

# NMO STEERING BOARD MEETING

**DATE** : Friday 26 October 2012 **TIME** : 10.00am  
**ATTENDEES** : Noel Hunter (NH), Chair **VENUE**: Globe Room, Bushy House  
Alan Proctor (AP), Non Executive Director  
Peter Cowley (PC), Non Executive Director  
John Dodds (JD), Director of Innovation, BIS  
Peter Mason (PM), CE, NMO  
Richard Sanders (RS), Director, Regulation, NMO  
Sarah Glasspool (SMG), Director, Finance, NMO  
Robert Gunn (RG), Director, Programmes & Estate, NMO  
Jo Symons (JS), Director, Change & Development, NMO  
Richard Frewin (RF), Director, Enforcement, NMO  
Paul Dixon (PRD), Director, Certification Services, NMO  
James Reeve (JR), BIS Fast Streamer/NPL Project Team, NMO  
Veronica Truscott (VT), Secretariat, NMO

Please note actions appear in **BLUE/YELLOW**

## 1. Apologies for Absence/Substitutions

- **NH** welcomed attendees to the third Steering Board (SB) Meeting of 2012, noting that this meeting was his last as Chair. **NH** thanked attendees for their Awayday papers and asked them to consider how the topics might connect with the Growth agenda when presenting them later that day.

## 2. Minutes of Previous Meeting of 21.06.12

- The minutes of the last SB meeting were approved with no amendments.

## 3. Matters/actions arising from Minutes of last meeting

- There was an action on **SMG** to bring the issue of the possible transfer of NMO's finance system to Shared Services (SS) back to the SB when necessary, and she reported that there had subsequently been a useful discussion with BIS at which it had been decided that consideration of NMO's finance system transferring to SS should be postponed from Phase 2 to Phase 3 of the SS project.
- All other actions had been discharged.
- **NH** noted that the percentage in paragraph 17 of 'A Proposal for a Non-consolidated "Performance Award" Scheme for 2012/13' (Annex 1) had been changed to 20% (from 12½%) as agreed by the SB at the last meeting. It was noted that the objective to make the Hallmarking Legislative Reform Order by October 2012 had been missed due to reasons beyond NMO's control.
- **NH** congratulated **SMG** for the fewest action points on the NMO Annual Report and Accounts 2011/12 to date.

## 4. BIS Update and CE Report

- **JD** reported on the current issues in BIS.
- **NH** asked about engagement between the National Measurement System's sectoral strategy and BIS's Growth agendas. **JD** noted two points of interaction – they were getting a very good hearing on the AML (Advanced Metrology Laboratory) and there was also the possibility that NMS would attract some BIS underspend if additional uses were being sought.
  - **PC** asked what had changed in the Technology Strategy environment of which NMO could take advantage, given that a new list had been issued and engineering had been highly valued in 2001 or 2004. **JD** said the Government would be working in a more joined up way in certain sectors to optimise their chances to maximise their market share in the economy, and that would provide NMO with the opportunity to raise the profile of the significance of measurement in these areas.
  - **PEM** said NMO was better connected now in obtaining proper appreciation of the measurement dimension. Once the future of the National Physical Laboratory (NPL) had been clarified, that would help a joined up contribution.
  - **PC** said that last time round, industry had been very closely involved and, of the Information Age and Industry/Technology partnerships, the former had worked because there had been ample funding from the then Secretary of State.
- **NH** thanked **JD** for a very full and helpful briefing, and asked that the SB Awayday presentations that afternoon could address Growth in the light of **JD**'s speech.
- **PEM** reported on NMO progress since the last SB meeting (in addition to the monthly CE Reports provided to the SB):

- The Heseltine Review and importance of standards - PEM had attended a meeting the previous day with Scott Steedman of BSI, at which it had become clear there was a very important connection with their activities, and he felt we were well positioned to make the maximum advantage of that link.
- The NPL Project – This was dominating all of JS's time, a significant part of RG's and much of PEM's time.
- Other NMS activity - There was the business as usual process of administering Programmes where relations with NPL remained remarkably good under the circumstances.
- The near-miss incident (mentioned in PEM's last CE Report of August-September 2012, and of which RG passed round photographs) had identified some design faults in the NPL building, the resolution of which posed financial challenges for NMO and operational challenges for NPL.
- Regulation – There were ongoing delays with the Hallmarking LRO and staff pressures owing to two unfilled vacancies, plus RS was on loan at BIS from which NMO would reap the benefit in the long term.
  - BIS's One-in, Two-out rule – This might not have much impact on NMO because the Agency's measures were deregulatory i.e. 'out', not 'in', although any regulation even when deregulatory was treated with much distrust. NMO had not so far been identified in any of the sectoral reviews of regulators.
  - International – There had been a very good meeting with OIML (the International Organisation of Legal Metrology), and NMO continued to be recognised for its contributions to e.g. OIML's Technical Committees. There had also been a very good meeting at BIPM (the International Bureau of Weights and Measures) the previous week – Martin Milton had been there as the new Director Designate and the UK had a high profile with Robert Gunn acting as rapporteur.
  - Certification Services and the laboratories – Overall, income projections were a little behind but that was often a feature of the first half of the year; also, there were signs that low economic demand was affecting this area. However, recent training initiatives had been extremely successful and as a result NMO's international profile was improving.
- Enforcement - Timber Regulations – The business model required NMO to win contracts and then recruit, which therefore carried a certain amount of risk, but the last round of recruitment was very successful. Clearly, NMO was still in a good position to recruit to vacancies, and had received good BIS support on this.
- Corporate Services – Recruitment was currently taking place for a new Head of Human Resources and various initiatives were waiting to be dealt with on that appointment.
  - NMO's input to the Civil Service Reform Plan had been discussed at the MB Policy Meeting on 25/10/12. Proposed changes to the Terms and Conditions (a matter for BIS because NMO was tied to BIS) were not expected to impact NMO in the short term.
  - Some centralised procurement requirements were not working satisfactorily because they were costing, not saving money. This was tied to an issue about the current form of delegations, NMO was not in a position to ignore delegations and so was looking to amend them and would probably bring them back to the SB in the future.
- Staff Pressures - Staff vacancies were rotating within NMO; there would be more information on this when dealing with the Balanced Scorecard later during this meeting.

## 5. Financial Report - 6 Months to 30.9.2012

- **SMG** presented the financial report for the six months to 30.9.2012, which was discussed with the following points noted:
  - NMO accounting for Pension Liability under BIS plans - There was provision in NMO's accounts with a large increase last year; there were two parts: one under the current NPL contract paid from the non-ring-fenced budget as part of Science, and the other was any increase in provision outside the ring-fenced budget.
  - NMO was responsible for the liability of the pension scheme so the amount to be paid needed to be within NMO's Science budget.
  - The Enforcement Directorate's recruitment underspend was not a potential risk for the following reasons:
    - Defra had agreed funding from April 2012 but at the end of the year only the amount spent would be claimed i.e. less.
    - It was becoming more difficult to recruit, in terms of both the number and quality of applicants, but confidence was still high that posts could be filled.
    - Income was also boosted by using temporary staff (one each for Defra and BIS work), which offset the shortfall from the Defra funding.
- **NH** thanked **SMG** for her presentation which gave a sense of confidence in the way financial pressures were being handled.

## 6. Performance – Corporate Plan 2012/13: Agency Balanced Scorecard

- SMG presented this item, and explained the purpose and scope of the Agency Balanced Scorecard for the benefit of the external SB members. The scorecard was discussed and the following points were noted:
  - **PEM** said that in the past year or so there had been many more amber/green issues than formerly, but the status of all those issues was expected to improve in the near future e.g. by engaging temporary staff (which he was now more able to do than in the past).
  - Regarding the NPL Project, it was necessary to recognise that a decision was awaited and, once announced, the related risk would be entered on the BIS risk register; **JD** added that the scorecard should reflect with a degree of redness that there is not yet a policy because of the associated action for 2013. What could cause difficulties was the optimised delivery of the NPL and NMO projects, but it was not yet the right point at which to enter this on the scorecard.

#### **7. Audit Committee Report (from AC Meeting of 25.9.12)**

- **AP** presented the Audit Committee (AC) Report of the AC Meeting of 25.9.12, as follows:
  - A key point from the meeting was the confident performance of SMG who had attracted even more accolades than before.
  - There was concern that BIS's intention to bring forward the timetable for finalising the 12/13 accounts might pressurise organisations, and it remained to be seen whether the decrease in information requested by BIS would compensate for this; NMO should not hesitate to comment upwards if this compromised NMO performance.
  - In addition, concern was expressed about succession planning and the business continuity plan because NMO Certification Services would be losing 1/3 of its current complement by the end of the Corporate Plan period (as stated in its future direction paper to be discussed that afternoon). Succession planning was not yet on the risk register because, although it had been identified as a key risk four or five years ago when three out of the four Directors were due to retire within the same year, the issue had since then fallen to the team level where succession planning was easier. Certification Services had already implemented succession plans i.e. they were closely monitoring the intentions of those due to retire, NMO was currently recruiting a new technical manager for the laboratories, and recent experience of recruiting into Certification Services was very good. The recruitment freeze made it much more difficult to recruit to senior posts from outside and experience of recruiting from the Civil Service was not as good to date. Secondment out (though good in itself) was considered to pose a greater risk because it meant losing a certain level of knowledge.
  - **PC** said that forward planning for the NMS Science contract should be logged in the risk register. This would occur when the latter was due for consideration by the SB next year.

#### **8. AOB**

- None.

#### **Date of next Steering Board Meeting/Away-day**

- This had already been tentatively arranged for Wednesday 16.1.13 (to consider the Corporate Plan), subject to the availability of the new SB Chair.