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NMO STEERING BOARD (SB) MEETING

DATE : Friday 20th September 2013 **TIME** : 10.30am

ATTENDEES : Isobel Pollock, Chair (IP) **ROOM** : F12
Alan Proctor, Non Executive Director (AP)
Peter Cowley, Non Executive Director (PC)
Mark Holmes, Deputy Director, Innovation, Infrastructure & Impact, BIS (MH)
Peter Mason, Chief Executive (CE), NMO (PEM)
Richard Sanders, Director, Regulation, NMO (RS)
Robert Gunn, Director of Programmes & Estate, NMO (RG)
Richard Frewin, Director, Enforcement, NMO (RF)
Jo Symons, Director, Technical Services, NMO (JS)
Paul Dixon, Director, Certification Services, NMO (PRD)
Dave Barrett, Head of Human Resources (DB)
Tania Raynor, Secretariat, NMO (TR)

Please note actions appear in **Blue**

1. Apologies for Absence/Substitutions/Welcomes

IP welcomed Board members and explained that the extra slides enclosed in the packs were for the Steering Board Away Day later that afternoon

PEM explained that the previous SB Secretariat, had resigned and that TR had resumed Secretariat duties. SMG was on leave. He also noted that MH was representing the BIS Director of Innovation, John Dodds had moved on to carry out strategic review in light of the Dalton Philips review. Amanda Brooks, previously of BIS Industrial Strategy had been appointed as the new Director

2. Minutes of Previous Meeting of 07.06.13

The minutes of the previous minutes were approved as a true and accurate record

3. Matters/actions arising from Minutes of last meeting

All actions had been discharged and the following comments were made:

- **ACTION: PEM to consider NMO's activities in the light of BIS's industrial strategy**

The above action emerged from a discussion on the BIS Industrial Strategy. PEM confirmed that the narrative in the Annual Report had been redrafted to reflect the above. PEM had attended the conference on the Industrial Strategy the previous week, and commented that the Strategy represented a very coherent account, focussed on eleven sectors (including aerospace, automotive, life sciences, biotechnology, IT) and the eight technologies; there was an important measurement element in most if not all these areas

- **ACTION: SMG/DB to include presentation of the new HR Policies on the agenda of the next SB Meeting**

This would be covered under Agenda Item 8

4. CE Report

The SB agreed the new report format (bullets rather than narrative) was an improvement

PEM reported on NMO progress during the holiday period and the following points were noted:

- NMO had provided advice on BOC's new hydrogen fuel dispenser. This work was relatively low profile, but really important to the sector and demonstrated how the Agency contributed to innovation in the low-carbon economy
- The Utilities team were at last at full complement and continued to work towards the implementation of the in-service testing (IST) scheme for gas and electricity meters
- The Utilities team had also been really successful in managing the recall of a large number of faulty electricity meters produced by one of the world's leading metering manufacturers. A return and exchange programme was underway and, to date, thanks to careful handling the issue had remained below the radar with relatively minimal publicity
- Good relationships had been formed in Egypt during negotiations on the twinning project. However, due to the political situation the start date of the project would be delayed. AP emphasised the importance of carrying out very rigorous and detailed risk assessments. PEM said that NMO's training manager consulted directly with FCO and that rigid measures were adhered to. AP was concerned not to let enthusiasm override caution

PROTECT

- NMO had met with RS/RAE Group the previous day to discuss new NMS operating mechanisms. The meeting highlighted that there was support for working group type structures for meetings and this should be noted for any future arrangements
- BIS Document Records Management software was discussed. MH reported that BIS was moving towards "Al Fresco" software, and would be happy to introduce NMO IT personnel to the relevant individuals at BIS to discuss further
- PC commented that he had been pleased to read about the progress of various working groups within this report
- PC asked for elaboration regarding the resolution of the an issue over the Earth Observation work at NPL and input into EMRP, following disagreement at the Working Group meeting
- The Government wide audit of all G4S and Serco contracts was likely to require a significant amount of effort and NMO resource to provide all the necessary information. AP asked how the Agency intended to manage such a large amount of work with reduced staff. RG responded that some other work could be delayed and that an short term "intern-type" appointment was being made to assist. Plans were afoot to accommodate an increased workload with fewer staff. PEM said the Agency always tried to include items in its work programmes that could if necessary be prioritised
- PC asked if there was a record of working group meetings to ensure that it was noted at high level if working group meetings were missed
Circulate accordingly (RG, Jan)
- Defra were putting up a submission on funding for market surveillance of EUTR in light of the latest Spending Round which recommended no change in funding. There was also likely to be an opportunity for some additional timber-related work on FLEGT which could be done during Enforcement Team visits. AP asked if there was a danger that NMO would inherit extra work from DEFRA without the funds. RF said that efficiency savings would have to be made but NMO could contribute to this where we could should we could carry out new tasks significantly cheaper than the alternatives,
- PD had visited two major weighing instrument manufacturers that had expressed an interest in transferring business to NMO. AP asked why these companies would wish to transfer business. PRD explained that both companies were looking to review their processes. NMO had good working relationships with both stemming from our calibration services and that these companies were familiar with our capabilities. PTB and NMI were the Agency's main competitors. PRD confirmed to AP that trading would be done in Euros and AP emphasised the need to be mindful of foreign exchange risks.
- NPL Future Project – Substantial input continued to be required not only from the Project team headed by JS but also from PEM, SMG and RG. July had seen the launch of the selection process for prospective NPL partners. During the Summer NMO had responded to questions from interested parties and established and extranet. At least three or four strong bids were expected. An assessment approach was agreed at the Project Board on the 17th September and consideration was being given as to whom should sit on the selection groups. A robust and transparent selection process was of paramount importance, and it was recognised that rigorous criteria would be sought from bidders. AP suggested NMO should be armed with feedback for unsuccessful bidders.

A Ministerial submission was being prepared. It was hoped that the interim arrangement to extend the current Serco contract by 6 months (to October 2014) for the duration of the NPL future project would be approved. Resourcing and legal advice were the most problematic areas for the project. The team would be losing the fast-streamer the following Friday, and would seek the possibility of a direct entrant to assist. PEM said he was now at the limit of moving NMO staff around in order to try and assist. Obtaining swift responses from shared legal services had also been problematic. MH said he had attended the Project Board and had written himself an action to understand related problems and assist with resourcing issues where possible. JS was in discussion with the Shareholder Executive to see if they could assist.

NMO were confident that some excellent partners would be attracted to bid, although it was recognised that it was unlikely that any of these would be interested in equity partnerships. A deficit would not be an attractive feature. Thus, NMO may need to consider a different partner model.

IP thanked PEM for the project update and for highlighting the important themes of resourcing and legal consultancy

5. Update from BIS

- MH reported that the BIS Industrial Strategy remained at the centre of BIS' engagement with business.
- BIS had much work to do in improving the way HE, Research and Innovation were seen to be interacting - the focus would be mainly on; spending review cycles and funding allocations; but an immediate priority was putting more robust processes in place by the Autumn Statement
- Other BIS priorities were: examining the processes of project management (particularly in light of the Laidlaw Review); the work on the EU balance of competencies (where an overarching review had already taken place with several other reviews planned). Finally, a new small business strategy was being prepared and

PROTECT

questions of innovation and local growth, developed in line with a review of local universities and local economic growth, would be important here.

- IP commented that much was going on, but that it all seemed joined up and logical. JS asked about the Dalton Philips Review. The SB agreed to discuss this at the SB Away Day later that afternoon.

6. Finance Report to End August 2013

TWI joined the meeting for this item

There was no significant under or over-spend expected this financial year, apart from Capital spend where an underspend was forecasted. Savings had been made across the Agency with reduced costs associated with the delays in recruiting staff – particularly in the Enforcement team.

AP was concerned about phasing and TWI explained that he held regular, monthly forecasting meetings with Managers to ensure accurate end-year forecast. PEM commented that NMO was about to contribute to the BIS Mid Year Review and forecasting processes would be examined in detail.

IP was concerned about capital expenditure on the AML, and asked about the consequences of the under-spend. PEM responded that BIS had been informed of the effects of the delayed spend, and that the re-allocation of these funds would be discussed. PEM confirmed that there was a project team dealing with the AML, but there had been some delays due to the Ministerial announcement and contracts with consultants

The Steering Board were particularly concerned with the budget for the AML and indicated they would like to discuss this further at the next Steering Board in 2014. PEM said that these would be a feature of the Corporate Plan and would be discussed at the next Project Board that he, as SRO, would be chairing.

Put AML Project as item on next SB Agenda (TR, Jan)

7. Agency Balanced Scorecard

The scorecard had three Amber/Green (A/G) indicators:

- A/G 1 – It was unlikely that new NPL partner arrangement would be fully in place by 31st March 2014. However, an interim solution had now been agreed.
- A/G 2 - New HR Online software to be introduced in October 2013, but there were concerns about the connection to the BIS IT systems from March 2014. Implications of this switch were being examined to try and limit potential problems
- A/G 3 – This indicator related to staff resources. IP wondered if this indicator should be amber due to the staffing challenges across the Agency. However, apart from the NPL Project, none of the other targets were likely to be effected. RF mentioned that some of the lack of staffing was due to a planned lag in resource, which could be well managed due to contract timings. However, AP remained concerned with the well-being and work/life balance of an over-stretched workforce

8. Annual Audit Committee Report September 2013

AP highlighted the key features of the NMO Audit Committee (AC) Meeting as follows:

- Year End and NAO sign-off had been discussed
- Key risks had been reviewed. The top risks were the AML and NPL Future Project, with particular concern about available resource
- The NAO gave a top quality report and praised NMO for its high standard of financial processes. However, NAO did require some further work and the AC wondered if there was enough resource available to carry this out
- The Internal Audit on Certification Services was withdrawn as this had been addressed by analysis performed by the temporary finance staff at the year end, and the results discussed with the Manager concerned
- The whistle-blowing investigation was discussed. AP had asked how it was being communicated and was concerned that management show it had being handled correctly with openness and transparency
- It was recognised that there had been work done on Succession Planning, but timescales had not been identified. A timetable should be produced accordingly
- It was noted that SMG was spending much of her time on the NPL Future Project and external requests for information. This meant that she was very over-stretched. This was considered a business risk. PEM stated that some managerial work had been reallocated to the Corporate Services team's Head of Communications who was a Grade 7.

9. Preparations for NMO Corporate Plan 2014

At the SB Away Day later that afternoon, longer term, very significant strategic choices would be discussed. However, given where we were on Spending Review cycles, the Corporate Planning exercise would take a light touch approach, with a similar timetable to last year. That said, the AML would need to be handled with great scrutiny. MH commented that it was important to anticipate the capital amount for year 2016-17

10. Update on HR Policies & Employee Engagement

PROTECT

The following points and comments were made:

- NMO had refined old and introduced new policies to closely align with those of the parent Department and other Whitehall Departments, and in support of the wider Civil Service Reform plans to create a common language between Departments. There had been a clear message from the Centre regarding reform and the desire for centralisation
- NMO had fed back its skills audit to the Centre
- A new Performance Development System (PDS) had been drafted for adoption in September 2013. Managers had commented that the PDS placed more focus on identifying and dealing with ineffective behaviour. The following week, DB intended to introduce the new PDS to all staff, highlighting the positives it could bring about
- A new Managing Poor Performance (MPP) policy would also be introduced. The focus in all these areas would be on raising awareness and all documentation would be easily accessible to all staff
- PEM said there were some reservations about how the new Competency Framework should be used within NMO. NMO had a distinctive skills mix compared to other areas in Government and there didn't appear to be enough weight given to the quality of technical skills. However, NMO would seek to develop more core needs accordingly
- AP thanked DB for an excellent report, but agreed with PEM that the implementation must best suit NMO, and that key messages should not get lost
- RF commented that he was already advanced in trying to find synergy/familiarity of language for the Enforcement team
- MH noted that the Agency had done some "tweaking" to reflect its business needs, for example on the guided distribution of Category 3 of the PDS box markings where NMO had elected to go for a standard 10%-15% rather than the higher percentages adopted in BIS
- All new policies would be communicated in advance of midyear performance reviews

11. AOB

- PEM said that he intended to announce via an all staff email later that afternoon that RS will formally take on the position of Deputy CE with immediate effect. This would be very helpful as PEM had had to dedicate so much time to the NPL Future Project. *Send all staff email as detailed above (PEM, September)*

12. Date of next Steering Board Meeting

Finalise arrangements via Outlook, giving consideration to convening on the same day as the next AC meeting in mid January (TR, December/January)