

Minutes

Board meeting

Date: Thursday 13 November 2014
Location: Copthorne Hotel, Birmingham
Time: 10.00 – 12.48

Present

Board Members

Colin Foxall CBE	CF	Chairman
Marian Lauder MBE	ML	Board member
Bob Linnard	BL	Board member
Stephen Locke	SL	Board member
Diane McCrea	DM	Board member
Philip Mendelsohn	PM	Board member
Professor Paul Salveson MBE	PS	Board member
Isabel Liu	IL	Board member
Dr Stuart Burgess CBE	SB	Board member
Geoff Dunning	GD	Board road user advisor
David Leibling	DL	Board road user advisor

Executive in attendance

Anthony Smith	AS	Chief Executive
Nigel Holden	NH	Resources director
Jon Carter	JC	Head of business services
Sara Nelson	SN	Head of communications
Ian Wright	IW	Head of research
Katie Armstrong	KA	Passenger team manager
Linda McCord	LM	Passenger manager

External Speaker

Geoff Inskip	GI	Chief Executive, Centro
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Apologies

Paul Rowen	PR	Board member
David Sidebottom	DS	Passenger Director

Five members of the public attended the meeting.

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1 Opening Remarks; Apologies

The Chairman welcomed the Board and introduced GI, Chief Executive of Centro, who would be presenting to the Board. Apologies were noted from Paul Rowen and David Sidebottom.

2 Minutes of the Previous Meetings: London, 10 September 2014

The Board **approved** the minutes and **authorised** the Chairman to sign them.

3 Action Matrix

ML noted internal audit findings were not releasable from the DfT and probably not accessible using FOIA. The Board discussed potentially using anonymised information and other options for benchmarking, perhaps against consumer organisations. The Board agreed with GD's view that the need for benchmarking information might be addressed through the triennial review mechanisms.

Item	Date	Issue	Action	Owner	Due	Status
BM243	10/09/14	The fairness and consistency of audits across the DfT family	To request information on the internal audit grades received by other DfT organisations	ML	<i>Retained until February 2015</i>	Internal audit findings had been requested from the DfT, but this had been refused. ML to follow up again.
BM244	10/09/14	Establishing task forces to consider policy issues in more depth	To produce a timetable for meetings of the various task forces	JC	<i>Retained until February 2015</i>	The Board agreed there should be a highway specialist on the Statistics Governance Group. JC would report back to the Board.

4 Chairman's Report

The Chairman updated the Board about the rail industry information summit, which featured 'lively and healthy' discussion, such as on the provision of information during difficult times. The Chairman had presented on the work of Passenger Focus with respect to information at stations and advance information. This had led to a number of action points that would be circulated to the Board, much of which mirrored Passenger Focus's trust agenda.

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5 Making a Difference for Passengers – how are we doing? (Workplan report)

AS noted good progress against the workplan, with all six key priority areas progressing well, except for the bus punctuality report, which had been complicated by the triennial review of the Traffic Commissioners, changing guidelines about bus punctuality and statistics, and also through debates about devolution impacting upon the work of Traffic Commissioners. SN updated the Board on this subject; the bus punctuality report would be published in early December. AS explained that the progress of this work had been further hindered due to the impact of budget cuts on the capacity of local authorities to support it.

IL requested dates were included in the workplan report actions to make it clear whether these had taken place and if so when.

Item	Date	Issue	Action	Owner	Due	Status
BM245	13/11/14	Actions in work plan report not dated	Consider how dates could be included for actions in future years work plan reports.	JC/MC	May 2015	

DL noted the amber rating in relation to the Coach Passenger Satisfaction Survey. AS explained that National Express would only contribute if Megabus also did. Megabus had previously not been interested, but would be met with again. Passenger Focus might have to fund this to initiate it in order to show the value of such work, as operators might then want to participate. AS noted an initial budget line had been put in for 2015 research. The Board endorsed the Chairman's view that this work was necessary and that the DfT would consider this to be worthwhile, especially as coach-travel was under-regarded in the general transport mix. The Board discussed the merits of involvement of drivers, passengers and companies in this survey, and endorsed CF's view that Passenger Focus had the ability to do a passenger survey more immediately - especially since this fitted with the roads work - and could focus on companies and drivers at a later date.

DM notified the Board that the internal advisory committee had been established to advise the Minister on transport and passenger issues in Wales, and Passenger Focus was in a position to play a formal role within the advisory group in providing evidence to the Minister. The Board endorsed the Chairman's view that effort should be taken in this regard as this presented an opportunity to ensure benefits for passengers. DM noted a researcher had recently been appointed to this advisory committee, who would be contacted and invited to work with Passenger Focus, as appropriate.

PM explained potential developments in Scotland, where a reshuffle was expected to lead to a new Transport Minister. The Board discussed the resulting opportunities to increase the visibility and role of Passenger Focus in relation to the BPS fieldwork and the tram development, to ensure passenger needs would be taken in to account. The Board endorsed the Chairman's view that this work should be undertaken early in order to ensure significant positive impact. An early opportunity to meet in Scotland again should be taken if it could be arranged / afforded.

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6 Finance Report

NH updated the Board on the half-year figures up to September. Passenger Focus was on track to stay within its passenger related funding allocation; there were greater risks around the road user budget –this was based on monthly projections for the time being – but was being managed diligently.

The Chairman asked about the potential impact on the road user work if the legislation was axed. NH informed the Board that staff would be recruited on a fixed term basis; this was the only way contain what is the main risk, which was not underwritten by the DfT. The Chairman noted general political support for Passenger Focus in relation to this work. There was not yet a line on the accounts for the road user work, since September was the first month costs had been formally incurred.

DL asked whether there was a shortfall in cash flow relating to the HS2 panel work. NH noted this was not an issue, as third party funding was recorded based on costs incurred and income received or billed to the Department, so Passenger Focus could be sure money due would be collected. At the start of the year there was expected to be a £12,000 management fee with research funded through the agency, but this had since changed such that the research was coming through Passenger Focus's books. This would be recovered from the Department and would not affect the cash flow.

BL noted £190,000 from DfT franchising work had been listed as not yet spent, but the comments said costs were anticipated to be in line with funding. Members of the Board queried this because work had already been undertaken. NH confirmed this number was a forward-looking figure for anticipated costs based on the half-year review, and this reporting was in line with the agreement with the DfT and the construction of the £190,000 award. NH explained the agreement had been based on incremental costs, so this was what was recorded. The Chairman asked for further clarification, since clearly parts of the work had already been undertaken.

Item	Date	Issue	Action	Owner	Due	Status
BM246	13/11/14	Reporting of DfT franchising costs not reflective of activity undertaken.	Clarification to Board in presentation of quarterly financial report	NH	Dec 14	

7 How will increased devolution make a difference for passengers in the West Midlands?

GI noted HMT had previously opposed the transfer of a single pot to regions, and had felt regional government did not have appropriate organisational structures in place to take on this responsibility and to resolve issues of long term funding, but were encouraging appropriate arrangements such as the Black

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Country and Birmingham combined authority, which would engage in initial work and had potential to have further devolved powers.

The [Birmingham Connected](#) plan focussed on travel access in and around Birmingham and congestion problems. The white paper set the direction of travel in relation to funding of investment in public transport in the metropolitan area in and beyond Birmingham.

The Greater Manchester Combined Authority had negotiated with HMT additional powers for the elected mayor in relation to transport, and said this model could be considered in the West Midlands to meet HMT demands for a strong governance model which took in to account public consultation and mandate. GI also noted the alternative quality contract model put in place in Tyne-and-Wear. There was progress towards TFL-style ticketing in Manchester, and the West Midlands' *Swift* programme was multi-operator but not yet multi-modal; work was being done to extend this, but there had been challenges in relation to involving other operators and stations outside of the *Swift* area.

Centro's bus partnership work was currently focussed the creation of ten priority 'platinum' public transport corridors. GI outlined the proposal in the white paper to include nine new Sprint routes in the Sprint Network, and the work that was being done in regard to funding these with the LEP and local growth funds. GI noted the successful extension of the tram network, a £250 million project to extending this to Solihull, and future plans to connect North Solihull and Digbeth. Centro buses had a flat fare across all mileage, which was a good starting point for a *Swift* PAYG system and integrated ticketing for bus and rail operators.

It was vital to get the right deal for passengers and the local voice in relation to rail devolution. Centro had put together a package of rail investment linked to HS2, to improve passenger services for connections to HS2, and to ensure resulting relief capacity be used to improve local passenger services. Devolution of the rail franchise was a good starting point for putting investment in place, and GI stressed the link between this and economic growth and activity.

Centro had proposed splitting the London Midland franchise in to two, since the current organisation had led to a focus on London rather than the local market. It was important to ensure needs of local passengers were delivered given, in particular, the disruption to Euston station starting from 2019, and ensuring access from the West Midlands to London.

HS2 – what does it mean for Birmingham?

GI outlined the importance of the planned development and phases of HS2 to the West Midlands in terms of delivering jobs and economic activity, and the benefits both faster journey times and more capacity, including release capacity on the local network, as well the benefits of the HS2 construction headquarters and the HS2 training college. Abellio had built new trains for the Scottish Rail contract in the UK. Centro were in favour of a link between HS2 and HS1 to ensure a direct link to mainland Europe. GI explained Centro's work in relation to the passenger stations including Curzon Street and the Birmingham Airport Interchange/NEC, and described work about future plans in relation to Curzon and Digbeth following HS2, and plans in relation to the UK Central interchange project, which would create additional jobs in the area and additional demands on public transport in the area.

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The Chairman asked where debt and responsibility would be taken if HMT devolved borrowing powers, and asked how long it would take to implement a TFL-style model. GI noted initial discussions with HMT were focussed on the benefits of a London-style arrangement in terms of infrastructure investment and economic growth for regions, and Centro work had shown these benefits in Birmingham. GI said the view within Core Cities was that the process could be ongoing for 10 years. GI discussed the importance of strong governance and consultation to ensure political unity, continuity and longevity of plans beyond specific local or national political cycles, noting the Centro white paper reflected 1,800 consultation responses to the green paper. GI explained that the Manchester model would be implemented with an elected mayor putting in to place a transport plan from 2017. The Chairman noted that in London it had taken a long time to encourage the boroughs to give up control.

GI noted positive discussions between Centro and National Express in respect of building long term partnerships and enabling Centro to have some influence in the future growth of the industry. BL noted that the view of HMT in relation to investment in transport had become more positive over time, with changes in relation to high speed rail, devolution, and the question of whether increased road capacity would lead to more demand, and so HMT were willing to put in substantial amounts of money if appropriate governance networks and management of transport programmes could be realised, and had been supportive of projects Centro was engaged in in relation to HS2 and roads.

In relation to changing demands on research, GI described the Midlands Connect project in respect of road freight, passengers and connectivity around the Midlands, and explained evidence was needed around improvements in journey times and accommodating the increased in projected trips in to Birmingham. Since not all of these could be accommodated by public transport, there would be a need for more roads, and a shift in the Highways Agency programme. There were questions around motorways and tolls. GI explained some Centro modelling had been done in relation to projected changes as to where people would be living and the impact on numbers of people travelling to work. The Chairman noted this was a needs-based analysis, but Passenger Focus's research had been looking into what passengers *wanted*.

The Chairman asked how relevant the NRPS would be in a forum where there are five large operators around the UK. GI confirmed this was an issue for Passenger Focus and noted the constraints in relation to Euston and HS2, asserting that the industry should get behind the proposal and understand why it should be carried forward, but what passengers thought of it might not be the most appropriate question. The Chairman said this question must be asked if it was framed appropriately.

PS asked whether the HS2 college would include training in consultation and community engagement, including 'soft' skills and social sciences as well as traditional engineering skills. GI answered that this had not yet been done, but the matter had been raised and he was working to include these elements.

As Chair of LondonTravelWatch, SL expressed concern about quality of links onwards from Euston station included in the HS2 rebuild and redesign programme and the suggestion of using Old Oak Common as an interchange, which had not been considered.

SL also stressed the importance of including the boundaries of areas included in devolution. London and the south eastern counties had been unable to agree workable rail devolution for 'cross border' services.

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GI explained these risks had been mitigated by the creation of the West Midlands Rail organisation, which included shire areas to cover the full franchise area as well as metropolitan districts. These risks would therefore be mitigated by involving the leaders of shire districts and by engagement with MPs. While not all MPs were sympathetic to rail devolution, the Secretary of State had expressed the view a majority could be achieved for any legislation.

The Chairman noted that Passenger Focus had a role in evaluating how different models of devolution delivered for customers.

DL asked what parking would be made available to cope with HS2 passengers. GI responded that little would be created because of restricted space in the city centre, and people wishing to drive would use the airport/NEC interchange station because it would be faster and there would be adequate parking there.

The Board discussed the issue of connectivity between Euston and Kings Cross St Pancras for the high speed routes and whether there would be sufficient demand for these services. BL noted the link would have to be developed at the same time as the main scheme, and the only option would be a tunnel. The Chairman noted franchises felt previous predictions of anticipated growth had been wrong and some major infrastructure projects, such as the M25, would not have been constructed based on projections of anticipated demand. GI asserted there would be demand for the link from customers in Manchester, Leeds, Birmingham and the West Midlands if it was built, and said it would be necessary to build it.

The Chairman thanked GI for attending, who in turn thanked the Board for their work, noting their role as external comparator was helpful for Centro and bus operators in the area looking in to the impact of an external comparator. GI also noted that Passenger Focus's work in relation to trams in Manchester was very useful.

8 Road user representation

AS provided an update to the Board on the progress of the Infrastructure Bill in Parliament, which contained elements relating to the roads reform programme. There had been attempts in the House of Lords to widen the remit for Passenger Focus to include a broader group of potential users and environmental issues, which had not been pursued by the Government. There was some political opposition to the Bill, but the Board should not expect too much amendment to the legislation. Passenger Focus was continuing the internal change programme using money allocated from the DfT, and the stakeholder programme had been progressing satisfactorily.

With regard to Passenger Focus's efforts in building the relationship with the Highways Agency, IW provided an update on the initial piece of research, which was two-thirds complete, and there would be an initial internal presentation in mid-December before sharing results more widely. IW explained it had been interesting speaking to HGV drivers, and various stakeholders from RAC Foundation, DfT and the Highways Agency had found the work useful. SL urged the Board to be candid about the risks associated with complex issues of this project, and noted the Audit and Risk Assurance Committee would be looking at these in detail in January. The Chairman acknowledged there were inevitably associated risks. The only way to avoid risks totally was to do nothing, which was patently not an option.

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The Board discussed GD's view about whose views were sought by Passenger Focus in relation to the freight industry, since drivers, fleet managers, and companies freighting goods had different interests. The Board acknowledged value of talking to *all* parties, including drivers and industry. GD noted drivers would not have input in to future issues like demand management and mode choice. PS felt Passenger Focus should engage more with trades unions; the Board noted previous discussions with trades unions but felt that Passenger Focus's job was to talk directly to users to the greatest possible extent.

9 Matters for discussion/approval

To receive and endorse draft Version 3 minutes of meetings as follows:

9.1 Remuneration Committee (9 October 2014)

This item was discussed in private.

9.2 Audit and Risk Assurance Committee (16 October 2014)

ML noted the franchising internal audit had been completed, for which the highest grading under the new scoring system had been received. ML noted the terms of reference had been issued for the succession planning audit and core controls audit. ML explained fieldwork was starting in November, and a report was anticipated in December.

ARAC had looked at and approved a proposed business planning process for 2015-16. The first outputs were in late November, and the Board would be expected to sign off a new workplan in February 2015.

ML noted personnel changes to key figures dealing with Passenger Focus on external and internal audit, and said this was not an ideal situation. This had been discussed with both the NAO and the DfT. Although these were due to normal staffing matters it did raise an issue about continuity of audit. ML noted the DfT were moving to a cross-departmental internal audit process.

The Board **received** and **endorsed** the ARAC minutes.

9.3 Statistics Governance Group (15 June 2014)

SL reported to the Board that the SGG had decided to disallow comments from TOCs on final reports on publication, which the board **agreed** would be put in place by the next publication date. TOCs were free to produce their own comments or press releases, but allowing comments in our own publications had made this work complicated and inconsistent. The Chairman noted there could be an issue in relation to large scale disruption where *force majeure* may well apply. SL said this did not preclude Passenger Focus from saying there had been such disruption, but this should be Passenger Focus's observation based on data rather than being something urged upon them. SL noted this would become more important over time as the NRPS became more embedded in rail industry performance, so it was more necessary than ever to be clear over Passenger Focus's ownership of the survey and its key messages.

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IW noted the RDG had come with counter-proposals that would be rejected. The Chairman urged that this issue to be resolved before implementation of the policy, particularly because RDG might complain to the DfT; it was therefore advisable to brief the DfT. PM noted however that the ONS would support the view that having comments had devalued the NRPS as an official statistic, and the ONS had previously been 'uneasy' in relation to the length of the NRPS validation process and associated consultation period.

SGG had also discussed the issue of data transfer to the ORR about complaints and the issue of compatibility of how London ravelWatch dealt with complaints compared to Passenger Focus. The Board endorsed The Chairman's view that Passenger Focus and LondonTravelWatch should continue to publish these figures and keep them within the public domain, but work could be done to ensure their comparability in response to ORR concerns. AS noted this was a live issue given the open data tool.

Item	Date	Issue	Action	Owner	Due	Status
BM247	13/11/14	NRPS TOC comments	Brief DfT in relation to change of policy	AS	Dec 14	

The Board **received** and **endorsed** the Statistics Governance Group minutes.

9.4 Passenger Contact Group (11 September 2014)

PS stated that the group were very appreciative of the work of KA and her team who continued to receive positive feedback. Complaints about Passenger Focus's work had generally been a result of the slowness in the TOCs management of the issues. Overall satisfaction with the Passenger Focus service was good. PS noted it was interesting to see which TOCs had received complaints; the East Coast Main Line had previously had very high complaint levels but this had improved, but there were problems with other operators and how seriously TOCs took the work of Passenger Focus in relation to individual cases.

PS noted the minutes included the tasks and duties of the PCG, and had suggested formally adding an additional task that was advising the Board on key issues arising from complaint-handling experience that might have more widespread relevance to Passenger Focus, for example to identify research. David Sidebottom had agreed to produce a paper looking at future options of passenger and user contact from Passenger Focus, how to deal with complaint cases, how to codify operators, Passenger Focus, and the DfT, ORR. A draft would be produced for the Board for February 2015.

The Chairman noted that in relation to complaint handling the current Minister would be keen on understanding the complaints handling of the companies and their willingness to address issues; this work was important. The Board was content with the contact and complaint handling work.

The Board **received** and **endorsed** the Passenger Contact Group minutes.

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10 To approve terms of reference of the Franchising Task Force

BL explained this was the terms of reference for one of the new task forces that had come to the Board. This was to be regarded as work in progress, and noted there was a lot of activity in the work plan, so it would be useful to identify things that needed to come to the Board that the Board's attention needed to be drawn to and to give direction on issues that did not need to come to the Board. The Board endorsed BL and the Chairman's view that the terms of reference could sensibly be regarded as something that would evolve and develop over time.

The Board **approved** the terms of reference of the Franchising Task Force.

11 To receive the half-yearly risk report provided by ARAC

ML noted the requirement to report every six months. The report gave an overall assessment of green for the management of risk. Updates this period on the strategic risk and a number of the teams' risks were included in this report. The senior information risk owner reported issues that were listed at paragraph 5 of the report under information risk, and the ARAC was satisfied these were being dealt with.

ML confirmed there were triennial review implications in the sense that the triennial review had checked Passenger Focus against a corporate governance checklist, and Passenger Focus had come out of this well, and were compliant in most instances.

The Board **received** the half yearly risk report provided by ARAC.

12 Any other business

No other business was raised.

13 Resolution to move into private session

The Board resolved that, pursuant to the provisions of the Railways Act 2005, Schedule 5, Part 6, members of the public shall be excluded from the meeting for the discussion set out below having regard to the confidential nature of the business to be transacted:

"The discussion is commercially confidential: the affairs of an individual or organisations will be disclosed, and such disclosure may 'seriously and prejudicially' affect their interests."

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Proposed by: Stuart Burgess

Seconded by: Stephen Locke

The Chairman countersigned the resolution

The public were excluded from the discussion until the end of the meeting.

Signed as a true and accurate record of the meeting:

Colin Foxall CBE
Chairman, Passenger Focus

Date