



# National Measurement & Regulation Office

## **Corporate Plan 2015 – 2016**

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## **Role of the National Measurement and Regulation Office**

This is the first corporate plan of the National Measurement and Regulation Office (NMRO), formerly the National Measurement Office. Our aim is to simplify technical regulation for the benefit of British business, reducing unnecessary costs and giving greater confidence to invest and grow.

Regulation can be necessary to make markets function more effectively, to protect the public and consumers, and to meet broader public health and environmental objectives. However, where regulation is poorly designed or not delivered in a proportionate, consistent, transparent and accountable way, it can impose costs on business, damage competitiveness, and reduce innovation.

NMRO is focused on using the right intervention to solve problems. Where regulation is necessary, we ensure that it is designed and enforced in a way that supports business compliance and growth.

We will achieve our aim by:

- simplifying the legislative framework for weights and measures and hallmarking to support well-functioning competitive markets, and using our strong international influence to shape new and existing EU legislation to ensure that burdens on UK business are minimised or eliminated and UK weights and measures protected,
- providing the assurance businesses need to understand and apply legislative requirements and giving them confidence that their investments in research and development are protected against unfair competition,
- enforcing technical regulations intelligently using the Regulators' Code to achieve better outcomes for British businesses,
- providing a legal metrology infrastructure to underpin trade measurement and confidence in the market, and a range of certification services that enable businesses to export their products globally.

NMRO is organised into four directorates working together to achieve these aims; Regulation, Enforcement, Certification Services, and Corporate Services.

## Regulation

**Outcomes:** *A weights and measures and hallmarking regime that supports well functioning, competitive markets and which is fair, proportionate and clear. EU metrology legislation which reduces barriers to trade and keeps burdens on UK businesses to a minimum.*

Legislation on weights & measures, utilities metering and hallmarking are important elements of the UK's fair trading and consumer protection framework, giving consumers and businesses confidence in the market for goods sold on the basis of quantity (e.g. gas, petrol, electricity) where they cannot check measurements for themselves. Each year in the UK consumers buy over £300 billion worth of goods by quantity, with goods worth almost another £300 billion weighed or measured at the industrial/business-to-business level.

NMRO has already delivered a package of measures to scrap or improve legislation as part of the Government's Red Tape Challenge commitment and has reduced both the number and burden of regulation. NMRO will continue to improve UK legislation in line with better regulation principles, reducing red tape and making it simpler to trade. We will also provide leadership to the enforcement authorities to ensure that regulation does not hinder growth and will continue to consult with and advise business stakeholders. For gas and electricity we will maintain consumer protection and business confidence by ensuring that gas and electricity meters used for billing purposes continue to conform to the legal requirements. In all areas we will remain focused on ensuring consumers and businesses can rely on accurate measurements so that they have confidence in the market, supporting economic growth.

We will continue to use our strong international influence to shape new and existing EU legislation to ensure that burdens on UK business are minimised or eliminated. We have a major influence on the implementation and future design of EU legislation via our membership of the Commission's Measuring Instruments Working Group. We are also a leading voice within the EU AdCo "WELMEC" providing UK input to all relevant committees and working groups. We will continue to promote harmonisation and a reduction of barriers to trade in order to lessen burdens on British business.

NMRO will represent the UK's interests on the International Hallmarking Convention, with the aim of creating a global market for hallmarked products. We will also continue to participate in relevant OIML Committees and Working Groups at the global level, acting as the focal point for industry and other interested parties to shape the future of international standards and conformity assessment procedures.

## Enforcement

**Outcome:** *Assurance for businesses and confidence for consumers provided through proportionate and risk based enforcement of technical regulations.*

The enforcement team is responsible for enforcing a range of technical, environmental and product-based European Regulations and Directives. Working across a diverse range of sectors, from electronic goods and vehicle manufacture to ecodesign and the utilisation of genetic resources, we aim to support business compliance and reduce the environmental impact of products, contributing to the low carbon economy.

We prioritise our activity on the basis of risk, making use of product testing and the in-depth analysis of company due diligence systems to ensure appropriate precautions are taken to avoid placing non-compliant products on the market.

We work with industry to provide support and advice, ensuring that our collaborative effort leads to improved compliance across all sectors. Working closely with individual businesses, their intermediaries and trade associations, we support compliant business in gaining access to wider markets, improve the ability of firms to compete more effectively and promote the development of new and innovative technologies.

Consumers and the users of products remain at the heart of our work. As a result of our interventions and work in driving compliance, consumers can identify products that meet their needs, save money in the long term, cause less damage to the environment and deliver greater social responsibility – all of which promotes market demand for innovative, efficient and sustainable product development.

We collaborate with a wide range of UK regulators, as well as EU and global counterparts, adopting a proactive approach to global activities that delivers value for money and supports the aims of the legislation.

Through close and productive relationships with other government departments across Whitehall, we use our expertise to inform policy development, and promote a positive regulatory environment in which the intentions of regulations can be effectively realised.

## **Certification Services**

**Outcome:** *Confidence in measurement through a legal metrology infrastructure that supports UK businesses to trade effectively, and certification services enabling products to be placed on the market and exported globally.*

NMRO is a designated measurement institute providing a range of statutory and commercial certification services that meet the needs of businesses and local authorities. NMRO's laboratory-based certification services help ensure that UK businesses have access to services that enable them to introduce innovative new products that comply with relevant regulatory requirements or standards. This provides competitive advantage for UK businesses in international markets.

Our services provide effective, efficient and robust assurance to manufacturers that their products meet the relevant certification requirements which are a pre-requisite for instruments used in legally controlled applications, including those used for trade based on quantity. It remains a priority for us to grow the number of regulatory organisations we work with internationally to enable UK manufacturers to have access to world-wide markets and to help ensure products coming onto the UK market place satisfy the requirements.

Delivery of the Legal Metrology Programme underpins the UK legal metrology infrastructure in support of the Secretary of State's statutory obligations under the Weights & Measures and Coinage Acts. We provide the necessary policy support to ensure that technical regulation, including the implementation of EU Directives, meets the needs of UK businesses, especially for small and start-up businesses for whom the regulatory regime may present an obstacle to market entry. The Programme also supports the development of National Competency within the UK weights and measures enforcement community.

We will continue to expand our range of training courses to manufacturers, trading standards services, and international customers. In addition, we will showcase our expertise by undertaking EU and intergovernmental-funded programmes for capability development and

related international initiatives. We will also explore new ways to deliver training using digital media with a view to providing ever more affordable and accessible means of transferring knowledge to legal metrology communities in the UK and abroad.

## **Corporate Services**

Our role is to provide the infrastructure, professional services and governance for the Agency to ensure it operates efficiently and effectively.

We support the Chief Executive and Management Board to ensure that NMRO achieves its outcomes and complies with Civil Service and Accounting Officer responsibilities whilst achieving maximum value for money. In practice this means to:

- effectively manage the finances and financial systems, preparing NMRO for the next spending review and the changing shape of the Agency,
- provide the trusted key contact points for Corporate Services activities,
- providing solutions to maintain and develop NMRO's IT infrastructure,
- recruit, retain and develop the best possible staff,
- drive forward the Civil Service Reform Plan and implement other Government and BIS wide initiatives.

Our overall aim is to provide NMRO with the resources, skills and confidence to directly manage a broad range of business activities. Over recent years we have consistently increased our efficiency and reduced costs and aim to achieve further efficiency savings going forward.

## **Our staff**

NMRO employs staff with a range of diverse skills e.g. policy, enforcement, finance, science & engineering etc. Our team has expanded mainly due to the increase in enforcement work, including heat metering, Nagoya Protocol (User Compliance), and from work transferred from the VCA .

We work hard to attain high levels of employee engagement and our engagement index is 65%, 6% higher than the 2014 Civil Service (CS) average and +1% higher than high performing units. Our engagement score shares 16<sup>th</sup> highest place out of the 101 civil service organisations taking part in the survey. We recognise the importance of continued focus on staff development and engagement, and in the year ahead, we will focus on management and leadership skills.

In September 2014, NMRO achieved Investors in People re-accreditation. The award was a positive endorsement to how NMRO recruits, develops and retains high performing staff and our commitment to good business practice. Based on the IIP principles of 'plan - do - review' NMRO will continue to strive to be seen as an employer of choice, attracting a skilled and diverse workforce.

## Performance Targets 2015/16

As an Executive Agency, NMRO is required to agree key performance targets to cover both finance and delivery. The targets for 2015/16 are:

1. Identify an appropriate methodology to measure the benefit to UK business from simplifying technical regulation including guidance and enforcement and achieve an upwards trend in benefit over the next three years.
2. Generate a positive 3:1 net contribution to consumers and the environment as well as the low carbon economy through enforcement team activities.
3. Deliver enforcement services to meet the expectations of Government clients.
4. Implement the New Legal Framework for EU measuring instruments legislation by the target date of April 2016.
5. Support stakeholders by ensuring at least 95% of gas and electricity metering enquiries are answered within three business days of receipt of all necessary documentation.
6. Achieve a satisfaction rating among Certification Service customers of at least 95% for customers scoring satisfied or above, with at least 60% scoring 'very satisfied'.
7. Achieve a 5% increase in income from the 2014/15 financial year.
8. Reduce the per capita overhead rate from 2014/15.
9. Ensure the smooth transition of finances and records of NMS activities from NMRO to BIS by end December 2015.

### Target measurement techniques

Target 2: This will be measured by comparing our cost base against the value of products made compliant, withdrawn from the market or affected by a formal business improvement plan, but excludes ABS.

Target 3: achieving an overall satisfaction rating of 75% in end of year surveys.

Target 8: The per capita rate is total overheads excluding technical laboratory costs divided by the non-overhead staff.

## Financial Commentary

There will be a significant change to the finances of NMRO in 2015/16 compared to 2014/15. This is because the responsibility for the management of the National Measurement System (NMS), which includes the science programmes and the Teddington estate, will be transferring back to our parent Department of BIS from 1 April 2015. This reflects the outcome of the recent review.

NMRO operates under a net running cost control regime and for 2015/16 over 60% (£5m) of its income will be through MoUs with other Government departments for enforcement work. This has increased over recent years as new EU legislation has been introduced and NMRO has been identified as the organisation of choice within Government to enforce that legislation.

NMRO has a MoU with Ofgem for the responsibility of the measurement accuracy of gas and electricity meters and the assurance that the UK's metering policies and practices are aligned with the EU Measuring Instruments Directive. The value of this MoU is £1m a year.

NMRO is designated as one of the UK's National Measurement Institutes and the Legal Metrology Programme will provide an income stream in 2015/16 of approx £1m and will be provided under an MoU with BIS.

NMRO also provides certification services to manufacturers of weighing and measuring equipment, testing/calibration services to UK businesses as well as legal metrology training. These income streams amount to just over £1m a year in total.

NMRO will obtain increased income from other Government Departments, principally for new enforcement work under MoUs with BIS and Defra. This is expected to result in an increase in the headcount from 79 at end March 2015 to a planned figure of 96 at 31 March 2016.



## **STATEMENT OF COMPREHENSIVE NET EXPENDITURE**

<b><u>£'000s</u></b>	<b><u>Forecast</u></b>	<b><u>Plan</u></b>
	<b><u>2014/15</u></b>	<b><u>2015/16</u></b>
<b>Income</b>		
Estate	12,407	-
Enforcement	2,885	5,019
Utilities	1,034	1,058
Legal Metrology Programme	-	1,046
Certification Body	495	513
Testing and Calibration	461	476
Training	90	100
Other	104	13
	<b>17,476</b>	<b>8,225</b>
<b>Expenditure</b>		
Science research	55,378	-
Staff costs	3,953	4,482
Laboratory testing and technical costs	1,592	1,626
Accommodation and office costs	5,293	1,403
Depreciation and impairments	9,660	215
Travel & Subsistence and car hire	160	259
Contractors	367	220
Professional fees and services	380	244
ICT Costs	144	173
Staff training, welfare and development	80	129
Business awareness/exhibitions	75	73
Other costs	92	195
International Subscriptions	628	12
	<b>77,801</b>	<b>9,031</b>
<b>NET OPERATING COST</b>	<b>(60,326)</b>	<b>(806)</b>
<b>Full Time Equivalent Staff</b>	<b>79</b>	<b>96</b>

<b><u>Funding from BIS</u></b>	<b><u>Forecast</u></b>	<b><u>Plan</u></b>
<b><u>£'000s</u></b>	<b><u>2014/15</u></b>	<b><u>2015/16</u></b>
Payments against provision	(2,353)	-
<b>Total DEL Funding</b>	<b>(62,679)</b>	<b>(806)</b>
<b>Of which:</b>		
Near cash Programme	51,080	(179)
Non cash Programme	9,500	200
<b>Total Programme</b>	<b>60,580</b>	<b>21</b>
Near cash Administration	1,939	770
Non cash Administration	160	15
<b>Total Admin</b>	<b>2,099</b>	<b>785</b>
<b>Total</b>	<b>62,679</b>	<b>806</b>

<b><u>STATEMENT OF FINANCIAL POSITION</u></b>	<b><u>Forecast</u></b>	<b><u>Plan</u></b>
<b><u>£'000s</u></b>	<b><u>2014/15</u></b>	<b><u>2015/16</u></b>
Non-Current Assets	200,000	2,000
Current Assets	5,000	2,000
Current Liabilities	(7,000)	(1,000)
Non-Current Liabilities	(40,000)	(50)
<b>Total</b>	<b>158,000</b>	<b>2,950</b>

<b><u>CAPITAL INVESTMENT</u></b>	<b><u>Forecast</u></b>	<b><u>Plan</u></b>
<b><u>£'000s</u></b>	<b><u>2014/15</u></b>	<b><u>2015/16</u></b>
Teddington Estate buildings	7,790	-
AQML	837	-
Database and software	10	130
Technical Equipment	20	50
ICT Hardware	20	20
<b>Total</b>	<b>8,677</b>	<b>200</b>

Note: the Plan for 2015/16 is significantly different to the forecast for 2014/15 due to the NMS activities transferring to BIS.