



Department
for Transport

Management Statement for Passenger Focus (operating name for the Passengers' Council)

April 2014

Introduction

This Management Statement document has been drawn up by the Department for Transport (hereinafter the Department or DfT) in consultation with the Passengers' Council (hereinafter Passenger Focus). It sets out the broad framework within which Passenger Focus will operate. The document does not convey any legal powers or responsibilities. It is signed and dated by the Department and Passenger Focus. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the Passenger Focus website.

Definitions

In this document unless otherwise stated:

"the Accounts" are the accounts provided for in paragraph 17(a) of Schedule 4 to the Act;

"the Act" is the Railways Act 2005 or as otherwise defined

"the Acts" are the Railways Act 2005 and Local Transport Act 2008

"the Annual Report" is the report provided for in Schedule 5 of the Act;

"the C&AG" means the Comptroller and Auditor General;

"the Chair" means the member who is appointed as Chairman of the PC as provided for in section 19 (2)(a) of the Act;

"the Board" means the appointed members of Passenger Focus

"the Department" is the Department for Transport;

"the Government" is the UK Government;

"the Members" means the members of Passenger Focus appointed in accordance with section 19(2)(b-e) of the Act;

"the Order" is the Passengers' Council (Non-Railway Functions) Order 2010

"Passenger Focus" is the operating name of the Passengers' Council and is a Non-Departmental Public Body established by the Railways Act 2005, as amended;

"Parliament" is the UK Parliament;

"PSA" means a Public Service Agreement;

"public funds" means funds granted to Passenger Focus by Parliament, or borrowed with the consent of the Secretary of State, and any other funds generated by approved activities or falling within the stewardship of Passenger Focus;

"the Secretary of State" is the Secretary of State for Transport;

Section 1

1 Purpose of Passenger Focus

1.1 Passenger Focus has been set up to champion the needs of rail, coach, tram and bus passengers.

1.2 Its statutory duties are set out in the Railways Act 1993 as amended by the Transport Act 2000, the Railways Act 2005 and the Transport Act 1985 as amended by The Passengers' Council (Non-Railway Functions) Order 2010. These can be viewed at:

Railways Act 1993

http://www.opsi.gov.uk/acts/acts1993/Ukpga_19930043_en_1.htm

Transport Act 2000

<http://www.opsi.gov.uk/acts/acts2000/20000038.htm>

Railways Act 2005

<http://www.opsi.gov.uk/acts/acts2005/20050014.htm>

Transport Act 1985

http://www.opsi.gov.uk/RevisedStatutes/Acts/ukpga/1985/cukpga_19850067_en_1

The Passengers' Council (Non-Railway Functions) Order 2010

http://www.opsi.gov.uk/si/si2010/uksi_20100439_en_1

1.3 Passenger Focus's strategic aims are:

- Understanding the needs of passengers
- Making a difference for all passengers¹;
- Tackling examples of poor passenger service (improving the passenger experience);

¹ For example by ensuring greater passenger engagement in the monitoring of franchises and an enhanced role when franchise extensions are negotiated.

- Improving access to services for passengers with particular needs;
- Promoting good practice in complaint handling and provide advice and advocacy;
- Increasing awareness and influence of Passenger Focus and quality assuring our work;
- Raising the awareness and impact of our work in Scotland and Wales

1.4 Its vision, mission and values are:

- That operators, funders, and regulators of transport systems put passengers first; and
- Getting the best deal for passengers.

In order to make a difference for passengers, it needs to ensure that it is recognised as being forward-thinking, proactive, and enabling. This will be realised through its four core values, which it tries to demonstrate throughout its work:

- independence – it will be impartial, objective and fair in all its activities;
- credibility – its work will be evidence based;
- inclusiveness – it seeks to represent all the passengers covered by its remit; and
- influence – in order to deliver change, it will constructively and energetically engage with public bodies and private operators on behalf of passengers and other stakeholders.

2 Governance and accountability

Legal origins of powers and duties

2.1 Passenger Focus is established as an Executive, Body Corporate, Non Departmental Public Body under the Railways Act 2005. The constitution of Passenger Focus is set out in Section 19 and Schedule 5 of the Act and, with respect to buses, coach and trams, the Transport Act 1985 as amended by the 2010 Order. Its duties are set out in the Railways Act 1993 as amended by the Transport Act 2000 the Railways Act 2005 and the Order. Passenger Focus does not carry out its functions on behalf of the Crown.

2.2 Section 19(1) of the 2005 Act provides for Passenger Focus to be a body corporate and Section 19(10) incorporates Schedule 5 to the 2005 Act. Paragraph 14(1) of Schedule 5 provides that Passenger Focus “may do anything which appears to it to be likely to facilitate the carrying out of its functions, or to be conducive or incidental to the carrying out of those functions”.

3 Overall aims

3.1 The Secretary of State has agreed that, subject to 1.3, the aims of Passenger Focus should be:

- To understand the needs and experiences of passengers of rail, buses, coaches and trams;
- To secure tangible and measurable improvements for all such passengers;
- To empower such passengers with information, advice and advocacy;
- To influence major long-term decisions that affect such passengers; and
- To be visible, accessible and understood by such passengers and stakeholders.

4 Ministerial responsibilities

4.1 The Secretary of State is accountable to Parliament for the activities and performance of Passenger Focus. His/Her responsibilities include:

- agreeing the strategic objectives and the policy and performance framework within which Passenger Focus will operate (as set out in this management statement and associated documents);
- keeping Parliament informed about the performance of Passenger Focus via the laying of the Passenger Focus Annual Report and Accounts for each Financial Year;
- approving the amount of grant-in-aid/grant/other funds to be paid to Passenger Focus (as the PC), and securing Parliamentary approval as part of the overall allocation;
- carrying out responsibilities specified in the founding legislation including appointments to the Board, approving the terms and conditions of Board members; and
- annually reviewing the performance of the Passenger Focus Chairman.

5 Sponsor Department's Accounting Officer's specific accountabilities and responsibilities

5.1 The Director General of the Rail Executive, as the Department's Additional Accounting Officer with responsibility for the resources provided for the Rail Executive, is accountable to the Department's Principal Accounting Officer, and ultimately Parliament for the issue of any grant-in-aid to Passenger Focus (as the PC). The Director General of the Rail Executive designates the Chief Executive of Passenger Focus as the Accounting Officer for Passenger Focus, and may withdraw the accounting officer designation if he/she believes that the incumbent is no longer suitable for the role.

5.2 In particular the Director General of the Rail Executive shall, in consultation with the Director General of the Roads, Traffic and Local Group, ensure that:

- the strategic aims and objectives of Passenger Focus are not misaligned with the Department's wider strategic aims;
- the financial and other management controls applied by the Department to Passenger Focus are appropriate and sufficient to safeguard public funds and for ensuring that compliance from Passenger Focus with those controls is effectively monitored ("public funds" include not only any funds granted to Passenger Focus (by Parliament but also any other funds generated by approved activities or falling within the stewardship of Passenger Focus);
- the internal controls applied by Passenger Focus conform to the requirements of regularity, propriety and good financial management;
- any grant-in-aid to Passenger Focus is within the ambit and the amount of the Request for Resources and that Parliamentary authority has been sought and given.

The responsibilities of a Departmental Accounting Officer and Additional Accounting Officers are set out in more detail in the annex to Chapter 4 of Managing Public Money.

6. Responsibilities of the Chief Executive as Passenger Focus Accounting Officer

General

6.1 The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Passenger Focus. In addition, he or she should ensure that the Passenger Focus as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 to Managing Public Money.

Responsibilities for accounting to Parliament

6.2 The accountabilities include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- signing a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- signing a Governance Statement regarding the system of internal control, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about the Passenger Focus are established and made widely known within Passenger Focus;
- acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
- giving evidence, normally with the AO of the sponsor Department, when summoned before the PAC on Passenger Focus's stewardship of public funds.

Responsibilities to the Department

6.3 Particular responsibilities to the Department include:

establishing, in agreement with the Department, Passenger Focus longer term and annual business plans;

- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if over or under spends are likely and that corrective action is taken; and
- that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion.

Responsibilities to the Board

6.4 The Chief Executive is responsible for:

- advising the Board on the discharge of the Passenger Focus's responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
- advising the Board on the Passenger Focus's performance compared with its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed; and
- taking action as set out in paragraphs 3.7.5 of Managing Public Money if the Board, or its Chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, questionable feasibility, or is unethical.

7 Passenger Focus Board

7.1 The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board must set up an Audit Committee chaired by a non-executive member to provide independent advice. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

7.2 The Board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of Passenger Focus consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
- ensuring that the responsible Minister is kept informed of any changes which are likely to impact on the strategic direction of Passenger Focus or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor Department, and in accordance with any other conditions relating to the use

of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the sponsor Department;

- ensuring that the Board receives and reviews regular financial information concerning the management of Passenger Focus; is informed in a timely manner about any concerns about the activities of the Passenger Focus; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address key financial and other risks; and
- appoint a Chief Executive and, in consultation with the Department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilization of public resources.

The Chairman's personal responsibilities

7.3 The Chairman is responsible to the named Minister. Communications between the Passenger Focus Board and the responsible Minister should normally be through the Chairman. He or she is responsible for ensuring that policies and actions support the responsible Minister's [and where relevant other Ministers'] wider strategic policies and that its affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout Passenger Focus.

7.4 In addition, the Chairman has the following leadership responsibilities:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the Department;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- representing the views of the Board to the general public.

7.5 The Chairman also has an obligation to ensure that:

- the work of the Board and its members are reviewed and are working effectively;

- the Board has a balance of skills appropriate to directing Passenger Focus business, as set out in the Government Code of Good Practice on Corporate Governance²;
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- the responsible Minister is advised of Passenger Focus needs when Board vacancies arise;
- he or she assesses the performance of individual Board members annually; and
- there is a code of practice for Board members in place consistent with the Cabinet Office model Code.

Individual Board members' responsibilities

7.6 Individual Board members should:

- comply at all times with the Board Members' Code of Practice and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of Passenger Focus.

8 Annual report and accounts

8.1 Passenger Focus must publish an annual report of its activities together with its audited accounts after the end of each financial year. Passenger Focus shall provide the Department its finalised (audited) accounts by 30 June each year.

² Corporate governance code for central government departments, HM Treasury, July 2005 (under review)

8.2 The annual report must:

- cover any corporate, subsidiary or joint ventures under its control;
- comply with the Treasury's Financial reporting Manual (FrEM); and
- outline main activities and performance during the previous financial year and set out in summary form forward plans.

8.3 Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. The report and accounts shall be laid in Parliament and made available on Passenger Focus's website, in accordance with the guidance in the FrEM. A draft of the report should be submitted to the Department two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Department as well as the FrEM.

9 Internal audit

9.1 Passenger Focus shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards (GIAS) (http://www.hm-treasury.gov.uk/...gia_guidance.cfm);
- ensure the sponsor Department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with GIAS 5.2;
- set up an audit committee of its Board in accordance with the Cabinet Office's Guidance on Code of Practice for Public Bodies and the Audit Committee Handbook;
- forward the audit strategy, periodic audit plans and annual audit report, including Passenger Focus Head of Internal Audit opinion on risk management, control and governance as soon as possible to the sponsor Department; and
- keep records of, and prepare and forward to the Department an annual report on fraud and theft suffered by Passenger Focus and notify the sponsor Department of any unusual or major incidents as soon as possible.

9.2 The sponsor Department's internal audit service has a right of access to all documents prepared by Passenger Focus internal auditor, including where the service is contracted out.

10 External Audit

10.1 The Comptroller & Auditor General (C&AG) audits Passenger Focus's annual accounts and lays them before Parliament, together with his report. In the event that Passenger Focus has set up and controls subsidiary companies, Passenger Focus will in the light of the provisions in the Companies Act 2006 ensure that the C&AG is appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. Passenger Focus shall discuss with the sponsor Department the procedures for appointing the C&AG as auditor of the companies.

10.2 The C&AG:

- will consult the Department and Passenger Focus on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from Passenger Focus;
- will share with the sponsor Department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the Passenger Focus; and
- will, where asked, provide Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

10.3 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which Passenger Focus has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, Passenger Focus shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best

endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Right of access

10.4 The Department has the right of access to all NDPB records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

Management and financial responsibilities

11 Managing Public Money and other government-wide corporate guidance and instructions

11.1 Unless otherwise agreed by the Department and, as necessary, HM Treasury, Passenger Focus shall follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to the Department in the first instance. A list of guidance and instructions with which Passenger Focus should comply is in Appendix 2.

11.2 Once the budget has been approved by the sponsor Department, Passenger Focus shall have authority to incur expenditure approved in the budget without further reference to the sponsor Department, on the following conditions:

- Passenger Focus shall comply with the delegations set out in Appendix 1. These delegations shall not be altered without the prior agreement of the sponsor Department;
- Passenger Focus shall comply with Managing Public Money regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal Departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
- Passenger Focus shall provide the sponsor Department with such information about its operations, performance individual projects or other expenditure as the sponsor Department may reasonably require.

12 Corporate governance

Board appointments - the Chairman and Board members

12.1 The Chairman and Board members are appointed for a period, normally for a period of 4 years, by the responsible Minister. Such appointments will comply with the Code of Practice of the Office of the Commissioner on Public Appointments (www.ocpa.gov.uk/the_code_of_practice.aspx).

Board appointments – the Chief Executive

12.2 The Chief Executive is appointed by the Chairman with the agreement of the responsible Minister.

Composition of the Board

12.3 In line with the Government's Code of Practice on Corporate Governance (http://www.hm-treasury.gov.uk/...governance_corporate.cfm), the Board will consist of a Chairman, together with executive members that have a balance of skills and experience appropriate to directing Passenger Focus's business. For Passenger Focus there should be members who have experience of, but not exclusively of, its business, consumer issues, railways, buses, coaches and trams, corporate services such as HR, IT, technology, communications and performance management.

13 Risk management

13.1 Passenger Focus shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts (<http://www.hmtreasury.gov.uk/...risk>). It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guide: Managing the Risk of Fraud (http://www.hm-treasury.gov.uk/...fraud_guide_for_managers.pdf). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

14 Corporate and business plans

14.1 Consistent with the timetable for public spending reviews Passenger Focus shall agree with the sponsor Department an indicative medium term planning statement (hereinafter "MTPS") covering three years ahead. The MTPS shall reflect Passenger Focus's statutory duties and, within those duties, the priorities set from time to time by the responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions) as well as a passenger focussed response to emerging issues across Passenger Focus's remit.

14.2 Passenger Focus shall annually agree with the Department a business or work plan. This plan shall include key targets and milestones for the year immediately ahead

and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department. Subject to any commercial considerations, the plan should be published by Passenger Focus on its website.

14.3 The following matters should be included in the plans as appropriate:

- key objectives and any associated key performance targets, and the strategy for achieving those objectives;
- key non-financial performance targets;
- an assessment of any risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- other matters as agreed between the Department and Passenger Focus.

15 Budgeting procedures

15.1 Each year, in the light of decisions by the Department on the updated draft corporate plan, the Department will send to Passenger Focus:

- a formal statement of the annual budgetary provision allocated by the Department in the light of competing priorities across the Department and of any forecast income approved by the Department; and
- a statement of any planned change in policies affecting Passenger Focus.

15.2 The approved annual business plan will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

16 Grant-in-aid and any ring-fenced grants

16.1 Any grant-in-aid provided by the Department for the year in question will be voted in the Department's Supply Estimate and be subject to Parliamentary control.

16.2 The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. Passenger Focus will comply with the general principle, that there is no payment in advance of need.

16.3 Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of Passenger Focus. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the Department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

17 Reporting performance to the Department

17.1 Passenger Focus shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its business plan. Passenger Focus shall inform the sponsor Department of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, and the achievement of key objectives on a three-monthly basis. Passenger Focus's performance shall be formally reviewed by the Department twice a year. The responsible Minister will meet the Chairman once a year to discuss the performance of Passenger Focus.

Providing monitoring information to the Department

17.2 As a minimum, Passenger Focus shall provide the Department with information monthly that will enable the Department satisfactorily to monitor:

- Passenger Focus's cash management;
- its draw-down of grant-in-aid;
- forecast outturn by resource headings; and
- other data required for the Combined On-line Information System (COINS).

Passenger Focus / Department working level liaison arrangements

17.3 Officials of the sponsorship team in the Department will liaise regularly with Passenger Focus officials to review Passenger Focus's financial performance against plans, achievement against targets and Passenger Focus's expenditure against its DEL and AME allocations. The sponsorship team will also take the opportunity to explain wider policy developments that might have an impact on Passenger Focus and any other matters of mutual interest.

18 Delegated authorities

18.1 Passenger Focus's delegated authorities are set out in appendix 1. Passenger Focus shall obtain the Department's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in Passenger Focus' annual budget or workplan as approved by the Department;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications unless provided for in Passenger Focus' annual budget or work plan as approved by the Department;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
- making any change of policy or practice which has adverse wider financial implications that might prove repercussive or which might adversely significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

19 Passenger Focus staff

Broad responsibilities for Passenger Focus staff

19.1 Within the arrangements approved by the responsible Minister [and the Treasury] Passenger Focus will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, sexual orientation, gender reassignment, marital status, race, religion or beliefs, disability, age, pregnancy or maternity.
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and Passenger Focus performance measurement systems are reviewed from time to time;

- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve Passenger Focus objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place; and
- a code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-Departmental Public Bodies
<http://www.civilservice.gov.uk/modelcode>.

Staff costs

19.2 Subject to its delegated authorities, Passenger Focus shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

19.3 [NB the Department should have regard to chapter 5 of the Cabinet Office Guide to Public Bodies that provides guidance on staff issues in public bodies (www.civilservice.gov.uk/other/agencies/guidance_for_Departments/pb_guidance/index_a_sp)] NDPB staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the sponsor Department and the Treasury. The Department does not need to approve contracts or changes to terms and conditions except where Passenger Focus may be looking to award better terms than the Department.

19.4 If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code (www.civilservice.gov.uk/publications/doc/csmc_jun06.doc) except where prior approval has been given by the Department to vary such rates.

19.5 Staff terms and conditions should be set out in an Employee Handbook, which should be available for the Department to access together with subsequent amendments as and when required.

19.6 Passenger Focus shall operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the Department or the general pay structure approved by the Department and the Treasury whichever is applicable.

19.7 The travel expenses of Board members shall be tied to the rates allowed to senior staff of Passenger Focus or Departmental rates whichever is applicable. Reasonable actual costs shall be reimbursed.

19.8 Passenger Focus shall comply with the EU Directive on contract workers – the Fixed- Term Employees (Prevention of Less Favourable Treatment) Regulations.

Pensions, redundancy and compensation

19.9 Passenger Focus staff shall normally be eligible for a pension provided by PCSPS.

19.10 Any proposal by Passenger Focus to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the Department. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

20 Review of NDPB status (and winding-up arrangements)

20.1 Passenger Focus will, unless otherwise agreed, be reviewed every 3 years. The date of the next review will be in 2013/14.

21 Arrangements in the event that Passenger Focus is wound up

21.1 The sponsor Department shall put in place arrangements to ensure the orderly winding up of Passenger Focus. In particular it should ensure that the assets and liabilities of Passenger Focus are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the sponsor Department.) To this end, the Department shall:

- ensure that procedures are in place in Passenger Focus to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of Passenger Focus's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that funds are in place to pay for such

audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts; and

- arrange for the most appropriate person to sign the closing accounts. In the event that another NDPB takes on the role, responsibilities, assets and liabilities, the succeeding NDPB AO should sign the closing accounts. In the event that the Department inherits the role, responsibilities, assets and liabilities, the sponsor Department's AO should sign.

21.2 Passenger Focus shall provide the Department with full details of all agreements where Passenger Focus or its successors have a right to share in the financial gains of developers. It should also pass to the Department details of any other forms of claw-back due to Passenger Focus.

LIST OF APPENDICES TO THE SPECIMEN DOCUMENT

Appendix 1 - List of delegated authorities (to be attached)

Appendix 2 - List of government-wide corporate guidance instructions (attached)

Appendix 3 - Insurance as per letter between DfT and RPC 6 January 2006 (attached)

Signed: 

Date: 17/06/14

Name: Steve Marshall-Camm

Title: Divisional Manager

On behalf of the Department for Transport

Signed: 

Date: 20/5/14

Name: Colin Foxall CBE

Title: Chairman

Signed: A.J.C. 

Date: 20/5/14

Name: Anthony Smith

Title: Chief Executive

On behalf of Passenger Focus (operating name for the Passengers' Council)

Annex A - FINANCIAL DELEGATIONS

Losses, Claims, Gifts & Special Payments

1. Subject to the other provisions of this Financial Framework, the RPC shall have delegated authority to:
 - (i) write off individual losses up to the value of £1000;
 - (ii) make a single gift or special payment up to the value of £100. Such gifts and special payments shall not exceed a total value of £1,000 in any one year.

Contracts

2. Subject to the other provisions of this Financial Memorandum, the RPC shall, where it is acting in accordance with relevant Treasury guidance documents including *Procurement Policy Guidelines* and any relevant EU or other international procurement rules, have delegated authority to:
 - (i) let contracts, except call-off and framework contracts, that are awarded following competition;
 - (ii) let call-off and framework contracts that do not exceed three years in length that are awarded following competition;
 - (iii) let contracts worth less than £1,000 without formal written tenders provided that appropriate quotations have been obtained;
 - (iv) let contracts worth less than the appropriate Official Journal of the European Union threshold by single tender action where there is no reasonable alternative (for example for certain specialist services);
 - (v) let contracts by single tender action in cases of extreme urgency;
 - (vi) allocate individual work worth less than £154,000 (OJEU limit) under call-off and framework contracts with the RPC, provided that work is allocated between suppliers on each of the RPC's call-off panels on a broadly equal basis, taking into account the ability of suppliers to undertake particular work; and
 - (vii) allocate individual work worth less than £154,000 (OJEU limit) under call-off and framework contracts placed centrally e.g. by the Department or CCTA.

For the avoidance of doubt, any contracts to be let other than by competitive tender require the prior consent of the Department except as set out in paragraph 2 above.

88. The RPC may make a case to the Department for the delegated limits to be increased. The RPC will need to provide evidence that increasing the delegated limit delivers better value for public money.

Fraud and Theft Reporting

89. The RPC should keep a record of all frauds / thefts ("frauds"), and will provide to the Department by the end of April each year, in the form specified in DAO (GEN) 15/02 and subsequent changes to *Government Accounting*, an annual report of all frauds discovered in the year. Individual frauds reported to the Department earlier in the year may be referred to in summary in the annual report if these have been reported in the prescribed form.
90. Frauds below the following *de minimis* levels need not be reported individually, but can be aggregated and reported as a single figure by value of losses incurred and number of frauds discovered, split between separate headings for fraud and theft. This is to ensure that the Department has sufficient information with which to answer Parliamentary Questions.
91. In the case of **fraudulent exploitation of assets and information, and abuse of position (including corruption)**, there is no *de minimis* limit because even where no actual loss has occurred, there is a risk that reputational damage may have been caused.

92. De minimis Limits applying to:

Individual frauds / thefts

T&S / allowances / pay	£250
Theft by staff	£250
Fraud by staff	£250
Theft by outsider	£2500
Fraud by supplier	£2500
Fraud by grant recipient	£2500

Frauds above the *de minimis* limits

Frauds above the *de minimis* level (and all novel frauds) should be reported as soon as possible with as much of the following information as time and circumstances permit:

- when the fraud occurred
- what happened, and does the RPC consider the fraud novel or unusual
- information about the perpetrator – staff or external
- suspected / estimated or actual level of loss
- action taken to date and planned:
 - to investigate the fraud
 - to rectify control failures and prevent recurrence
 - against the perpetrator
- the extent of any Police involvement
- how soon a full report will be available.

Appendix 2

Compliance with government-wide corporate guidance and Instructions

The NDPB shall comply with the following general guidance documents and instructions:

- this document;
- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice
http://www.hmtreasury.gov.uk/.../governance_risk/psr_governance_corporate.cfm;
- Managing Public Money (MPM);
- Government Internal Audit Standards,
http://www.hmtreasury.gov.uk/...gia_guidance.cfm;
- Management of Risk: Principles and Concepts:
(www.hmtreasury.gov.uk/media/3/5/FE66035B-BCDC-D4B3-11057A7707D2521F.pdf);
- Managing the Risk of Fraud,
(www.hmtreasury.gov.uk/media/C/3/managing_the_risk_fraud_guide_for_managers.pdf);
- Government Financial Reporting Manual (FReM), www.financial-reporting.gov.uk/;
- Fees and Charges Guide, Chapter 6 of MPM;
- Departmental Banking: A Manual for Government Departments, annex 5.7 of MPM ;
- relevant Dear Accounting Officer letters;
- Regularity, Propriety and Value for Money,
www.hmtreasury.gov.uk/media/A/2/Reg_Prop_and_VfM-November04.pdf ;
- The Parliamentary Ombudsman's Principles of Good Administration
www.ombudsman.org.uk/improving_services/good_administration/index.html ;
- Consolidation Officer Memorandum, and relevant DCO letters;

- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office);
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central Departments;
- specific instructions and guidance issued by the sponsor Department;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the NDPB.

Appendix 3 Insurance – as per letter between DfT and RPC 6th January 2006

1. Where there is a legal requirement to insure commercially, the RPC must of course do so; for example, if it is required to insure to comply with the Road Traffic Acts.
2. The RPC is not permitted to insure in other circumstances without the prior approval of the Department for Transport. Any types of insurance that it is agreed the RPC may undertake should be listed in the RPC's Financial Memorandum.
3. In the case of major losses, additions to grant in aid out of the sponsor department's overall provision will be considered. The Department for Transport undertakes to provide a minimum of 80% of the repair or replacement cost of assets, where the damage or loss is due to accidental or fire damage or theft, on condition that:
 - a. the RPC can demonstrate there is a continuing requirement for the asset, i.e. its availability is needed to deliver its business objectives; and
 - b. the RPC has implemented all the necessary risk management and review processes and these are subject to ongoing maintenance and review; and
 - c. the RPC can demonstrate that it cannot meet the costs from underspends or re-allocations within its budget for the year in question.

A Certificate of Exemption from Employers' Liability Insurance was issued by DfT to the RPC on 6th January 2006 stating:

In accordance with the provisions of paragraph 1 of Schedule 2 of the Employers' Liability (Compulsory Insurance) Regulations 1998 (SI 1998/2573), the Secretary of State for Transport hereby certifies that any claim established against the Rail Passengers Council in respect of any liability to the employees of the Rail Passengers Council of the kind mentioned in section 1(1) of the Employers' Liability (Compulsory Insurance) Act 1969 will, to any extent to which it is otherwise incapable of being satisfied by the aforementioned employer, be satisfied out of moneys provided by Parliament.