

Minutes

Board meeting

Date: Wednesday 16 May 2012
Location: Piccadilly Gate
 Store Street
 Manchester
 M1 2WD
Time: 14.00 – 15.34

Present

Board Members

Colin Foxall CBE	CF	Chairman
David Burton	DB	
Professor Jim Gallacher	JG	
David Leibling	DL	
Deryk Mead CBE	DM	
Bill Samuel	BS	
Barbara Saunders OBE	BSa	
Nigel Walmsley	NW	

Board of Bus Advisors

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
Kate Armstrong	KA	Passenger Team Manager
Nigel Holden	NH	Resources Director
Linda McCord	LM	Passenger Manager
Matt Ayson	MA	Business Services Executive

Apologies

Stella Mair Thomas	SMT	Board Member
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Members of the public in attendance

Chris Dale	TravelWatch NorthWest
John Moorhouse	TravelWatch NorthWest

Passenger Focus staff in attendance

Lesley Sherwin	Human Resources Manager
Louise Collins	Senior Passenger Team Advisor

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1 Chairman's Opening Remarks; Apologies

The Chairman welcomed all members to the meeting and **noted** apologies from SMT.

2 Minutes of the Previous Board Meeting

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

3 Action Matrix

Item	Date	Issue	Action	Owner	Due	Status
BM187	14/09/11	Timetable consultations	Consider developing best practice toolkit on how to best consult with passengers on timetabling changes	Mike Hewitson	Apr 2012	Considered as part of the work plan 2012-13. Not included but will be reconsidered mid-year. Complete. Delete
BM191	14/09/11	TOC complaint stats	Annual account of individual TOCs complaint results to be sent to Managing Directors.	Anthony Smith	June 2012	Letters for 2011-12 performance to be sent out in June.
BM198	9/11/11	Unplanned disruption	SWT and Network Rail to be invited to future Board meeting to explain progress in implementing John Curley's recommendations.	Anthony Smith	Apr 2012	AS and Guy Dangerfield have met with SWT and NR to discuss this issue. Note circulated on Connect announcements. Complete. Delete.
BM202	09/11/11	Diversity and inclusion Training	Date for Board attendance at diversity and inclusion training	Jon Carter	Jun 2012	On draft agenda for June 2012 Members event.
BM203	22/02/12	Passenger group events	Circulate a schedule of events to the Board	David Sidebottom	Mar 2012	Emailed to Board members on 22 March 2012 Complete. Delete.
BM204	22/02/12	Questionnaire on Board activities and effectiveness	Circulate draft to the Chairman for comments before use.	Jon Carter	Mar 2012	Circulated to Chairman and comments received in March 2012. Complete. Delete.

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BM205	22/02/12	Work plan 2012-13	Board to send further suggestions and comments for consideration. Work plan to be updated with Board members comments.	Anthony Smith	Mar 2012	Comments have been received and work plan finalised. Complete. Delete.
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With reference to **BM191**, Passenger Focus would be writing to all train companies with their end of year report on their complaints performance, focusing on those with the most complaints first – East Coast, Virgin and First Great Western. Ultimately all companies would be provided their results by the summer break.

With regard to **BM205**, DL had asked whether the budget for 2012/13 could be compared with the costs for 2011/12 without the transition costs. This would be included in the revised work plan.

Item	Date	Issue	Action	Owner	Due
BM206	16/05/12	Work plan 2012-13	Include 2011-12 budget allocations without transition costs	Nigel Holden	June 2012

4 Chairman's Report

The Chairman reported that he and JC had devoted much time on Board member recruitment and **noted** that there had been a large volume of high quality applications. It was hoped that new members would be appointed by September 2012.

The Chairman and AS had met with Anna Walker, Chair of the Office of Rail Regulation (ORR) and raised a concern that the industry was moving to a more econometric measure of performance, which might detract from the authority of the NPS. The Chairman suspected that there would ultimately be a single econometric measure, but had stressed the importance to passengers of the more accessible NPS. It appeared that the ORR understood, but it remained important for Passenger Focus to keep pressing that point. Anna Walker had given assurance that the NPS would retain its importance and that care would be taken to ensure it would not be sidelined.

The BPS launch had been successful. It was evident that operators valued the research and were willing to provide match funding. Norman Baker MP was in attendance at the launch event and spoke positively of the work. The new DfT Permanent Secretary had also visited Passenger Focus's London offices and had been enthusiastic about and impressed with Passenger Focus' evidence-based approach.

The Chairman reported that there had been discussions with the GLA regarding Passenger Focus's future relationship with London Travel Watch. The GLA had indicated that they were not currently in a position to move things forward, but Passenger Focus had confirmed that it would be ready to resume discussions if things did proceed.

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The 'Ticket to Ride' campaign on the treatment of passengers by rail operators, with regard to unpaid fare notices, is to be launched on 22 May 2012. It was clear that the industry was starting to take Passenger Focus' views on the issue seriously. Accompanying the launch would be a press release and summary report; a fuller version of the report would be available on Passenger Focus's website. A Facebook page would also be created to enable passengers to relate their own good or bad experiences and there would be further interaction with passengers through Twitter. AS added that the 'Ticket to Ride' campaign demonstrated the value of information gathered from passenger complaints in identifying issues which passengers were facing. All documentation would be sent out to staff and members on 18 May 2012.

5 Chief Executive's Work Plan Report

AS presented the Chief Executives work plan report, which was **noted** by the Board.

AS reported that the present workload was testing Passenger Focus' capacity to its limit, with a large volume of passenger complaints, work on franchise replacements and research output. Regardless of the high workload, a recent staff attitude survey had produced positive results. Passenger Focus had also attained the Investors in People accreditation. BSa remarked that the praise for staff was well-deserved.

A tenant had been found for Passenger Focus's London office space at One Drummond Gate and the move to Fleetbank House was in the process of being finalised. DL **noted** that London Travel Watch would also be relocating and would welcome Passenger Focus in producing joint communications about the new addresses.

Passenger Focus had received additional funding from the DfT to increase their transparency and accountability of data. Proposals to make the NPS and BPS more accessible were being brought forward and any future partnership with developers would go through a tender process. Potential joint working arrangements with mySociety and Which? are still to be explored. The new website was progressing well and was expected to be launched by the end of May.

With regard to research, IW reported that the success of BPS had helped generate interest in match funding. MP asked how much bus operator funding was anticipated for 2012/13. IW outlined that they were hopeful of doubling the £160,000 received in 2011/12. The Dapresy online analysis software is allowing users to run their own BPS data analysis, which supported Passenger Focus's open data agenda. Its usage statistics compared favourably with NPS Reportal and a breakdown of users could be developed.

Research on the impact of reductions to publicly-supported bus services would contribute strongly to the debate by highlighting mitigating factors that Local Authorities could consider when making cuts to services. There appeared to be much interest in this research from parties such as Age UK and Defra.

Proposals for work into smart ticketing were currently awaiting ministerial sign off. Passenger Focus has also been asked to look at customer propositions for flexible commuter tickets.

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The industry had shown interest in Passenger Focus' social media research, the findings of which indicated that operators were not utilising social media as well as they thought. The Future of Transport study was close to publication and had been presented to the DfT who had been supportive of the findings.

The renewal of Passenger Focus's research framework was due in January 2013. Consultants currently looking at procurement across the organisation would contribute to its preparation. Noting lessons learnt from the current framework, IW reported that the evaluation criteria of bids could be improved and that some companies were very good at submitting a framework application but not delivering a tendered project. BS asked whether Passenger Focus was seeing a positive input from the DfT on the framework consultation; IW related that it was too early in the process to report on the DfT's involvement.

The final draft of the continental rail ticketing study was for review before a proposed publication date in a month's time.

With regard to communications, AS reported that Passenger Focus was moving away from print towards publishing online. This was without compromising on quality, as suggested by the good press received for the BPS launch. Indicative of this shift, the next Passenger Voice email would be sent to over 1,000 stakeholders.

On resources, NH reported that the last quarter had been dominated by recruitment and computer replacement. This equipment refreshment amounted to £40,000, which was less than depreciation. The upcoming quarter would be dominated by the annual report and finalising the London office move.

The Board **noted** the quarter four finance update for 2011/12.

6 Review of National Passenger Issues

MH reported that the last quarter had been dominated by work around franchising. Passenger Focus had been liaising with the DfT and bidders on the Great Western, Essex Thameside and Thameslink franchises. A formal consultation response to Great Western and Essex Thameside had been submitted, whilst research fieldwork for the First Capital Connect and South eastern franchises had been completed. The Board **noted** the positive influence Passenger Focus was having on these consultations and were pleased at the engagement with bidders, who were showing keen interest in Passenger Focus's work. Further work was being done to reach out to those bidders not familiar with the Passenger Focus's output.

Guy Dangerfield's programme of presenting key research findings to the industry on how to handle unplanned disruption continued. Once completed, the focus of the campaign will shift to holding the industry to account in implementing the changes that had been agreed. The Chairman questioned how this will be monitored, to which MH reported that the ORR had proposed new Licence conditions, which had been accepted by the industry. Discussions continued with the ORR on the exact means by which the Licence conditions would be enforced, with TOCs being pressed to establish measures to demonstrate that improvements have been made. The Chairman suggested a qualitative measure would be preferable, although MH added that a quantitative measure was often effective in drawing resource to target the qualitative aspect.

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The DfT had published its fares and ticketing consultation in February, much of which acknowledged Passenger Focus’s research. A formal response to the review was currently being worked on and would be provided in June.

A report setting out passengers concerns with the way the industry handles penalty fares and unpaid fare notices had been completed and is due to be launched under the campaign headline ‘ticket to ride’ on 22 May. This campaign was expected to receive a lot of coverage.

JG commented that Passenger Focus had engaged with Transport Scotland on their consultation into the future of the ScotRail franchise, to which there were favourable comments towards Passenger Focus’s input. The Chairman asked that the report be circulated to the Board.

Item	Date	Issue	Action	Owner	Due
BM207	16/05/12	Transport Scotland - Future of ScotRail franchise report	Circulate to Board members	Mike Hewitson	June 2012

7 Review of Passenger and Industry-Facing Work

LM reported that Passenger Focus had met with eight TOCs to present analysis of the autumn wave of NPS, primarily targeting poor performers. There had been subsequent meetings with some of the TOCs to learn how they were following up on the results, and these had been broadly positive. IW added that Passenger Focus had taken a pragmatic approach to allocating such resources; seven TOCs had been targeted due to poor performance but there had proved scope for an eighth who had requested the presentation.

Regarding the impact of reductions to publicly-supported bus services research, MH reported that there had been discussions with Defra to consider the potential impact of cuts to local communities. AS added that it was expected further reductions to bus services would be made this year, and that it was not too late to influence local authorities. Further discussions were needed to consider how to get this research to a wider audience, given its scope and the effect the reductions to services could have on rural areas. The Board identified that there was an opportunity to develop a best practice consultation toolkit for local authorities, should resources be available.

Moving to coach and tram, LM reported that National Express had indicated that they would be interested in conducting coach passenger research, although not in 2012. Stansted Airport had expressed a willingness to contribute funding to coach and bus research. The Chairman felt coach travel was important to a large group of passengers and that Passenger Focus should do more when resources permitted.

KA reported that passenger contact volumes had continued to increase in the last quarter, while passenger satisfaction with the service they had received from Passenger Focus remained at a high level.

East Coast continued to dominate complaints with around one-quarter of overall volume. However, there were indications that steps were being taken to address the issues, primarily around passenger complaints

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about poor customer service by East Coast. Passenger Focus will be monitoring this closely with East Coast over the coming months. Passenger Focus will also be in a position to use complaints information to influence the consultation on the East Coast franchise.

KA reported that complaint volumes had increased across all operators, although a proportion of this could be due to recent changes to internal processes ensuring all complaints are logged more systematically. It was also anticipated that there could be an upward shift in complaint volumes resulting from the transparency agenda and Passenger Focus' increased profile following our new website launch.

KA outlined that around half of calls made to Passenger Focus's call centre were transferred to Passenger Focus staff, while the other half were redirected to operating companies or other bodies. The Chairman remarked that although the organisation was coping with present volumes, staff should be prepared for increases in line with greater publicity.

DM **noted** that there had been a 40% increase in appeal complaints over the year but no equivalent increase in headcount. It was to the credit of staff that passenger satisfaction had improved, but with current resources these trends could not continue indefinitely. The Board **noted** that in order to consolidate further improvement, ambition must be proportionate to resource.

Alongside the day-to-day casework KA outlined that there was ongoing continuous improvement work, with new quality monitoring due to be rolled out within the contacts function. In addition, the passenger team executives are increasingly involved in delivery of project and stakeholder work, for example with user groups, and meetings related to rail franchise work. The customer relationship manager system used to embed the stakeholder strategy had been successfully merged and upgraded, and the support supplier changed.

The Board **noted** the good work of the Passenger Team.

Matters for Discussion/Approval

8 Remuneration Committee minutes 14 March 2012

The Board received and **endorsed** the remuneration committee minutes.

9 Audit Committee Minutes 18 April 2012

BS reported that Passenger Focus had received a substantial audit opinion on the recent change programme and business planning framework. An audit on the management of project budgets had received a reasonable audit opinion, whilst a review of senior appointments pay arrangements for evidence of tax avoidance identified no significant concerns.

With regard to testing the market for internal audit services, Ian Coates had been invited to the last audit committee meeting to relay discussions on internal audit provision across the central government sector,

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which was currently under review. The review was anticipated to be completed in the autumn. Ian Coates recommended that Passenger Focus not plan any market testing of internal audit services until the report had been concluded.

BS informed the Board that the business continuity plan was now complete and a successful rehearsal of its procedures had been carried out on 8 May 2012. A review of this rehearsal would be discussed at the next Audit Committee meeting with the plan being updated accordingly with any significant findings.

The Board **endorsed** the audit committee minutes.

10 Audit Committee Risk Report

BS directed the Board's attention to the Audit Committee's review of risk management with specific reference to the statement of risk appetite for 2011-12, which had previously been agreed by the Board. The statement on risk appetite appeared to be working well and the Audit Committee recommended that it be retained for another year before undertaking a further review. The Board **endorsed** this recommendation.

The corporate governance and risk management audit had received a substantial audit opinion. The Board congratulated staff for this good result, especially in the context of recent operational changes.

The Audit Committee had also reviewed the gifts and hospitality register, as required by its terms of reference.

The Board **endorsed** the Audit Committee risk report.

11 Audit Committee Annual Report

BS reported that there were no significant concerns to bring to the Board's attention. The Committee had recorded a concern during the year that receiving the budget delegation letter nine months into the financial year was not good practice, but this had now resolved itself.

The Audit Committee had reviewed its effectiveness using the National Audit Office guide, which showed good practice was being followed. In terms of information given in the report to third party readers, the Audit Committee had set out its purpose, recorded how often it met and the business conducted.

DL noted that one of the terms of reference stated that the Audit Committee could meet with internal and external auditors without officers present. BS reported that this had not been undertaken this year, but acknowledged that good practice suggested they do it once a year. Any member of the Audit Committee could call such a meeting.

The Audit Committee saw the corporate risk register quarterly and discussed the risk register with each team manager once a year. It was brought to the Board twice per year as part of the formal risk report.

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BS introduced the work the committee and its officers had done in respect of the review of the effectiveness of the Board. This work was supported by the evidence collected through the year-end survey of Board members. BS thanked colleagues for completing and returning these (anonymous) questionnaires, the results of which were indicative of good levels of support to the board and general satisfaction with the effectiveness of the Board. The committee had made a few minor additional suggestions in its report with which the Board **agreed**.

The Board **noted** and **endorsed** the Audit Committee's annual report.

12 Passenger Focus Annual Report and Accounts 2011-12

BS reported that the Audit Committee had considered the draft Annual Report that morning. They had recommended its endorsement subject to a number of minor typographical and contextual amendments. The external auditors *audit completion certificate* on the accounts provided an unqualified audit opinion.

The Chairman asked Board members to propose and second a formal adoption of the annual report and accounts for 2012. BS and DL volunteered respectively. The Board **adopted** the annual report subject to the suggested typographical adjustments being made.

The Board also thanked those staff members that were involved in what was a very large amount of work.

Item	Date	Issue	Action	Owner	Due
BM208	16/05/12	Annual report and accounts	Make amendments identified at Audit Committee and Members meetings	Jon Carter	June 2012

13 Annual BPS Tender

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."

Proposed by: Barbara Saunders

Seconded by: Deryk Mead

The Chairman countersigned the resolution

The public were excluded from the discussion from 15.24 until the end of the meeting.

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14 Any Other Business

NW reverted to the internal audit, and asked why the audit on the effectiveness of research procurement received such a poor opinion. BS explained that it was the framework itself that needed improvement, not the quality of research. IW reported that the evaluation criteria could be improved, and this was an outstanding action.

Signed as a true and accurate record of the meeting:

Colin Foxall CBE
Chairman, Passenger Focus

Date