

Minutes

Board meeting

Date: Wednesday 14 November 2012
Location: Piccadilly Gate
 Store Street
 Manchester, M1 2WD
Time: 13.30 – 15.45

Present

Board Members

| | | |
|----------------------|-----|----------|
| Colin Foxall CBE | CF | Chairman |
| David Leibling | DL | |
| Stella Mair Thomas | SMT | |
| Deryk Mead CBE | DM | |
| Philip Mendelsohn | PM | |
| Bill Samuel | BS | |
| Barbara Saunders OBE | BSa | |
| Nigel Walmsley | NW | |

Board Bus Advisor

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|-------------|----|
| Mike Parker | MP |
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Executive in attendance

| | | |
|------------------|----|------------------------------|
| Anthony Smith | AS | Chief Executive |
| Jon Carter | JC | Corporate Governance Manager |
| Ian Wright | IW | Head of Research |
| Mike Hewitson | MH | Head of Policy |
| David Sidebottom | DS | Passenger Team Director |
| Matt Ayson | MA | Business Services Executive |
| Sara Nelson | SN | Head of Communications |

External Guests

| | | |
|-----------------|----|---|
| Stephen Clark | SC | Rail Programme Director, Transport for Greater Manchester |
| Michael Renshaw | MR | Bus and Rail Director, Transport for Greater Manchester |
| Chris Gibb | CG | Chief Operating Officer, Virgin Trains |

Members of the public in attendance

There were 11 members of the public in attendance.

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1 Chairman's opening remarks; apologies.

The Chairman welcomed all in attendance and stated that the meeting would primarily concentrate on issues relating to the presentations to be made by SC, MR, and CG. No apologies were noted.

The Chairman **noted** that he had recently met all the relevant new Ministers in the Department for Transport (DfT), and that these had been positive and encouraging meetings. The recently announced review of the franchising process has had an impact on Passenger Focus's work plan for the year, as this accounted for a significant part of the organisations work. The Chairman **noted** that Passenger Focus was engaged in the review process and would be looking into the consequences for franchising going forward and the impact it may have on passengers.

The Chairman **noted** that the Board would go into private session at the end of the meeting to discuss the smart ticketing research proposal due to the confidential nature of the business to be transacted.

2 Minutes of the previous Board meeting

The Board reviewed the minutes of the previous meeting. BS observed that the second paragraph on page five should be amended to reflect the fact that the Audit Committee had received, reviewed and reported the budget, but had not been responsible for approving it. The Board **accepted** this change.

Regarding the sixth paragraph of page six, AS reported that the Government had since announced rail fares would be pegged to a formula of RPI plus 1%, which was welcomed and **noted** by the Board. AS also **noted**, further to page seven, the industry was presently working on a code of practice for unpaid fare notices, which would be reviewed by Passenger Focus once it was announced in detail.

Subject to the above change, the Board **approved** the minutes of the previous meeting and **authorised** the Chairman to sign them.

3 Board action matrix

| Item | Date | Issue | Action | Owner | Due | Status |
|--------------|----------|------------------------|--|-------|----------|--|
| BM209 | 19/09/12 | Budget figures | Circulate to the Board budget figures comparing 2011-12 and 2012-13 allocations, excluding transition costs. | NH | Nov 2012 | Hard copy circulated with November 2012 Members event papers. Complete. Delete. |
| BM210 | 19/09/12 | Board research reports | Remove amber colour coding and include summary of how individual projects are progressing | IW | Nov 2012 | Changes included in November 2012 research report to the Board (BM7.2) Complete. Delete. |

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|--------------|----------|---------------------------------------|---|-------|----------|---|
| BM211 | 19/09/12 | Website | Circulate positive review of Passenger Focus websites mobile application | SN | Nov 2012 | Emailed to Board members in October 2012. Complete. Delete |
| BM212 | 19/09/12 | Work plan review | Present a formal report of the mid-year cross-organisation review of progress against work plan objectives. | JC | Nov 2012 | Included in November 2012 Chief Executives work plan report to the Board (BM7.4). Complete. Delete. |
| BM213 | 19/09/12 | London Midland ticket office closures | Analysis of the impact of Passenger Focus's recommendations | MH | Nov 2012 | Emailed to Board members in November 2012. Complete. Delete |
| BM214 | 19/09/12 | Business planning | Board to informally discuss the alignment of expectations and resources in the context of business planning for 2013-14 | AS | Feb 2013 | On agenda for discussion at November 2012 ME. Complete. Delete |
| BM215 | 19/09/12 | Scottish franchise | Chairman to raise in the context of forthcoming Passenger Focus series of meetings with Minister and industry in Scotland | AS | Jan 2013 | Forthcoming. |
| BM216 | 19/09/12 | Ticket to ride | Formal report on progress since publication to be circulated to the Board. | MH | Nov 2012 | Emailed to Board Members in October 2012. Complete. Delete. |
| BM217 | 19/09/12 | Appeal complaint figures | Future Board reports to include a breakdown of all comment categories for TOCs generating the most comments and comparisons on how TOCs were trending compared with each other. | DS/KY | Nov 2012 | Included in November 2012 review of passenger and industry facing work to the Board (BM9.0). Complete. Delete. |
| BM218 | 19/09/12 | Response to Nexus strategy paper | Amend the response to include summary of key points and relate to good consultation practice | DS | Nov 2012 | Final response circulated to Members on 30 October 2012. Complete. Delete. |

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Regarding item **BM209**, BS stated that a detailed breakdown of transition expenditure would be reported to the Audit Committee in January 2013.

Matters for discussion and approval

10 Audit Committee meeting minutes 10 October 2012

BS **noted** that there was an acceptable favourable variance on the management accounts at the end of quarter two.

The Audit Committee had discussed the National Audit Office's (NAO) report which focused on Her Majesty's Treasury's (HMT) role in the strategic management, coordination and development of the internal audit function. It was **noted** that Ian Coates, Director for Internal Audit Services at the DfT was scheduled to attend a subsequent Audit Committee meeting to discuss progress of the outcomes from this report.

On the topic of information sharing, the scope of the information provision internal audit had been widened as a sensible opportunity to review information made available to the industry during the franchise process.

Progress in relation to the Passenger Focus's risk strategy was **noted**. This involved an organisational wide risk workshop at the recent staff event on 28 September, where the key corporate risks of reputation, resources and allies/competitors were examined. The depth of staff involvement was encouraging.

11 Audit Committee's risk report for half year ending September 2012

The Audit Committee's half yearly risk report to the Board was noted.

5 Transport developments in Manchester

Developments in railway services

SC introduced himself and his organisation. Transport for Greater Manchester (TfGM) has responsibility for managing the conurbation's changing transport priorities. Over the previous 20 to 30 years, those sectors within Manchester that tended to concentrate in city centres such as business, financial and legal services had grown significantly. Reflecting this change, the number of rail journeys into central Manchester during peak hours had increased. To support the contribution of railways to Manchester's economy, it was necessary to form broader linkages with other authorities.

TfGM had set five priorities in its management of Manchester rail services. The first was day-to-day management. A committee had been established, through which TfGM could meet with operators to discuss their performance. That committee had itself set four major priorities: delivery of day-to-day train services, assessments of station quality, planning of engineering work, and the visibility and efficacy of revenue protection.

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TfGM's second priority was to address issues around peak crowding, and it had been working to inject greater capacity into rail services. The third priority of TfGM was network management, particularly management of the Northern Hub project, which had received strong support from a variety of stakeholders across northern England. The fourth priority related to HS2. It was apparent that, as plans for the development of the Y network were solidifying, people were beginning to give greater consideration to the potential of HS2 to transport them to a wider variety of locations than just London.

TfGM's final priority was management of the devolution and decentralisation process. It had been working with a number of Northern authorities and had proposed in June the creation of a body to run future rail franchises in the north of England, as well as the idea that the Northern and TransPennine franchises should be merged as an operating unit and that the franchise awarded to them should be of comparatively limited length, such as seven years plus three.

The DfT and TfGM shared some priorities, such as improving the quality of rolling stock from customers' perspectives; improving provision for peak capacity; ensuring that the change in service patterns was managed smoothly; implementation of smart cards; and investment in stations. As it was not yet clear what actions the DfT would be taking following the Brown review, TfGM could not presently give a concrete assessment of the extent to which the Department would be implementing its recommendations.

Developments in bus services

MR stated that over 80% of public transport journeys within Greater Manchester were made via bus. Of those, over 80% were via commercial services, with the remainder being via the subsidised network. The cost of operating this network totalled around £35 million per year, with roughly £20 million spent on the general network and £15 million on school services.

The current primary focus of TfGM in relation to bus services was working with commercial operators to improve the consistency and standard of these services across Greater Manchester. In doing so, TfGM had encountered a number of challenges relating to the diversity of commercial operators across the region and the contrasts in their fares. TfGM had made some progress in reducing this disparity: as of the coming weekend, some sub-area network tickets would be introduced across the Greater Manchester region, which would result in FirstGroup fares in these sub-areas decreasing to £13 from their previous level of £18. TfGM had also been working closely with network operators to make bus services more attractive for Manchester residents, including work on automatic vehicle location technology to improve signal management.

Unlike other parts of the country, the Greater Manchester Combined Authority had not taken steps to reduce the scale of their subsidised network, as it appreciated the importance of subsidised transportation to the Manchester economy. MR **noted** that TfGM had learned the importance of ensuring that bus operators were putting the maximum amount of effort into improving start-time and mid-point punctuality before challenging district authorities to do the same. It was also taking an active approach in examining the profile of Greater Manchester's bus fleet and the way in which this fleet was deployed across the

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network, and had been active in coordinating with Greater Manchester Police to tackle anti-social behaviour.

Seven of Greater Manchester's primary operators of bus transportation, comprising 95% of the total operator mileage across Manchester, were now enrolled in a voluntary partnership agreement. This agreement took as its primary goal the improvement of the subsidised network, and contained a vendor rating designed to exclude low-performing operators from the tendered network. As a result, the figures reported to the TfGM Committee had demonstrated positive trends. TfGM had also introduced a code of conduct for operators, which encouraged operators to improve each other's performance by contributing to aggregate targets. TfGM also intended to undertake a full review of its ticketing scheme over the coming twelve months, and had worked on improving operators' winter preparedness.

The Quality Bus Corridors in Manchester scheme had brought improvements, and new partnerships were to be put in place in South Manchester on the A6 and elsewhere. £120 million was to be invested in the coming years, and this would be spent primarily on improving cross-city services and providing a more cohesive service between North and South Manchester. This process was already seeing some success, with FirstGroup expanding their services along the Rochdale and Oxford roads.

The dynamics of the bus network were also to be affected by recent takeovers of smaller operators by larger ones. MR stated that this would be likely to improve the reliability of bus services in the affected areas, and pointed to Stagecoach's reliability figure of 99.8% as evidence of this. Overall, punctuality was improving across the entire network, including across the subsidised network.

Questions and answers

The Chairman asked how relevant the work of Passenger Focus was to TfGM's operations. MR replied that Passenger Focus's work had been of some use and that it was important for the two organisations to continue to work together to ensure that they did not needlessly duplicate their research activities. The work of Passenger Focus had been particularly helpful in providing an evidential base for TfGM's emphasis on the importance of smaller details that could potentially have been overlooked, such as drivers wearing standard uniforms and greeting passengers. SC stated that Passenger Focus' National Rail Passenger Survey had provided informative data about passenger opinions in the Greater Manchester area, but that this would be more useful after multiple years' data had been collected and trends had begun to emerge.

MP asked how TfGM had achieved success in getting FirstGroup to reduce their fares via the introduction of sub-area tickets, and whether the Authority's commitment to subsidised bus services constituted a ring-fenced commitment over the next three to four years. MR replied that he had seen no indication that a reduction in spending was being considered. FirstGroup's actions reflected a commercial decision on their part to remain competitive, based upon empirical data of Stagecoach's growing success over the previous ten years. TfGM had already achieved success in getting FirstGroup to reduce permanently their child fare throughout Greater Manchester, and had provided political support for FirstGroup's further moves in this direction, as their past initiative to reduce fares in Wigan had been ultimately unsuccessful.

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DL asked what activities TfGM was engaged in regarding Greater Manchester's tram system. MR replied a recent decision to bring forward the replacement of the existing fleet had been made and added that he would be in a better position to answer that question in early 2013. Following a question from the Chairman regarding his views on a potential tram passenger survey, MR responded that TfGM would welcome discussions with Passenger Focus, but urged caution as to how journey purpose would be managed when conducting such research.

The Chairman asked what TfGM's opinion was on comparative benchmarking, and whether they would welcome moves towards such a system. MR replied that a successful benchmark system would be one that bolstered with evidence the comparisons that passengers would naturally make in any case.

With respect to the DfT's franchising review, the Chairman asked what opportunities existed to improve services for passengers. SC stated that, in order to improve the passenger experience more generally, there were two areas in which improvements could be made. These were awarding shorter franchises, such as the 'seven years plus three' franchise TfGM had proposed for the Northern and TransPennine franchise, and Government monitoring and setting standards for risk transfer and quality management.

The Chairman thanked MR and SC for attending the meeting.

6 West Coast Mainline - Virgin Trains

The chairman welcomed CG to the meeting on behalf of the Board.

CG reported that Virgin was currently in negotiations with the DfT regarding the nature of a contract that would allow Virgin trains to run beyond 9 December, although there was no reason to believe a contract would not be agreed in time. Virgin's safety certificate allowed continued operations until September 2013, although some changes would have to be made in accordance with whatever contract was eventually agreed.

Virgin was still continuing with introducing a number of service changes, such as an hourly service from London to Glasgow, which they would begin to promote during the New Year. They were also in a position to introduce new carriages and trains, with 106 new vehicles; including 11-car trains and four new Pendolino trains, to be put in place within the coming weeks. This would increase Virgin's standard class capacity by 33% and enable them to cope with the 100% increase in the number of passengers that they had experienced over the past decade.

Virgin was presently engaged in fierce competition with other providers of rail travel between London and Birmingham, and air travel between London and Manchester/Glasgow. Moderation of Competition protection was to be removed from the West Coast mainline on 9 December, thus theoretically enabling any operator who wished to operate on that line to do so. Finally, Virgin was engaged in measures to improve its passenger satisfaction levels in relation to other operators, and to prepare for a large number of events in Scotland during 2014, such as the Ryder Cup and Commonwealth Games, that would increase demand for services to and from Scotland.

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DM asked whether Virgin was confident of the capacity of its trains going forward. CG replied that capacity would increase with the introduction of Virgin's new fleet, but there would still be significant overcrowding on Friday afternoons and evenings. Virgin would endeavour to allocate its fleet in the optimal way, but as Virgin's contract with Alstom did not oblige Alstom to put 11-car trains on the busiest routes at the request of Virgin, it would still be a challenge for Virgin to ensure adequate capacity.

The Chairman asked whether this meant that Virgin could not schedule its own trains. CG replied that Virgin could set schedules, but that Alstom's contract gave them responsibility for maintaining the fleet, which meant that Alstom could potentially recall an 11-car train for maintenance even on a busy night. The contract under which they were operating had been negotiated by the DfT, which had chosen not to seek Virgin's opinion on it.

AS asked CG to comment on why the two new coaches are to be unreserved, given that Virgin was marketing their advance tickets prominently? CG explained that Virgin would market the capacity of their trains on the expectation that the 11-car trains would be where Virgin had scheduled them at the time they had expected, and if a nine-car train had to be run instead, passengers without reserved seats would either have to take an empty reserved seat or not get a seat at all; passengers with reserved seats will still have their reservation honoured.

DL asked what Virgin was doing to strengthen its revenue protection policies. CG stated that Virgin's expectation was that train managers would perform checks on board, unless they were preoccupied with other matters; the provision of customer service was of priority. In the long term, Virgin had plans for increasing its gating and smart ticketing, but, owing to the industry convention that station operators themselves paid to implement gating, it was difficult to make a business case for doing so.

BSa asked how the franchising process could be improved from passengers' perspectives. The Chairman **noted** that, from Passenger Focus's perspective, this was one of the key concerns to have arisen from the West Coast Mainline franchising process. He asked CG whether he believed it could be worth moving towards a franchising process wherein, if certain benchmarks were met in relation to financial viability and passenger satisfaction, the franchise could be re-awarded without having to go through the full tendering process. The Chairman also **noted** that the franchising process might benefit from being the subject of increased public debate.

CG replied that the franchising process should set different objectives for different operations. Virgin, along with the other operators who had tendered bids to run the West Coast Mainline, had gone through a lengthy and expensive process of researching the best possible way to operate that specific franchise, which had stimulated creative and innovative thinking. Although there would inevitably have to be some guidelines for how the tendering process should work, governments should aim for flexibility rather than attempt to over-prescribe. The Chairman agreed, but observed that the aim should be to set goals for the franchise, and **noted** that the mistakes that had occurred during the West Coast Mainline franchising process constituted an opportunity for organisations such as Passenger Focus to increase public engagement with how the process operated. CG said that he did not believe that the process was fundamentally flawed, but rather that there had been specific failures relating to the tendering of the West Coast Mainline franchise.

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DL asked why so few Virgin trains stopped at Watford Junction on the approach into London Euston. CG explained that stopping a train at Watford Junction obstructed a potential path for a fast train, and therefore delayed services to London Euston. The schedule that Virgin operated was, therefore, a compromise between convenience for passengers to Watford Junction and convenience for passengers to London.

The Chairman thanked CG for attending the meeting.

7 Chief Executive's work plan report

AS **noted** that Passenger Focus had been working with operators to improve their complaints handling process, and that this was being implemented by priority according to those operators that received the most appeal cases. Work would also be done on behalf of the DfT on potential advances in smart ticketing. In previous weeks, Passenger Focus had published a consultation tool kit on bus service reductions and a report into passenger attitudes towards engineering work. AS **noted** that this would need to be followed up with Network Rail.

| Item | Date | Issue | Action | Owner | Due |
|-------|----------|--|---|-------|----------|
| BM219 | 14/11/12 | Passenger attitudes towards engineering work | Follow up with Network Rail regarding how the findings of this report could be implemented. | MH | Feb 2013 |

Passenger Focus had also been doing work on publicising performance information, passenger attitudes to devolution, bus disruption and value for money on bus tickets, which would all be published in the near future.

AS stated that the organisation's business continuity plan had been tested during its change of London offices, and that lessons had been learned from this process. Passenger Focus was still discussing with the DfT the possibility of setting up a subsidiary company to handle some of the organisation's operations, and this issue would be put to the Board in greater detail in early 2013.

With reference to the work plan mid-year progress report, BSa suggested that in future similar papers presented to the Board would benefit from an executive summary of the main successes. The Chairman **noted** that this would be possible if future work plans provided greater clarity on success criteria.

SN stated that Passenger Focus's press office was presently very busy, as it endeavoured to respond to about 99% of media bids. The new website had recently been subject to a positive online review, which was **noted** by the board. Further website improvements were currently being planned.

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8 Review of national passenger issues

MH stated that a large volume of work had been done on the bus punctuality project and the impact of bus service reductions to passengers. Work had also been done on establishing what type of information would need to be gathered for Passenger Focus's research into bus disruption.

Many of the improvements to transparency in rail services that Passenger Focus had asked for were on the verge of being implemented. As such, MH observed that Passenger Focus could begin to argue for other reforms, such as the implementation of disaggregated performance targets. The Government had not yet announced how it would be addressing the issue of rail disruption. Therefore, it was too early to determine how the Government might be anticipating Passenger Focus research on this topic.

Work has been done with TOCs, penalty appeal bodies, ATOC, DfT and ORR to set out Passenger Focus's arguments in the 'Ticket to Ride' report. An industry code of practice was due to be put in place once agreed. Another recent development is that passengers travelling on an off peak service with an unpaid fare, will now be charged an off peak ticket; previously they were charged a full fare.

Following a consultation about planned reductions to staffing levels at London Midland ticket offices through which the strength of public feeling against this change had been made clear, and advice from the Office of Fair Trading, the planned reductions had been lessened. The Chairman **noted** that the discussion also needed to take in how these reductions would be implemented and how they might affect passengers' journeys.

Throughout the recent franchising process, there had been a large amount of interest from bidders in the work of Passenger Focus. As such, there had been some success in getting bidders to utilise the findings of the National Passenger Survey in their bids, and in inviting passenger feedback into the tender process. Passenger Focus was still fielding queries from these bidders, although at a lower volume than previously.

9 Review of passenger and industry facing work.

DS stated that Passenger Focus had been working closely with Northern Rail and Greater Anglia to assist in the development of actions to improve their passenger satisfaction in areas identified through the National Passenger Survey. Work continued with bus operators and transport authorities to encourage additional funding to boost Bus Passenger survey responses. Agreements are in place to increase the anticipated passenger response from 12,400 to 25,000.

All the Passenger Transport Executive had been consulted over the summer regarding issues such as bus partnerships and quality contracts. Rail and bus user groups were to receive more information and engagement through Passenger Focus's website.

Regarding passenger contact, the team now had additional resources to help them carry out their work load, which was currently very high. This has also enabled the team to engage more proactively with train operators in reducing the number of complaints made.

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The Chairman observed that the team had expressed their frustration with the level of bureaucracy involved in resolving an appeal complaint with some operators. DS replied that Passenger Focus had enjoyed recent success in getting East Coast to streamline their response process, but further improvements could be made. The Chairman noted that there were still problems in this regard, which would need to be brought to the DfT's attention.

BSa stated that it would be beneficial for the Board to see some statistics on how the backlog of cases was diminishing. DS explained that there had been a recent rise in the number of unresolved cases, which was now being gradually reduced. The Chairman stated that it would be incumbent on Passenger Focus to brief the Secretary of State for Transport on which operators had received the most complaints.

| Item | Date | Issue | Action | Owner | Due |
|-------|----------|--|---|-------|----------|
| BM220 | 14/11/12 | Passenger contact reports to the Board | Include statistics on the backlog of appeal cases and how they are diminishing over time. | DS | Feb 2013 |

DL **noted** that Passenger Panels would soon be placing more focus on social media as a means of eliciting feedback from passengers. DS **agreed** this would represent an emerging trend in our relationships with such panels

12. Any other business

Smart ticketing research proposal (as outlined in the Chairman's opening remarks)

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 confidential: information provided in confidence to Passenger Focus by the Secretary of State's officials would otherwise be disclosed."

Proposed by: Stella Mair Thomas

Seconded by: David Leibling

The Chairman countersigned the resolution

The public were excluded from the discussion from 15.31 until the end of the meeting.

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Signed as a true and accurate record of the meeting:

Colin Foxall CBE
Chairman, Passenger Focus

Date

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