



National
Measurement
Office

Corporate Plan 2014 - 2016



Department for Business, Innovation & Skills

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Foreword from the Chief Executive

This Year's Corporate Plan has both a strong flavour of "Business as Usual" and several indications of the preparations we must make for what is an exciting but uncertain future.

The Business as Usual elements stem from the fact that the pattern established by the last Spending Review is set to continue for the next two years and we have a strategy in place which is designed to make the most of the resources we have available to support the national measurement system. The strategy of building on our strengths in Technical Regulation and Enforcement so that we can ensure informed and confident consumers in a wide variety of markets also remains. The success of this strategy is demonstrated by the continued growth in our "business focused" enforcement services for Government and growth in our commercial services supporting UK businesses.

The future shape of the Agency is, however, likely to be different following the establishment of the new partnership approach to operating the National Physical Laboratory later this year. We are fortunate in being able to draw on the analysis carried out by BIS in looking at its delivery landscape in beginning to map out the future shape of the Agency and this will also be an important part of the year to come. In carrying out this work we can be confident that the robust financial and operating systems which have made this Plan possible and the excellent capability of our staff will support whatever model is developed.

Peter Mason
Chief Executive, NMO

Richard Sanders
Acting Chief Executive (from 1 May 2014)

Mission

NMO has adopted the following as its Mission Statement:

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.”

Objectives

The Agency has adopted the following objectives:

1. Increase economic growth, innovation and social impact through a world class scientific and industrial measurement infrastructure.
2. Promote competition and fair trading both in the UK and internationally through a modern weights & measures and hallmarking 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 has also set itself the internal objective of providing professional, value for money, Corporate Services.

Strategy to 31 March 2016

Over the next 2 years the Agency will be primarily focused on two main areas. The first is to complete the process of putting into place new arrangements for the ownership and operation of NPL and ensuring that the necessary adjustments to the rest of the scientific and industrial measurement infrastructure are made. At the same time it will be essential that the business as usual elements of activities in this area such as programme and estate management are properly carried out, in particular the Advanced Metrology Laboratory (AML) project.

The second main area of focus is to continue to establish the Agency's capability across a wider range of technical regulation and enforcement activities. For several years we have been building on our traditional strengths in legal metrology to offer to colleagues elsewhere in Government solutions to both their policy and their enforcement needs. Our concentration continues to be those areas of product regulation aimed at improving the information available to consumers and the confidence they have when buying those products, an area of activity whose importance has been recognised in the recent BIS analysis on delivery landscape. Central to successful outcomes in this field are the availability of the necessary technical expertise and a strong international profile. We will also continue to look for opportunities to increase the scope of our certification and other commercial services which provide valuable underpinning to both.

Increase economic growth, innovation and social impact through a world class scientific and industrial measurement infrastructure.

Future Development of NPL

Central to the vision for NPL is a long-term strategic partnership between Government and an academic partner or partners in the operation of the NPL. This will enhance the scientific leadership of NPL, and will expand the amount of science carried out at NPL by bringing university partners onto the Teddington site to work with and alongside NPL. In turn this should 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:

- Bringing greater expertise and intellectual flexibility to strengthen NPL's science;
- Making better use of the existing facilities by strengthening NPL's links with its academic partners, through new and existing collaborations with academia and industry;

- Encouraging greater interaction with business, driven by closer integration of existing innovation infrastructure and commercial activity;
- Making better use of the site at Teddington by granting partners access to spare capacity; and
- Growing NPL and the Teddington site as a postgraduate and research centre.

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 or so. The development of new arrangements for NPL is central to maximising the contribution which the Teddington estate and its laboratory facilities can make to enabling innovation and business growth.

Policy and Programme Management of the National Measurement System

Our purpose remains the same as it has been since the adoption on the new Strategy for the NMS in July 2011 – to continue the development of a national measurement infrastructure which is a world leader in measurement science. 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. A core element of this will continue to be NMS Programmes that are organised and delivered in an exemplary manner. In 2013-14, priorities of the NMS Programmes have been based on:

- Continued implementation of the existing NMS Strategy, which sets out the main tasks in maintaining and developing the national measurement infrastructure to stimulate business growth and support innovation; and
- Drawing up proposals for how the NMS programmes could be delivered under the new NPL ownership and structure.

Activities over the current Plan period will remain focused on developing the measurement infrastructure to meet user demand in a cost effective way. A priority will be implementing the new governance processes, once the model for the future operation of NPL is finalised. In addition we need to begin preparations for a refresh of the NMS Strategy to coincide with decisions in the Next Spending Review.

Promote competition and fair trading both in the UK and internationally through a modern weights & measures and hallmarking regime.

Regulation Policy

The legislation on weights & measures, utilities metering and hallmarking are important elements of the UK's trading and consumer protection framework. For most purchases made by reference to measurement (which include gas, electricity and petrol) it is virtually impossible for consumers to check the quantity they are paying for, so appropriate controls are essential for confidence in the pricing mechanism that facilitates trading at both local and international levels.

There are a wide range of sectors where the trade of goods and services is controlled by weights & measures. Each year in the UK well over £300 billion worth of goods are sold on the basis of the measurement of their quantity, with goods worth almost another £300 billion weighed or measured at the industrial/business-to-business level.

NMO is committed to building a regulatory framework that supports business growth whilst providing better information and confidence for consumers. NMO has identified a package of measures to scrap or improve legislation as part of the Government's Red Tape Challenge commitment to reduce both the number and burden of regulation by 2015. NMO recognises the role regulation can play in enabling growth and have been early adopters of the Growth Duty, the Focus on Enforcement and the Accountability for Regulatory Impact Projects (for which it was a member of the Pioneer Panel). The Agency is committed to delivering for business a regime which is easily understood and which does not impose unnecessary costs, while supporting local authority trading standards officers to deliver risk-based enforcement that is consistent, proportionate, and does not give rise to undue compliance costs. At the same time, consumers (including businesses as consumers) can be confident that there are sufficient controls in place to protect them when they are making purchases and that they have access to sufficient information for them to make informed choices and comparisons.

We will continue to improve UK legislation in accordance with the Government's agenda of reducing burdens on business whilst ensuring an appropriate level of consumer and business protection. This will contribute to growth by 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 we will continue to consult with, and provide timely and proportionate advice to, business stakeholders. For gas and electricity we will maintain consumer protection 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 the ultimate objective of the various pieces of regulation we are responsible for, namely ensuring that consumers are informed and confident when they make buying decisions.

International Co-operation

In all areas of NMO's activities, there is an important international dimension. In legal metrology our approach will continue to be one of promoting harmonisation requirements and reduction of barriers to trade in order to reduce burdens on industry. In Europe, we are a leading voice within WELMEC, having UK representation in all committees, working groups, and the chairperson's group. We also provide a major influence on the implementation and future design of EU legislation via membership of the Commission's Measuring Instruments Working Group.

We will continue to participate as Members or Observers in relevant OIML Committees and Working Groups, providing the Secretariat if appropriate, and acting as the focal point for industry and other interested parties. This Plan envisages continuing to provide the resources for us to act as a UK interface with OIML, keeping interested parties informed about new International Standards to ensure the UK's interests are protected. The UK will hold the Presidency in the OIML throughout the period of this Plan and this is a valuable means of promoting a consistent approach to matters of standards, measurement, accreditation and conformity assessment at the international level.

For hallmarking, NMO represents the UK's interests on the International Hallmarking Convention, which is helping to create a global market for hallmarked products.

On scientific metrology, there has been encouraging progress in response to calls for a more strategic approach and tighter financial discipline with BIPM. It will be particularly important that the introduction of the new arrangements in NPL does not lead to any diminution in the UK's profile within the international metrology community and the Plan envisages a continued effort by NMO in this area.

Provide good value for money metrology services.

Statutory and commercial services

Within the area of legal metrology, NMO is a designated measurement institute in its own right, providing a range of statutory and commercial certification services that meet the needs of businesses and Local Authorities. NMO's laboratory-based certification services, provided by a highly skilled team, have an excellent international reputation for customer service and expertise, ensuring that UK businesses have access to services that enable them to introduce innovative new products and help them to grow and develop new opportunities through the export of their products to international markets. Our services

provide effective, efficient and comprehensive 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 work within Europe and more widely to enable manufacturers to have access to world-wide markets. Successful extension of our certification services into new markets has confirmed the demand that exists from our customers for our style of doing business. We will continue with our strategy of expanding our market share for existing services within existing markets and expanding our range of services into new markets.

Training Services

NMO Training will continue to build on its growing portfolio and recent successes by providing a range of training courses to manufacturers, local authority Weights & Measures Inspectors and international delegates, as well as undertaking European funded programmes for capability development and related international initiatives. It will continue to build and maintain partnerships with external organisations to carry on expansion of the portfolio of bespoke and off-the-shelf training and educational services. It will seek to look at new ways to deliver training, using modern technology and expertise and so provide ever more affordable and accessible means of transferring knowledge for legal metrology communities in the UK and abroad.

Protect the interests of the public, business and the environment by enforcing relevant legislation.

NMO Enforcement Authority

As with the Agency's traditional legal metrology functions, consumers and the users of products are at the very heart of the work of the NMO Enforcement Authority. They need information and the confidence to make effective purchasing decisions which deliver on their goals and objectives, whether it be:

- Information about the energy consumption of a domestic appliance; or
- Assurance that the timber product they are buying are not contributing to illegal deforestation; or
- Data about the wet stopping distance of the tyres they intend to fit; or
- Confidence to buy electrical products without having to worry about environmentally hazardous substances being used in their construction.

The NMO Enforcement Authority ensures that the statutory information that must be made available with products, in marketing material, online and in instruction booklets is clear, sufficiently detailed and accurate. Consumers can be confident in using this information along with their other requirements to choose products that meet their needs, save money in the long term, do less damage to the environment or deliver greater social responsibility.

Through our proactive partnerships with UK businesses, the NMO Enforcement Authority enforces a wide range of statutory requirements which place minimum quality requirements on products. Consumers in both the domestic and business environment can have confidence that the products they buy, meet these challenging standards. All refrigerators and freezers on the market today are many times more efficient than they would have been 10-15 years ago. The minimum standard now being expressed as A+ with product differentiation at A++ and A+++ levels. Those same consumers can be assured that new electrical products brought into their homes and places of work have significantly less lead, mercury, hexavalent chromium and other hazardous substances in them than the products they replace and the batteries used to power many of our modern technologies will have only the smallest amounts of cadmium or mercury within their cells.

By working with businesses, providing support and advice, the NMO Enforcement Authority strives for higher levels of compliance across all its legal enforcement responsibilities. Working closely with individual businesses, their intermediaries and trade associations, it enables access to wider markets, ability to compete more effectively and to develop new technologies. These benefits impact directly on wider economic growth and sustainable development. When the Authority discovers products giving incorrect information or not meeting minimum standards, it acts quickly to limit the damage to consumer confidence and the competitiveness of the market.

Market surveillance is governed by complex legislative rules encompassed in the EC's New Legislative Framework and its successor, the New EC Regulation on Market Surveillance. There are requirements to work together at an international and global level in all aspects of the work, including sharing of data, experiences and actions. NMO currently participates in all the appropriate EU forums and has a proactive approach to global activities when they deliver value for money and support the aims of the legislation. This will remain a distinctive feature of our approach to discharging the obligations of an Enforcement Authority.

During 2014-16 the Authority will concentrate on the delivery of high quality enforcement services in new areas, acting as the UK competent authority;

- for FLEGT (Forest Law Enforcement, Governance and Trade);
- for the European Timber Regulations; and
- appointed by the Department for Transport for the labelling of Tyres.

The Authority will also continue to deliver effective enforcement services in areas in which it has operated in for some time, including acting as the market surveillance authority for:

- the restriction of hazardous substances in electrical equipment;
- the labelling and content of batteries and accumulators; and
- as the market surveillance authority for ecodesign of energy related products and the energy labelling provisions.

Given the success of the NMO approach to the enforcement of this type of legislation, however, we expect that there will be opportunities for further expansion in the period covered by this plan.

Provide professional, value for money, Corporate Services

The common internal needs of NMO are provided by the Corporate Services Directorate whose focus is explicitly to support the rest of the Agency with professional, value-for-money services. The Directorate consists of a small core of professional staff dealing with Finance, HR, Communications, ICT and Records Management, using the wider support of BIS where appropriate. The Agency's internal objective in this area will be monitored by benchmarking our current systems and procedures against best practice and evaluating any new systems. This will be done for the finance team in 2014/15 by using the CIPFA Financial Management model.

Staff are being provided with a suite of upgraded laptops towards the end of 2013/14, which will facilitate more mobile working and a more standardised IT system which will be easier to maintain and service. NMO's website will be transitioning to the new single domain of Gov.uk by the end of April 2014. During transition and after its completion, communications personnel, together with a range of assigned content editors across the Agency, will be ensuring that an effective presence be maintained in terms of content and tools on the new site.

During 2014/15 the new Government classification system will be introduced to staff across NMO which will ensure that NMO complies with the new security requirements.

Links to BIS will be maintained through engagement with the relevant functional leads and participation in networks of excellence, which is important as we move to an arena of increased use of shared services. NMO will continue to make use of the shared procurement function where appropriate and move the Agency onto those Government frameworks for commonly purchased goods which are appropriate to our needs. At the same time, we will work with BIS and procurement colleagues to improve the service and value for money we receive. NMO also uses the BIS shared service centre for its HR transactional services while NMO staff provide strategic support.

The Directorate continues to provide an effective service for a larger number of staff by working efficiently and flexibly in the management and organisational restructure of the team that was implemented in 2013/14. It is expected that it will also be necessary to provide additional finance and communications support to the Future Operation of NPL Project for much of 2014/15.

Staff Engagement and Learning & Development

NMO has a positive track record in maintaining consistently high levels of employee engagement. In 2013 we once again achieved one of the highest engagement scores in Whitehall. In addition, NMO is benefitting from a commitment to promoting a learning culture within the organisation. Reflecting Investors in People (IIP) principles, staff are actively encouraged to contribute to business design and the delivery of clearly defined and clearly communicated corporate objectives. Ongoing initiatives, such as a transparent and inclusive Management Board, have ensured staff at all grades have a voice and can and do contribute to key discussions and business design. In 2013 NMO built on existing good practice and introduced a new Performance Development System (PDS). The new PDS further demonstrates our commitment to promoting individual, team and corporate learning to ensure staff have the right skills for the challenges ahead. A key aim of NMO's learning and development strategy is to ensure our staff have the specialist skills and expertise required to deliver objectives, in addition to those skills prioritised in the Civil Service Reform Plan, such as digital and project management skills. Our approach lends itself to a flexible, multi-skilled workforce with a strong emphasis on leadership.

How NMO contributes to BIS themes

NMO is an Executive Agency of BIS, sitting within the Knowledge and Innovation Group, and is thus one of the partner organisations in the BIS Family. The BIS vision is:

Achieve strong, sustainable growth, shared across the country and between industries

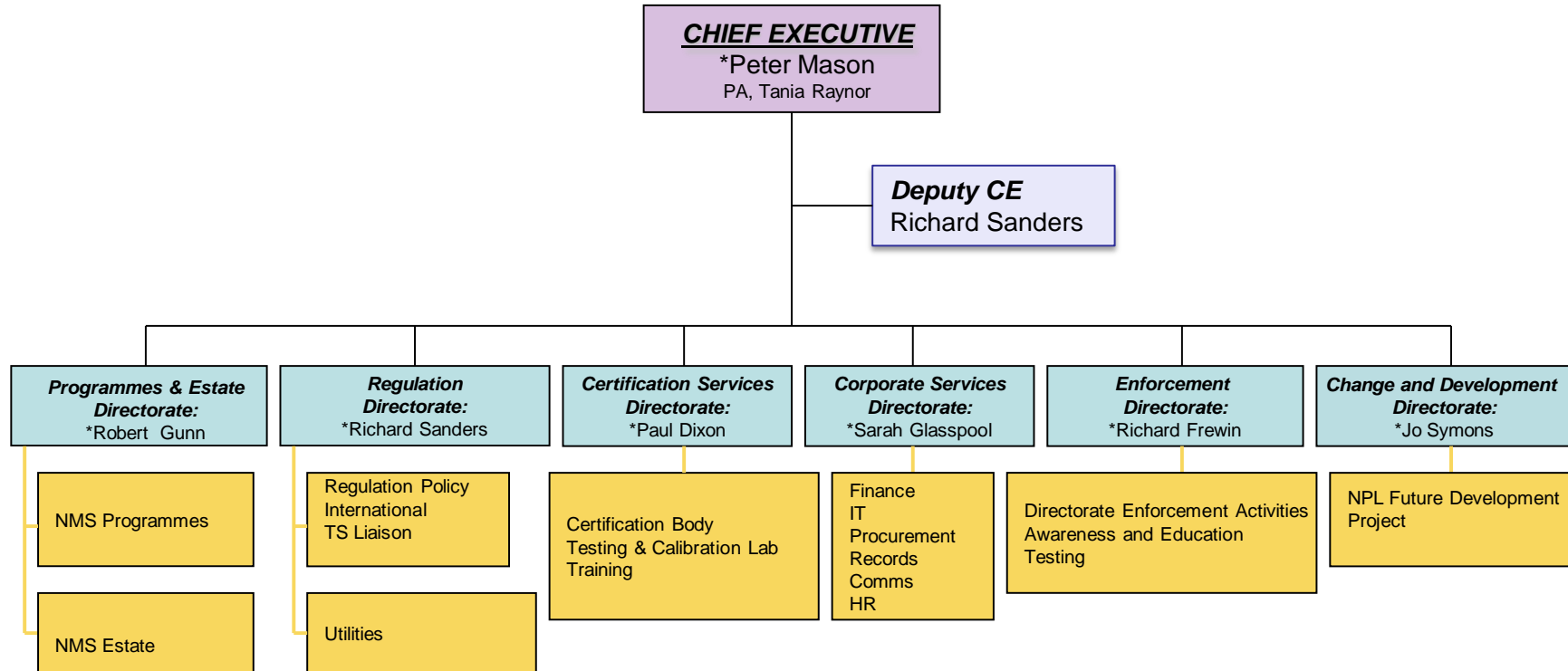
NMO contributes to this overarching vision through delivery of the National Measurement System (NMS) and also its various technical regulation and enforcement activities. A good measurement infrastructure, including an effective regulatory regime, is essential to the operation of all businesses, and improvements can increase private sector growth across the country and assist year-on-year growth in a number of UK manufacturing sectors. In addition, international agreements recognised by the World Trade Organisation allow UK manufacturers of measuring instruments to export globally. Across this range of activities it can be seen that NMO contributes to all 5 of the BIS themes, as well as most of the cross-cutting Delivery Goals and those associated with the work BIS is doing to ensure it is effective in all that it does and meets the challenge of the Civil Service Reform agenda.

BIS Theme	Delivery Goals and relevant success measures	How NMO contributes
<p>Cross-cutting</p>	<p>Industrial Strategy</p> <p>Digital</p> <p>Regulation</p>	<p>NMO will:</p> <ul style="list-style-type: none"> • Ensure its National Measurement System (NMS) activities are available to support the sectors and technologies being prioritised in the Industrial Strategy. • Transition to the centralised Government website and build on that presence in line with the Digital by Default agenda. • Simplify and reduce legislation in order to enable businesses to grow while maintaining consumer protection. • Scrap 7 sets of regulations, improve 5 sets of regulations, and consolidate 10 regulations into two under the Red Tape Challenge.
<p>Knowledge and Innovation - Promote excellent universities and research and increased business innovation</p>	<p>Science and innovation strategy</p>	<p>NMO will:</p> <ul style="list-style-type: none"> • Maintain the NMS and ensure its scientific research programmes support business. • Develop a partnership and enable NPL to transition to new arrangements that increases the quality of research undertaken. • Progress building of an Advanced Metrology Laboratory on the Teddington site. • Contribute to the Science and Innovation Strategy in respect of Measurement Science.

<p>Enterprise - Make it easier to start, grow and invest in the long term</p>	<p>Global indices of competitiveness</p> <p>Implementation of small business agenda</p>	<p>NMO will:</p> <ul style="list-style-type: none"> • Ensure that there is clarity about minimum standards required and market interventions to protect the R&D investments of industry through NMO’s Enforcement awareness and education programmes. • Facilitate easy access to experts at the forefront of measurement technology that supports business innovation through the NMS. • Provide and improve the UK’s measurement infrastructure that is essential for business growth. • Ensure that UK businesses have access to services that enable them to grow and develop new opportunities through exporting their products to international markets using NMO’s laboratory-based certification services.
<p>Skills - Promote more opportunities for individuals in realising their potential</p>	<p>Rigour and responsiveness</p>	<p>NMO will:</p> <ul style="list-style-type: none"> • Help provide more highly skilled engineers and scientists to work in the UK’s high tech businesses through the NMS Programmes. • Encourage measurement training to high-value manufacturers that are critically dependent upon capable measurement. • Provide a range of training courses and services to support National Competency.
<p>Trade - Support UK trade overseas and inward investment</p>	<p>EU internal market and better regulation policies</p> <p>Transatlantic Trade & Investment Partnership</p>	<p>NMO will:</p> <ul style="list-style-type: none"> • Work closely with industry and their representatives to ensure UK views are promoted through active representation in OIML, BIML, WELMEC and IHC enabling UK manufacturers to export products to EU and global markets. • Support Ministers in their responsibility for the legislation that governs the accuracy and fairness of measurement transactions and for approving weighing and measurement instruments. • Participate in a wide range of EU and international forums to ensure consistent interpretation of legislation and application of rules by other governments agencies through NMO’s Enforcement Authority. • Support efforts to include wider adoption of OIML Recommendations and Certificates Systems as part of the Regulatory Coherence initiative within the TTIP discussions.

<p>Markets - Create markets that serve businesses' and consumers' long-term interests</p>	<p>Competition and consumer landscape</p>	<p>NMO will:</p> <ul style="list-style-type: none"> • Strengthen the traceability of measurement that underpins legislation, regulation and measurement standards across a range of sectors, while reducing the burdens on business. • Support an internationally agreed system of measurement standards that play an active role in ensuring that UK users have access to those standards and expertise at an acceptable cost.
<p>Effective BIS – Delivering Civil Service Reform</p>	<p>BIS analysis on delivery landscape</p> <p>Corporate Services Reform</p> <p>Management Matters</p> <p>Modern workplace</p>	<p>NMO will:</p> <ul style="list-style-type: none"> • Engage with BIS analysis on delivery landscape. • Maintain and develop relationships with BIS shared services and other shared knowledge arrangements across the BIS family. • Increase the management skills across the Agency. • Ensure the ICT systems enable modern working arrangements.

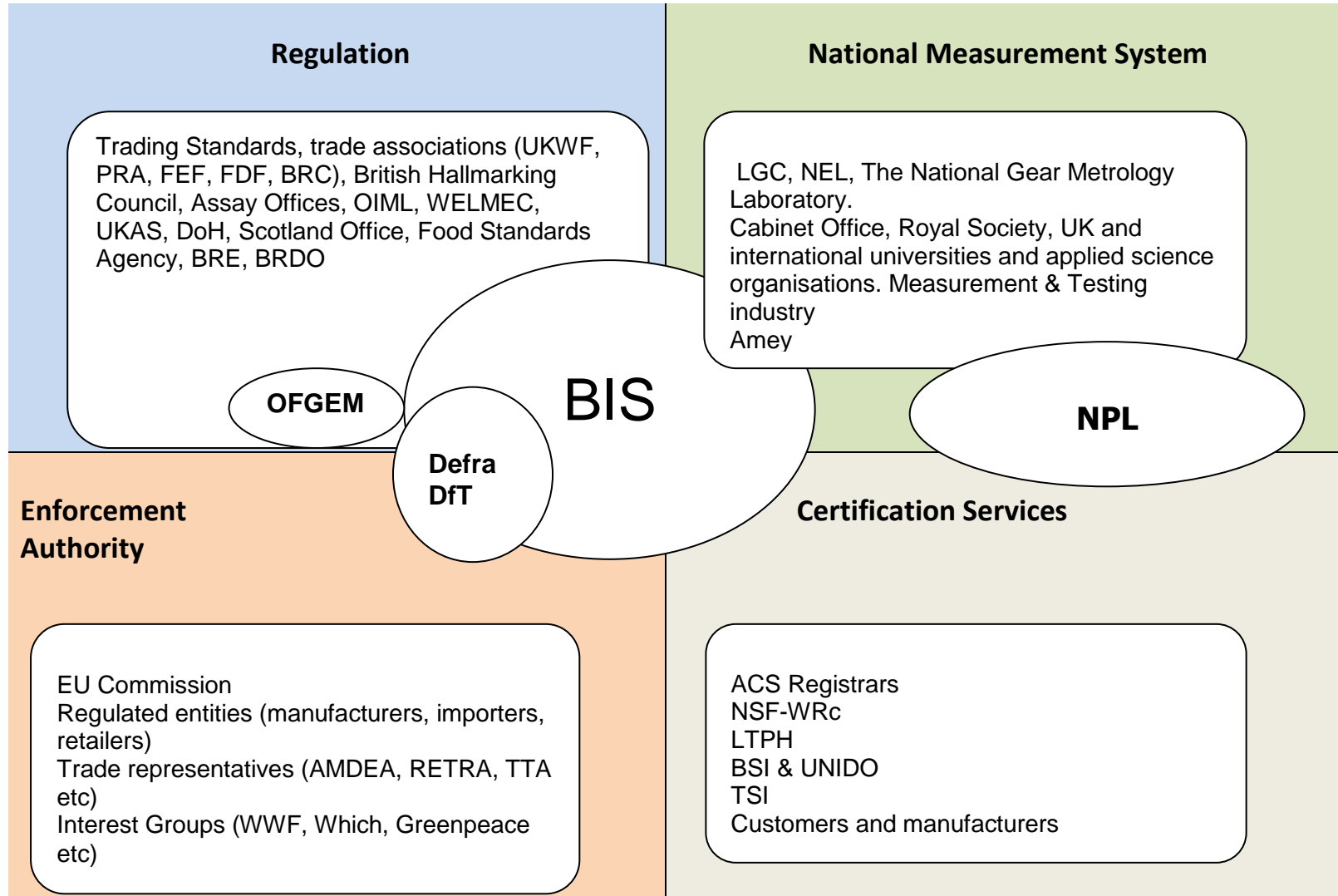
ORGANISATION CHART



Note:

➤ * Members of the Management Board

NMO work partnerships



Ministerial Targets

1. Implement arrangements for NPL post March 2014 and agree the partners who will work with Government on NPL and the model under which the partnership will realise the stated policy objective of strengthening both fundamental research and engagement with business.
2. Improve performance of the NMS programmes over the Corporate Plan period 2011/12 to 2014/15 as measured by the value scorecard developed to reflect high quality science, leadership and international influence, contribution to growth in the UK economy, capability to meet current and future measurement needs and active knowledge transfer.
3. Reduce NPL energy consumption in 2014 calendar year by 5% from 2013 calendar year to increase the efficiency of science spend.
4. Support stakeholders by ensuring at least 95% of metering enquiries are answered within three business days of receipt of all necessary documentation.
5. 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'.
6. Achieve an increase in income of at least 5% for Certification Services from the 2013/14 financial year.
7. Generate at least 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.
8. Reduce non ring-fenced Admin costs by at least 14% in cash terms over the Corporate Plan period 2011/12 to 2014/15.
9. Reduce the per capita overhead rate from 2013/14.

Target measurement techniques:

Target 2: The use of a scorecard technique across all programmes has been developed to provide a basis for measuring this improvement.

Target 7: 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.

Target 8: This reduction uses as a baseline the original forecast for 2010/11, the level of reduction is the same as that planned for BIS.

Target 9: The per capita rate is total overheads excluding technical lab costs divided by the non-overhead staff.

Financial Commentary

The Statement of Comprehensive Net Expenditure collates all the income and expenditure over the plan period in accordance with resource accounting. NMO operates within the Administration Budget (“Admin”) regime. This requires that the NMO budgets are separated into Programme and Admin components. Admin budgets include all the costs of providing policy, funding and regulation (PFR) functions and all the back-office costs associated with these functions. All other expenditure is classed as Programme. Resource accounting and Budgets are accounted for on different bases, so reconciliation has been provided to explain this further.

A gradual decrease in Admin budgets over the period has been planned, in 2013/14 and 2014/15 costs have been included for the NPL Future Project. A Programme ‘flat cash’ budget has been assumed. Income shows a gradual increase across all areas, reflecting our strategy of growth where we can provide value for money services to the wider Government and private sector. 2014/15 shows an increase in Enforcement income as a result of new work for Defra related to timber imports. Certification and Calibration income is expected to increase as we grow our scope of activities in response to customer demand. The increase in estate income is due to planned price rises for occupation of the buildings on the Teddington Estate. All our services supplied are provided on a full cost recovery basis.

Staff are planned to increase from 81 FTE in 2013/14 to 89 FTE in 2014/15 largely due to the increase in Enforcement work. There is expected to be a decrease in 2015/16 as the NPL project comes to an end. The staff costs increase however in 2015/16 as there is expected to be a significant increase in the employer’s pension contribution.

Major cost increases relate to the increase in accommodation costs for occupying the Teddington site and also increasing the provision for the NPL DB Pension Scheme which NMO includes in its accounts. This pension scheme was for civil servants who moved from employment by the DTI to employment of NPLML in 1995.

The majority of NMO’s assets are the Teddington estate land and buildings, including the building which NMO occupies. These are specialised buildings from which both NPL Management Ltd and NMO operate the scientific programmes for the National Measurement System. NMO also leases land from Royal Parks and Bushy House from the Crown Estate. The last valuation was performed in March 2014. It is NMO’s responsibility to maintain the estate and facilities so that science can be effectively carried out.

The capital investment is largely to maintain the infrastructure of the laboratories in order to support the science performed on site and is supported by the building maintenance plan. NMO is entering a period where renewal of life expired assets will utilise a significant amount of the capital spend. Recent investment has been made to increase the energy efficiency of the site which has

already been very effective. The challenge over the plan period will be to maintain the level of facilities required with the capital budget, and to make best use of these facilities across Government. There is included an additional capital amount for the new Advanced Metrology Laboratory (AML) on the Teddington site.

Statement of Comprehensive Net Expenditure	2013/14 Forecast £'000	2014/15 Plan £'000	2015/16 Plan £'000
Income			
Estate occupation	12,160	12,407	12,653
Enforcement	2,720	3,280	3,392
Utilities	987	949	971
Certification Body	465	570	610
Calibration & Testing	417	435	460
Training	100	120	150
Other	13	13	13
Total Income	16,862	17,774	18,249

Costs			
Science Programmes	55,346	53,821	54,003
Depreciation	7,986	8,660	9,160
Reduction in asset values	1,000	1,000	1,000
Accommodation	4,962	5,294	5,216
Staff costs	3,708	4,284	4,367
Inc/(dec) in provision	(9,480)	713	1,234
Information Technology	140	143	142
International subscriptions	900	900	900
Laboratory testing & test purchases	1,091	1,544	1,526
Other Expenses	1,845	1,272	1,316
Total Costs	67,498	77,631	78,864
Net Operating Cost	(50,636)	(59,857)	(60,615)
Headcount (FTE)	81	89	86

Reconciliation to budgets	2013/14 Forecast £'000	2014/15 Plan £'000	2015/16 Plan £'000
Net Operating Cost	(50,636)	(59,857)	(60,615)
(Decrease)/Increase in pension provision	(9,480)	713	1,234
Less payments for provision	(2,524)	(3,702)	(3,850)
TOTAL Resource DEL Expenditure	(62,640)	(62,846)	(63,231)

Budgets	2013/14 Forecast £'000	2014/15 Plan £'000	2015/16 Plan £'000
Programme Income	16,849	17,762	18,236
Programme Expenditure	(65,405)	(65,140)	(65,466)
Payments for provision	(2,524)	(3,702)	(3,850)
Net non ring-fenced programme expenditure	(51,080)	(51,080)	(51,080)
Ring-fenced programme expenditure	(8,856)	(9,500)	(10,000)
TOTAL PROGRAMME EXPENDITURE	(59,936)	(60,580)	(61,080)
Admin costs – non-ring fenced	(2,574)	(2,106)	(1,991)
Admin costs – ring fenced	(130)	(160)	(160)
TOTAL ADMIN EXPENDITURE	(2,704)	(2,266)	(2,151)
TOTAL Resource DEL EXPENDITURE	(62,640)	(62,846)	(63,231)

Capital Investment Plan	2013/14 Forecast £'000	2014/15 Plan £'000	2015/16 Plan £'000
Maintaining the integrity of the estate	2,500	2,500	1,500
Asset renewal	4,500	3,290	2,250
Initiatives to reduce site running costs	800	1,800	1,800
NMO equipment replacement/renewal	300	200	200
Advanced Metrology Lab	1,000	11,250	11,250
Quantum Metrology equipment	-	-	1,500
TOTAL	9,100	19,040	18,500

Statement of Financial Position	31/3/2015 Plan £'000
Land	17,962
Buildings	88,725
Other	73,423
Total non-current assets	180,110
Trade and other receivables	4,700
Cash	1,500
Total current assets	6,200
Trade and other payables	(1,700)
Accruals	(1,200)
Provisions	(200)
Total current liabilities	(3,100)
Provisions > 1 year	(37,000)
NET ASSETS	146,210

Civil Service Reform

NMO contributes to the Civil Service Reform agenda across many of its activities. NMO has a strong presence on the BIS website where customers are able to access up to date information and services and place orders. In 2014 NMO will be moving onto the main Government domain and considering introducing an online payment facility to make the customer journey as seamless and efficient as possible. Digital communications will continue to be enhanced across NMO in line with the Civil Service Reform theme of “Digital by Default”. The Agency remains committed to sharing digital communications skills across NMO staff with a view to encouraging a wider understanding and use of digital communication tools and channels in order to help cut costs and encourage a deeper engagement with customers and partners.

NMO participates in the BIS shared services programme and uses UKSBS Ltd, the BIS shared service centre provider, for its HR transactional services and Procurement: this relationship will be developed further in 2014. NMO also use the cross Departmental Internal Audit service (XDIAS). NMO have decided to retain its finance services in-house for the moment as that appears to provide the best value for NMO and its customers. Staff participate in BIS-wide networks to share best practice and have good relationships across all its functional leads.

During 2013 NMO introduced the new Civil Service competency framework into both its recruitment processes and its Performance Development System. This has taken a little time to adjust to but is expected to bed down further during 2014 with an assessment performed alongside Line Manager training.

The culture of efficiency and effectiveness at NMO, derived through operating many of our services in a competitive market, is reinforced by periodic internal restructuring. This is shown by the continual reduction of our overhead costs per head which is expected to continue into 2014/15.

Transparency

The Agency has put in place a number of systems to comply with the transparency requirements from the Cabinet Office. We will continue to devote resources to following both the letter and the underlying principles of these requirements.

All spend is published on both the NMO and 'data.gov.uk' websites. Because certain of our in-house activities involve operating in very competitive markets where it is important that we enjoy a level playing field with our competitors, we will ensure that we do not publish information where to do so would be damaging to our commercial interests, or to those we do business with. We will also withhold any information where disclosure would not be consistent with the Data Protection Act.

Half yearly HR data is also published on the NMO and 'data.gov.uk' websites. The organisational chart provided is required to follow the standard Cabinet Office format, but as this format does not contain sufficient detail to show the structure of NMO's activities, a full organisation chart is also available on the NMO website.

The current Cabinet Office procedures require publication of salary information only for individuals above SCS pay band 1. As no individual at NMO is above SCS pay band 1, the NMO website provides a link to its Annual Report and Accounts, which provides information on the salaries of NMO's senior management team.

All new contracts over £10k are published on the 'Contracts Finder' website and a link is provided on the NMO website.

NMO also publishes on its website the following information:

- Annual Report & Accounts.
- Corporate Documents, such as the Framework Document.
- Management Board minutes.
- Steering Board minutes.
- Audit Committee minutes.
- Publication scheme.

Finally, the Agency will continue to take seriously its obligations under the Freedom of Information Act, and strive to be as forthcoming as it is able both in answering FOI requests and in providing information to Members of Parliament under the delegated arrangements for Executive Agencies.

Governance

The purpose of the Agency is set out in the Framework Document which is available on our website at www.bis.gov.uk/nmo, which also sets out governance arrangements, accountability and delegations of the Agency. Each year the Agency produces an Annual Report and Accounts which is audited by the NAO and is laid before Parliament before the summer recess. Within this is a signed Governance Statement which sets out the internal control procedures that have been operated by the Agency during the year in question. This is supported by the work of BIS Internal Audit whom NMO engage to perform the internal audit for the Agency.

NMO's Chief Executive is supported in his role of Agency Accounting Officer by three corporate governance bodies: the Steering Board, the Management Board and the Audit Committee.

The **Steering Board** consists of three non-executive members from outside Government and one member from BIS. It meets formally at least three times a year with an additional informal discussion day 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.

The **Management Board** consists of the Chief Executive, the heads of the four operational Directorates, the Director of Finance and the Director of Change & Development. It meets once a month to monitor performance, including finances and risks. The Business Team Managers attend the first part of the performance meeting to report on their individual balanced scorecards which include successes, issues, financial position, progress against the Corporate Plan and a separate agenda item on risk. Any significant corrective actions are considered by the Management Board at the second part of this meeting. The Management Board additionally meet formally each month to address policy and strategic issues affecting the Agency. The Management Board is also responsible for setting standards, values and controls within the Agency. A Capital Investment Group has been established to provide greater oversight on capital investment projects.

The **Audit Committee** consists of two non-executive members from outside Government and meets three times a year along with representatives from NAO, BIS Internal Audit and BIS Finance. Its role is to support the Chief Executive in his role as Accounting Officer by:

- Promoting confidence in the Department's governance.
- Overseeing the work of the internal and external auditors.
- Making recommendations to the Steering Board and reviewing the annual financial statements before submission to the Steering Board.

Minutes of all the above meetings are available on the NMO website at www.gov.uk/nmo

Web www.gov.uk/nmo | Twitter <http://twitter.com/nmogovuk> | Facebook <http://www.facebook.com/NMOdigital> | YouTube <http://www.youtube.com/nmogovuk>