost or valuation										
1 April 2012	9,302	232	123,691	857	124,501	609	178	43	4,242	263,655
Additions	-	-	816	69	7,068	362	-	-	945	9,260
Reclassifications	-	-	4,702	-	(1,243)	377	-	-	(3,836)	-
Revaluations	-	-	5,881	(2)	36	18	1	4	171	6,109
Impairments	-	-	(72)	-	(112)	-	-	-	-	(184)
Disposals	-	-	-	-	(31)	-	-	-	-	(31)
31 March 2013	9,302	232	135,018	924	130,219	1,366	179	47	1,522	278,809
Depreciation										
1 April 2012	-	(15)	(29,730)	(13)	(51,422)	(232)	(46)	(42)	-	(81,500)
Charged in year	-	-	(2,697)	(2)	(5,127)	(86)	(1)	(1)	-	(7,914)
Reclassifications	-	-	(4,703)	-	4,703	-	-	-	-	-
Revaluations	-	-	(1,455)	-	(7)	-	-	-	-	(1,462)
Impairments	-	-	-	-	(50)	-	-	-	-	(50)
Disposals	-	-	-	-	28	-	-	-	-	28
31 March 2013	-	(15)	(38,585)	(15)	(51,875)	(318)	(47)	(43)	-	(90,898)
Net Book Value										
1 April 2012	9,302	217	93,961	844	73,079	377	132	1	4,242	182,155
31 March 2013	9,302	217	96,433	909	78,344	1,048	132	4	1,522	187,911
Asset financing										
Owned	9,302	217	96,435	909	78,342	1,048	132	4	1,522	187,911
Net book value										
at 31 March 2013	9,302	217	96,435	909	78,342	1,048	132	4	1,522	187,911

	Land £'000	Leasehold improvements £'000	Buildings £'000	Heritage assets £'000	Plant and machinery £'000	Information Technology and office £'000	Furniture and fittings £'000	Transport equipment £'000	Assets under construction £'000	Total £'000
Cost or valuation										
1 April 2011	9,302	-	133,317	860	121,460	585	184	43	544	266,295
Additions	-	-	635	-	2,507	26	-	-	3,949	7,117
Reclassifications	-	232	85	-	(51)	(2)	-	-	(264)	-
Revaluations	-	-	(2,958)	(3)	3,427	-	-	-	13	479
Impairments	-	-	(116)	-	(2,830)	-	-	-	-	(2,946)
Disposals	-	-	(7,272)	-	(12)	-	(6)	-	-	(7,290)
31 March 2012	9,302	232	123,691	857	124,501	609	178	43	4,242	263,655
Depreciation										
1 April 2011	-	-	(40,517)	(13)	(47,311)	(188)	(51)	(41)	-	(88,121)
Charged in year	-	-	(2,569)	(0)	(4,824)	(45)	(1)	(1)	-	(7,440)
Reclassifications	-	(15)	2	-	13	-	-	-	-	-
Revaluations	-	-	6,059	-	(907)	-	-	-	-	5,152
Impairments	-	-	23	-	1,596	-	-	-	-	1,619
Disposals	-	-	7,272	-	11	1	6	-	-	7,290
31 March 2012	-	(15)	(29,730)	(13)	(51,422)	(232)	(46)	(42)	-	(81,500)
Net Book Value										
1 April 2011	9,302	-	92,800	847	74,149	397	133	2	544	178,174
Net Book Value										
31 March 2012	9,302	217	93,961	844	73,079	377	132	1	4,242	182,155
Asset financing										
Owned	9,302	217	93,961	844	73,079	377	132	1	4,242	182,155
Net book value										
at 31 March 2012	9,302	217	93,961	844	73,079	377	132	1	4,242	182,155

All land and buildings were valued as at 31 March 2009 by an independent Chartered Surveyor, Powis, Hughes and Associates. This valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards (6th Edition) as amended March 2009.

Heritage assets

The Agency has a number of non-operational heritage assets held for historical and cultural reasons only and are valued at fair value in accordance with the FReM. They are located at the National Physical Laboratory and National Measurement Office laboratories in Teddington. These consist of the National Physical Laboratory museum and archives, and some UK primary standard weights and measures.

6. Intangible assets

Intangible assets are software and software licences and associated implementation costs.

	Total £'000
<hr/>	
Cost or valuation	
At 1 April 2012	685
Additions	15
Reclassifications	-
Revaluations	15
Disposals	-
At 31 March 2013	<u>715</u>
Amortisation	
At 1 April 2012	(278)
Charged in year	(72)
Revaluations	-
Disposals	-
At 31 March 2013	<u>(350)</u>
Net book value at 31 March 2013	365
Net book value at 1 April 2012	407
	Total £'000
<hr/>	
Cost or valuation	
At 1 April 2011	391
Additions	306
Reclassifications	-
Revaluations	-
Disposals	(12)
At 31 March 2012	<u>685</u>
Amortisation	
At 1 April 2011	(239)
Charged in year	(51)
Revaluations	-
Disposals	12
At 31 March 2012	<u>(278)</u>
Net book value at 31 March 2012	407
Net book value at 1 April 2011	152

7. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. IFRS 7 Financial Instruments: Disclosure requires the disclosure of information which will allow users of these financial statements to evaluate the significance of financial instruments on the Agency's financial performance and position and the nature and extent of the Agency's exposure to risks arising from financial instruments.

NMO has entered into a tripartite loan agreement dated 15 March 2012 as guarantor with a commercial bank as lender and NPLML as the borrower. This loan agreement enables NPLML to purchase technical assets in order to carry out its normal operating activities. This has been classified as a financial guarantee and the balance of the loan was £18.1m as at the 31 March 2013 (31 March 2012 £7.5m). The loan agreement includes a number of individual loans covering a range of payment periods, with an average of 10 years. This loan agreement has not been provided for in these Accounts as the possibility of default by NPLML is remote.

As the cash requirements of the Agency are largely met by BIS, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements. The Agency is exposed to some forms of credit, liquidity and market risk via specific programmes and activities undertaken in pursuance of the Agency's objectives.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

With respect to the financial guarantee, the Agency is exposed to the risk that a recipient of the loan may default and the lending institution will call upon NMO to honour its guarantee.

Market risk

Market risk is the risk that fair values and future cash flows will fluctuate due to changes in market prices. Market risk generally comprises of:

Foreign currency risk

The Agency is exposed to a small amount of foreign currency risk as approximately 1% of expenditure is payable in Euros.

This expenditure relates to subscriptions for membership to international metrology organisations as part of its role in Government. The exposure to risk for foreign currency income was negligible.

Interest rate risk

The Agency does not invest or access funds from commercial sources and was therefore not subject to interest rate risk apart from the financial guarantee mentioned above.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In common with other Government departments, the future financing of its liabilities is to be met by future grants of Supply, voted annually by Parliament. There is no reason to believe that future approvals will not be forthcoming, therefore, on this basis the Agency is not exposed to liquidity risks.

8. Impairments

There were impairments of £234k in 2012-13. These were mainly replacement of items prior to their normal expiry date (£1.3m 2011-12).

9. Trade receivables and other current assets

a) Analysis by type

	2012-13 £'000	2011-12 £'000
Amounts falling due within one year:		
Trade receivables	211	167
VAT receivable	2,882	3,115
Other receivables	-	2
Prepayments and accrued income	1,420	1,431
Total receivables as at 31 March	<u>4,513</u>	<u>4,715</u>
Amounts falling due after more than one year:		
Deposits and advances	200	200
Total	<u>200</u>	<u>200</u>

b) Intra-Government balances

	2012-13 £'000	2011-12 £'000
Balances with department	200	200
Balances with other central government bodies	3,057	3,148
Balances with local authorities	126	124
Balances with bodies external to government	1,330	1,443
Total receivables as at 31 March	<u>4,713</u>	<u>4,915</u>

10. Cash and cash equivalents

	2012-13 £'000	2011-12 £'000
Balance at 1 April	1,561	9,051
Net change in cash and cash equivalent balances	2,235	(7,490)
Balance at 31 March	<u>3,796</u>	<u>1,561</u>
The following balances at 31 March were held at:		
Government Banking Services	3,796	1,560
Cash in hand	-	1
Balance at 31 March	<u>3,796</u>	<u>1,561</u>

11. Trade payables and other current liabilities

a) Analysis by type

	2012-13 £'000	2011-12 £'000
Amounts falling due within one year:		
Trade payables	755	1,714
Accruals and deferred income	3,123	1,210
Total payables as at 31 March	<u>3,878</u>	<u>2,924</u>

b) Intra-Government balances

	2012-13 £'000	2011-12 £'000
Balances with department	287	27
Balances with other central government bodies	248	-
Balances with public corporations/trading fund	109	225
Balances with local authorities	7	5
Balances with bodies external to government	3,227	2,667
Total debtors at 31 March	<u>3,878</u>	<u>2,924</u>

12. Provisions for liabilities and charges

	NPLML Pension Scheme £'000	Decontamination £'000	Disposal of Radiological Sources £'000	CRC £'000	Total £'000
Balance at 1 April 2012	43,887	186	300	-	44,373
Provided in the year	2,889	95	-	220	3,204
Increase due to change in discount rate	1,798	-	-	-	1,798
Provisions utilised in the year	(2,165)	-	(35)	-	(2,200)
Borrowing costs (unwinding of discount)	2,135	-	-	-	2,135
Balance at 31 March 2013	48,544	281	265	220	49,310
Undiscounted	60,290	281	265	220	61,056
Analysis of expected timing of discounted flows					
Not later than one year	2,259	281	30	220	2,790
Later than one year and not later than five years	18,669	-	85	-	18,754
Later than five years	27,616	-	150	-	27,766
Total	48,544	281	265	220	49,310
Balance at 1 April 2011	27,806	146	300	-	28,252
Provided in the year	16,630	40	30	-	16,700
Provisions utilised in the year	(2,077)	-	(30)	-	(2,107)
Borrowing costs (unwinding of discount)	1,528	-	-	-	1,528
Balance at 31 March 2012	43,887	186	300	-	44,373
Undiscounted	58,557	186	300	-	59,043
Analysis of expected timing of discounted flows					
Not later than one year	138	-	72	-	210
Later than one year and not later than five years	9,155	186	120	-	9,461
Later than five years	34,594	-	108	-	34,702
Total	43,887	186	300	-	44,373

NPLML Pension Scheme

The NPLML Pension Scheme was set up by the Department of Trade and Industry (DTI) for those civil servants who moved from employment by the DTI to employment by NPML when NPL moved to GOCO status in 1995. It is a defined benefit plan, and is the responsibility of NPLML, as the Principal Employer, to manage the pension fund in accordance with pension law for the duration of the contract. This involves paying into the fund and also obtaining actuarial valuations when required. It is not open to new members. The Government Actuary retains a supervisory role in the operation of the Scheme.

The pension scheme was recognised as being in deficit in 2004, but a recovery scheme using assumptions approved by the Government Actuary was in place that was expected to eliminate the deficit by 2014. Thus it was envisaged that NPML would be managing the Scheme from 2004 to 2014 and the money it received from NMO under the science contract through the tendered day rate would ensure that there was no deficit at the end of the contract.

When the contract ends in 2014, NMO has accepted responsibility for the pension scheme at the end of the 10 year contract. There was a formal triennial revaluation of the Scheme as at 5 April 2007 which showed that the deficit had increased to £18.5m. It was agreed at that point that there would be an extension of the recovery period beyond the length of the existing period. This is in line with normal practice for private sector pension schemes operated by going concerns, subject to supervision by the pension regulators. The formal valuation as at 5 April 2010 stood at £30.4m but subsequent informal valuations have shown the deficit to have increased due to the decrease in the gilts yield rate which is used to discount the liabilities. The informal valuation at 5 April 2012 estimated the deficit to be £43.3m and this valuation was used as a basis to calculate the provision in these accounts.

The deficit forming part of the current contract ending in 2014 is discounted using the 2.2% Treasury rate for provisions. However, post 2014 a 2.8% discount rate has been used, as this is the Treasury rate for pension provisions. In addition, the RPI rate of 2.75% has been used to discount the deficit forming part of the current contract, and post 2014 a CPI inflation rate of 2.00% has been used.

Decontamination

This provision covers the cost of decontamination on NMO's site in Teddington as part of demolishing a building to meet the expectations of stakeholders.

Disposal of radiological sources

NMO has the responsibility to dispose of all radioactive waste arising from scientific projects undertaken at the National Physical Laboratory in accordance with the current legislation. This provision covers the cost of meeting radioactive waste disposal regulations where radioactive waste is disposed of and replaced with a new source for continuing work.

Carbon Reduction Commitment Energy Efficiency Scheme

The (CRC) Energy Efficiency Scheme is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. The scheme features a range of reputational, behavioural and financial drivers, which aim to encourage NMO to develop energy management strategies that promote a better understanding of energy usage. This provision covers the expected charge for the 2012-2013 financial year.

13. Capital Commitments

	2012-13 £'000	2011-12 £'000
Contracted capital commitment at 31 March		
Information technology and office machinery	-	171

14. Commitments under leases

14.1 Payments under operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2012-13 £'000	2011-12 £'000
Obligations under operating leases for the following periods comprise:		
Land and Buildings		
Not later than one year	44	44
Later than one year and not later than five years	8	8
Later than five years	<u>74</u>	<u>78</u>
	126	130

This covers two operating leases for land and buildings at the Teddington estate. One is for land and buildings associated with Bushy House which is leased from the Crown Estate at £2k per year and which expires in 2056. The second is for land on which NMO has buildings which is held under a 6 month licence at £42k per year to Royal Parks.

Office equipment

Not later than one year	4	1
Later than one year and not later than five years	13	1
Later than five years	<u>-</u>	<u>-</u>
	17	2

Motor vehicles:

Not later than one year	3	11
Later than one year and not later than five years	-	3
Later than five years	<u>-</u>	<u>-</u>
	3	14

14.2 Receivables under operating leases

Land and Buildings

Not later than one year	7,665	7,429
Later than one year and not later than five years	499	7,987
Later than five years	<u>1,247</u>	<u>1,372</u>
	9,411	16,788
Less interest element	-	-
Total	<u>9,411</u>	<u>16,788</u>

The land and building includes an accommodation charge for NPL Management Ltd to occupy premises on the Teddington estate which expires in 2014. NPL Management Ltd also pay a service charge of £4m per year which is not included. The remainder is for BMT Fluid Mechanics Ltd to occupy premises on the Teddington estate which expires in 2028.

15. Other financial commitments

15.1 NMO has entered into non-cancellable contracts (which are not leases or PFI contracts). The payments to which NMO is committed to, are as follows:

Organisation	Note	Expiry within one year £'000	Expiry within two to five years £'000	Total 2012-13 £'000	Total 2011-12 £'000
NPL Management Ltd	a	43,400	-	43,400	46,084
LGC Ltd	b	1,411	-	1,411	1,395
TÜV SÜD NEL Ltd	c	1,355	-	1,355	1,398
Amey Community Ltd	d	2,275	-	2,275	2,268
SGS Ltd	e	206	-	206	206
Total		48,647	-	48,647	51,351

Notes:

- NMO has a non-cancellable contract which has a 12 month notice period, with NPL Management Ltd to operate the NPL and perform scientific metrology on the Teddington site.
- NMO has a non-cancellable contract which has a three month notice period, with LGC Ltd to perform scientific metrology.
- NMO has a non-cancellable contract which has a six month notice period, with TÜV SÜD NEL Ltd to perform scientific metrology.
- NMO has a non-cancellable contract which has a six month notice period, with Amey Community Ltd to manage the facilities on the Teddington estate.
- NMO has a non-cancellable contract which has a six month notice period, with SGS Ltd to test disputed gas and electricity meters.

15.2 NMO has the following subscriptions payable in the next financial year which it is required to subscribe to on an ongoing and continuous basis. These subscriptions are paid in Euros, hence there are fluctuations due to exchange rate differences.

Organisation	Note	Expiry within one year £'000	Expiry within two to five years £'000	Expiry over five years £'000	Total 2012-13 £'000	Total 2011-12 £'000
Bureau International des Poids et Mesures (BIPM)	a	-	-	777	777	792
The International Organisation for Legal Metrology (OIML)	b	-	-	47	47	48
EURAMET	c	-	-	11	11	10
WELMEC	d	-	-	5	5	5
International Hallmarking Convention	e	-	-	6	6	6
Total		-	-	846	846	861

- NMO subscribes to the Bureau International des Poids et Mesures (BIPM). Its mandate is to provide the basis for a single, coherent system of measurements throughout the world, traceable to the international System of Units (SI). The annual subscription has been payable since the Government signed up to the Metre Convention circa 1888.
- NMO subscribes to the International Organization of Legal Metrology (OIML), which promotes the global harmonisation of legal metrology procedures. It provides its members with metrological guidelines for the elaboration of national and regional requirements concerning the manufacture and use of measuring instruments for legal metrology application. The payments that NMO makes are a requirement of their international legal metrology role.
- The NMO makes an annual payment to EURAMET, on behalf of the National Physical Laboratory, which is a requirement of their international metrology role. EURAMET, formerly known as EUROMET, is a co-operative voluntary organisation between the National Metrology Institutes (NMIs) in the EU including the European Commission, European Free Trade Association and European Union Accession States. The objective of EURAMET is to promote the co-ordination of metrological activities with the purpose of achieving higher efficiency. EUROMET was formerly established by the signing of a Memorandum of Understanding (MOU) by participating States in Madrid, Spain on 23 September 1987 to become operative from 1 January 1988.

d. NMO subscribes to WELMEC which is the European co-operation in the field of Legal Metrology and aims to provide a harmonised and consistent approach to Legal Metrology. Its members are representatives of the national authorities responsible for Legal Metrology in the European Union and European Free Trade Association.

e. NMO subscribes to International Hallmarking Convention which is an international treaty between contracting states, which aims to facilitate the cross-border trade of precious metal articles.

16. Contingent liabilities disclosed under IAS 37

There is an unquantifiable contingent liability for disposal of radioactive sources on the site should the radiological work at NPL cease, where the normal practice of replacing sources through the Environment Agency, for which there is a provision, no longer occurs.

There is an unquantifiable contingent liability for the decontamination of land and buildings on the Teddington estate where costs may be higher than those provided for in the Accounts.

17. Related Party Transactions

During 2012-13, NMO was an Executive Agency of the Department for Business, Innovation and Skills (BIS), and BIS was regarded as a related party with which the Agency had various material transactions during the year. NMO also had material transactions with Defra for which it performed its enforcement work and also Ofgem to whom it invoiced for its gas and electricity activities under a Memorandum of Understanding.

During the 2012-13 year, none of the Steering Board members, Management Board members or associated bodies of these members, members of the key management staff or other related parties undertook any material transactions with NMO.

Richard Frewin and Richard Sanders were affiliate members of the Trading Standards Institute (TSI) and Noel Hunter, Chair of NMO's Steering Board (until 31 December 2012) was also the Vice President and a Director of the Trading Standards Institute. There were no material transactions with the TSI.

Dr Peter Cowley, a member of NMO's Steering Board and Audit Committee, was a member of the Measurement Board which advised NMO and BIS on the broad objectives and strategy for the Government's investment in the UK's metrology infrastructure, services and research and development programmes. This was an unpaid position. Dr Cowley was on the Management Board of the UK node of the International Neuroinformatics Collaboration Facility (INCF) which involved recommendations for medical and biological modelling and measurement, and was also a Director of Quarndon Cognition Ltd which had BIS and TSB contracts for assessing and monitoring of large grants especially in aerospace and energy. No financial transactions took place between NMO and INCF or Quarndon Cognition Ltd.

Peter Mason is President of the International Committee of Legal Metrology which is the Steering Committee for the International Organization of Legal Metrology (OIML). Robert Gunn is a Director of NPL Laboratories Ltd and National Physical Laboratories Ltd which are non-trading companies and are held as name saving companies.

The table below shows a summary of the material transactions with the above named organisations:

	2012-13	2012-13	2012-13	2012-13
	Financing	Receivables	Payables	Balance
	£'000	£'000	£'000	Receiveable/Payable
				£'000
BIS	63,405	587	3,679	(87)
Defra	-	1,103	-	(36)
Ofgem	-	845	-	(100)
OIML	-	-	53	-

18. Disclosures of IFRSs in issue but not yet effective

There are a number of IFRSs in issue but not yet effective. IFRS 13, "Fair value measurement" may impact the accounts and will increase the disclosure requirements.

Consideration will need to be given to IFRS 10, "Consolidated financial statements"; IFRS 11, "Joint arrangements" and IFRS 12, "Disclosure of interests in other entities", in NMO's current and future relationships with its contractors, in particular NPLM Ltd.

19. Events after the reporting period

The Financial Statements have been authorised for issue by the Accounting Officer on 27 June 2013.



Chapter 6

Contacts and Glossary

Contacts

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Glossary: Abbreviations

ASO	Agency Security Officer	IFRS	International Financial Reporting Standards
BCIS	Building Cost Information Service	ITSO	Information Technology Security Officer
BHC	British Hallmarking Council	LBRO	Local Better Regulation Office
BIS	The Department for Business, Innovation and Skills	LGC	Independent UK Chemical Analysis Laboratory
BMS	Building Management System	MID	Measuring Instruments Directive
BMT	Fluid Mechanics Ltd - independent specialists in the fields of wind engineering and computational modelling for the civil construction and oil & gas industries	MOG	Machinery of Government
BSI	British Standards Institute	MoU	Memorandum of Understanding
CETV	Cash Equivalent Transfer Value	NAWI	Non Automatic Weighing Instrument
CIML	International Committee of Legal Metrology	NEL	National Engineering Laboratory
CPI	Consumer Price Index	NMO	National Measurement Office
DCATS	Diploma in Consumer Affairs and Trading Standards	NMS	National Measurement System
DEFRA	Department for Environment, Food and Rural Affairs	NMI	National Measurement Institute
DHR	Data Handling Review	NPL	National Physical Laboratory
DRC	Depreciated Replacement Cost	NPLML	National Physical Laboratory Management Ltd
DSO	Departmental Security Officer	OIML	International Organisation of Legal Metrology
EFT	European Free Trade	OJEU	Official Journal of the European Union
EMeTAS	European Metrological Type Approval Service Database	PCSPS	Principal Civil Service Pension Scheme
EU	European Union	RoHS	Restriction of the use of Certain Hazardous Substances
EUP	Energy Using Products	RPI	Retail Prices Index
EUV	Existing Use Value	SIRO	Senior Information Risk Owner
ELF	Energy Labelling Framework	SPO	Security Policy Officer
FReM	Financial Reporting Manual	SRMO	Security Risk Management Overview
GOCO	Government Owned Contracted Operated	TSB	Technology Strategy Board
IAMM	Information Assurance Maturity Model	TSI	Trading Standards Institute
IAS	International Accounting Standards	TSO	Trading Standards Officer
		TUV NEL	National Engineering Laboratory
		UKAS	United Kingdom Accreditation Service
		UNIDO	United Nations Industrial Development Organization
		WELMEC	European Cooperation in Legal Metrology

Glossary: Technical Terms**Calibration**

The process of determining the error associated with a standard or measuring instrument.

Metrology

The science of measurement.

Self Verification

Verification conducted by a manufacturer, installer or repairer, who has been granted an approval by the Secretary of State to undertake such activities (subject to the requirements and conditions of the approval).

Testing

Process and procedure for determining whether or not the equipment under assessment complies with specific criteria.

Type Approval

Affirmation that a weighing or measuring instrument is suitable for use for trade or complies with requirements in a Directive or Act.

Verification

The testing, passing as fit for use for trade, and stamping (with the prescribed stamp) of equipment.



National Measurement Office



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