

Transport Focus Annual report and accounts 2017-18

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**Annual report and accounts
2017-18**

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Any enquiries related to this publication should be sent to us at:

Transport Focus
Fleetbank House
2-6 Salisbury Square
London
EC4Y 8JX

0300 123 2350
www.transportfocus.org.uk
info@transportfocus.org.uk

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Section 1

Chair's foreword

Transport Focus is a consumer organisation – a champion for transport users. Our mission is to make a difference for transport users and help make transport services better.

With transport users at our heart, we are committed to being:

- useful: providing the right support to individuals and organisations in public transport
- evidence-based: informed by robust research and user insights
- making a clear difference: giving transport users a voice and advocating for positive change.

What major differences did we make in the 12 months from April 2017?

Making a difference for bus passengers

- Expanded the Bus Passenger Survey (BPS). The comparison of services across the country and between bus companies drives change – local authorities and bus companies want and need to be seen to be doing well. Since 2009 more than 315,000 passengers have taken part. This powerful force for bus users is now funded by bus companies, the Scottish and Welsh governments, local authorities and Transport Focus.
- Helped drive the introduction of smarter ticketing on buses, removing potential barriers to travel. Our extensive insight work helped ensure a passenger focus to improvements.
- Boosted the passenger voice in operational and investment decisions. We chair the West Midlands Bus Alliance and take part in the Merseyside City Region Bus Alliance, the West Yorkshire 'Bus 18' group and the Bristol City Punctuality Task Force. The BPS is a key tool for these partnerships, measuring performance between authorities and bus companies and helping to improve services.
- Provided a major input to the Bus Services Act, helping to ensure its provisions are passenger-focused. The use of the powers in the Act should drive change, leading to improved services.
- In line with our commitment to support new transport users and diverse audiences, and to set the foundation for lifelong use of public transport, we published a significant piece of insight into younger people's experiences of bus services. This work is already driving change with new ticket offers and better information for young transport users.

Making a difference for road users

- Set up, from scratch, a new Strategic Roads User Survey, launched on 2 April 2018. This dramatic boost to the road user voice provides a new vibrancy and will give a fresh urgency to the need to listen to users' views.

- Reduced the use of very long sections of roadworks and improved information and welfare provision in Highways England's handling of incidents and roadworks.
- Put improvements to road surfaces at the top of the agenda and highlighted the need to properly maintain and renew existing roads, as well as expand capacity, through our research.
- Made sure HGV drivers' views were heard in discussions about facilities at the proposed Kent lorry holding area. Highlighted that lorry drivers need better information on the approaches to Dover. More generally, drove debate about the quantity and quality of roadside facilities for HGV drivers.
- Helped ensure the road user voice is being heard loud and clear in development of the second Road Investment Strategy 2020-25. Ensuring the investment decisions made are more relevant to user needs.

Making a difference for rail passengers

- For the first time, passengers will be able to see how late their train 'really' was, thanks to our campaigning. A new punctuality standard will measure a train's punctuality at every station, instead of only on arrival at the final destination. It will be used as the official measure in the next regulatory 'Control Period' from 2020 to financially reward or penalise operational performance.
- Our Autumn 2017 investigation into the rail industry meeting its target of setting timetables at least 12 weeks in advance uncovered serious problems. The Secretary of State ordered an immediate review. Subsequently, the industry announced it would only be able to publish six weeks in advance for some months to come. We have worked to ensure that passengers don't lose out on cheaper tickets and that timetable and fares information is as accurate as possible. This work culminated in a major interim report containing a number of key recommendations the industry has taken on board. Senior industry figures attended a public Board meeting in May 2018 to answer questions about how this situation arose, how information is being managed in the meantime and how the 12-week timetable will be restored by Christmas 2018.
- Radically improved the way train companies deal with passengers without 'valid' tickets. The Government is now setting up, with our help, an independent body for Penalty Fares. It has also introduced, following our advocacy over a number of years, a one-off leniency policy for those that forget their railcards.
- Dealt with thousands of complaints where passengers have become deadlocked with train companies, achieving over 70 per cent passenger satisfaction. Provided feedback on key issues to train companies, Network Rail and governments and helped improve train company complaints-handling. Played a major role in the setting up of the forthcoming Rail Passenger Ombudsman Scheme.

- Amplified the passenger voice in operational and investment decisions, such as franchise replacement – again leading to better services. Over a million passengers have now had their voice heard in our National Rail Passenger Survey. Our seats at the new Network Rail Supervisory Boards are already helping the passenger voice to be heard at the highest levels.
- The Tram Passenger Survey has led to many wins for passengers. The Manchester Metro is now running longer trams and has deployed more on-board staff to deal with perceptions of antisocial behaviour. The otherwise high-scoring Edinburgh tram lagged on frequency – now boosted.

The next 12 months

The wins set out above are only a snapshot of what we have achieved in the last 12 months – read the rest of this report for more. In the next 12 months we will continue to use our respected brand of multi-modal, evidence-based advocacy to bring about change in a number of areas. Please see our three and one-year Workplans and our Insight Plan on our website for more detail.

To reflect and help in the increasing devolution of transport services we will start to produce road, rail, bus and tram reports for Scotland, Wales and the English regions.

We aim to make a difference for both today's and tomorrow's transport users while helping to ensure Transport Focus remains a hub for user insight and evidence. We will focus on performance and disruption, rail complaints, redress and compensation, fares and ticketing, boosting the user voice in long-term decision-making and accessibility of services.

We need to start developing new, faster and more cost-effective ways of measuring user satisfaction. While continuing to nurture our long-term 'tracker' surveys we will make more use of our 80,000 strong Transport User Panel. I am pleased to say we will be holding a conference with Heathrow Airport on this issue in September.

Section 2 Making a difference

We are the independent consumer watchdog for Britain's rail passengers, for bus coach and tram passengers in England (outside London) and for users of England's motorways and major 'A' roads (the Strategic Road Network, or SRN). We aim to make a difference in a number of ways, always with the transport user at the heart of what we do.

We strive to give all transport users as powerful a voice as those that provide their services. We do this through gathering evidence of the user experience and presenting it to those who can make a difference, whether from industries or governments.

We are also represented on panels and task forces or work in partnerships where we represent the user perspective. Our events and seminars provide a networking opportunity for stakeholders in different areas of transport to get together and share ideas, best practice and experiences.

We reviewed our reputation among stakeholders in May 2017. Around 90 interviews and nearly 800 online responses from a range of our contacts showed that we are considered to be working well and our opinion is respected. We will continue to focus on improving our visibility to boost the impact of our work and help make even more of a difference for transport users.

2.1 Making a difference for today's transport user

Rail passengers

We continue to carry out, modernise and publish the **National Rail Passenger Survey** (NRPS), helping to improve services for passengers by providing independent, evidence-based insight and advice from the passenger perspective.

We published Spring and Autumn waves of the survey in July 2017 and January 2018, surveying around 55,000 passengers in total. Following a number of internal and external reviews and audits, we implemented the main recommendations.

We have taken the results of the survey to all train operators and some of the Network Rail Route supervisory boards to provide feedback on what is working well and where improvements are needed.

We used NRPS data and bespoke research to respond to **franchise** consultations (more detail in [section 2.2 Making a difference for tomorrow's transport user](#)).

We use NRPS satisfaction scores to help us tackle **poor performance**. In January 2018 we invited South Western Railway to a special Board meeting to hear about

lessons learned from the Waterloo engineering works, and how the operator and Network Rail planned to turn around a recent downward trend in performance.

In addition to the NRPS, Transport Focus has also set up a **Transport User Panel** that taps into the views and experiences of 80,000 passengers across the rail, bus, tram and road network. This has allowed the team to carry out smaller pieces of very tailored research to gauge passenger opinion at short notice.

***Transport Focus win:** During the Waterloo station upgrade, passengers reported problems on a day-to-day basis through the Transport User Panel, which allowed Transport Focus to identify and raise key issues and with immediate impact for passengers.*

For the first time, passengers will be able to see how late their train ‘really’ was, as a result of our campaigning. Passengers consider a train just a minute late at their station to be late, and dissatisfaction increases sharply as the delay grows. Yet industry practice is only to report trains delayed by five minutes (for shorter journeys) to 10 minutes (for longer journeys) at their final destination as late – the Public Performance Measure (PPM).

Over a number of years we have worked alongside the Rail Delivery Group to develop ‘right time’ – a **standard for train punctuality** to allow a greater focus on performance as passengers experience it.

In July 2017 the RDG announced that train times will now be recorded and publicised at every station to the minute, alongside the existing Public Performance Measure. The groundbreaking new punctuality standard’s measurement of a train’s punctuality at every station, instead of only on arrival at the final destination, will be used as the official measure in the next regulatory ‘Control Period’ from 2020 to financially reward or penalise operational performance.

In December 2017 we wrote to the Secretary of State to raise concerns over the industry’s failure to meet **deadlines for updating timetables** 12 weeks in advance of changes. This meant that passengers could not know for certain if their journey would be affected by engineering works, including whether they would be on a replacement bus or need to use a different station to their usual one.

If changes are made to the timetable late in the day, some passengers will have made decisions based on inaccurate information - and could have lost out on cheaper Advance tickets, which would have gone on sale later than ‘usual’.

These issues, which turned out to be the tip of the iceberg, were highlighted in an article on the front page of the Telegraph, leading to an inquiry by the Secretary of State. Transport Focus is now contributing to efforts to improve the situation for

passengers as interim targets of six weeks' advance timetable notice are still not being met.

***Transport Focus win:** following our report into 'T-12' failings, the Secretary of State for Transport launched an investigation and continues to take an active interest in the issue.*

Transport Focus has helped to improve the handling of **passenger information during planned engineering** works at several stations including Glasgow Queen Street, Bath, London Waterloo, Reading, Birmingham New Street and London King's Cross.

***Transport Focus win:** If Virgin passengers didn't have their seat reservations, they were being asked to buy new tickets. This was relaxed in July 2017, as a result of pressure from Transport Focus.*

There were other wins for rail passengers at a more **local** level.

After we provided feedback on several issues related to the new station at Cambridge North, which spurred Greater Anglia into action:

- trains are now stopping in a better place for passengers (previously they stopped too far down the platform and passengers were missing trains)
- passengers can pay for parking at the machines with cash rather than only through Android phones, as previously
- ticketing machines were issuing the wrong tickets, and this was addressed
- mobile ticket hosts are on hand and have become more proactive and friendly to passengers
- at rural stations on the Greater Anglia network where ticket offices have been closed, passengers can now buy tickets on trains as well as at machines or online - this was in response to older passengers' concerns about their lack of confidence using the machines and new technology to book tickets
- signage outside the station has been improved.

We provided input into Northern's plans before it introduced penalty fares on the Airedale and Wharfedale lines to and from Leeds. We stressed the importance of communicating the changes and applying discretion. Northern adapted its plans, including allowing more time to get the message out to passengers.

Northern will now draw on the lessons learnt as it extends penalty fares to more lines in 2018-19. As before, this includes some stations where ticket-buying facilities haven't previously been available, and some passengers are accustomed to buying their ticket on board the train.

Transport Focus is monitoring passenger communications and implementation to help ensure honest passengers aren't caught out.

One improvement made in direct response to the NRPS was an investment by TransPennine Express in far more seats on platforms at Leeds station – a significant investment was made to improve the station's satisfaction score, which has increased due to passenger feedback.

Transport Focus staff helped Northern to improve its satisfaction scores at targeted stations in Yorkshire – repainting station booking offices, introducing new seating, plants and generally working on improving the environment for passengers. At Bradford station, plants and fish were introduced and a lending library was opened for passengers to use at the station.

Transport Focus lobbied for compensation for delays for season ticket-holders for South Western Railway passengers and one of South West Trains' final acts before the franchise changed over was to give a refund of 10 days for season ticket-holders.

Bus and tram passengers

For the first time, we were able to carry out our **Bus Passenger Survey** across areas of Great Britain. We reached almost 48,000 passengers in England, Scotland and Wales. We launched the report at a briefing event in Reading in March 2018, where we heard from Minister, Nusrat Ghani MP along with speakers including opposition spokesperson Matt Rodda MP, bus driver of the year Maks Pruszewicz and Martijn Gilbert of Reading Buses.

Although Wales and Scotland do not fall within Transport Focus's statutory remit, bus operators, transport partnerships and governments have seen the value of the bus passenger survey and agreed to fund the survey in their respective nations in 2017-18. This was the first bus passenger survey in Wales since 2010, which is a significant step forward for Welsh bus passengers.

Results in Scotland were positive, with overall satisfaction at 89 per cent. Results in Wales were also among the highest in terms of passenger satisfaction (90 per cent), although some value for money scores were low and information on bus stops needs to be improved.

The results of the survey will be taken to the Welsh Government and this will feed into its review of bus service provision to help improve future services for passengers.

In February 2018 we published *Using the bus - what young people think* which looked at the experiences and needs of **young bus passengers**. It included clear

recommendations for making services more attractive to encourage more young people to keep using the bus.

We launched the report at an event in Birmingham that brought together bus operators and local authorities, as well as experts from outside the transport sector. The report recommendations have already led to improvements to tickets and information provided to young transport users.

Transport Focus's research on **contactless payments** has helped to guide decisions by bus operators including Stagecoach and Arriva to launch new contactless payment on bus services, with the aim of improving the passenger experience.

Transport Focus also contributed to a Department for Transport working group looking at **wheelchair spaces and buggies** and who has priority on buses. This should lead to improved driver training to make sure priorities are clearer for passengers.

For the first time this year, the Bus Passenger Survey asked passengers about **bulky luggage**. The research found that virtually every passenger got a seat when they boarded the bus, but roughly one third of people had shopping bags. This finding will help bus operators going forward to think more carefully about space requirements for bus passengers.

There were some other **local** wins.

In West Yorkshire, if you are wearing a school uniform, you will automatically be charged a child fare without asking for ID.

In Liverpool, a flat fare of £2 for all under-18s has been introduced and value for money scores among young people soared as a result. In addition, all buses will be Wifi equipped and have at-seat charging points for personal devices in future.

In Manchester, Transport for Greater Manchester introduced half-price bus tickets for young people after the survey highlighted low value for money ratings among 16-18 year olds. Other bus companies and authorities across England have also come up with fare deals for young people as a result of the BPS.

In Brighton/Hove – over the last 12 -18 months the bus company could see from the BPS that there had been growing dissatisfaction with the time taken to board and get off buses so when it renewed its fleet, it looked at getting London-style buses with two doors.

As a direct result of passenger feedback on value for money in previous surveys, at the start of 2018 Aberdeen Bus launched value for money monthly and weekly season tickets for passengers.

Brighton & Hove buses presented research by Transport Focus at its workshop on managing disruption, which fed into the discussion and workshop outputs.

We also published our **Tram Passenger Survey** in March 2018, reaching 6000 passengers across five networks in Manchester, Sheffield, Blackpool, Birmingham and Nottingham.

Transport Focus was able to secure more funding to increase the sample size so that findings offer an even more robust picture of tram passenger users' experiences than in previous years. Satisfaction levels were generally high across the tram networks at 91 per cent.

In order to translate passenger views into actions, Transport Focus ran a webinar in March 2018 to present the results of the tram passenger survey to 30 stakeholders. This was a cost-effective way of reaching out to a geographically diverse group of operators.

The Tram Passenger Survey is increasingly recognised as a benchmark for understanding the passenger experience and the survey is being used by local authorities to plan improvements. Future surveys will explore further why tram journeys consistently achieve higher overall passenger satisfaction than other modes of transport.

At the same time we carried out a version of the survey for Glasgow Subway, funded by the operator, Strathclyde Partnership for Transport. The results were published in financial year 2018-19.

Road users

Working together with the Department for Transport, Highways England, the Office of Rail and Road and other key stakeholders across England's road network, Transport Focus has made sure that the road user voice has been heard loud and clear at the highest levels, and has this year launched surveys in many areas where there has previously been no information gathered.

In July 2017 we published the **National Road Users' Satisfaction Survey (NRUSS)** – we continued to provide monthly results to Highways England, the Office of Rail and Road and Department for Transport.

Highways England is now doing **mystery shops of road work signs** to check if they make sense – we pushed for this.

We have also developed and started fieldwork on the successor survey to the National Road User Satisfaction Survey (NRUSS) - the **Strategic Roads User Survey (SRUS)**. This improved measure started gathering feedback in April 2018 and will allow a greater depth of analysis.

The new survey will gather the experiences of 9000 drivers (including 1000 professional drivers) across the strategic road network. The old survey sampled 2000 road users so the findings were much less 'actionable' by Highways England. The new continuous survey will be carried out every month of the year. Drivers will be asked about the last journey they have made in the past four weeks, using an interactive digital map to pinpoint the roads they have used.

Having a survey with a greater sample size and more geographic coverage will allow individual managers of various parts of the road network to focus in on improvements to the section of road they're responsible for.

In February 2018 we published a scoping survey of **pedestrians, cyclists and equestrian users** of the strategic road network (SRN). We also completed a pilot satisfaction survey of **logistics sector and coach company managers**.

Launched in autumn 2017 by the Minister of State, the **Motorway Services User Survey** was the first satisfaction survey to gather the views of motorway service users across the road network in England.

Transport Focus questioned more than 8700 people at 112 service stations. This showed that 90 per cent of users overall were satisfied with their experience, though this dropped to 84 per cent for professional visitors such as HGV drivers. This was a win because it opened up a discussion about parking facilities for lorry drivers across the road network (see p2 for more about HGV drivers).

The Motorway Services User Survey was well received by key stakeholders, including the 'big five' motorway service providers. The launch of the results in Autumn 2017 at Beaconsfield Services was attended by more than 50 people, including the then road minister, chief executives of all the motorway service providers and journalists. The survey was covered in more than 100 media articles – including in the *Times*, *Telegraph*, *Mail*, *Sun*, *Sunday Mirror* and BBC online.

Since then, there is evidence that motorway service operators have been prioritising their investments in services as a direct result of the survey findings. Ultimately, the success of the new survey has been proven by the industry's decision to fund a second survey in 2018.

Transport Focus has been working with Highways England to highlight the problems faced by motorists **trapped in tailbacks** on the Strategic Road Network, whether due to accidents, adverse weather or suspected terror-related incidents.

There appears to be no consistency across the country in how these incidents are handled, either in terms of looking after road users or in delivering information to those who are trapped in tailbacks. Transport Focus feels that Highways England has a duty of care towards the people in traffic queues and should do more to safeguard their welfare.

Transport Focus has been working with Highways England to **improve the accuracy of online information about roadworks**. One major win is that Highways England has agreed to work towards making sure information provided on its website about road closures is accurate 72 hours in advance.

It is also now measuring the accuracy of the information shown on the website at 1pm every day in relation to that evening's roadworks, analysis which shows that a lot of improvement is needed.

Highways England is now thinking about how customers are kept informed about **new roadwork schemes** in their area. Over the past six months, as a direct result of Transport Focus's input, Highways England has been including much better and more accessible information on its website for road users – including video mock-ups.

In certain regions, at our suggestion, Highways England is also experimenting with new ways of communicating with road users about roadworks.

***Transport Focus win:** on the M5 in Birmingham a sign was put at the side of the road directing road users to a Facebook page to explain why roadworks were happening and to give more detailed information.*

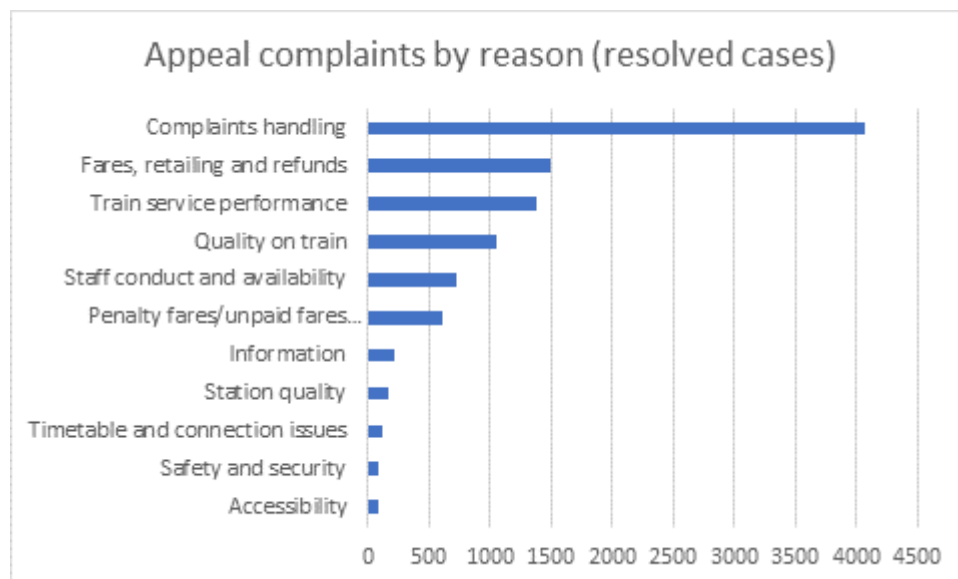
Since the publication of our incidents and roadworks report in 2016, Highways England has been considering how it can respond to the recommendations we made. Following constructive discussions with the company we are currently waiting to receive a formal response setting out the actions that will be taken.

Righting wrong-way driving: Transport Focus raised the issue of wrong-way driving (where people drive down the wrong side of dual carriageways). Survey data identified that this was more of a problem than Highways England realised. As a result of pressure from Transport Focus, Highways England has produced revised internal instructions and wrong-way driving toolkits for staff on the ground to help mitigate this problem in future.

Statutory appeals body for rail complaints

We have **advocated** in more than 6000 cases where rail passengers and train companies have become deadlocked.

We received 6527 appeal complaints, resolved 6157 and did not pursue 179. Our passenger satisfaction rating is 70 per cent, and 71 per cent would recommend us to a friend.



Through this work, passengers have received goodwill gestures and refunds of up to £740 for tickets costs, including partial refunds on season tickets to compensate for persistent delays on train services. Transport Focus achieves successful outcomes for passengers in about 40 per cent of cases.

The Transport Focus Board held a special meeting with the managing director of Virgin Trains West Coast to discuss the train operator's policy and performance in dealing with passenger complaints.

We raised Virgin's strict adherence to ticket terms and conditions, National Rail Conditions of Travel, and Charter, a change that had resulted in an increasing number of appeal complaints. In addition, we felt the quality of responses from Virgin's customer relations team had contributed to increased numbers of appeals.

Transport Focus win: *A passenger booked tickets for a journey involving two operators on a line disrupted by strikes, having been unaware of the strike action. The operators initially said that he should have been aware. We intervened, and he received a £47 refund plus the cost of a £40 taxi he had been forced to take.*

The organisation has also helped to advise train operators on complaint-handling systems to help improve the experience for passengers. For example, a report was published in July 2017 based on Great Western Railway's experience of changing call centre providers on the same day as changing their rail franchise, which led to a huge volume and backlog of complaints.

We invited the managing director of GWR to speak to Transport Focus's Board to explain how the company was planning to address the problem. This report was subsequently made available on Transport Focus's website to help give advice to other rail operators about switching call centres.

Transport Focus is also working with train companies to make complaints handling more seamless through the adoption of online, automated and intuitive systems, ensuring passengers' complaints are handled as efficiently as possible.

Transport Focus win: *A passenger missed a refund deadline on an expensive first-class sleeper ticket by a few days because he was at sea. We intervened and the operator refunded the full £422 plus a £30 goodwill gesture.*

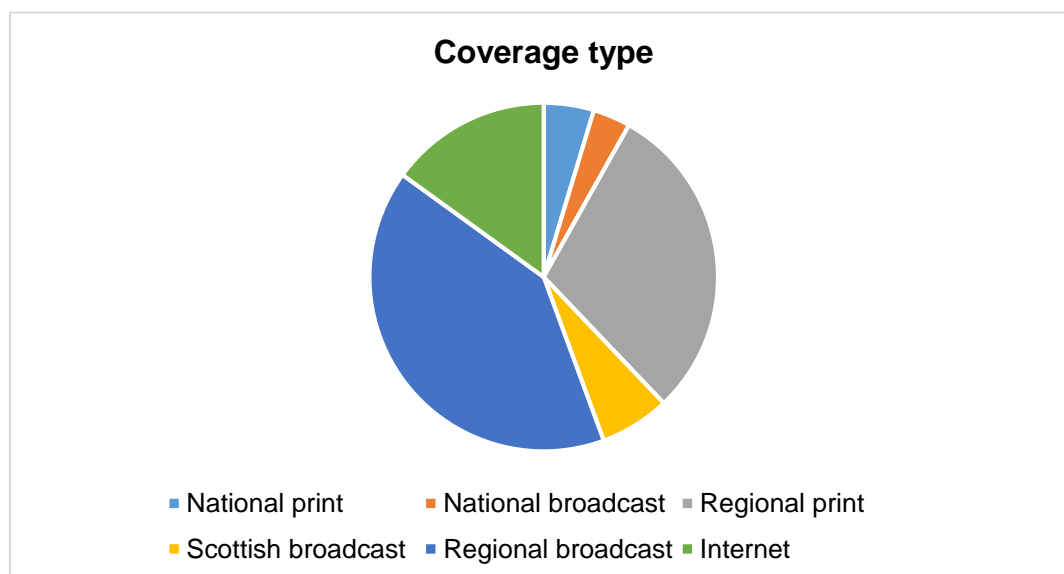
Ensuring the voice of transport users is heard

Much of our influence is achieved through reputation, both in the media and with our stakeholders.

We maintained a 24-hour, 365-day press office operation.

Over the year we have achieved a high level of media coverage with more than 3,400 items across national, regional, trade, TV and radio broadcast and also online channels. We responded to 233 media enquiries.

Our Transport User Voice newsletter has 15,000 subscribers, and 3000 'active' readers (who click on a link rather than reading the preview version). Our website had more than 269,000 visits and 181,000 users. We now have 11,100 followers on Twitter, up from 9055 last year.



2.2 Making a difference for tomorrow's transport user

Protecting and strengthening rail passenger rights

In April 2018 the Government announced a new independent appeals process to protect rail passengers issued with **penalty fares**. This was a direct result of our advocacy, initially through the 2012 and 2015 *Ticket to Ride* reports, and more recently through meetings with Government and industry.

Transport Focus directly managed the recruitment of members of the new appeals body and will continue to work with the industry and appeals service providers to ensure fairness and consistency of approach.

We received 170 applications, interviewed 28 people, and 13 members were appointed to the new panel, which has now started its work.

Meanwhile the rail industry continues to work towards an **independent ombudsman scheme**. Transport Focus offers mediation through its complaint-handling service, but it doesn't have any binding powers in terms of dispute resolution.

The organisation's complaints team can advocate on behalf of passengers who make complaints and try to get a better deal for them. Although there are successful outcomes in about 40 per cent of cases, for the other 60 per cent of rail passengers there is no further redress.

To address this, Transport Focus has been arguing that there should be a binding dispute resolution mechanism in the rail industry as there is in other regulated industries.

In 2016, the government agreed that the rail industry should introduce what will be known as the Rail Passengers' Ombudsman Scheme.

Transport Focus has been working closely with the rail industry and other stakeholders since November 2016 to shape the new scheme, which will be mandatory for train operators and is due to come into operation later this year.

A large proportion of appeal complaints that currently come to Transport Focus will be dealt with by the Ombudsman. This will mean a change in emphasis in our contact team, from dealing with today's complaints to addressing the issues of tomorrow.

Whilst supporting the principle of binding dispute resolution through the Ombudsman Scheme, Transport Focus will be carefully monitoring outcomes for passengers and levels of customer satisfaction.

Improving rail passenger experiences during major engineering works

We carried out work to help improve the passenger experience during service disruption, whether caused by incidents or engineering works.

Rail passengers' experiences and priorities during engineering works (October 2017) updated our 2012 report on this topic, this time carried out in partnership with Great Western Railway and Northern.

We published reports on passengers' awareness and experiences of engineering work at London Waterloo (February 2018) and Liverpool Lime Street (October 2017). We also started work relating to the major upgrade works at Derby – to be published in the next financial year.

Fares and ticketing

In December 2016 a working group comprising the Department for Transport, Which?, the Rail Delivery Group, the Office of Rail and Road (the rail regulator) and Transport Focus launched the *Action Plan for Information on Rail Fares and Ticketing*.

In December 2017 we reported on a year of progress that included arguing for greater flexibility for people who have forgotten their railcard, with the ability to claim the cost of a fare back the first time someone forgets their card.

Boosting the user voice in long-term decision-making about rail services

Network Rail and Transport Scotland have published their plans for 2019-24 this year. Transport Focus has been involved in these talks to make sure that passengers have been embedded in this process.

We have **published updated research into rail passengers' priorities** for improvement and presented the results to stakeholders to inform long-term planning processes.

We helped to **influence franchise specifications** (including NRPS targets) and spoke at a Department for Transport 'industry' day. We submitted and published franchise consultation responses for Wales and Borders rail service, Southeastern and East Midlands franchises, and presented at consultation events.

We developed relationships with devolved authorities and the West Coast Partnership. We take part in the Western Route, East Coast Main Line and Wales boards, and are liaising with Network Rail about attendance at other boards.

Transport Focus adapted the National Rail Passenger Survey for specific use for passengers on the **Caledonian Sleeper** train, which was receiving low satisfaction scores through the NRPS. Passenger satisfaction is now embedded in the way this overnight service is run.

With the introduction of new rolling stock coming imminently, there should be a significant improvement in customer satisfaction scores, which Transport Focus will monitor regularly through the tailored satisfaction survey the team has developed.

A new range of **targets and financial penalties**, based on passenger satisfaction, have been introduced into the newest rail franchises, drawing on specific factors measured by the NRPS (these are now included in more than half of the train franchises).

The Government has given train operators targets on delivering certain benchmarks for satisfaction across a range of factors – and if they don't achieve those targets, they are financially penalised.

These fines are then reinvested in areas that are deemed to be of benefit and value to passengers. This is a very significant improvement for passengers and is being rolled out in new franchises across the country as they are negotiated.

Transport Focus is now seeing **measures we have been calling for included in franchises**. This includes Delay Repay compensation at 15 minutes delay and above, and new rolling stock will now include Wi-Fi, power sockets and USB ports, as a result of passenger feedback.

Transport Focus is working on several pending franchises to help bidders understand what passengers want from train services. The organisation has been involved in reviewing all franchise bids since 2013, helping to ensure that franchise specifications are more effectively geared towards passengers.

Transport Focus has continued to report passengers' views directly to help influence what **High Speed 2 (HS2) services** will look like through its pioneering work with the HS2 customer community.

We set up this panel four years ago to bring together members of the public with HS2 decision-makers on a regular basis, both online and face to face. This ensures customer views are considered right from the start of the project.

Transport Focus consults with the 40-member community on everything, including train design, seating, width of aisles, food offerings and type of ticketing.

The panel's view will ultimately help decision-makers determine who is awarded the HS2 contract, helping to define the railway of the future. Transport Focus has been working with potential bidders to show them the work that is being done.

Transport Focus win: *Transport Focus set up a panel for Merseytravel, based on our work with HS2. 40 members were engaged in a quick-turnaround project to influence new rolling stock design through monthly tasks including consultations around seating width, offerings for storing luggage, interior design, shape of headrests etc.*

As a result of this feedback, Merseytravel decided to go for a wider seat width. This was an important opportunity for passengers to influence operator choice at an early stage of the procurement process.

Boosting the user voice in long-term decision-making about bus services

Transport Focus is embedded in partnerships and bus alliances between local authorities and bus operators in major cities around the country. We chair the West Midlands **Bus Alliance** and are represented on the Liverpool City Region Bus Alliance, the South Yorkshire 'Bus 18' Alliance and the Bristol City Punctuality Task Force.

Transport Focus was invited to attend an inaugural transport board with Mayor of Greater Manchester Andy Burnham to help steer the strategic direction of various transport schemes. The board involves very senior executives from train and bus operators, Highways England, Metrolink and other local stakeholders. Transport Focus will be there to represent the transport user's voice in one of the fastest growing cities in the country.

This work is producing some very positive wins in terms of focusing discussions on the needs of passengers.

Transport Focus has also made sure that the Bus Passenger Survey has been written into partnership agreements that are voluntary arrangement between local authorities and bus companies. This means that bus operators are more focused on bus passenger satisfaction as a performance measure.

Transport Focus win: *Transport Focus played an influential role in the development of the Bus Services Act 2017, which, with a number of other options, provides transport authorities with the ability to adopt greater control of local bus services. Transport Focus made sure the needs of passengers were reflected in the creation of the Act.*

Our research among young transport users, *Using the bus - what young people think* included clear recommendations for making services more attractive to encourage

more young people to keep using the bus, forming lifelong habits of using public transport.

We advise the Cabinet Secretary in Wales as a member of the **Public Transport Users Advisory Panel**.

Transport Focus has also been involved in a **consultation in Cheshire West and Chester** authority. We helped shape the consultation process for a bus network review using our research and best practice. This included broadening the scope to an 18-month process with an initial consultation, then using responses to modify its offering. There will be a second-round consultation to check this meets passenger needs.

The authority will also contribute to funding our Bus Passenger Survey as the feedback, benchmarked and comparable with other regions, will provide valuable business case support.

Boosting the user voice in long-term decision-making about England's strategic roads

Transport Focus has helped to **influence the Road Investment Strategy** for 2020-25 by making sure road users' views and priorities are heard loud and clear.

In June 2017 we published *Road users' priorities for the Road Investment Strategy, 2020-25*. It was publicly welcomed by the Department for Transport (DfT), Office of Rail and Road (ORR) and Highways England (HE).

Priorities that emerged from road user feedback, for example, included placing emphasis on improving the existing network as well as building new roads. The new strategy is due to be unveiled in 2019.

Transport Focus gathered the views of road users to find out how they thought the **performance of the strategic road network should be measured** in future.

Published in March 2017, these findings informed the development of measures to assess the performance of the Strategic Road Network in the next road investment period (2020-25).

These road user views (which included drivers, cyclists, pedestrians and equestrians) have also helped the Department of Transport consider which areas should attract targets – making sure that the road user is at the very heart of policy-making.

Transport Focus win: *One of the issues that emerged as the top concern from Transport Focus's survey on road user priorities was dissatisfaction with the road surfaces used on the strategic road network.*

Road users found the use of concrete on some road surfaces to be noisy and stressful and this made them feel unsafe. Transport Focus's intervention on this issue has changed the nature of debate around road surfaces that Highway England will use in the next road period from 2020.

We will continue to keep pushing the user interest through our membership of the DfT-chaired steering group, working group and performance specification working group for the road investment strategy.

Transport Focus did some scoping work and subsequently piloted a new survey in 2017 into **pedestrians, equestrians and cyclists** to gather their views of the strategic road network, something that hasn't been done before. Researchers spoke to 750 people in different areas of the country and asked them to highlight hotspots and problems on the Strategic Road Network in their area.

A significant win over the past 12 months has been increased recognition of the role of non-motorised traffic on the road network among decision-makers.

Transport Focus has just completed the first ever survey of road users' view of tunnels on the strategic road network. We expect the results to guide Highways England's thinking in relation to new tunnels and refurbishment of existing ones.

Accessibility

Transport Focus works to support improved accessibility on rail, bus, coach and tram, and on the strategic roads network. We want to ensure that the views of passengers with disabilities are driving change.

Our research into attitudes and experiences of rail passengers with a disability was completed in the 2017-18 financial year and will be published soon.

We responded to the Department for Transport's accessibility action plan consultation and the Office of Rail and Road's consultation on the passenger assist scheme.

We are a part of the of DfT 'task and finish' group on use of wheelchair spaces on buses.

Transport Focus sits on the Stakeholder Equality Board for Greater Anglia and is helping to raise the concerns of disabled passengers with this train operator. As a result, Greater Anglia has introduced more storage for wheelchairs, pushchairs and bicycles on new trains. Greater Anglia has also adjusted the font colour for information boards so they are easier to read for passengers with visual impairments.

Transpennine Express is reviewing its Disabled People's Protection Policy after interventions from Transport Focus. This issue was highlighted by Transport Focus staff after Portaloos were placed over disabled parking spaces during building work.

After complaints were received from individual passengers, Nexus (in Tyne and Wear) is viewing the guidelines for issuing the companion card for disabled passengers.

Transport Focus is conducting its first survey into the experiences of **disabled road users** on the strategic road network. The fieldwork has been completed and headline results reported to the Accessibility and Inclusion team at the Department for Transport, for inclusion in government policies. This is the first time the views of disabled drivers will have been heard as a group.

We held accessibility forum meetings in April and October 2017. Here user experiences are discussed and we invite organisations to share good practice.

***Transport Focus win:** Transport Focus's intervention following a passenger complaint has persuaded Virgin Trains to allow the passenger, who uses a rollator mobility aid, to use a wheelchair space on train services. Previously it had insisted she reserve a regular seat and fold the rollator up, denying her the ability to move around during the journey.*

2.3 Making Transport Focus an insight and evidence hub

Leading thinking

We have worked with Heathrow Airport on an agenda-setting **conference on the future of customer insight data**. This will take place in September 2018.

Insight work

In line with our aim to develop new, faster means of measuring user satisfaction, we set up a **Transport User Panel** that taps into the views and experiences of 80,000 passengers across the rail, bus, tram and road network.

Transport Focus win: *We asked the Transport User Panel in July 2017 about information received by passengers during the Northern strikes. This revealed that most passengers weren't aware of the compensation they were entitled to. As a result of this, the train operator made information about compensation more easily accessible and visible to passengers.*

We updated the Insight Plan in November 2018. Alongside the tracker surveys of rail, bus, tram, the Strategic Road Network and motorway service areas, this year we published:

- *Managing service disruption – the user perspective (bus)*
- *Railway engineering work: Putting passengers at the heart of the London Waterloo upgrade*
- *Using the bus: what young people think*
- *High Speed 2: using passenger insight to aid High Speed 2 design*
- *Cyclists, pedestrians and equestrians: measuring their satisfaction with Highways England's network*
- *Improving passenger experience of essential maintenance works*
- *Rail passengers' priorities for improvement*
- *Road surface quality: what road users want from Highways England*
- *London Waterloo station and South West upgrade passenger research*
- *CrossCountry passenger research*
- *Rail passengers' experiences and priorities during engineering works*
- *East Midlands rail franchise consultation response*
- *Getting to the heart of smart - road user experiences of smart motorways*
- *Caledonian Sleeper: understanding passengers' expectations and experiences*
- *The A120 between Braintree and Marks Tey – road users' experiences and desired improvements*
- *Rail passenger complaint backlogs: lessons for the future - Great Western Railway*
- *South Eastern rail franchise consultation response*
- *Caledonian Sleeper passenger satisfaction*
- *The future of the Wales and Borders rail service: what passengers want.*

2.4 A modern workplace for great people

We pride ourselves on the high quality of our people and our aim is to continue to retain and attract a **diverse range of talent**. Transport Focus has recently been recruiting two new Board members and has been reaching out to new audiences to attract a diverse pool of applicants, through social media and adverts in newspapers including the Times and the Guardian as well as online platforms such as Mumsnet.

We have received more than 100 applications, including more from women and people with disabilities than in the past. The aim is to make sure that the Board is as diverse as possible.

Our priority is to provide the workplace infrastructure that best supports our staff to deliver an efficient and responsive service.

We have **switched IT systems** to a cloud-based storage system, which will modernise the organisation's IT systems and reduce IT costs by up to a third. This should be fully implemented by the end of 2018.

Phone costs have also been reduced by £15k-20k, freeing up money to spend elsewhere on other pieces of work.

Section 3

Management commentary

3.1 Performance report

Overview

This is the thirteenth annual report and accounts for Transport Focus, formerly known as Passenger Focus, covering the year to 31 March 2018. Our achievements this year for transport users, including road users, train, bus, coach and tram passengers are set out in [Section 2 – Making a difference](#).

The overview section provides a short summary which should allow you to understand the purpose of Transport Focus, our key risks to the achievement of our objectives and how we have performed over the year.

Statement of purpose

Transport Focus¹ is an executive non-departmental public body set up to protect the interests of Britain's rail passengers; England's bus and tram passengers outside London; coach passengers in England on scheduled domestic services; and users of England's motorways and major 'A' roads. We are sponsored by the DfT but our operations and policy-making are independent of government.

Business model and organisational structure

Transport Focus is funded mainly by grant-in-aid from the DfT and £4,309,000 was received in 2017-18 in respect of bus and rail users (2016-17: £4,919,000) and £1,900,000 in respect of road users (2016-17: £2,147,000). An initial payment was made to provide the organisation with working capital. Subsequent monthly payments have been made by the DfT based upon actual expenditure in the previous month, and forecast future requirements. Transport Focus has agreed its funding requirements with the DfT until 2020.

Further funding is generated through working with other key organisations in the Transport Industry and is used to provide additional consumer representation and transport user research. In 2017-18 £1,888,000 of additional funding was generated.

Objectives

Our key objectives for the year were:

- make a difference for all transport users
- improve today's transport user experience
- make a long-term difference for transport users
- understand the needs of transport users
- be more transparent and visible in measuring and reporting performance.

¹ Transport Focus is the operating name of the Passengers' Council, formerly known as the Rail Passengers' Council which was officially constituted on 24 July 2005 under the Railways Act 2005 and the subsequent amendments. Transport Focus previously operated under the name of Passenger Focus.

Our progress against these, including our achievements this year, are reported in [Section 2](#).

Business strategy - future years

Our three-year plan for 2018-2021 sets out our goals and how we will achieve them.

- Making a difference for today's transport user
- Making a difference for tomorrow's transport user
- Making Transport Focus an insight and evidence hub
- Creating a modern workplace for great people.

Our Workplan for 2018-19 sets out what we are planning to change next year and how we will go about it.

In the next year Transport Focus will focus on:

- journey reliability and disruption:
 - we will help to improve services for passengers by providing independent, evidence-based insight and advice from the passenger perspective
 - we will work with every train company regarding NRPS scores and plans for improvement
 - we will work to improve the passenger experience during service disruption and ensure that passengers are properly involved in decisions about how major engineering projects are carried out
 - we will focus in depth on major locations where bus passenger satisfaction is under stress from poor punctuality and carry out fresh analysis of BPS data
 - we will work with Highways England to ensure that all our research drives improvements for users.
- complaints, compensation and redress:
 - we will look across all modes to see how easy it is for transport users to make a complaint and have their voice heard
 - we plan to advocate on behalf of passengers in some 5,000 cases
 - we will actively participate in cross-industry planning for the introduction of a new rail ombudsman
 - achieve at least 70 per cent customer satisfaction with the way we handle appeal complaints.
- fares and ticketing:
 - continue to push for further improvements needed by passengers and monitor progress with existing initiatives
 - work with the DfT, bus operators and the Rail Delivery Group (RDG) to improve ticket retailing.
- boosting the user voice in long-term decision-making:
 - provide insight and advice to support upcoming rail franchise replacements

- develop existing or establish close working relationships in major bus conurbations
- continue to strongly articulate road users' priorities to develop the second Road Investment Strategy (RIS 2).
- accessibility:
 - analyse satisfaction among transport users with disabilities who take part in our major surveys
 - co-ordinate and chair two meetings of our accessibility forum to help us better understand user needs and therefore advocate more effectively on their behalf.

For the year 2018-19 the organisation has agreed funding of £4,403,000 to cover work representing the interests of rail, bus, coach, and tram passengers and a further £1,735,000 to represent users of the SRN. Following the spending review 2015 grant-in-aid funding has been agreed with the DfT until 2019-20.

Performance analysis

Finance

In 2017-18 the organisation received from the DfT grant-in-aid of £3,362,000 (2016-17: £ 3,858,000). Additionally £722,000 (2016-17: £925,000) was received for work on the National Rail Passenger Survey (NRPS), and £225,000 (2016-17: £225,000) for work on the Bus Passenger Survey (BPS). Further grant-in-aid of £1,900,000 (2016-17: £1,885,000) was received from the DfT for representing users of the strategic road network. This year Transport Focus has secured funding totalling £1,888,000 (2016-17: £1,207,000) from third parties for joint and fully funded projects which included £630,000 (2016-17: £509,000) from the DfT.

The organisation incurred net costs of £6,065,000 in the year to 31 March 2018. Some 38 per cent (2016-17: 41 per cent) of our spending has been invested in research on passenger and road user issues which ensures we are able to provide objective evidence to support our campaigns for improvements.

Total taxpayers' equity² showed a balance of £224,000 (2017: £80,000) at the end of the year and the total grant-in-aid drawn down during the year was £6,209,000 (2017: £7,066,000).

Resources

The key strength of the organisation is the influence it is able to exert through the knowledge and expertise gained from targeted transport user research, and by working closely with key stakeholders in the roads, rail, bus and tram industry to make a difference for transport users. Our investment in transport user research over the year totalled £3,042,000, including the NRPS and BPS. The main research

² Taxpayers' equity can be defined as the total value of taxpayers' funds in reserves and represents the net value of the assets and liabilities which have been funded by government.

projects this year have been highlighted in the Review of Activities, and the full details of our research can be found on our website.

Performance, risks and uncertainties

Transport Focus measures its performance through a workplan report. The report identifies the critical success measures for each objective, progress to date, upcoming work and potential barriers to success. The report is reviewed monthly by the executive management team and quarterly by the Board.

The work of Transport Focus relies heavily on its credibility and the primary risk is that the reputation of the organisation is not maintained, which would reduce its ability to influence key stakeholders to secure improvements for transport users. To mitigate this risk, the organisation has established an enterprise risk model which, amongst other things, is used to identify whether a project or piece of work will jeopardise the reputation of Transport Focus.

Essential contractual arrangements

The primary contractual arrangements for the organisation are for transport user research, including the NRPS and BPS, our outsourced design and print services provider, and our outsourced information technology support and infrastructure provider.

The contracts for the NRPS and BPS are managed through regular reports on performance against service levels, and have been awarded following a competitive tendering exercise.

Payment of suppliers

Transport Focus endeavours to comply with the Better Payment Practice Code and seeks to pay invoices within 30 days of receipt and during the year paid 98.4 per cent (2016-17: 98.2 per cent) of invoices within 30 days, and 75.4 per cent (2016-17: 74.8 per cent) within 10 working days. The average time taken to pay a supplier during the year was six days (2016-17: six days).

Health and safety

It is a legal requirement to provide a safe and healthy environment for our staff and visitors. Our two bases, in London and Manchester, provide a modern working environment for staff.

Social and environmental issues

We occupy shared office space in buildings which makes it difficult to determine the actual consumption of utilities. However the buildings do have stringent environmental credentials. Our office accommodation in Manchester utilises recycled rain water, energy efficient heat pumps, motion sensitive lighting as well as extensive recycling of office waste. During the year an estimated 30,000 kWh of electricity has

been consumed in our offices. All redundant electrical items are disposed of in line with Waste Electrical and Electronic Equipment regulations.

In order to minimise the impact on the environment, Transport Focus staff and Board members use public transport wherever possible when undertaking official business. During the year 122,000 miles of business travel was covered on trains generating 10,000 CO₂ (kg) of emissions. We have continued to make better use of electronic communication and conferencing facilities and undertake these methods wherever possible.

We regard our human rights responsibilities very highly and are in the process of ensuring all our suppliers work to the same standard.

Charitable and political donations

Transport Focus did not make any charitable or political donations during the year.

Corporate governance

Transport Focus has a Board of non-executive members who are appointed by the Secretary of State for Transport (Chair and four members), the Welsh Government (one member), Scottish Ministers (one member) in line with the Governance code on Public Appointments of March 2016 issued by the Cabinet Office and the London Assembly (one member). Their biographies can be found on the Transport Focus website.

The Board is responsible for setting the strategic direction and main policies of the organisation, and providing corporate governance and oversight of the finances and operations. The membership of the Board and its committees are listed in the Directors' Report.

Bribery and corruption

There were no incidents relating to bribery or corruption during the year. All staff are made aware of the Transport Focus fraud and whistle blowing policies and key staff attend refresher bribery and corruption training periodically.

Data handling

The Cabinet Office published a review of information security in government which set out a wide range of actions required to improve data security. As a non-departmental public body we are required to comply with the stricter guidelines on the handling of sensitive personal data.

Significant work has been completed over the year to ensure we will be compliant with General Data Protection Regulations (GDPR) coming into force in 2018 and further actions remain in place.

Equality Scheme

In order to comply with the Public Sector Equality Duty, we have produced an Equality Scheme, with an Action Plan linked to the Workplan which is available on our website.

In addition to capturing diversity information from our surveys we have implemented a system to capture diversity information from passengers who contact us, so we can ensure we try to represent the communities we serve. The analysis of the diversity of passengers who contact us showed a similar profile to that from the NRPS, but we will continue to monitor the diversity of passengers who contact us so we can ensure our services remain relevant to passengers.

We continue to co-ordinate a passenger accessibility forum which brings together industry representatives and national organisations representing disabled people. More information about this can be found on our website.

A refreshed Equality Scheme and Action Plan was implemented in 2016-17 and will continue to be monitored to ensure it remains relevant.

Accounts and Audit

Under paragraph 8(2) schedule 5 of the Railways Act 2005, the Secretary of State for Transport with the approval of the Treasury, has directed Transport Focus to prepare a statement of account for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of Transport Focus's state of affairs at the year-end and of its income and expenditure and total recognised gains and losses and cash flows for the financial period. In preparing the accounts, Transport Focus is required to comply with the requirements of the Government Financial Reporting Manual.

Transport Focus accounts form part of the DfT group accounts which are available at www.dft.gov.uk.

Anthony Smith

Chief executive and accounting officer

14 June 2018

3.2 Accountability Report

Directors' report

During the year there have been up to eight non-executive directors at any one time who are detailed below. In addition there were three executive directors, Anthony Smith (chief executive), Nigel Holden (corporate services director) and David Sidebottom (transport director). Further details are available in the Remuneration and Staff Report.

Non-executive directors are appointed by the Secretary of State for Transport (Chair and four members), the Welsh Government (one member), Scottish Ministers (one member) in line with the Governance Code on Public Appointments of March 2016 issued by the Cabinet Office and the London Assembly (one member).

Board members provide a valuable contribution to the ongoing work of Transport Focus including short term input to one-off operational projects to longer term relationships and external-facing support for major projects such as franchising and fares and ticketing. Board members in post during the year are listed below:

	Date of original appointment	Date current or most recent appointment ends	Current Term (years)	Audit Risk Assurance and Remuneration Committee	Statistics Governance Group	Business Innovation Group ¹	Passenger Contact Group
J Halliwell (Chair)	9 February 2015	8 February 2019	4			√	
M Lauder	1 February 2013	31 March 2018 ²	1	Chair			Chair
R Linnard	1 February 2013	31 December 2017	1	√	√		
I Liu	1 March 2013	31 December 2020	3	√		√	
S Locke ³	9 January 2013	30 September 2017	4		Chair		√
A Leathley ³	1 October 2017	30 September 2021	4	√			√
D McCrea ⁴	1 May 2013	30 April 2017	4				
W Powell ⁴	1 May 2017	30 April 2021	4				√
P Mendelsohn ⁵	1 September 2012	31 August 2020	4		√	√	
T De Pencier	1 May 2015	30 April 2019	4		Chair		

¹ The Business Innovation Group was chaired by Anthony Smith, the Chief Executive.

² M Lauder will act as an advisor to the Board to 30 June 2018

³ Appointed by the London Assembly

⁴ Appointed by the Welsh Government

⁵ Appointed by Scottish Ministers

The Board has corporate responsibility for ensuring that Transport Focus fulfils the aims and objectives agreed with the Secretary of State for Transport and for promoting the efficient and effective use of staff and other resources by Transport Focus.

The Board has four committees and their primary purposes are:

- The Audit, Risk Assurance and Remuneration Committee supports Transport Focus on all matters relating to corporate governance, risk and financial management (including the Governance Statement), remuneration and to oversee the process of internal and external audit.

This entails providing advice, guidance and support to the Chief Executive in discharging the role of Accounting Officer.

- The Statistics Governance Group ensures the ongoing integrity of statistical research and compliance with the UK Statistics Authority's Code of Practice for official statistics.
- The Business and Innovation Group oversees any non-core business activities Transport Focus may undertake. It held its last meeting in June 2017 before being dissolved.
- The Passenger Contact Group oversees the effectiveness of the Transport Focus passenger contact function with particular emphasis on the oversight of the developing Rail Passenger Ombudsman Scheme.

No director, executive or non-executive, holds any significant interests which may conflict with their management responsibilities. A register of interests is available on our [website](#).

These statements have been audited by the National Audit Office on behalf of the Comptroller and Auditor General at a cost of £24,000 and no remuneration has been paid for any non-audit services.

Transport Focus participates in the Civil Service Pension arrangements which are described in the Remuneration and Staff Report.

Note 1.8 of the accounts explains how pension liabilities and costs are accounted for.

Over the year we have maintained policies and procedures to ensure that we have appropriate measures in place for handling any sensitive personal data.

These include monthly assurances from information asset owners and quarterly and annual assurances to the DfT. There have been no data-related incidents during the course of the year.

The average number of working days lost due to unplanned absences as a result of sickness was 9.6 days (2016-17: 8.6 days), 3.7 per cent of total staff time, (2016-17: 3.3 per cent).

There have been no significant events which have occurred since the reporting period.

Anthony Smith

Chief executive and accounting officer

14 June 2018

Statement of Accounting Officer's responsibilities

Under paragraph 8(2) schedule 5 of the Railways Act 2005, the Secretary of State for Transport with the approval of the Treasury, has directed Transport Focus to prepare a statement of account for each financial year in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of Transport Focus's state of affairs at the year-end and of its income and expenditure and total recognised gains and losses and cash flows for the financial period. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume Transport Focus will continue in operation.

The DfT's Principal Accounting Officer designated the Chief Executive of Transport Focus as Accounting Officer. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is responsible, for keeping proper records and safeguarding Transport Focus's assets, are set out in HM Treasury's *Managing Public Money*.

At the time of approving this report, so far as I am aware, there is no relevant audit information of which Transport Focus's auditors are unaware and I have taken all reasonable steps I ought to have to make myself aware of any relevant audit information and to establish that Transport Focus's auditors are aware of that information.

I take personal responsibility for the annual report and accounts and the judgements required for determining that as a whole, it is fair, balanced and understandable.

Anthony Smith

Chief executive and accounting officer

14 June 2018

Governance statement 2017-18

Scope of responsibility

As Accounting Officer I have responsibility for managing and controlling the resources used in Transport Focus to achieve our aims and objectives as set by the Framework Document agreed with the Department for Transport. In accordance with the responsibilities assigned to me in Managing Public Money, I am personally responsible for safeguarding the public funds and organisational assets. I am responsible to the Director General of the Rail Group, Director General Roads, the Department for Transport's Principal Accounting Officer, and to Parliament for ensuring value for money, regularity and propriety in deploying all the organisation's resources. This governance statement sets out how my governance responsibilities have been achieved.

Governance structure

During the year Transport Focus has had up to eight Board members at any one time; the Scottish Government, Welsh Government and the London Assembly each appoints one, with other members appointed by the Secretary of State for Transport. The membership of the Board during the year is shown in the [directors' report](#).

The Board's key roles, supported by Transport Focus staff, are to:

- set the organisation's strategy
- agree Workplans, budgets and KPIs and oversee performance against these
- oversee the organisation's operations, including finances, remuneration and risk assessments
- set the policy framework, and agree lines on major policy issues facing transport matters.

An audit, risk assurance and remuneration committee, which consisted of up to four non-executive Board members during the year has been established to support the chief executive through monitoring and reviewing the adequacy and effectiveness within the organisation of:

- corporate governance arrangements
- processes for managing risks
- internal audit and related activity
- management responses to the recommendations resulting from internal audit work
- external audit activity
- matters relating to pay and grading policy and terms of employment
- processes and controls to support this governance statement.

System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and

prioritise risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage risks and associated controls effectively, efficiently and economically.

Capacity to handle risk

As Accounting Officer, I have responsibility for reviewing our capacity to handle risk. To effect this Transport Focus has developed and has implemented the following:

- A risk management strategy reflecting the purpose and underlying approach to risk management and the role of the staff and senior management team, which has been approved by the Board and made available to all staff on the intranet.
- Organisational and team risk registers identify the main strategic, programme and operational risks which are assigned to individual risk owners. The risk registers include mitigating actions to eliminate or reduce risks wherever possible. Risks are reviewed at the monthly management team meeting alongside regular reporting to the audit, risk assurance and remuneration committee.

Risk management

The risk management framework, in addition to the risk registers, is informed by the following process:

- periodic reviews of the risk registers
- identification of key risks when issues are submitted to the Board for consideration
- inclusion of risk management as a regular item on the audit, risk assurance and remuneration committee agenda
- a management team which meets regularly to consider the operational plans and contingent risks of the organisation
- ensuring Transport Focus's operations and system of internal control comply with the principal best practice recommendations from the Cabinet Office and HM Treasury.

Review of effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of governance and the system of internal control. My review of effectiveness is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the effectiveness of governance and the system of internal control by the audit, risk assurance and remuneration committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Transport Focus risk management framework takes account of the Code of Good Practice on Corporate Governance in Central Government Departments issued by HM Treasury, and is put into practice as follows.

Board

The Board received regular updates on progress throughout the year which are discussed at public meetings. The Board met three times during the period to:

- consider and approve the Transport Focus workplans for the period including the allocation of resources to deliver those plans
- monitor progress against the workplans for the period through regular reports from the management team
- consider regular financial reports
- consider and approve policies and procedures to be adopted by Transport Focus and
- consider and approve expenditure in accordance with the procurement policy adopted by Transport Focus.

Attendance records at Board meetings by Board members along with issues discussed are available in the Board meeting minutes which can be downloaded from our website www.transportfocus.org.uk.

A review of Board effectiveness was undertaken during the year to ensure the Board remained relevant, appropriate, and functioning effectively, and that Board papers were of good quality. Details of the Board's remuneration and appointment process are available in the remuneration and staff report and Board appointment process on page 39.

The audit, risk assurance and remuneration committee

The audit, risk assurance and remuneration committee met five times during the period to consider:

- the quarterly financial reports
- the draft annual report and accounts
- the policies and procedures to be implemented by Transport Focus
- the planned activity and results of the external and internal audits
- the adequacy of management response to issues identified by audit on a quarterly basis
- cross organisation pay awards, changes to terms of employment and performance related pay, and
- the risk management policy and procedures managed by the executive.

In addition, the committee regularly reviews information risk, business planning and project management, and scrutinises conflicts of interest and declarations of gifts and hospitality.

The Chair of the audit, risk assurance and remuneration committee provided the Board with regular reports on the committee's activities and any findings concerning internal control.

Other aspects of governance arrangements

The Board also maintains two additional committees to help discharge its governance duties. The statistics governance group oversees Transport Focus's compliance with UKSA's Code of Practice for official statistics and promotes good practice in research activities. It met four times during 2017-18. The passenger contact group oversees the effectiveness of the passenger contact function, it met three times.

Internal audit

Internal Audit reports to the audit, risk assurance and remuneration committee and agrees a rolling programme of audit for each forthcoming year according to the Board's priorities. Regular audit reports are made, along with the end of year internal audit annual report, as defined by the Public Sector Internal Audit Standards. This includes an independent opinion by the Head of Internal Audit on the adequacy and effectiveness of the organisation's system of internal control.

The Head of Internal Audit gave an overall moderate assurance opinion for the year in his annual report. There were three internal audit assignments completed over the year and there were no significant weaknesses that fall within the scope of issues that should be reported in the Governance Statement.

The audit assignments this year covered: stakeholder engagement strategy, business planning, and management accounts. Managers have been assigned responsibility and timescales for implementing the audit recommendations which have either been or are in the process of being completed. Progress against the actions is reported to the audit, risk assurance and remuneration committee periodically to ensure the findings are being addressed.

Meetings with Department for Transport

The chief executive and Transport Focus's senior managers meet with senior officials from within the Department for Transport at regular intervals.

These meetings usually occur on a quarterly basis and issues discussed include performance against operational plans, financial expenditure and policy development. In addition, Transport Focus's Chair regularly meets with Ministers.

The risk and control framework

The key element of our risk and control framework is the Board's commitment to establishing risk appetite for strategic, programme and operational risks.

The audit, risk assurance and remuneration committee reports twice yearly to the Board where it summarises risk management activity and provides an in-year opinion.

Transport Focus's head of business services meets with each risk owner at the end of each quarter to review both risks and controls, and subsequently formally discusses these with me.

There were four key corporate risks identified during the year. These included:

- Preparing for our role in the Rail Passenger Ombudsmen Scheme Headline. The risks included loss of reputation by association, a potential surge in case volumes and inadequately provided routing and advice signposting. The risk has been managed over the course of the year by active participation in a cross industry taskforce, development of a strong media line, reducing our contact team case load, along with continued oversight by management team and Board.
- Non-delivery of the Strategic Roads User Survey on 1 April 2018 with consequential reputational risk. Monthly project meetings with key staff and regular communication with Management team and Board have been key in the management of this risk. In addition, awareness of the project and its risks have been spread across our Insight team to ensure the risk was not being managed by one single individual.
- Non compliance with the General Data Protection Regulation. This risk has been managed by the creation and implementation of a project plan, training for key staff and the creation of a GDPR taskforce.
- We continue to be an effective and visible user watchdog and we demonstrate value for money. We manage this risk through regular meetings with the Department and our key stakeholders.

Data handling and information risks

I am aware that the handling of information and data is a risk to the organisation. Detailed guidance to all staff on this subject has been issued, and further training has taken place during 2017-18 for all new staff. Transport Focus's Senior Information Risk Owner (SIRO) implements Cabinet Office guidance, as appropriate, through Information Asset Owners (IAOs) who have been appointed across the organisation and who meet quarterly. As he is required to do, the SIRO has written to me at year end with his opinion on information risk, and has published this opinion via our website. I accept this opinion and note that there were no reportable data handling incidents during the year.

The system of internal control has been in place in Transport Focus for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts, and includes the delegation of budgets and risk ownership to directors and

managers. The system of internal control accords with Treasury guidance and continues to be reviewed and developed with further improvements in the pipeline.

Anthony Smith

Chief executive and accounting officer

14 June 2018

3.3 Remuneration and staff report for the year ended 31 March 2018

The Audit Risk Assurance and Remuneration Committee was made up of up to four non-executive Board members in the year: Marian Lauder (Chair), Isabel Liu, Robert Linnard and Arthur Leathley.

In addition to activities undertaken in relation to audit and risk, the Committee considers:

- the overall pay and grading structure for the employees of Transport Focus
- annual cost of living and performance pay increments
- any proposed changes to the terms of conditions of employment of Transport Focus employees
- any proposed changes to the occupational pension arrangements
- the broad policy for the remuneration of executive level staff
- individual remuneration arrangements for executive level staff, and approval of any proposals for subsequent changes to those arrangements
- the level and structure of remuneration for executive level staff.

Any annual increase in the remuneration of Board members is agreed between the Chair of the Board and the DfT. Members of the remuneration committee have not been involved in decisions relating to their own remuneration. In 2017-18 there was an increase of one per cent in members' remuneration agreed by the DfT.

The arrangements for changes to the remuneration of executive Management Team members are the same as for other employees of the organisation. There was a one per cent pay increase for staff during 2017-18.

Our simple annual bonus scheme continued to operate in 2017-18, with a total allocation of £19,000 for achievements in 2017-18 (2016-17: £19,000), which were approved and paid in May 2018.

The bonus scheme will continue to recognise outstanding performance by staff in delivering exceptional value, or high levels of professionalism or personal commitment in delivering high-quality work.

All staff, including members of the Management Team, are eligible to participate in the bonus scheme and any awards to members of the Management Team are approved by the Chair of the Audit Risk Assurance and Remuneration Committee.

Board members (audited)

Remuneration paid to the non-executive Board members for the period to 31 March 2018 is set out below:

	Board fees paid in the period ended		Date of original appointment	Date current or most recent appointment ends
	31 March 2018 £000's	31 March 2017 £000's		
Members in post at 31 March 2018				
J Halliwell (Chair)	36	35	9 February 2015	8 February 2019
S Burgess	-	13	1 April 2013	31 March 2017
M Lauder ¹	16	16	1 February 2013	31 March 2018
R Linnard	9	13	1 February 2013	31 December 2017
I Liu	13	13	01 March 2013	31 December 2020
S Locke ²	-	-	9 January 2013	30 September 2017
A Leathley ²	-	-	1 October 2017	30 September 2021
D McCrea	1	13	1 May 2013	30 April 2017
W Powell	11	-	1 May 2017	30 April 2021
P Mendelsohn	13	13	1 September 2012	31 August 2020
P Rowen	-	13	1 March 2013	31 March 2017
T De Pencier	12	12	1 May 2015	30 April 2019

¹ M Lauder, although no longer a Board member after 31 March 2018, has continued as a Board adviser for the three months from 1 April 2018 to assist the Audit Risk and Remuneration Committee whilst it considers the annual report and accounts for 2017-18.

² Mr Locke was appointed by the London Assembly and his appointment ended on 30 September 2017 when Mr Leathley was appointed by the London Assembly. Neither Mr Locke nor Mr Leathley received any fees from Transport Focus for these appointments.

The remuneration shown in the table excludes Employers National Insurance Contributions payable by Transport Focus in respect of these appointments.

Transport Focus does not make any pension provision for Board members, and no other taxable benefits were provided for Board members in the period.

All Board members have a three-month notice period, and no compensation terms for early termination in their contracts.

Executive Management Team (audited)

Members of the Executive Management Team are on continuing contracts and their remuneration and pension benefits, in £5,000 bands, are set out below:

	Salary		Bonus		Pension benefits ¹		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
A Smith Chief executive	125-130	125-130	-	-	20	28	155-160	155-160
G Dangerfield Road user director	N/A	65-70	N/A	-	N/A	27	N/A	95-100
N Holden Corporate services director	75-80	70-75	-	-	14	22	85-90	95-100
D Sidebottom Transport director	75-80	70-75	-	-	13	13	85-90	85-90

¹ The value of the pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any decreases due to a transfer of pension rights

G Dangerfield's role changed to head of transport user strategy for 2017-18 and was no longer considered to be a director so his remuneration details for 2017-18 have not been included in the above table.

	Real increase in pension and related lump sum at pension age	Accrued pension at pension age as at 31 March 2018	Cash Equivalent Transfer Value		Real increase in Cash Equivalent Transfer Value to nearest £000
			At 31 March 2018	At 31 March 2017	
			£000's	£000's	
			At 31 March 2018	At 31 March 2017	
			£000's	£000's	£000's
A Smith	0-2.5	40-45	774	706	18
N Holden	0-2.5	15-20	298	265	13
D Sidebottom	0-2.5 plus a lump sum of 0-2.5	30-35 plus a lump sum of 85-90	584	542	4

¹ A Smith and N Holden are members of the premium pension scheme whose members are not eligible for an automatic lump sum payment on retirement.

² D Sidebottom transferred from the classic pension scheme whose members are eligible for an automatic lump sum payment on retirement to the alpha scheme during the year.

The main provisions of the civil service pension schemes are set out below.

'Salary' includes gross salary only. No performance pay or bonuses were awarded to the executive team in the financial year 2017-18 and there were no benefits in kind or non-cash benefits made.

All the directors are employed on permanent contracts and are contracted to a six-month notice period throughout their period of employment with Transport Focus.

Review of fair pay (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisations workforce. This is summarised in the table below.

	2017-18	2016-17
Mid-point of band of highest paid director's total remuneration (£)	127,500	127,500
Median total remuneration (£)	42,000	41,500
Ratio	3.0	3.1

Actual staff remuneration, excluding the highest paid director, ranged from £23,080 (2016-17: £23,025) to £80,899 (2016-17: £76,228).

Total remuneration includes salary and non-consolidated performance-related pay. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Staff numbers and related costs (audited)

Staff costs comprise:

	2017-18			2016-17
	Directly employed			
	Total	staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	2,443	2,088	355	2,474
Social security costs	237	237	-	247
Other pension costs	418	418	-	422
Total net costs	3,098	2,743	355	3,143

There were no consultancy or high paid off-payroll appointments in either 2017-18 or 2016-17. A high paid off-payroll appointment is one which lasts for a period greater than six months at rate greater than £245 per day.

The Principal Civil Service Pension Scheme (PCSPS), also known as 'alpha', is an unfunded multi-employer defined benefit scheme but Transport Focus is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

For 2017-18 employers' contributions of £373,264 (2016-17: £339,252) were payable to the PCSPS at one of four rates in the range 20.0 to 24.5 per cent of

pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £43,893 (2016-17: £44,615) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0 to 14.75 per cent of pensionable earning. Employers also match employee contributions up to three per cent of pensionable pay.

In addition, employer contributions of £1,375, 0.5 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £6,134.

Average number of persons employed (audited)

The average number of whole-time equivalent persons employed during the year was as follows:

	2017-18			2016-17
	Total Number	Permanent Staff Number	Others Number	Total Number
Directly employed	56	50	6	54
Other	-	-	-	-
Total	56	50	6	54

Permanent staff includes one SCS2 equivalent member of staff and two SCS1 equivalent staff.

Staff

We are committed to equality of opportunity for all our staff, and do not condone discrimination in either application for employment or in continued employment on the grounds of sex, transgender, race and ethnicity, religion and belief, disability, marital status, age, pregnancy and maternity or sexual orientation.

Where required appropriate adjustments to the workplace can and have been in place to ensure that all staff have an equal opportunity to carry out their duties. These include changes to working patterns and hours and alterations to employee workstations.

The table below shows the split between male and female staff and directors of Transport Focus at 31 March 2018.

	Male	Female	Total
Non-executive directors (remunerated)	4	2	6
Executive directors	3	-	3
Senior manager	3	2	5
Staff	18	21	39
Total	28	25	53

We are keen to provide our staff with a range of training and development opportunities to ensure they have the knowledge and skills necessary to carry out their responsibilities effectively. During the year we have spent £52,000 to support improved staff performance, including development and communication of the Workplan.

The average number of staff employed rose by two in comparison to last year as we continued undertake the change in our remit to include representation of road users.

We continued to operate our simple bonus scheme during the year so that we could recognise staff who have demonstrated exceptional performance.

Trade union

We give staff the option to join a union. As we do not officially recognise a union we do not offer any trade union facility time to staff.

Civil Service compensation scheme - exit package (audited)

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Less than £10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	3	-	3
£25,001 - £50,000	-	-	-	1	-	1
Total number of exit packages	-	-	-	4	-	4
Total cost (£000)	-	-	-	74	-	74

During the year there were no exit packages under contractual or non-contractual terms.

All redundancy payments are made in accordance with the provisions of the Civil Service Compensation Scheme which is a statutory scheme made under the Superannuation Act 1972.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the PCSPS. It has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6 per cent and 8.05 per cent for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way

to nuvos, except that the accrual rate is 2.32 per cent. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCS or alpha – as appropriate. Where the official has benefits in both the PCS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any

actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Anthony Smith

Chief executive and accounting officer

14 June 2018

3.4 Parliamentary accountability and audit report

Losses and special payments (audited)

Transport Focus has not incurred any losses or made any special payments that must be reported to Parliament, nor does it have any remote contingent liabilities other than that reported in the notes to the financial statements.

Long-term expenditure trends (audited)

The net expenditure incurred by Transport Focus over the previous five years is summarised in the table below.

	2013-14	2014-15	2015-16	2016-17	2017-18
Passenger representation £000	4,936	4,989	4,962	4,919	4,177
Road user representation £000	-	-	1,033	2,147	1,888
Total net expenditure £000	4,936	4,989	5,995	7,066	6,065

Fees and charges (audited)

The following information summarises the final report to Transport Focus management team for the period to 31 March 2018 and excludes any joint funded activities. A total contribution of £290,000 was made to overheads over the year.

	Full cost	Revenue	Operating surplus/(deficit)
	£000	£000	£000
Additional consumer representation	661	661	-
Transport user research	529	529	-
Net expenditure	1,190	1,190	-

Additional consumer representation activities are delivered through assigning staff to liaise with specific service providers. We set fees to recover, at a minimum, the direct costs of these activities plus a margin to recover an appropriate proportion of management costs.

Transport user research activities are managed market research projects to gather and analyse user evidence. Where fees are charged for transport user research which would have been part of our workplan we set fees to recover, at a minimum, the direct costs of these activities, the costs for project management plus a margin to recover an appropriate share of overheads and notional cost of capital.

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I have audited the financial statements of Transport Focus (operating name of the Passengers' Council) for the year ended 31 March 2018 under the Railways Act 2005. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Transport Focus's affairs as at 31 March 2018 and of net expenditure for the year then ended
- the financial statements have been properly prepared in accordance with the Railways Act 2005 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Transport Focus in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and express an opinion on the financial statements in accordance with the Railways Act 2005.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Transport Focus's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Transport Focus's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Railways Act 2005
- in the light of the knowledge and understanding of the Transport Focus and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report
- the information given in Performance Report and Parliamentary Accountability and Audit Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report to be audited are not in agreement with the accounting records and returns

- I have not received all of the information and explanations I require for my audit
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Sir Amyas C E Morse
Comptroller and Auditor General

18 June 2018

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

3.5 The accounts

Statement of comprehensive net expenditure for the year ended 31 March 2018

		2017-18	2016-17
	Note	£000	£000
Expenditure			
Staff costs	3	3,098	3,143
Depreciation	4	11	26
Other expenditures	4	4,844	5,104
		<u>7,953</u>	<u>8,273</u>
Income			
Income from activities	5	<u>(1,888)</u>	<u>(1,207)</u>
Net Expenditure		6,065	7,066

A statement of other comprehensive net expenditure has not been prepared as there has been no other comprehensive expenditure or income in either the current year or prior year.

The Accounting Policies and Notes on pages 57 to 64 form part of these financial statements.

Statement of financial position as at 31 March 2018

		2018	2017
		£000	£000
	Note		
Non-current assets:			
Property, plant and equipment	6	42	10
Total non-current assets		42	10
Current Assets			
Trade and other receivables	7	764	311
Cash and cash equivalents	8	897	2,034
Total current assets		1,661	2,345
Total assets		1,703	2,355
Current liabilities			
Trade and other payables	9	1,479	2,275
Total current liabilities		1,479	2,275
Assets less liabilities		224	80
Taxpayers' equity			
General reserve		224	80
Total taxpayers' equity		224	80

The Accounting Policies and Notes on pages 57 to 64 form part of these financial statements

Anthony Smith

Chief executive and accounting officer

14 June 2018

Statement of cash flows for the year ended 31 March 2018

	2017-18	2016-17
	£000	£000
	Note	
Cash flows from operating activities		
Net expenditure after interest	(6,065)	(7,066)
(Increase)/Decrease in trade and other receivables	(453)	136
Increase/(Decrease) in trade and other payables	(796)	696
Increase/(Decrease) in provisions	-	(72)
Add : Depreciation	4 11	26
Net cash outflow from operating activities	<u>(7,303)</u>	<u>(6,280)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	6 (43)	-
Net cash outflow from investing activities	<u>(43)</u>	<u>-</u>
Cash flows from financing activities		
Grants from parent department	<u>6,209</u>	<u>7,066</u>
Net financing	<u>6,209</u>	<u>7,066</u>
Net (decrease)/increase in cash and cash equivalents in the period	<u>(1,137)</u>	<u>786</u>
Cash and cash equivalents at the beginning of the period	8 <u>2,034</u>	<u>1,248</u>
Cash and cash equivalents at the end of the period	8 <u>897</u>	<u>2,034</u>

The Accounting Policies and Notes on pages 57 to 64 form part of these financial statements

Statement of changes in taxpayers' equity for the year ended 31 March 2018

	General reserve £000
Balance at 1 April 2016	<u>80</u>
Changes in taxpayers' equity for 2016-17	
Retained deficit	<u>(7,066)</u>
<i>Total recognised income and expense for 2016-17</i>	<u>(7,066)</u>
Grant-in-aid received from the DfT	<u>7,066</u>
Balance at 31 March 2017	<u>80</u>
Changes in taxpayers' equity for 2017-18	
Retained deficit	<u>(6,065)</u>
<i>Total recognised income and expense for 2017-18</i>	<u>(6,065)</u>
Grant-in-aid received from the DfT	<u>6,209</u>
Balance at 31 March 2018	<u>224</u>

The Accounting Policies and Notes on pages 57 to 64 form part of these financial statements

Notes to the accounts

1. Statement of accounting policies

Transport Focus, previously known as Passenger Focus, is the operating name of the Passengers' Council, previously known as the Rail Passengers' Council. Transport Focus is a Non-Departmental Public Body (NDPB) and is sponsored by the DfT and funded by grant-in-aid.

These financial statements have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Transport Focus for the purpose of giving a true and fair view has been selected. The particular policies adopted by Transport Focus are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to include the revaluation of non-current assets at their value to the business by reference to their current costs.

1.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. Estimates are based on knowledge of current facts and circumstances, assumptions concerning past events, and forecast of future events and actions. Key judgements used in the preparation of Transport Focus's accounts relate to the determination of work completed for the recognition of accrued and deferred income.

1.3 Adoption of new and revised standards

No new accounting standards became effective for the first time in 2017-18.

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2018 and have not been applied in these financial statements. The following new standards may affect future Accounts if they are adopted by the FReM after further consultation:

- IFRS 9 addresses the classification, measurement and impairment of financial assets. It has been included in the 2018-19 FReM. It is anticipated that there will be no material changes to balances and transactions reported in Transport Focus financial statements given the simple financial instruments held.

- IFRS 15 covers the recognition of revenues from contracts with customers. It has been included in the 2018-19 FReM. Following a review of Transport Focus revenue recognition policies it is anticipated that there will be no material changes to balances and transactions reported in the financial statements. Current contracts with customers have been reviewed to identify the separate performance obligations within and to ensure that revenue is recognised as each performance obligation is satisfied.
- IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. The IFRS should become effective in the 2019-20 FReM. The impact on the financial statements for these contracts is anticipated to be immaterial as any material leases currently held are for periods less than 12 months.

Transport Focus does not consider that any other new or revised standard or interpretation will have a material impact.

1.4 Income from operating activities

Income from operating activities represents income in respect of both co-funding of expenditure on passenger research projects, and activities which are fully funded by other parties. Income is recognised on a percentage of completion basis and is accounted for on accrual basis.

1.5 Tangible non-current assets

Expenditure on tangible non-current assets is capitalised. The minimum level for the capitalisation of tangible non-current assets is £2,500 per individual item. Assets are revalued annually if material.

1.6 Depreciation/amortisation

Depreciation/amortisation is provided on all non-current assets, at rates calculated to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

- furniture and fittings - five years
- computer equipment - three years
- leasehold improvements - remaining length of lease

1.7 Government grants

Grant-in-aid used to finance activities and expenditure which support the statutory and other objectives of Transport Focus are treated as financing and credited to the General Reserve when received because they are regarded as contributions from a controlling party.

1.8 Pension costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) in respect of their pensions. The PCSPS is an unfunded multi-employer defined benefit scheme but Transport Focus is unable to identify its share of the underlying assets and liabilities. As required by IAS 19, Transport Focus accounts for these contributions as if they related to a defined contribution scheme, by accounting for scheme contributions on an accruals basis.

Contributions take the form of payments to the PCSPS of amounts to cover the accruing liabilities of the scheme in respect of superannuation benefits for persons who have been employed in the funded operations, and in respect of the administrative expenses attributable to the liabilities and their discharge. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>).

1.9 Operating leases

Rental payments due under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease. Where the arrangement includes incentives, such as rent free periods, the related benefits are deferred over the full term of the lease.

1.10 Taxation

Transport Focus has no corporation tax liability because funding is provided mainly through grant-in-aid from the DfT. Activities which involve funding from other parties are subject to VAT and any irrecoverable VAT is treated as an expense.

2. Analysis of net expenditure by segment

	Passenger representation	Road user representation	2017-18 Total	2016-17 Total
	£000	£000	£000	£000
Gross expenditure	5,862	2,091	7,953	8,273
Income	1,685	203	1,888	1,207
Net expenditure	4,177	1,888	6,065	7,066

Costs and income have been directly allocated to the two activities wherever possible, and shared costs or income has been apportioned between the two activities on the basis of average staff numbers for each activity.

3. Staff costs

Staff costs comprise:

	2017-18			2016-17
	Directly employed			
	Total	staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	2,443	2,088	355	2,474
Social security costs	237	237	-	247
Other pension costs	418	418	-	422
Total net costs	3,098	2,743	355	3,143

4. Administration costs and other expenditure

	2017-18	2016-17
	£000	£000
Running costs		
Passenger research	3,042	3,381
Travel and subsistence, room hire and recruitment	321	266
Printing, postage and office costs	136	195
External services and support	323	241
Information technology support and maintenance	491	460
Board remuneration	119	148
Rent, rates and utilities	307	303
Training and development	52	41
Telecommunication costs	25	45
External audit fee	24	21
Operating lease rentals (excluding rent)	4	3
	<u>4,844</u>	<u>5,104</u>
Non-cash items		
Depreciation	11	26
Total	<u><u>4,855</u></u>	<u><u>5,130</u></u>

5. Income

	2017-18	2016-17
	£000	£000
Income in respect of joint projects	896	499
Income in respect of activities fully funded by external parties	982	704
Other income	10	4
	<u>1,888</u>	<u>1,207</u>

6. Property, plant and equipment

	Leasehold improvements £000	Information technology and fittings £000	Total £000
Cost or valuation			
At 1 April 2017	94	14	108
Additions	-	43	43
Write down	(94)	(14)	(108)
At 31 March 2018	-	43	43
Depreciation			
At 1 April 2017	89	9	98
Charged in year	5	6	11
Write down	(94)	(14)	(108)
At 31 March 2018	-	1	1
Net book value at 31 March 2018	-	42	42
Net book value at 31 March 2017	5	5	10

	Leasehold improvements £000	Information technology and fittings £000	Total £000
Cost or valuation			
At 1 April 2016	94	14	108
At 31 March 2017	94	14	108
Depreciation			
At 1 April 2016	67	5	72
Charged in year	22	4	26
At 31 March 2017	89	9	98
Net book value at 31 March 2017	5	5	10
Net book value at 31 March 2016	27	9	36

All assets are owned and remain at cost. Assets have not been revalued as a revaluation is not considered to be material to the financial statements.

7. Trade receivables and other current assets

	2017-18	2016-17
	£000	£000
Accounts falling due within one year:		
Trade receivables	557	218
Other receivables	11	9
Prepayments and accrued Income	196	84
	<u>764</u>	<u>311</u>

Other receivables include season ticket loans to 10 staff (2016 -17: 8) totalling £11,059 (2016-17: £9,118).

8. Cash and cash equivalents

	2017-18	2016-17
	£000	£000
Balance at 1 April	2,034	1,248
Net change in cash and cash equivalent balances	(1,137)	786
Balance at 31 March	<u>897</u>	<u>2,034</u>

The bank balance is held with the Government Banking Service.

9. Trade payables and other current liabilities

	2017-18	2016-17
	£000	£000
Amounts falling due within one year		
Other taxation and social security	71	81
Pension contributions payable	48	50
Trade payables	11	540
Other payables	15	13
Rent Liability	-	1
VAT Liability	38	34
Accruals and deferred income	1,296	1,556
	<u>1,479</u>	<u>2,275</u>

The rent liability was provided because a rent-free period was negotiated for office accommodation, and was fully utilised over the lease term.

10. Provision for liabilities and charges

	2017-18	2016-17
	£000	£000
Redundancy cost provision		
Balance at 1 April	-	72
Provided in the year	-	-
Provisions utilised in the year	-	(72)
Balance at 31 March	<u>-</u>	<u>-</u>

11. Commitments under leases

Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2017-18 £000	2016-17 £000
Obligations under operating leases comprise:		
Buildings		
Not later than one year	265	211
Later than one year and not later than five years	-	-
Later than five years	-	-
	<hr/> 265	<hr/> 211
Other		
Not later than one year	1	1
Later than one year and not later than five years	1	-
Later than five years	-	-
	<hr/> 2	<hr/> 1

Transport Focus has a licence to occupy offices in London and which has been included as a lease obligation because it has similar terms and conditions.

12. Contingent liabilities disclosed under International Accounting Standard 37

In November 2012 there was a premature surrender of the lease for our London offices at Drummond Gate. Although no immediate costs to reinstate the premises were incurred because the agreement is between crown bodies there is a remote possibility that Transport Focus may be required to contribute to the reinstatement costs when the main lease ends. It is difficult to quantify the amount for any future liability at the date of the accounts so this item has been recorded as an unquantifiable contingent liability.

There were no other reportable contingent liabilities or contingent assets at 31 March 2018 or 31 March 2017.

13. Related-party transactions

Transport Focus is an executive non-departmental public body sponsored by the DfT and is regarded as a related party. £6,209,000 was received from the DfT in Grant-in-aid for the year. In addition further income totalling £496,000 was received in the year for additional research commissioned by the DfT. Of this £362,000 was outstanding at 31 March 2018.

Rental payments for communal office space in Manchester are made to Highways England which is also regarded as a related party because it is a government owned company which is part of the DfT. Payments made to Highways England totalled £11,000 for the year. Additionally £39,000 was received from Highways England for jointly funded research.

£121,000 was received from HS2 Limited for Passenger Panel research, and £212,000 was received from Train Information Services for work on passenger information during disruption and set-up support for the Rail Passenger Ombudsmen Scheme. During the year a payment of £9000 was made to the Driver and Vehicle Licensing Agency for work done to recruit road users for our road user satisfaction survey pilot.

None of the Board members or key management staff has undertaken any material transactions with Transport Focus other than their remuneration, or its related parties during the year and none has a financial interest in the TOCs such as to influence their work with Transport Focus.

14. Events after the reporting period

There are no other reportable events after the reporting period. These accounts were authorised by the Accounting Officer for issue on the date of certification by the Comptroller and Auditor General.

15. Financial instruments

As the main cash requirements of Transport Focus are met through grant-in-aid provided by the DfT, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Transport Focus's expected purchase and usage requirements and Transport Focus is therefore exposed to little credit, liquidity or market risk. Trade partners are considered to pose minimal credit risk as they will have been risk assessed as part of much larger projects with the DfT. In addition phasing of invoicing over the life of a project further reduces exposure.

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