

NMO STEERING BOARD (SB) MEETING

DATE : Tuesday 25th February 2014 **TIME** : 10.30am
ATTENDEES : Isobel Pollock, Chair (IP) **ROOM** : F12

Peter Cowley, Non Executive Director (PC)
 Amanda Brooks, Director, Innovation, BIS (AB)
 Mark Holmes, Deputy Director, Innovation, Infrastructure & Impact, BIS (MH)
 Peter Mason, Chief Executive (CE), NMO (PEM)
 Richard Sanders, Director, Regulation, NMO (RS)
 Sarah Glasspool, Director, Finance, NMO (SMG)
 Robert Gunn, Director of Programmes & Estate, NMO (RG)
 Jo Symons, Director, Technical Services, NMO (JS)
 Richard Frewin, Director, Enforcement, NMO (RF)
 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**

AP - sent apologies
 PC – late arrival due to travel delays

IP welcomed Amanda Brooks, the new BIS Director of Innovation, and Mark Holmes to the Board. IP explained she had discussed the meeting papers with AP and would include his comments as briefed.

2. **Minutes of Previous Meeting of 20.09.13**

The minutes of the previous minutes were approved as a true and accurate record. It was noted that RG had submitted an additional note to the meeting to address PC's request for elaboration regarding the resolution of an issue with the Earth Observation work at NPL and input into EMRP, following disagreement at the Working Group meeting.

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

All actions had been discharged and the minutes were approved with no further comments.

4. **CE Report**

The Board acknowledged that this would be PEM's final Steering Board and CE's Report. PEM would formally cease the role of CE at the end of May, although he would be on annual leave for most of May. However, PEM was still planning to attend the NPL World Metrology Day/Open Day on 20th May. RS would take over as Acting CE pending any decision on the long term position of the Agency from 1st May. PEM would carry on with his duties as UK CIML Member with the new job title "International Director" working two days per week. It was agreed that International Engagement could appear on future Steering Board Agendas from time to time. RS said this supported the UK policy aims of promoting modern risk-based regulation both in the EU and globally.

PEM reported on the progress of the Future Operation of NPL Project which had absorbed most of his time and that of others too.

- A decision had been reached on the first round of bidding group leads. Bidding proposals were due by 14th April and interviews would be conducted on 19th May. Ministerial decision was due by early June.
- Cabinet Office had agreed to an extension of the current GoCo contract for up to a year.
- Possible future models of ownership for NPL Management Ltd included a joint venture type model and full government ownership.
- Resolution of the pension deficit issue continued to be progressed.
- PEM confirmed that there had been a muted reaction to his Catapult letter. JS and Charlotte Judge continued to formulate the assessment process.

PEM then outlined things of note across the Agency generally.

- The AML would be covered later as a separate item. This had been the main focus of work in RG's team along with PWC's audit of the GoCo contractor and the associated Programme contracts. The audits went very well and there were no elements of concern. The quality of NMO's relationship with stakeholders and its programme management had been commended.

- The Utilities team were at full complement and had been successful in managing the recall of a large number of potentially faulty electricity meters. The return and exchange programme had, thanks to careful management which excited little public attention, panic or cost.
- International : the OIML meeting in October had been successful and PEM intended to continue to operate with a purpose and high level of engagement to modernise the MAA.
- Enforcement : the team were recruiting to a substantial number of posts. Customers were very satisfied, and some smaller contracts had already been picked up, and work on other bids was underway.
- Certification Services were in a stronger position than this time last year. The recent recruitment exercise had now been completed. Training activities were more commercially beneficial and had benefitted the UK Trading Standards Community and international legal metrology organisations.
- PC asked how the 25% reduction on electricity consumption was achieved. RG explained that this was due to more efficient chillers that could be turned down rather than run at a constant, and that big improvements in the management system had led to more efficient equipment operation.
- IP wondered how the strengthening economy had affected the Agency to date. PRD responded that Certification Services had already experienced an increase in demand this year ahead of new increased charges. A new Certification Body manager had been recruited to ensure NMO continued to deliver UK and global services. Work in China had also significantly increased. RF said that NMO's presence at Trade Associations had been increased to meet a growing need, and that a rise in imports had been noted. The Enforcement Team had embarked upon another recruitment exercise to address the increased workload and new projects. At the moment, the Agency was robust and ahead of income targets. NMO's Enforcement markets were not the most dynamic in terms of new players, but there was an increase in small companies doing better.
- Regulation : Deregulation Bill introduced into Parliament. NMO focussed on deregulation of fixed sizes for knitting yarn and provisions in the Consumer Rights Bill reducing record keeping burdens on small bakers making them annual savings of £600 k.

5. Update from BIS

- AB reported that the Department's year began with a strong focus on budgets, programme monies in particular, linked to a huge increase in students.
- The speed and focus of the BIS Strategic Review was a significant influence upon the 2015/16 Admin budget. In turn, elements of this may significantly impact upon NMO in terms of joining up the management of the scientific estate and also the appetite to rationalise within "economic subsystems".
- Preoccupying the Department currently was the Autumn Statement. Work was considerably underway with a review of Science capital spend and a detailed look at Catapults. Martin Donnelly, due to visit NMO in March, was concerned about a lack of clarity of direction on innovation and potential for expansion of funding. The Agency should give careful consideration to its ambitions prior to his visit in order to make a powerful contribution.
- The Department would be looking in detail at challenger businesses – parts of the economy lacking new entrants – and thinking about how to improve or reduce heavily incumbent industries and barriers to entry. IP asked AB if a radical change of direction in the Department was likely. AB responded that this was not likely. The Department would continue to play from strength, with a cautious optimism and confidence in its highly productive, value for money system.
- PC was concerned with the growing number of streams of competitive funding and had been disappointed by the new KT strategy. AB emphasised the importance of the right business support network, ensuring that businesses/shareholders understood all aspects of the business, that all the schemes fitted together neatly. PC thought that all this would be more relevant to NMO as it became more linked to NPL. However, PEM said the Agency could not concern itself directly with the specific needs of small businesses
- BIS had broadly endorsed the recommendations of the Witty Review in its published response, concerning Arrow Projects and a simplification of the current funding landscape.
- The Department was working hard to improve engineering skills, by high speed training via an elite institution to address the aging workforce and to transfer responsibility for skills away from providers and back to business.
- BIS continued to try to encourage energy innovation led by the BIS Green Economy Team.
- The potential expansion to transfer VCA work to NMO was discussed and IP supported this opportunity for business. PC was comfortable with the strategic fit but was concerned with the recruitment and technical support necessary. RF responded that NMO would recruit accordingly and that geographic location would not be an issue as the Agency already had enforcement obligations nationally.
- PC commented that he was disappointed that NMO Engineers were not chartered and there seemed little appetite to be so. RS said that NMO had many engineers at the technician/design engineer level and were members of e.g. IET although working in a technical/policy environment meant chartered status would bring limited benefits. PEM said that the Management Board supported all professional qualifications.

6. Finance Report to End January 2014

SMG highlighted the key features of this report, and IP confirmed she had discussed the finance papers with Alan Proctor (AP) who had no further comments or questions.

- It was hoped that the plan would be met at financial year end.
- A small saving had been achieved on ring-fenced admin.
- Staff savings were made leading to a reduction in overheads.

Agency & Business Team Balanced Scorecards

- Agency Scorecard - A/R 1 – Corporate Resources Support the Agency. There were concerns about HR Online and service implications. PEM would be meeting with CE UKSBS that Friday to resolve current issues and try to limit any potential problems.
- Programmes Team Scorecard – PC was concerned that there was no indicator on this scorecard to check the spending mechanisms of working groups. PC said there was a risk associated with Knowledge Transfer and felt that even though arrangements were underway to deal with this now, he wasn't convinced about the appropriateness of works. RG said that spending is covered as part of the detailed discussion of budgets with the finance team and falls within the financial target on the Scorecard. A Working Group was being put in place for Knowledge Transfer and because of its cross cutting nature that this was an area which the WG Chairs give particular attention to. **[Post meeting note: Future NMS governance arrangements will be subject to change as a result of the NPL project].**

7. Audit Committee (AC) Report 28 1 14

- The two recent whistle-blowing investigations were discussed at the Audit Committee. PEM explained that some allegations had been made about conduct with AMEY which had impacted upon a member of NMO staff. This was dealt with in the first instance and PC said that it was clear that the whistle-blowing policy appeared to be working well. AP wanted to ensure that good appropriate controls were in place and that cases continued to be handled correctly with openness and transparency.
- Work was in hand for the Audit Committee review of its own performance using the current NAO self assessment checklist. NAO were in support of four (rather than three) Audit Committees per year. PC, though keen to avoid over-scrutiny, thought a fourth meeting could be beneficial and could focus upon the NPL Project and the AML. **Discuss this further off-line (AP/PC)**
- The NMO Management Board had agreed that Corporate Governance challenge session was beneficial.

NMO Risk Register

- The Board reviewed the NMO Key Risks and the following comments were made.
- IP commented that the a clear illustration of the Agency's position could be obtained from the Risk Register, which was clearly fit for purpose.
- PEM commented that with the continued growth of the Agency it may be necessary to look to reverse the downward direction of admin spend.
- PC was concerned that the Steering Board would continue to ensure that it had the right coverage of skills, including accounting skills.
- AB noted that risk CE18 "BIS strategic review may affect the future of NMO" was also on the K&I Risk Register at BIS. **Add "Yes" to "On K&I RR" column (SMG/PFHS, March)**

8. NMO Corporate Plan 2014

- Given that this is a 2 year Spending Review cycle where finances have effectively been set, NMO have approached the Corporate Planning exercise with a business as usual approach with the work programme towards the end of the document.
 - **Forward comments on the Corporate Plan to SMG (Steering Board, March)**
 - **Incorporate any changes prior to recirculation (SMG, March)**
- AB referred to page 14 and commented that any changes to the BIS work programme may lead to changes to NMO's business planning.

9. The Future Shape of NMO

Whilst IP thought this paper had developed well, she thought more detailed examination further into the future was required and wondered how it linked into BIS' perception and what the parent department's reaction was to the document. PEM responded that he hoped to continue to develop a three-way dialogue between NMO, BIS and the Steering Board. Steering Board engagement was considered most important. The BIS DD Innovation, who worked on both NPL transition and the future shape of NMO, was now based at NMO at least once per week, would feedback direct to BIS accordingly. AB said there were lots of questions to be answered and more thought was required as to whether it was even wise to house the landlord, customer and funder in one organisation. The process should be an iterative one. AB confirmed that it may be 6-9 months before Government had had time to consider all the main strategic questions and gain more of an idea about where the best fit for NMO would be. However, to delay would not be in anyone's best interests.

The visit from Martin Donnelly was discussed. In order to attain a higher level of understanding, the Agency needed to address the wider strategic questions in advance of his visit. AB thought it best to park this document until all questions were compiled into a list and thought had been given as to where to find the answers, any areas of uncertainty had been identified, and as many questions as possible answered by an agreed timescale. It wasn't a good idea to leave this paper open in perpetuity unless, in light of that day's conversation, it was substantially amended. *Liaise to prepare for Martin's visit (MH/JS, Feb)*

PEM asked if the Steering Board agreed that NMO was fundamentally a technical regulation and enforcement agency that could continue to look after NMS if necessary. PC agreed, and said that NMO was a small, entrepreneurial organisation performing its functions to a high standard, but that he wasn't sure if NMS would be better closer to industry despite the Agency's excellent stewardship. IP also supported Peter's view. AB commented that the Mission Statement and the Corporate Plan (which were geared towards measurement and policy support) didn't align with this paper, and that careful consideration was required as to how they could be reconciled.

The Steering Board approved the Corporate Plan subject to an alternative Mission Statement and any corresponding tweaks to objectives. The Board agreed that PEM should come up with amended draft of Mission Statement by Friday afternoon prior to Ministerial approval. *Circulate this draft to the Board for approval/comment (PEM, February)*. RS said that the Board would need to be mindful that changes did not adversely affect staff morale. AB agreed but said that it was a change in shape and in emphasis rather than the removal of the current emphasis altogether.

AB had to leave the meeting after this discussion to attend another meeting. IP thanked her for her valuable contribution to the meeting.

10. **Advanced Metrology Laboratory (AML) Update**

RG briefly outlined this paper

- PEM confirmed that the Agency had the necessary resources in place to forward this project if necessary. The key issue was likely to be that the procurement exercise required to engage the design team for the next phase might impact upon timelines.
- IP reported that Alan Proctor needed further assurances and would like to re-examine the project at the next stage.
- Further update paper required for the next Steering Board (RG, June).

11. **Staff Survey/Employee Engagement**

The following points and comments were made.

- The results of the 2013 staff survey (very high levels of staff engagement) were a positive reflection upon the organisation and staff.
- The downward trend on leadership and managing change were a reflection of a climate of increasing change, when it can be challenging to manage change well and maintain staff morale.
- There was a need to promote staff ownership and higher levels of feedback concerning learning and development (L&D). Courses were easily available for all grades and new course were being promoted across the Agency. However, staff needed to realise that L&D wasn't just formal and classroom based but informal, involving on-the-job training and mentoring.
- A new Performance Development System had been introduced last September that had placed more focus on identifying and dealing with ineffective behaviour.
- NMO HR and Management maintained excellent relationships with Unions.
- PC commented that he had ascertained from the last Audit Committee that managers were taking on more HR duties and wondered if this was empowerment or imposition. PEM responded that managers now tended to carry out more transactional activity of the recruitment process.

12. **AOB**

- There was potential for NMO expansion due to the potential transfer of some new enforcement work to NMO. There appeared to be little interest on the part of any other organisation from other enforcement authorities in taking on this work. Currently this work was done by a team of approximately 20 people spread nationally. DfT would like to sign a contract by Christmas 2014, so a decision was required in the next four weeks to allow for the three month consultation period, and to determine whether recruitment was necessary.
- IP remarked that this would be the last Steering Board attended by Peter Mason. She thanked PEM for his valuable contribution, stating that the currently robust state of the Agency was due to his lack of evasion, strong management, excellent guidance and opportunity seeking. He had steered the Agency with heart and NMO had a strong team to guide the Agency forward, following the principles of T-E-A-M = Together Everyone Achieves More.

13. Date of next Steering Board Meeting : **TUESDAY 17TH JUNE 2014**