



Annual Report
and Accounts
2006-07





Annual Report and Accounts **2006–07**

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Rt Hon Ruth Kelly MP
Secretary of State for Transport

Department for Transport
Great Minster House
76 Marsham Street
London
SW1P 4DR

Whites House, 14 Pentonville Road
London N1 9RF

www.passengerfocus.org.uk
t 0870 336 6000 1 800 7713 2729
e info@passengerfocus.org.uk
direct 0870 336 6000

Dear Secretary of State

I have pleasure in enclosing the annual report and accounts for 2006–07 from the Rail Passengers Council (operating as Passenger Focus), as required under Schedule 5 of the Railways Act 2005.

Yours sincerely

Colin Foxall CBE

CHAIRMAN

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Who we are and what we do

Passenger Focus¹ is the independent national rail consumer watchdog. It is an executive non-departmental public body sponsored by the Department for Transport.

We have two main aims; to influence both long and short-term decisions and issues that affect passengers, and to help passengers through advice, advocacy and empowerment.

With a strong emphasis on evidence-based campaigning and research, we ensure that we know what is happening on the ground. We use our knowledge to influence decisions on behalf of rail passengers and work with the rail industry, other passenger groups and governments to secure journey improvements.

Our vision is to ensure that the rail industry and governments are always

‘putting rail passengers first’

This will be achieved through our mission of

‘getting the best deal for rail passengers’

¹ Passenger Focus is the operating name of the Rail Passengers Council. The Railways Act 2005 provided for the abolition of the regional Rail Passengers Committees and former national Rail Passengers Council and the new RPC came into being on 24 July 2005.

Our work is based on the following five objectives, which underpin our vision and mission

1. understanding the needs and experiences of rail passengers
2. securing tangible and measurable improvements for rail passengers
3. empowering rail passengers with information, advice and advocacy
4. influencing major long-term decisions that affect rail passengers
5. being visible, accessible and understood by rail passengers and stakeholders.

Our corporate plan outlines what we are setting out to do until 2009 and can be obtained from our website at www.passengerfocus.org.uk or requested using the details on the back of this document.

Our values

In order to be influential and get the best deal for rail passengers, we must work in certain ways. We need to ensure that we are recognised as being forward-thinking, proactive, enabling and prominent, so that we achieve results for rail passengers.

This will be demonstrated through our four core values, which are

- **independence** – we will be impartial, objective and fair when undertaking all of our activities
- **openness** – we will be accessible, available, transparent and approachable to rail passengers and other stakeholders
- **trust** – in order to be influential, we will demonstrate that we are respected, informed and credible. This will be achieved through using evidence and research to inform policy
- **engagement** – in order to campaign and lobby for changes, we will demonstrate that we are listening, understanding and responding to rail passengers and other stakeholders. We will achieve this through the various research and consultation projects that we undertake.

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Section **1**

Chairman's introduction

Chairman's introduction

One year under our belt and we have much on which to report.

We've talked to over 113,000 passengers. Our passenger link managers – who represent passenger interests to train operating companies have notched up more than one hundred improvements for passengers over issues that have arisen all over Great Britain. The feedback from independent stakeholder research on how we performed shows that we have gained trust and a reputation for what we set out to be – an evidence based body that engages with the industry and governments on rail issues. Our research and contributions to the strategies for individual routes and our work on franchise specifications is being recognised as providing a solid base to get the passenger view into the business of running our railways.

Our aim has been to make a difference – not simply to let off steam on the passengers behalf – although we've done some of that too, particularly where fares and value for money are concerned. To do this we've targeted what we do on what our research shows matters most to passengers – a dependable, punctual service and a seat at an affordable price.

The industry has come a long way over the last few years. Performance – by which we mean reliability and punctuality is better than it has been for many years. At last there are signs that a strategy for stations is beginning to emerge, although not before time – especially for some of the smaller ones. New rolling stock is beginning to make an impression on passenger satisfaction and more is promised.

However, there is still much room for improvement. Crowding is a significant issue – and coupled with that rising fares and in particular the costs of the 'turn-up and go railway' are all subjects which we need to robustly represent passenger views on in the future. We also need to highlight unfair and opportunistic rises in ticket prices. While performance is better not all train operating

companies have done well – some service to passengers this year has been appalling and we need to get the message across that such unacceptable service must not be repeated.

Our National Passenger Survey of over 50,000 rail passengers has gained greater recognition as an industry benchmark. It shows that passenger satisfaction with punctuality is generally high, but we need to remember that some trains that are between five and ten minutes late are regarded as on time – and the train companies and Government need to understand that passenger expectations are rising. If the Government wants to see the modal shift to rail implied by its environmental policies rail travel has to be made more attractive, not less. Passengers must feel they are getting value for money and are able to travel in comfort. We also want franchise agreements to become more transparent; clearly setting out all the intentions of both the operator and government for a particular service. We believe this would be in the interests of passengers.

In the year ahead we will be keeping these issues centre stage with research programmes and campaigns designed to make clear what passengers want.

I would like to thank the staff and board for their hard work and commitment. Sadly this year our board lost one of its members to cancer. Jess Barrow was a valued member of our team – and good to be with. We miss her very much.



Colin Foxall CBE

CHAIRMAN



Section **2**

Review of activities 2006–07

Review of activities 2006–07

2.1 Understanding the needs and experiences of rail passengers

Corporate plan objective one

Understanding the needs and experiences of rail passengers

What we said we would do

- Survey at least 50,000 passengers views through the National Passenger Survey
- Carry out two other research projects aimed at understanding passenger needs in particular areas
- Speak to at least 20,000 other passengers through research, consultation, public meetings and correspondence.

What we did

- Carried out and published the spring and autumn 2007 waves of the National Passenger Survey involving over 50,000 passengers in the process

- Carried out and published 13 other research projects (see appendix four)
- Spoke to 35,000 other passengers.

What we are going to do in 2007–08

- Survey at least 50,000 passengers views through the National Passenger Survey
- Carry out at least ten other research projects aimed at understanding passenger needs in particular areas
- Speak to at least 30,000 other passengers through research, consultation, public meetings and correspondence.

As an evidence based organisation we commission passenger research in line with our business plan to ensure that we reflect the views of rail passengers. The vast majority of the research that we produce is carried out by independent research companies. For the first time this year we have commissioned mystery shopping of aspects of rail services to gain further understanding of passenger views about the journeys that they make. All of the research that we carry out is used to inform our policies and shared with the rail industry and government with a view to working out how train companies can deal with problem areas. Our research publications can be viewed on our website www.passengerfocus.org.uk

National Passenger Survey

The National Passenger Survey (NPS) is the largest published customer satisfaction survey of rail passengers in Europe. Since autumn 2005 it has been carried out by independent research company Continental Research on behalf of Passenger Focus each spring and autumn.

The autumn 2006 survey saw the highest overall satisfaction figure ever recorded: for the first time more than four in five passengers (81%) said they were very or fairly satisfied with their journey. Figures for satisfaction with punctuality and reliability were also at new highs, with 79% of passengers satisfied with these aspects of their journeys. Despite these improvements, value for money remains an issue – only 43% of passengers were satisfied that their tickets offered value for money.

Table 1: Percentage of Passengers Rating Aspect of Service as Satisfied or Good

	spring/autumn 2005	spring/autumn 2006
Sample size	56,360	51,530
Overall satisfaction	78%	81%
STATION FACILITIES		
Ticket buying facilities	64%	65%
Provision of information about train times/platforms	76%	77%
The upkeep/repair of the station buildings/platforms	61%	62%
Cleanliness	66%	68%
The facilities and services	49%	51%
The attitudes and helpfulness of the staff	68%	68%
Connections with other forms of public transport	72%	73%
Facilities for car parking	44%	47%
Overall environment	60%	61%
Your personal security whilst using	57%	58%
The availability of staff	56%	56%
How request to station staff was handled	82%	83%
TRAIN FACILITIES		
The frequency of the trains on that route	75%	77%
Punctuality/reliability (i.e. the train arriving/departing on time)	76%	79%
The length of time the journey was scheduled to take (speed)	81%	82%
Connections with other train services	69%	70%
The value for money for the price of your ticket	43%	42%
Cleanliness of the train	69%	72%
Up keep and repair of the train	67%	71%
The provision of information during the journey	61%	64%
The helpfulness and attitude of staff on train	59%	64%
The space for luggage	47%	49%
The toilet facilities	36%	38%
Sufficient room for all the passengers to sit/stand	61%	61%
The comfort of the seating area	65%	68%
The ease of being able to get on and off	75%	76%
Your personal security whilst on board	67%	70%
The cleanliness of the inside	68%	71%
The cleanliness of the outside	62%	65%
The availability of staff	36%	39%
How well train company dealt with delays	32%	36%

Bold, red figure denotes statistically significant improvement compared with previous period (spring and autumn 2005 results (combined), compared with spring and autumn 2006 results (combined)).

Table 2: Overall satisfaction (% passengers 'very' or 'fairly' satisfied)

	spring 2002	autumn 2002	spring 2003	autumn 2003	spring 2004	autumn 2004	spring 2005	autumn 2005	spring 2006	autumn 2006
Commuters	62	64	63	64	65	66	68	72	72	74
Business travellers	74	73	76	73	75	81	79	82	82	85
Leisure travellers	83	83	84	82	82	85	85	88	88	87
Overall	72	73	74	73	73	76	77	80	80	81

Table 3: Satisfaction with value for money of ticket (% passengers 'very' or 'fairly' satisfied)

	spring 2002	autumn 2002	spring 2003	autumn 2003	spring 2004	autumn 2004	spring 2005	autumn 2005	spring 2006	autumn 2006
Commuters	27	29	28	28	28	29	27	30	27	29
Business travellers	40	42	45	43	43	46	43	48	41	45
Leisure travellers	60	60	59	59	59	60	58	61	58	60
Overall	42	43	43	43	42	44	41	45	41	43

Table 4: Overall opinion of journey; value for money of ticket; upkeep and repair of the train (% passengers 'very' or 'fairly' satisfied)

	spring 2002	autumn 2002	spring 2003	autumn 2003	spring 2004	autumn 2004	spring 2005	autumn 2005	spring 2006	autumn 2006
Overall opinion of journey	72	73	74	73	73	76	77	80	80	81
The value for money for the price of your ticket	42	43	43	43	42	44	41	45	41	43
Up keep and repair of the train	51	51	52	53	53	59	64	71	70	71

Passenger Focus has established safeguards to ensure the survey is objective and high quality, including an NPS Governance Group made up of board members, and a stakeholder group representing users of the survey.

Results of the National Passenger Survey were supplied to train companies who used them to help understand passenger views and to plan improvements where needed. The findings were also given to the franchise management team at the Department for Transport who used them to help manage the franchise agreement they have with train operating companies. The results were sent to a wide variety of organisations such as British Transport Police who used the ratings of personal security to assist them with their work. The results were used extensively by Passenger Focus to inform policy and make decisions about priorities for improving the service.



Encouraging edge-of-morning peak travel

During weekday morning peak travel periods (8am to 9am) key London rail commuter stations are suffering increasing congestion and overcrowding – and the situation is expected to become worse. A short to medium term option for easing congestion is to try and encourage peak-time passengers to travel at off-peak times.

In April 2006 Passenger Focus commissioned focus group research among five groups of commuters arriving at Waterloo station at peak times who said they could travel before or after this time if they wished. Key research findings included the following:

- the control that passengers had over their journeys depended on several factors – the most important of which were work commitments and the distance they travelled to get to Waterloo
- it would be more difficult to persuade those with longer journeys to change their behaviour than those with shorter journeys
- passengers will not change their journey times if they feel that an off-peak service is going to be unreliable
- financial reward was not the incentive first mentioned by passengers as a way of changing travel behaviour; however, once mentioned, it became the dominant incentive
- passengers resented pricing strategies that penalised peak travel, and ticketing strategies that forced them into travelling at certain times. They liked the idea that the reward for off-peak travel might accrue in some way and that tickets could be flexible enough to reward them when they travelled at off-peak times, and not penalise them when they didn't.

The findings have been shared with Network Rail and train operating companies. They have also been widely publicised in support of Passenger Focus's policy objective of ensuring that passengers are attracted to quieter times and not priced off the peak.

Availability of advance reservations

Checks were undertaken for the 2006 August Bank Holiday and Christmas period to determine when reservations were released to passengers on 39 sample journeys. For both the summer and Christmas checks, all routes released their reservations at least six weeks before the date of travel, and most followed the stipulated guideline of releasing them nine weeks before. This is an improvement on previous years, when we found that train companies often did not release their reservations (and therefore their cheaper tickets) to passengers until two weeks before travel.

Results of this mystery shopping indicated that train operators were meeting their requirements and therefore no further action was required. In the past Passenger Focus has referred those train companies that were not providing tickets within agreed timescales to the Office of Rail Regulation (ORR) to highlight problems that needed to be addressed. We will continue to monitor the release dates of advance reservations.

Ticket retailing

In autumn 2006, an independent market research agency carried out a mystery shop of the quality of service provided by ticket retailers at stations, over the phone, on-line and on board trains.

Areas identified as in need of improvement were:

- off-peak queuing times at larger stations
- inability of some passengers to buy a ticket on the train for journeys on the Cardiff Valley Lines
- long waiting times for train companies' telesales services
- staff not informing passengers about All Line Rover and Weekend First Class upgrade tickets at stations and over the phone.

We found most information being given out was accurate – a good message for the industry. Results of the mystery shopping were shared with individual train operators. Many of them have requested detailed information on the 'shops' which has allowed them to identify and understand where problems occurred.

2.2 Securing tangible, measurable improvements for rail passengers

Corporate plan objective two

Securing tangible, measurable improvements for rail passengers

What we said we would do

- Secure at least 100 measurable improvements for passengers.

What we did

- Secured 107 measurable improvements for passengers.

What we are going to do in 2007–08

- Secure at least 105 measurable improvements for passengers.

Our 12 passenger link managers (PLMs) have secured many improvements for passengers over the year. PLMs are based around the country. They are closely aligned to train operating companies (TOCs), but also build links with stakeholders including local authorities and politicians, Network Rail, the Department for Transport and rail user groups.

All improvements recorded must be specific and tangible and checks are made by passenger link managers to ensure that an agreement has been actioned by the relevant company. The 'wins' are all logged and approved by both the management board and the non-executive board.

Below are some examples of real improvements achieved for passengers:

Fare's fair

- First Capital Connect planned to introduce a compensation scheme that would exclude compensation for passengers where the delays were deemed outside its control. After Passenger Focus' intervention,

the company agreed to compensate passengers who were delayed by more than 30 minutes, regardless of the reason.

- A new fares structure introduced by First ScotRail in June 2006 meant that passengers travelling from Pitlochry to Perth saw their fares more than double to £12.90 return. After Passenger Focus intervened, the rise was limited to £9.90.
- Passenger Focus produced a leaflet '7 Ways To Save', for passengers travelling on the West Coast route, which was distributed at stations and made available on our website. Feedback from passengers reveals that they are making savings from our advice.

In the know

- During the upgrade of London Liverpool Street Station, Network Rail planned to close the staffed customer information point, and replace it at a later date. After intervention from Passenger Focus, it agreed not to close the staffed information point until the new one was ready to open.

- Our contacts in Scotland noted incorrect signing at Tain Station that directed passengers to the wrong platforms for trains to Inverness and Wick. After our intervention First ScotRail installed new, correct signs.

Save our services

- Many passengers raised concerns about planned December 2006 timetable changes to First Great Western (FGW) services in the West Country. After consulting stakeholders and passengers, FGW produced a new timetable that addressed many concerns, reintroduced semi-fast services from Exeter to London, introduced more fast services between London and Plymouth, and created the half-hourly Cardiff-to-London service.
- c2c introduced major timetable changes in December 2006. During the consultation on this, Passenger Focus and other stakeholders raised

many concerns. We secured a commitment from c2c that it would closely review the operation of the new timetable. The first few days of the new timetable brought considerable disruption to passengers, and several thousand campaigned against it. We met with c2c to discuss the issue, as a result of which they agreed to reinstate the previous timetable.

The whole journey

- Central Trains subsidised a local bus service in place of the local stopping train between Stoke and Stafford. However, passengers could not purchase season tickets or use rail cards for intermediate stations on the bus service. After intervention from Passenger Focus, Central agreed to ensure rail tickets were made available for use on the bus. They also agreed to improve passenger information for the service in the form of pocket timetables.
- Passenger Focus identified poor connections between train and ferry at Oban, giving passengers as little as nine minutes to connect. Following discussions with First ScotRail and Caledonian MacBrayne, timetabling was improved to allow passengers 24 minutes to make their connection.
- Passengers in Peterborough told us that the pedestrian footpath between the city centre and the station had been in a poor condition for some years. After discussions with Network Rail, it resurfaced the whole path.



Access for all

- Passenger Focus identified that disabled passengers calling train companies to request assistance were paying high call charges due to the length of their calls. First



Great Western and First ScotRail have both since agreed to provide an 0800 freephone number for booking disabled assistance.

- Passenger Focus worked with all TOCs to audit accessibility provision. This revealed that First Capital Connect rang only 30% of disabled customers who used their services for their feedback. They have now agreed to follow up on all requests for assistance.
- As part of the upgrade proposals for Chester and Crewe stations, Passenger Focus helped ensure that disabled passengers' needs were addressed. We commissioned accessibility audits, which included a panel of experienced passengers with disabilities providing first-hand input into what passengers need.

At the station

- Passengers had complained about the changed location of cycle facilities at Leamington Spa station. We took up the issue, and Chiltern agreed to move the cycle racks to a location that was more secure and better sheltered.
- Passengers raised concerns about the poor state of the lighting on the approach to Morley station, near Leeds. As a result of our intervention, Network Rail agreed to take on responsibility for this, and the path is now well lit.

For a full list of achievements gained for passengers please visit www.passengerfocus.org.uk

2.3 Empowering passengers with information, advice and advocacy

Corporate plan objective three

Empowering passengers with information, advice and advocacy

What we said we would do

- Achieve 65% level of satisfaction amongst passengers for the way we handle their complaint.

What we did

- 66% of passengers were satisfied with the way their complaint was handled.

What we are going to do in 2007–08

- Maintain 65% passenger satisfaction with the way we deal with complaints.

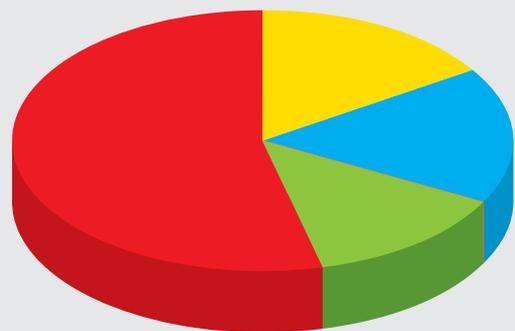
Passenger Focus offers passengers free and impartial information, advice and support to help them get the best deal on train travel. We also negotiate with rail companies when a passenger is unhappy with the way a rail company has responded to their complaint. We analyse the types of problem we are contacted about to improve our understanding of passengers' overall concerns. A total of 27,755 passengers contacted Passenger Focus in 2006–07 – a rise of 20% compared to last year.

Complaints to Passenger Focus

We attempt to help every passenger who contacts us, but we can only become involved in the complaints process once the rail service provider has first had the opportunity to resolve the matter.

Passenger Focus handled 2,340 appeal complaints in 2006–07, a 4% decrease on 2005–06.

Ways in which passengers contacted us



Email
4,397

Fax
1

Web
4,658

Phone
15,027

Letter
3,672

Types of complaint received

This year the majority of appeal complaints we received were about fares and tickets, and in 24% of these cases, passengers objected either to the cost or to fare increases.

The total number is higher than that for the number of complaints received, because some complaints cover more than one issue.

Passenger satisfaction

Passenger Focus surveys passengers who have brought their complaints to us, so we can assess how well we are handling complaints. During the year, we took steps to improve our complaints handling procedures, and this resulted in an improvement in satisfaction levels compared to last year.

Passenger satisfaction levels are naturally heavily influenced by the outcome of the complaint.

Much of the time this is outside the direct control of the complaint handling team – while we can negotiate with the rail company that is the subject of the complaint, we cannot force it to resolve a complaint in a certain way unless it has breached its statutory obligations.

For this reason, we ask passengers to ignore the outcome of their complaint, and tell us how satisfied they were with the way their complaint was handled. 66% said they were satisfied with the way their complaint was handled, exceeding our target of 65%, and improving on the previous year's figure by 11%.

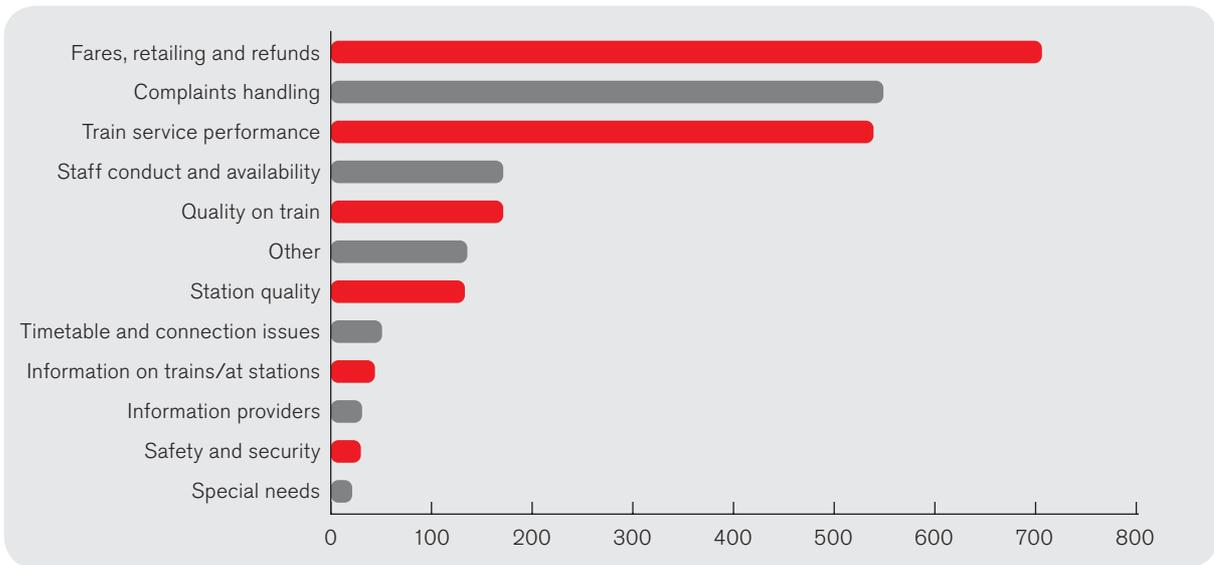
Appeal complaints by train operator/provider

Service Provider	2006/7	2005/6
Arriva Trains Wales	84	127
c2c	30	20
Central Trains	132	184
Chiltern Railways	22	23
First Capital Connect**	88	0
First Great Western	388	230
First Scotrail	120	99
First Transpennine Express	67	89
Great North Eastern Railway	221	282
Heathrow Express	0	1
Hull Trains	6	2
Merseyrail	12	20
Midland Mainline	64	72
Northern Rail	132	179
One	83	154
Serco Metrolink	1	4
Silverlink	14	19
South West Trains	130	125
Southeastern	128	120
Southern Trains	71	83
Virgin CrossCountry	241	146
Virgin West Coast	55	138
Info providers/web/telesales	137	106
Network Rail	13	12
Central Parking UK Ltd	49	39
Others	52	170
Total	2,340	2,444

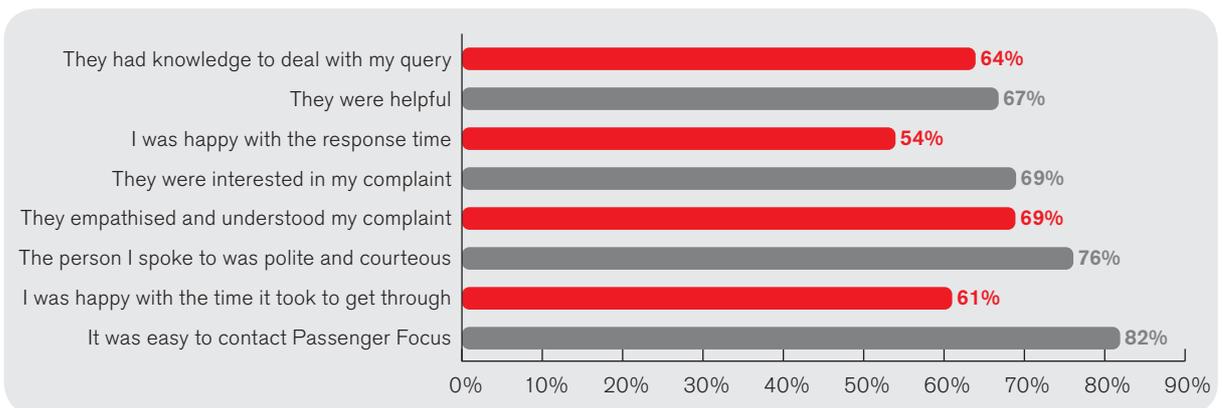
** First Capital Connect franchise commenced 1 April 2006

London TravelWatch is Passenger Focus's sister organisation and takes on the same role in the London area. London TravelWatch statistics are not included in this report.

Types of complaints received 2006–07



Satisfaction with contacting Passenger Focus (% of people 'satisfied' and 'very satisfied')



2.4 Influencing the major long-term decisions that affect passengers

Corporate plan objective four

Influencing the major long-term decisions that affect passengers

What we said we would do

- Benchmark stakeholder ratings of Passenger Focus influence.

What we did

- Benchmarking survey carried out in November 2006.

What we are going to do in 2007–08

- Achieve an 'improved influence rating' from stakeholders when benchmarking survey is carried out again in spring 2008.

In November 2006, Opinion Leader Research, an independent research company, carried out 28 interviews with our key stakeholders – train operating companies, railway regulators, rail infrastructure bodies, transport police, civil servants and Members of Parliament to find out their views about the role and effectiveness of Passenger Focus. The research found that Passenger Focus has made great strides in building a reputation as a credible, useful, fair and evidence-based passenger body. Stakeholders perceive that what Passenger Focus has to say is worth hearing and is a useful resource for them.

The research identified that there is scope to develop stronger strategic relationships at a regional level. Stakeholders also said that Passenger Focus' could do more to communicate how it will influence long term policy decisions.

Fares

The issue of fares continues to be a major area of concern for passengers and has dominated our work over the year.

Passenger Focus began the year by hosting a major conference on fares. We used the conference to launch the first stage of our passenger research into fares and ticketing. This was followed by a larger quantitative piece of research looking at passenger requirements. Among the findings were:

- seven out of ten leisure passengers told us that they had decided not to travel by train because of the cost of the ticket, with 44% of those choosing to travel by car instead
- a substantial proportion of regular travellers did not buy season tickets because they couldn't afford the cost upfront, or had irregular travelling patterns; two out of five commuters were unaware of the benefits available to season ticket holders.

The research confirmed that the current rail fare structure is seen as complex and confusing, (particularly for longer journeys), reinforcing the need for a simpler structure.

A key issue raised at the conference was the status of Saver fares – the main off-peak, turn-up-and-go fares for longer distance journeys – some of which are regulated and therefore have price

increases capped at the inflation rate plus 1%. Passenger Focus continues to discuss the issue of fare simplification and regulation with the industry and the Department for Transport. We remain firmly committed to an affordable, 'turn-up and go' railway.

Focus on franchises

2006–07 saw continued changes to the structure and ownership of train franchises. In August Passenger Focus submitted its responses to the Department for Transport's proposals for the New Cross Country, East Midlands and West Midlands franchises. Our submissions were based on research we commissioned on passengers' priorities on routes covered by these franchises.

These themes were discussed further at our 'Passenger Focused Franchises' conference, held in November, which was attended by 120 delegates. Tom Harris MP, Rail Minister and Parliamentary Under-Secretary of State for Transport, and Stephen Hammond MP, Shadow Transport Minister, both spoke at the event.

A key topic was the proposal for the New Cross Country franchise. Passenger Focus was concerned that the proposals, though beneficial for some passengers, would result in a reduction in many direct journeys and lead to more passengers having to change trains at Birmingham New Street – a station already suffering from congestion. We pressed the DfT to explain the rationale behind the proposals, say how many passengers would suffer as a result, and what was being planned to alleviate some of the consequences.

Towards the end of the year we commissioned further research, amongst more than 10,000 passengers, to investigate the impact on interchange stations such as Birmingham New Street. The research found that a significant number of passengers would be affected by the DfT's proposals for the franchise but, for passengers changing at stations other than

Birmingham New Street, there are some realistic alternative interchange stations. The research also considered how the impact of these changes could be mitigated. We continue to believe that essential to the new franchise is the provision of additional capacity.

Passenger Focus responded to the DfT following its decision to renegotiate its contract with GNER and retender the East Coast Main Line franchise.

Passenger Focus also submitted evidence to the House of Commons Transport Committee investigation into Passenger Rail Franchising. We expressed concerns at the current emphasis being placed on awarding franchise contracts on a least cost basis and, more recently, on ensuring a large premium payment to government. We feel that this creates risks for passengers as operators consider either extreme cost cutting measures, or raising costs to passengers. During the year we have seen several examples of this.



- In June GNER announced significant rises in car parking costs, in some cases doubling them – something Passenger Focus strenuously opposed.
- In June, First Capital Connect stopped passengers with Cheap Day Return tickets from travelling out of London during the evening peak. Passenger Focus opposed this move. Working with London TravelWatch and other passenger representatives, we had some success in getting the company to remove restrictions from 12 stations. We continue to campaign to have the restrictions removed from all other stations affected. To this end we chaired a meeting with passengers and MPs at the House of Commons, attended a public meeting in St Albans, and commissioned research interviewing over 500 passengers to look at the impact the restrictions have had. Four out of five passengers surveyed said that the trains were just the same or more crowded than before the introduction of the evening peak restrictions – which casts doubt on one of First Capital Connect's arguments for introducing them.

The announcement on 4 April 2007 that 48 carriages are to be transferred from Southern to First Capital Connect will reduce overcrowding and we believe this should allow First Capital Connect to remove the evening peak restriction. We are still in dialogue with them about this matter.

Capacity and network planning

Network Rail's Route Utilisation Strategies (RUSs) have the potential to make a major impact on the quality of service in the short to medium term. Decisions made in the RUS could influence such things as overcrowding, frequency of services, stopping patterns, closure of stations, and performance levels.

As one of our key priorities for this year we:

- commissioned research and responded to the consultation on the Scottish RUS
- commissioned research and responded to the consultation on the North West RUS
- responded to DfT's consultation on options for the Brighton Main Line RUS
- commissioned research to help inform the Greater Anglia RUS study. This looked at station access and demand for station car parking, and found that a lack of adequate car parking could have real implications for rail travel. For example, 17% of passengers at Witham said they would make their entire journey by car if it became difficult to park at the station.

Safety and security

On 23 February 2007, the 17.15 Virgin West Coast service from London to Glasgow derailed just beyond the points at Lambrigg near Grayrigg in Cumbria. Passenger Focus extends its deepest sympathy to those who were bereaved or injured as a result of the accident.

The Rail Accident Investigation Board (RAIB) published its interim report into the accident on 26 February and we await the final report. The interim report identified how the accident happened. The important thing for passengers now is to find out why it happened and what lessons can be learnt to prevent any recurrence.

Passenger Focus continues to represent the travelling public on a range of safety advisory groups and working parties, helping to shape the industry's strategy and to promote informed debate on rail safety trends and priorities. Our activities in 2006–07 included:

- working with the Rail Safety and Standards Board on its research project 'Managing On-Train Crowding'

- presenting a paper, 'Railway Safety: What does society want?', at the International Rail Safety Conference
- reporting on passengers' perceptions of personal security (and means of enhancing it) as part of input to two House of Commons Transport Committee inquiries: 'Personal Passenger Safety in Railway Stations' and 'Travelling Without Fear'
- responding to a range of safety-related consultation documents.

Train carriages

Passenger Focus has a long-established role to liaise with operators and other relevant bodies in the development and refurbishment of rolling stock. During the year we provided comments on the new highspeed train for commuter services from Kent to St Pancras and the refurbishment of GNER's existing HST fleet.

We are also members of the DfT's Intercity Express Programme (IEP) Stakeholder Board. The IEP is looking at the development and operation of a new generation of trains to serve long-distance routes. As such we welcomed the announcement by the Secretary of State for Transport to initiate the procurement of a new fleet of between 500 and 2,000 carriages. We will work with the industry to help ensure these trains meet passengers' needs and provide the capacity needed.

We also welcome plans to properly test the new trains in public use to gather passengers' feedback before the remaining trains are built.

During the year we also responded to the Office of Rail Regulation's consultation, 'Leasing of Rolling Stock for franchised Passenger Services' and agreed with the decision to refer the issue to the Competition Commission.

Accessibility

Considering the needs of passengers with disabilities is a key element of our statutory role. We are a member of DfT's Industry Steering Group, which assesses proposed 'small schemes' for match-funded bids to enhance station accessibility, covering aspects such as:

- replacing information systems
- booking office induction loops
- automatic doors at stations
- lifts and ramps or new entrances for step-free access
- compliant seating
- shelters that are large enough to accommodate wheelchairs.

Each TOC is required to submit its new or annually revised Disabled People's Protection Policy (DPPP) to Passenger Focus for comment before it can be approved by DfT. Over the last year we reviewed 10 DPPPs, making a number of recommendations. All of the DPPPs were amended following our comments; one was wholly rewritten, adopting many of our recommendations.

We also continue to be a member of DfT's Disabled People's Transport Advisory Committee's (DPTAC) Rail Group.

Europe

European activities can also have a direct bearing on passengers. During the year we have continued to monitor the EU and related developments for their potential impact on passengers, developed links with other passenger and consumer organisations and looked at ways of engaging Passenger Focus in matters arising from the EU's plans for development of a European Passengers' Network.

Passenger Focus in Scotland

Passenger Focus has been actively involved in representing passengers in Scotland in the development of rail and transport strategies at all levels in Scotland.

At the national level we have given evidence to committees of the Scottish Parliament on the re-opening of the Airdrie to Bathgate line and the Glasgow and Edinburgh Airport Rail Links. We also responded to the consultation of Transport Scotland's draft National Transport Strategy, which sets out the vision for transport in Scotland over the next 20 years.

In a similar vein, at a regional level we responded to the newly formed Regional Transport Partnerships' draft Regional Transport Strategies, which sets out a regional vision for transport over the next 20 years.

Passenger Focus was instrumental in providing a connection guide for passengers between Haymarket to Waverley to minimise inconvenience for passengers during the upgrade of Edinburgh Waverley station.

Network Rail published the draft Route Utilisation Strategy (RUS) for Scotland in August 2006. As part of Passenger Focus' response to the draft RUS we surveyed more than 2,600 passengers on the options proposed. Many of our proposals were incorporated into the final RUS including retaining the Edinburgh CrossRail services and links from the South West to the Central Belt.

Passenger Focus continues to provide an independent Chairman to First ScotRail's regional Customer Forums.

Pressure from Passenger Focus helped ensure that First ScotRail provided no fewer than eight cycle spaces on its refurbished class 322 electric units. These have not only proved very popular with passengers but won the TOC an industry award for innovation.

Speeches and events

Passenger Focus represented the passenger viewpoint at a large number of events and conferences throughout 2006–07 and arranged many of our own events.

Key events arranged by Passenger Focus during 2006–07:

- 'Unfare? The future of fares and ticketing in Great Britain', held in London – April 2006
- Event at the House of Commons on First Capital Connect's introduction of evening peak travel restrictions – November 2006
- 'Passenger Focused Franchises' conference, held in Birmingham – November 2006.



Passenger Focus in Wales

It was a busy year for rail in Wales, with Passenger Focus working closely with the Welsh Assembly Government (WAG) as it assumed greater transport responsibilities including the management of the Arriva Trains Wales franchise.

Passenger Focus launched a number of projects during the year. We led an initiative designed to take a strategic look at how to improve the provision of rail services for major events at Cardiff's Millennium Stadium, which has already delivered better planning of engineering works. Other activities included:

- performance on the Cambrian line
- accessibility issues at a number of Wales and borders stations
- developing our Welsh Language Scheme project.

We presented evidence on three occasions to the National Assembly for Wales' Enterprise, Innovation and Networks (EIN) Committee. We were part of the core working group for the Wales Rail Planning Assessment, arguing strongly for retaining socially inclusive rail services in future policy and franchise development. We also responded to key transport consultations, including the Wales Transport Strategy.

At regional and local levels, Passenger Focus has been closely involved with the development of the regional transport plans currently being prepared by the four transport consortia, as well as contributing to a number of line development studies such as those for the Cambrian, Chester-Wrexham-Shrewsbury and Fishguard Harbour routes.

Where services have been under threat, Passenger Focus has actively championed passenger concerns. Notable successes have included:

- the reinstatement of key services at Severn Tunnel Junction for commuters to Bristol
- a commitment to retaining Piccadilly as the destination station for trains travelling from the North Wales coast into Manchester.

2.5 Being visible, accessible and understood by passengers and stakeholders

Corporate plan objective five

Being visible, accessible and understood

What we said we would do

- Benchmark how easy it is to contact Passenger Focus.

What we did

- Carried out a benchmark which showed 82% of people surveyed found Passenger Focus easy to contact.

What we are going to do in 2007–08

- Improve visibility and understanding of our role amongst passengers and ensure we remain easy to contact.

Accessibility by phone and internet

One of our measures of passenger satisfaction with complaint handling is 'how easy it is to contact Passenger Focus'. On this point we scored 82%. For the full survey results please see page 20.

An independent survey by HPI Research of 1,258 rail passengers carried out between Sept and Oct 2006 found the following:

Following the research which identified that the most popular methods of contacting Passenger Focus were by phone, e-mail or internet we tested how easy it was to find 'Passenger Focus' by searching on the internet or calling directory enquiry numbers. We found that 15 of the 17 directory enquiry companies in the UK located Passenger Focus when the caller knew the name of the organisation but when the caller simply

In which of the following ways would you like to be able to contact Passenger Focus?	Percentage of rail passengers
Phone/Helplines	55%
E-mail	54%
Internet/Online	43%
Post	23%
Suggestion boxes at stations	18%
Web forums	7%

asked for the number for the 'rail passenger watchdog' only on five out of 34 occasions were the callers transferred to Passenger Focus. Internet searches on six popular search engines for: 'rail complaint', 'rail watchdog', 'how to complain about rail services' and 'National passenger survey' found that Passenger Focus often comes up top; for example searches on Google, the most popular search engine listed www.passengerfocus.org.uk first on two out of four searches. While more can be done to ensure our new website is consistently prominent on other search engines many passengers have contacted us via our website. Since its launch in January 2006 our website has received more than 450,000 unique visits. It receives an average of over 1,000 visits per day.

We have made a number of changes to make our website easier to use. We added a microsite for the National Passenger Survey, which includes the results as well as background information on the survey and an independent review of the methodology used. A permanent promotional banner was added to the front page so that users can click through to the National Passenger Survey microsite, and a flash-animated area was introduced to draw attention to and give easy access to updated and topical areas of the site. This feature has increased visits to the areas of the site promoted, including the Passenger Focus blog. The blog was launched in June 2006 when four rail passengers began writing about their experiences as they travel around the country. A new 'hot issues' section was also added to the front page of the site to enable people to see the latest issues concerning passengers.

Reaching stakeholders

2006 was the first year when Passenger Focus held public affairs events at all three of the major GB party political conferences, to raise its profile with MPs.

Passenger Focus's first issue of its quarterly stakeholder bulletin 'Passenger Voice' was published in February 2007. The publication about the latest work of Passenger Focus is emailed or posted to over 1,800 people with an interest in the rail industry from local authority transport departments to MPs, journalists and government departments.

Passenger Focus received many positive comments regarding the design and content of the bulletin.

Internal communication

Passenger Focus also strengthened its internal communication, launching *Infocus*, a newsletter for staff and board members sharing best practice and reporting on news and developments within the organisation.

Raising the media profile

Passenger Focus continued to establish a high media profile during 2006–07, with 402 national and regional broadcast interviews undertaken over the year compared with 197 broadcast interviews last year. Passenger Focus secured 449 pieces of national media coverage between April 2006 and March 2007, with the media featuring Passenger Focus research, including the fares research, two waves of the National Passenger Survey and the mystery shopping research. Other issues which generated significant media coverage for Passenger Focus included crowding, GNER car parking increases, national rail trends, the Transport Select Committee's report regarding 'fair fares', GNER's franchise, proposed strike action and the DfT's announcement of extra carriages.

Passenger Focus has also raised its profile as a consumer organisation with live interviews being carried out on national consumer programmes, including You and Yours (BBC Radio Four) and GMTV, as well as a number of live interviews on regional radio consumer affairs programmes. Passenger Focus ran a live web chat on Good

Housekeeping's website, answering people's questions about how to get the best deal when travelling by rail and gave consumer advice in many publications including 'Which?', 'BBC News Online', and 'The News Of The World'. Passenger Focus secured articles in the onboard magazines of 15 TOCs to promote the work of the organisation.

Passenger Focus representatives organised many meetings with passengers and passenger groups during the year. These included:

- Passenger stakeholder forum 2 May 2006
- North West rail user group conference 13 May 2006
- Cambrian Line passengers meeting in Shrewsbury 18 May 2006
- North East rail user group conference 17 June 2006

- Rail campaigners' conference 1 July 2006
- First ScotRail customer forum in Dunfermline 4 September 2006
- Public meeting on First Capital Connect evening peak restrictions 9 November 2006
- Silverlink rail user meeting 15 March 2007.

A handwritten signature in black ink on a light grey background. The signature consists of the initials 'A.J.C.' followed by a stylized, cursive signature that appears to be 'S.S.' or similar.

Anthony Smith

CHIEF EXECUTIVE AND ACCOUNTING OFFICER
22 JUNE 2007





Section **3**

Appendices

Appendices

3.1 Appendix one – Chief Executive's report

This is the second annual report and accounts for Passenger Focus, covering the first full year of operation to 31 March 2007. Building on the preparatory work last year we have successfully delivered against our key business plan objectives whilst retaining sufficient flexibility to respond to emerging rail passenger priorities and issues. Our achievements this year are listed in pages 10 to 29 and have been accomplished within the agreed budget for the year.

Nature of business

Passenger Focus is the operating name of the Rail Passengers Council, which was officially constituted on 24 July 2005 as a result of the Railways Act 2005, and is an executive non-departmental public body sponsored by the Department for Transport. Passenger Focus operates from offices in Manchester and London, with remote workers liaising with individual train operating companies to secure improvements for passengers.

Finance

The organisation is funded through grant in aid from the Department for Transport and £5,286,000 was received in 2006–07, of which £0.9 million was allocated for work on the National Passenger Survey. In addition this year Passenger Focus has secured funding totalling £82,000 in third party income for joint projects. Staff and other administrative costs for the year totalled £5,276,000 which included expenditure on the National Passenger Survey.

Staff

The staff deserve thanks for their hard work and contribution over the year to make sure we achieved our first year's business plan objectives.

Although we were sorry to see six employees leave us this year we were pleased to welcome the four new members of staff who joined us.

In the final quarter of the year we decided to merge the two teams of passenger link managers and, following a consultation exercise, two posts have been made redundant resulting in redundancy costs of £59,000. The changes reflect the development of the organisation and provide the appropriate structure to deliver our future plans.

Our staff forum, which provides an opportunity to consult with staff representatives about issues affecting the organisation, has operated throughout the year. The main issues considered by the forum in its first full year included the training plans, pay increases and reducing environmental impact of the organisation.

The executive management board has seen some restructuring this year and has been enhanced by including managers from all teams as well as executive directors. Details of executive directors' remuneration during the year are set out in the remuneration report on pages 45 to 48.

Corporate governance

Passenger Focus has a board of non-executive members who were appointed following a full competition process regulated by the Office for the Commissioner for Public Appointments (OCPA). Their biographies are contained in appendix two. The board is responsible for setting the strategic direction and main policies of the organisation, and providing corporate governance and oversight of the finances and operations. The board and its committees are set out in the management commentary on pages 41 to 44.

Health and safety

It is our policy to provide a safe and healthy environment for our staff and visitors. Our two bases, in London and Manchester, have been refurbished to provide a modern working environment for staff.

Charitable and political donations

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

Disclosures to auditors

As Accounting Officer, so far as I am aware, there is no relevant audit information of which Passenger Focus' auditors are unaware. I have taken all reasonable steps to make myself aware of any relevant audit information and that Passenger Focus' auditors are aware of that information.

Date of issue

I authorised the accounts for issue on 29 June 2007 which is the date they were issued to the Secretary of State for Transport.

A handwritten signature in black ink on a light grey background. The signature consists of the initials 'A.J.C.' followed by a stylized, cursive signature that appears to be 'S.S.' or similar.

Anthony Smith

CHIEF EXECUTIVE AND ACCOUNTING OFFICER

22 JUNE 2007

3.2 Appendix two – biographies of Passenger Focus board members

As at 30 March 2007

Colin Foxall CBE is chairman of Passenger Focus and is also a non-executive director of Radian Asset Assurance Ltd and a member of the British Transport Police Authority.

Jessica Barrow was director of communications with Age Concern Scotland and on secondment to the Scottish Executive's Older People's Unit.

David Burton was managing director of West Anglia Great Northern Railway from 1996–1999.

Brian Cooke is Chairman of London TravelWatch. He was a member of the Rail Passengers Committee for Eastern England and a consultant in the travel industry.

[Appointed by the London Assembly]

Philip Davis was chairman of the Rail Passengers Committee for the Midlands and Leader of Telford and Wrekin Unitary Council from 2000–2004. A former trade union negotiator, he is director of the West Midlands regional network for the voluntary and community sector.

Kate Gordon CBE was a member of the Rail Passengers Committee for Eastern England and was previously a senior civil servant at the Health and Safety Executive. She is currently vice chair of the Queen Elizabeth NHS hospital trust, King's Lynn.

James King is a member of the British Transport Police Authority. He is managing director of a strategic marketing consultancy.

[Appointed by Scottish Ministers]

Christine Knights was chair of the Rail Passengers Committee for North East England. She is a member of the British Transport Police Authority and is experienced in the development of consumer organisations and consumer policy in Europe and the UK.

Dr Derek Langslow CBE was chairman of the Rail Passengers Committee for Eastern England and was previously chief executive of English Nature. He holds a number of non-executive positions including Chair of the East of England Tourist Board and is a trustee of the Heritage Lottery Fund.

Deryk Mead CBE was chief executive of NCH, the leading children's charity, from 1996 to 2004 after a career as a chief officer in local government.

Bill Samuel was previously chief executive of the East of England Regional Development Agency and prior to that was chief executive of Peterborough City Council. He holds a number of non-executive positions and is Deputy Chair of the Thurrock Thames Gateway Development Corporation.

Barbara Saunders OBE is an independent consumer consultant with experience of public policy in the UK and European Union. She has held a number of non-executive positions and previously chaired the Financial Services Consumer panel and Insurance Ombudsman Bureau.

Marc Seale is currently the chief executive and registrar of the Health Professions Council and was previously public interest director for the Centre for Rail Skills.

Stella Mair Thomas is a communications, media and marketing consultant. Formerly Head of the Independent Television Commission for Wales and the West of England.

[Appointed by the National Assembly for Wales]

Nigel Walmsley is chairman of Tourism South East and of the Broadcast Audience Research Board. He was formerly chairman of Carlton Television and, earlier, chief executive of Capital Radio Group.

3.3 Appendix three – staff

As at 30 March 2007

London

Chief executive's team

Chief executive – Anthony Smith
PA to chief executive and chairman – Leilani Weier
Corporate governance manager – Sarah Hampshire
Team secretary (London) – Sandra Tuah

Communications team

Acting head of communications – Sarah Egan
Communications officer – Pete Biggs
Press officer – Jane Cobell

Policy and research team

Acting policy manager – Mike Hewitson
Senior policy adviser – Philip Wilks
Passenger research manager – Peter Thompson
Policy & research adviser – Rachel King
Passenger researcher – David Greeno
Knowledge & data researcher – Andrew Regan

Passenger link team – London

Passenger link director – Mark Woodbridge
Passenger link manager ('one', GNER and First Capital Connect) – Guy Dangerfield*
Passenger link manager (South West Trains) – Jocelyn Pearson*
Passenger link manager (First Great Western) – Michael Greedy*
Passenger link manager (Southern) – Sharon Hedges*
Passenger link manager (c2c, South Eastern and Eurostar) – Tunde Olatunji*
Project co-ordinator – Jasmin Matharu
Project co-ordinator – Sultana Idris

Manchester

Resources team

Resources director – Nigel Holden
Premises & services co-ordinator – Eamon Caughey
Finance & HR co-ordinator – Suzette McGhee
Finance adviser – Shahid Mohammed

Passenger link team – Manchester

Passenger link director – John Mooney
Passenger link manager (Central Trains, Midland Mainline and Silverlink) – Paul Fullwood*
Passenger link manager (Virgin West Coast) – Julie Warburton*
Passenger link manager (Northern, Merseyrail and Hull Trains) – David Sidebottom*
Passenger link manager (Arriva Trains Wales and Welsh issues) – Simon Pickering*
Passenger link manager (First ScotRail and Scottish issues) – Robert Samson*
Passenger link manager (Virgin Cross Country and TransPennine Express) – Susan Tibbett*
Project co-ordinator – John Sears
Project co-ordinator – Katie Springer
Passenger link PA – Beverley Wright

Communications team

Head of customer services – Kerry Williamson
Passenger contact manager – Ashley Grumble
Passenger contact adviser – Clare Morris
Passenger contact adviser – Fiona Stenhouse
Passenger contact adviser – Kyle Yeldon
Passenger adviser – Liz Wilkinson
Passenger adviser – Catherine Lee

* based in various locations

3.4 Appendix four – list of all publications 2006–07

April 2006

- 'Making rail accessible for all' – a report by ACoRP for Passenger Focus
- 'Passenger requirements of rail fares' – qualitative research report produced by Outlook Research for Passenger Focus

May 2006

- Summary of passenger views from Passenger Focus snapshot survey at Brighton station
- Greater Western franchise – December 2006 timetable briefing document
- Passenger research findings – Ipswich to Lowestoft and Ipswich to Bury St. Edmunds
- Passenger Focus corporate plan 2006–09

June 2006

- National Passenger Survey – Spring 2006 wave
- 'Guide to renewing season tickets'- consumer advice leaflet
- 'Just the ticket' – consumer advice leaflet
- Passenger Focus Freedom of Information Publication Scheme
- 'Light at the end of the tunnel?' – Chiltern Railways' handling of contingency arrangements following the tunnel collapse at Gerrards Cross

July 2006

- 'Passengers' requirements of rail fares' – quantitative research summary
- Passenger Focus Annual Report and Accounts 2005–06
- Rhoi teithwyr trên yn gyntaf ('Putting rail passengers first' information leaflet in Welsh)
- National Passenger Survey – user guidance

August 2006

- Findings of a review of the National Passenger Survey
- c2c's timetable consultation – Passenger Focus report

September 2006

- What passengers want from the new East Midlands franchise – an executive summary
- What passengers want from the new West Midlands franchise – an executive summary
- What passengers want from the new Cross Country franchise – an executive summary
- '7 ways to save' – consumer advice leaflet

October 2006

- 'Encouraging edge of morning peak travel' – summary of research findings and policy considerations
- First Capital Connect – ticket restrictions research

November 2006

- 'Overcrowding: a passenger perspective'
- Passenger Focus in Wales – key activities in Wales
- Consultation on implementation of the Brighton Mainline Route Utilisation Strategy – a briefing for passengers, rail groups and stakeholders

January 2007

- National Passenger Survey – autumn 2006 results

February 2007

- 'Passenger Voice' stakeholder bulletin – issue one
- Passenger Focus report to Cheshire County Council on access requirements for Chester station

March 2007

- Mystery shop of rail ticketing retailing
- 'Getting to the station' – research conducted in the East of England
- Passenger experiences of overcrowding on routes in the Bristol area



3.5 Appendix five – list of consultations responded to 2006–07

Passenger Focus is regularly asked to contribute to industry consultations to present the passenger perspective on proposed changes or developments to service.

Consultations that Passenger Focus has responded to over the last year are:

Document	Issuing Organisation
Travelling without fear	House of Commons Transport Committee
Passenger Rail Franchising	House of Commons Transport Committee
Valuing Safety (draft discussion paper)	RSSB
Wayfinding at stations: A good practice guide (final draft)	RSSB
Understanding Human Factors – a guide for the rail industry (draft)	RSSB
Scotland's National Transport Strategy	Scottish Executive
Draft Regional Transport Strategy	HITRANS
SPT Draft Regional Transport Strategy	SPT
SESTRAN Draft Regional Transport Strategy	SESTRANS
NESTRANS Draft Regional Transport Strategy	NESTRANS
SWESTRANS Draft Regional Transport Strategy	SWESTRANS
TACTRANS Draft Regional Transport Strategy	TACTRANS
When to Evacuate (draft guidance note)	RSSB
Minimisation of Accidents at the Platform Train Interface (draft final report)	RSSB
Management of on-train crowding: Work Package 1: Progress Report	RSSB
Age and Experience: the Strategy for a Scotland with an Ageing Population	Scottish Executive
Airdrie-Bathgate Railway and Linked Improvements Bill Committee	Scottish Parliament
Scotland RUS Draft for Consultation	Network Rail
Rolling stock market investigation	ORR
DDA 2005 Rail Vehicle Accessibility Exemption Order Regulations; Determination of Turnover; Penalty Setting code of Practice	DfT
DDA Rail Vehicle Accessibility Regulations Part 1	DfT
DPTAC Strategy 2007–2010	DfT
Penalty Fares	First Great Western
Proposed Railway Group Standard on Station Infrastructure	RSSB

Document**Issuing Organisation**

Proposed Railway Group Standard on Interface between Station Platforms, Track and Trains	RSSB
Proposed revised Railway Group Standards on Accident and incident investigation	RSSB
Revision of Rule Book module on Preparation and movement of multiple-unit trains	RSSB
Application for a Safety Certificate and Authorisation	SWT
Review of the rail industry	Conservative Party
Anticipated Acquisition of the South Western Franchise by Stagecoach Group plc	OFT
ORR's sustainable development & environment duties	ORR
Minor Modifications provisions in the railways Act 2005	DfT
Chiltern Railways timetable	Chiltern
Ticketing on Public Transport	House of Commons Transport Committee
Application for a Safety Certificate and Authorisation	Gatwick Express
Application for a Safety Certificate and Authorisation	Southern
Application for a Safety Certificate and Authorisation	Heathrow Express
Application for a Safety Certificate and Authorisation	Hull Trains
Application for a Safety Certificate and Authorisation	First Capital Connect
Application for a Safety Authorisation	NR/CTRL
Draft action plan for 2007/08	LFEPa
Application for a Safety Certificate and Authorisation	EUKL
Application for exemption from requirement to fit TPSW at certain PSRs	ORR
Consultation on Stakeholder Engagement Tools (for RSSB)	Greenstreet Berman
Application for a Safety Certificate and Authorisation	Southeastern
Application for a Safety Certificate and Authorisation	GNER
Wales Transport Strategy Consultation	WAG
Chester-Shrewsbury Rail Study	Chester to Shrewsbury Rail Partnership
South East Wales Transport Alliance Outline Regional Transport Plan	SEWTA
South East Wales Transport Alliance Rail Strategy	SEWTA
South West Wales Integrated Transport Consortium Outline Regional Transport Plan	SWWITCH
ATW timetable consultations	ATW
Wales Rail Planning Assessment	Welsh Assembly Government with Department for Transport
Cambrian Line Enhancement Study	WAG
Consultation on Proposals for the Mayor of London's Rail Powers beyond the London Boundary	DfT
Track Access Applications (numerous)	ORR
Flow modification requests (numerous)	TOCs
Minor modifications (various)	TOCs
84 Land sale proposals:	PRG
Dagenham Dock – minor closure consultation	C2C
Camborne Minor Closure DfT	FGW
Community Rail – Wherry Line designation	DfT

Document	Issuing Organisation
Central Trains DPPP	Central Trains
Grand Central DPPP	Grand Central
South West Trains DPPP	SWT
First Scotrail DPPP	FSR
Hull Trains DPPP	Hull Trains
Northern DPPP	Northern
Midland MainLine DPPP	MML
South West Trains Penalty Fares	SWT
Chester Station	ATW
c2c's timetable consultation	C2C
Greater Western franchise December 2006 timetable Consultation	FGW
Consultation on major changes to ticket office opening hours	Southeastern
North West Route Utilisation Strategy	NR
Brighton Mainline Route Utilisation Strategy	NR
Scotland Route Utilisation Strategy	NR
East Midlands franchise	DfT
West Midlands franchise	DfT
New Cross Country franchise	DfT
Consultation on the replacement of the Intercity East Coast Franchise	DfT

3.6 Appendix six – management commentary

Nature of business

Passenger Focus is the operating name of the Rail Passengers Council which was established on 24 July 2005 by the Railways Act 2005. Passenger Focus represents the interests of rail passengers in England, Scotland and Wales.

Passenger Focus is a Non-Departmental Public Body (NDPB) and is sponsored by the Department for Transport and funded by grant in aid.

Board

Non-executive board members are appointed by the Secretary of State for Transport (chair and no more than 12 members), the National Assembly for Wales (one member), Scottish Ministers

(one member) and the London Assembly (one member) in line with the Code of Practice issued by the Office of the Commissioner for Public Appointments. Board members are hands on and provide valuable contribution and guidance to the ongoing work of Passenger Focus. Contributions vary from short term input to one off operational projects to longer term relationships and external facing support for Rail Utilisation Strategies.

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

Members are listed below:

	Date appointment commenced	Board	Audit Committee	Remuneration Committee
C Foxall (Chairman)	23 September 2005	✓		
J K Barrow	24 July 2005	✓	✓ (to March 2007)	
D H Burton	24 July 2005	✓	✓	
B Cooke	24 July 2005	✓		
P M Davis	24 July 2005	✓		
K Gordon	24 July 2005	✓		✓
J A King	24 July 2005	✓		
C E Knights	24 July 2005	✓		✓
D Langslow (Chairman of Audit Committee)	24 July 2005	✓	✓	
D Mead	24 July 2005	✓	✓ (to March 2007)	
W E Samuel	24 July 2005	✓	✓ (from March 2007)	
B Saunders	24 July 2005	✓	✓ (from March 2007)	
M J Seale	24 July 2005	✓		✓
S M Thomas	1 May 2006	✓		
N Walmsley (Chairman of Remuneration Committee)	24 July 2005	✓		✓

The primary purpose of the audit committee is to support Passenger Focus on all matters relating to corporate governance, financial management and to oversee the process of internal and external audit (including the Statement of Internal Control). This entails providing advice, guidance and support to the Chief Executive in discharging the role of Accounting Officer.

The primary purpose of the remuneration committee is to support Passenger Focus on all matters relating to pay and grading policy and terms of employment.

Operational performance

Our corporate plan sets out how we will deliver our five main objectives over the next three years, and identifies our priorities for each of the five objectives.

Our five corporate objectives and key measures are as follows:

Objective one – understanding the needs and experiences of rail passengers

- consult 50,000 passengers through the National Passenger Survey each year, and publish the results twice a year, in January and July
- undertake a number of targeted research projects to support organisational priorities
- engage a number of passengers each year through consultation and other activities.

Objective two – securing tangible and measurable improvements for rail passengers

- secure 100 measurable improvements for passengers.

Objective three – empowering rail passengers with information, advice and advocacy

- increase year-on-year in the percentage of passengers satisfied with Passenger Focus complaint handling
- increase year-on-year in the percentage of passengers satisfied with the advice provided by Passenger Focus.

Objective four – influencing major long-term decisions that affect passengers

- year-on-year improvement in the stakeholder perception of Passenger Focus influence on getting the 'best deal for rail passengers'.

Objective five – being visible, accessible and understood by rail passengers and stakeholders

- for passengers to rate Passenger Focus as easy to contact and find out about.

Our progress against these corporate plan objectives is reported in the Review of activities, including how we have measured our achievements this year.

Current year

As highlighted in the chief executive's report, the organisation incurred net costs of £5.2 million in its first full year of operation to 31 March 2007. Some 20% of our spending has been invested in research on rail passenger issues which ensures we are able to provide objective evidence to support improvements.

Our costs have been funded through grant in aid received from the Department for Transport who sponsor Passenger Focus. In addition this year we have secured joint funding totalling £82,000 for a number of projects.

Reserves totalled £290,000 at the end of the year and total grant in aid drawn down was £5.3 million, all of which was deployed on revenue expenditure.

Prior Year Adjustment

The Financial Reporting Manual issued by HM Treasury requires grant in aid to be treated as financing with effect from 2006–07. This is a change in accounting policy from earlier periods when grant in aid was recorded as income so the figures for the prior year have been adjusted to reflect this change. The full details of this adjustment are shown in note 21 to the accounts but there is no impact on the opening or closing net assets of Passenger Focus.

Pension liabilities

Passenger Focus participates in the Civil Service Pension arrangements which are described in the Remuneration Report and note 1.7 of the accounts explains how pension liabilities and costs are accounted for.

Payment of suppliers

Passenger Focus endeavours to comply with the Better Payment Practice Code and seeks to pay invoices within 30 days of receipt and during the year paid 98% of invoices within 30 days.

Staff

During the year six members of staff left and we welcomed four new members of staff.

As highlighted in the Chief Executive's report we have made two posts redundant in the final quarter of the year as part of the streamlining of the organisational structure. The redundancy costs of £59,000 associated with these changes have been included in these accounts.

We have established a staff forum to ensure we have effective consultation arrangements regarding staff and business planning issues.

We are committed to equality of opportunity for all our staff, and do not condone discrimination on the grounds of gender, race or national origin, colour, religious belief, disability, marital status, age or sexual orientation.

We are keen to provide our staff with a range of training and development opportunities to ensure they have the knowledge and skills necessary to carry out their responsibilities effectively. During the year we have spent £81,000 to support improved staff performance.

Resources

The key strength of the organisation is the influence it is able to exert through the knowledge and expertise gained from targeted passenger research, and by working closely with key stakeholders in the rail industry.

Passenger Focus' main asset is its staff and for the coming year we will continue to work closely with staff representatives to improve the frameworks in place to ensure we continue to have the right skills and expertise to meet the future corporate plan objectives.

Future years

The corporate plan objectives set out above demonstrate Passenger Focus' future plans to deliver our mission of 'getting a better deal for rail passengers'.

The organisation has agreed funding of £5.8 million for 2007–08, and although no agreement has been reached regarding the funding for 2008–09 and beyond because this is subject to the outcome of the Comprehensive Spending Review, we anticipate continued funding for the organisation at a level sufficient to deliver our agreed business plan objectives.

Social and environmental issues

As explained in the chief executive's report, the organisation does not make financial donations to charities.

We have introduced recycling for office waste where feasible. In addition Passenger Focus staff and board use public transport wherever possible when undertaking official business.

Essential contractual arrangements

The primary contractual arrangements for the organisation are for rail passenger research, including the National Passenger Survey (NPS), and the passenger advice provided through the outsourced contact centre.

The NPS contract has been retendered during the year and a three year contract awarded shortly after the year end. The details of the contract award were published in the Official Journal of the European Union in May 2007.

The contracts for the NPS and outsourced call centre are managed through regular reports on performance against service levels and have been reviewed in the year to ensure they remain appropriate for the new organisation. The contracts will be retendered when they reach the end of their current term.

Principal risks and uncertainties

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

A further risk being managed by the organisation is the departure of three executive directors during the course of the year, where the impact of these changes has been mitigated through interim appointments and changes in responsibilities within teams to ensure we continue to deliver the business plan priorities.

Financial structure of business

Passenger Focus is funded by grant in aid from the Department for Transport. An initial payment was made to provide the organisation with working capital. Subsequent monthly payments have been made by the Department based upon actual expenditure in the previous month, and forecast future requirements. As reported above, Passenger Focus has agreed its funding requirements with the DfT for the next year and has submitted outline plans for future funding requirement but agreement is subject to the outcome of the Comprehensive Spending Review.

Remuneration report for the year ended 31 March 2007

The members of the remuneration committee are Nigel Walmsley (chairman), Kate Gordon, Marc Seale and Christine Knights.

The remuneration committee considers:

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

Any annual increase in the remuneration of board members is agreed between the chairman of the board and the Department for Transport. Members of the remuneration committee have not been involved in decisions relating to their own remuneration.

The members of the executive management board are employees of Passenger Focus and hold continuing contracts of employment. The

arrangements for changes to the remuneration of executive management board members are the same as for other employees of the organisation. Pay increases awarded to staff and executive directors with effect from 1 April 2006 were the same as those awarded to other members of staff and were approved by the remuneration committee and agreed with the Department for Transport. The pay award for the executive directors from 1 April 2006 did not include any performance related element because the period being measured was one of transition consequently corporate and business plan objectives were only finalised towards the end of the period.

Board members

Remuneration paid to the non-executive board members from their date of appointment to 31 March 2007 is set out over the page.

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

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

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

	Board Fees paid in the period ended		Date of Appointment	Appointment Expiry date
	31 March 2007 £000's	31 March 2006 £000's		
C Foxall (Chairman)	36	17	23 September 2005	22 September 2009
J K Barrow	15	10	24 July 2005	23 July 2008
D H Burton	15	10	24 July 2005	23 July 2008
B Cooke ¹	–	–	24 July 2005	30 September 2008
P M Davis	15	10	24 July 2005	23 July 2008
K Gordon	15	10	24 July 2005	23 July 2009
C E Knights	15	10	24 July 2005	23 July 2008
J A King	15	10	24 July 2005	23 July 2009
D Langslow (Chairman of Audit Committee)	15	10	24 July 2005	23 July 2008
S M Thomas	14	–	1 May 2006	1 May 2009
D Mead	15	10	24 July 2005	23 July 2009
W E Samuel	15	10	24 July 2005	23 July 2009
B Saunders	15	10	24 July 2005	23 July 2009
M J Seale	15	10	24 July 2005	23 July 2008
N Walmsley (Chairman of the Remuneration Committee)	15	10	24 July 2005	23 July 2009

¹ Mr B Cooke is appointed by the London Assembly and does not receive any fees from Passenger Focus for this appointment

Executive management board

Members of the executive management board are on continuing contracts and their remuneration, together with their pension benefits, is set out opposite.

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that is subject to UK taxation.

There were no benefits in kind or non-cash benefits received by the executive management board during the period.

The merging of the passenger link teams has resulted in the two Passenger Link Director posts being made redundant. The early termination costs in respect of these changes are limited to contractual payments under the terms of the Civil Service Compensation Scheme. (audited)

Name and title	Start Date /End Date	2006–07 Salary in £5,000 bands (2005–06 Full Year Equivalent Comparative) £000's	2006–07 Real increase in pension and related lump sum at age 60 (bands of £2,500) £000's	Total accrued Pension at age 60 at 31 March 2007 and related lump sum (bands of £2,500) £000's	Cash Equivalent Transfer Value at End date £000's	Cash Equivalent Transfer Value at Start of year (nearest £000's)	Real increase in Cash Equivalent Transfer Value (nearest £000's)
A Smith Chief Executive	1 April 2006 – 31 March 2007	90–95 (80–85)	0–2.5 (N/A)	10–12.5 (N/A)	128	96	26
C Jones Communications Director	1 April 2006 – 17 November 2006	35–40 (50–55)	0–2.5 (N/A)	5–7.5 (N/A)	43	37	5
N R Holden Finance Director	1 April 2006 – 31 March 2007	55–60 (50–55)	0–2.5 (N/A)	0–2.5 (N/A)	16	6	10
J Mooney Passenger Link Director	1 April 2006 – 31 March 2007	55–60 (50–55)	0–2.5 (N/A)	2.5–5 (N/A)	29	18	8
V Nawathe Policy and Research Director ¹	1 April 2006 – 25 August 2006	15–20 (40–45)	0–2.5 (0–2.5)	2.5–5.0 (12.5–15.0)	54	49	4
M Woodbridge Passenger Link Director (audited)	1 April 2006 – 30 March 2007	55–60 (50–55)	0–2.5 (N/A)	2.5–5 (N/A)	27	16	9

1 V Nawathe worked part time (four days per week) until her resignation from 25 August 2006.

The departure of three executive directors during the year has been managed through interim appointments and changes in responsibilities within teams to ensure the delivery of business plan priorities is maintained.

All the directors are members of the Classic, Premium or Classic Plus Pension Schemes, the main provisions of which are set out below.

Pension

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS) arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (Classic, Premium and Classic Plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic,

Premium and Classic Plus are increased annually in line with changes in the Retail Price Index. New entrants from 1 October 2002 may choose between membership of Premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium and Classic Plus. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three year's pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum).

Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

The Partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit over death in service and ill health retirement.

Further details about the PCSPS arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Value

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

The CETV figures and from 2003–2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the PCSPS arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market factors for the start and end of the period.



Anthony Smith

CHIEF EXECUTIVE AND ACCOUNTING OFFICER

22 JUNE 2007

Statement of Accounting Officer's responsibilities

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

In preparing the accounts, Passenger Focus is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

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

The Director General Rail, as Additional Accounting Officer for the Department for Transport, designated the Chief Executive of Passenger Focus as Accounting Officer. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is responsible, and for keeping proper records and safeguarding Passenger Focus assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in 'Government Accounting'.

Accounting Officer's Statement on Internal Control

Scope of responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control which supports the achievement of organisational policies, aims and objectives as set by the Management Statement and Financial Memorandum whilst safeguarding the public funds and organisational assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. I am responsible to the Director General Rail, the Department for Transport's Additional Accounting Officer and to Parliament for ensuring value for money, regularity and propriety in deploying all the organisations' resources.

Passenger Focus is supported by board members who are responsible for:

- setting the organisation's strategies and enabling frameworks
- monitoring performance against annual workplan objectives and targets
- identifying the central activities required to support delivery of the corporate plan and approving the annual budget
- evaluating the impact of emerging issues or significant divergences from corporate and workplan delivery.

The board is chaired by a non-executive appointee and comprises 14 non-executive members. An audit committee has been established to support the chief executive through monitoring and reviewing the adequacy and effectiveness within the organisation of:

- corporate governance arrangements
- processes for managing risks
- internal audit and related activity

- management responses to the recommendations resulting from internal audit work
- Accounting Officer statements on internal control.

The chief executive and Passenger Focus senior managers meet with senior officials from within the Department for Transport at regular intervals. These meetings usually occur on a quarterly basis and issues discussed include performance against operational plans, financial expenditure and policy development. In addition, Passenger Focus chairman regularly meets with Ministers.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control put in place during in 2005–06 has been further refined during 2006–07 and is now embedded in the organisation.

Capacity to handle risk

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

- a risk management policy reflecting the purpose and underlying approach to risk management and the role of the staff and senior management team, which will be made available to all staff on the intranet
- an organisational risk register that identifies the main operational risks assigned to individual risk owners. The risk register Passenger Focus has implemented includes mitigating actions to eliminate or reduce this risk and is reviewed periodically for effectiveness.

The risk and control framework

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

Board

The board consisted of a non-executive chairman and 14 non-executive members and met seven times during the period to:

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

The audit committee

The audit committee consists of four non-executive members and met six times during the period to consider:

- the quarterly financial reports
- the policies and procedures to be implemented by Passenger Focus
- the planned activity and results of the external and internal audit and other bodies
- the adequacy of management response to issues identified by audit and other review bodies on a quarterly basis
- the risk management policy and procedures managed by the executive.

The chairman of the audit committee provided the board with regular reports on the audit committee's activities and any findings concerning internal control.

Internal audit

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

The internal auditors have given either full or substantial assurance in respect of audits conducted during the year covering the Operation of the National Passenger Survey, delivery of HR Services, Corporate Governance, and Financial Systems. No high risk recommendations were made and the annual report gave overall substantial assurance.

Managers have been assigned responsibility and timescales for implementing the audit recommendations which have either been or

are in the process of being completed. The main recommendations during the period were to enhance the procedures for recording: risk management processes and actions, decisions regarding reallocation of resources, contract management meetings, and business continuity and contingency arrangements.

Risk management

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

- periodic reviews of the risk register
- identification of key risks when issues are submitted to the board for consideration
- inclusion of risk management as a regular item on the audit committee agenda
- a management board which meets regularly to consider the operational plans and strategic direction of the organisation
- ensuring Passenger Focus operations and system of internal control comply with the principal recommendations from the government departments such as the Cabinet Office and Office of Government Commerce (OGC) with regards to best practice.

Review of effectiveness

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

A handwritten signature in black ink, appearing to read 'A. J. C. Smith', with a large, stylized flourish underneath.

Anthony Smith

CHIEF EXECUTIVE AND ACCOUNTING OFFICER

22 JUNE 2007

Certificate of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements of Passenger Focus (the operating name of the Rail Passengers Council) for the year ended 31 March 2007 under the Railways Act 2005. These comprise the Income and Expenditure Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of Passenger Focus, the Accounting Officer and auditor

Passenger Focus and the Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Railways Act 2005 and the Department for Transport's directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Railways Act 2005 and the Department for Transport's directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Review of Activities, the Chief Executive's Report, the Management Commentary and

Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition I report to you if Passenger Focus has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Passenger Focus compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Passenger Focus corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by Passenger Focus and the Accounting Officer in the preparation of the financial statements,

and of whether the accounting policies are most appropriate to Passenger Focus circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Railways Act 2005 and directions made thereunder by the Department for Transport, of the state of Passenger Focus's affairs as at 31 March 2007 and of its net expenditure for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Railways Act 2005 and the Department for Transport's directions made thereunder; and
- information given within the Annual Report which comprises the Review of Activities, Chief Executive's Report, Management Commentary and Remuneration Report is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

26 June 2007

Income and expenditure account

For the year ended 31 March 2007

	Notes	2006-07		2005-06
		£000's	£000's	36 weeks (Restated) £000's
Income				
Income from operating activities	2		82	–
Expenditure				
Staff costs	3	2,215		1,187
Other administrative costs	4	3,061		2,755
			5,276	3,942
Net expenditure before exceptional item			(5,194)	(3,942)
Leasehold improvements written off			–	(72)
Net expenditure after exceptional item			(5,194)	(4,014)
Interest receivable	5		11	–
Notional cost of capital	6		(14)	(11)
Net expenditure on operating activities			(5,197)	(4,025)
Add back notional cost of capital			14	11
Net expenditure transferred to General Reserve			(5,183)	(4,014)

All amounts relate to continuing activities

Statement of recognised gains and losses

	2006-07	2005-06
	£000's	36 weeks (Restated) £000's
Net expenditure on operating activities for the year	(5,197)	(4,025)
Notional cost of capital	14	11
Unrealised surplus on revaluation	10	–
Total recognised losses for the year	(5,173)	(4,014)

The Accounting Policies and Notes on pages 58 to 64 form part of these accounts

Balance Sheet

as at 31 March 2007

	Notes	As at 31 March 2007		As at 31 March 2006
		£000's	£000's	£000's
Fixed Assets				
Tangible assets	7		219	269
Current Assets				
Debtors (due within one year)	8	148		135
Cash at bank	9	517		648
		<u>665</u>		<u>783</u>
Total assets				
Creditors – amounts falling due within one year	10	<u>562</u>		<u>877</u>
			103	(94)
Total assets less current liabilities			<u>322</u>	<u>175</u>
Provision for liabilities and charges	11		(32)	–
Total assets less Total Liabilities			<u>290</u>	<u>175</u>
Tax payers equity:				
General Reserve	12		280	175
Revaluation Reserve	13		10	–
			<u>290</u>	<u>175</u>

The Accounting Policies and Notes on pages 58 to 64 form part of these accounts



Anthony Smith

CEO AND ACCOUNTING OFFICER

22 JUNE 2007

Cashflow Statement

For the year ended 31 March 2007

	Notes	2006–07		2005–06
		£,000's	£,000's	36 weeks (Restated) £,000's
Net cash outflow from operating activities	(a)		(5,428)	(3,177)
Returns on investment and servicing of finance				
Interest receivable			11	–
Capital expenditure				
Purchase of tangible fixed assets			–	(269)
Financing				
Grant in aid received from the Department for Transport		5,286		4,086
Recovery of season ticket loans transferred from the SRA		–		8
			5,286	4,094
(Decrease)/increase in cash			<u>(131)</u>	<u>648</u>
(a) Reconciliation of operating deficit to operating cash flows				
Net expenditure after exceptional items			(5,194)	(4,014)
Depreciation			62	23
Permanent diminution in value			–	72
(Increase) in debtors			(13)	(135)
(Decrease)/increase in creditors			(315)	877
Increase in provision			32	–
Net cash outflow from operating activities			<u>(5,428)</u>	<u>(3,177)</u>
Reconciliation of net cash flow to movements in net funds				
Funds at 31 March 2006			648	–
(Decrease)/increase in cash in the year			<u>(131)</u>	<u>648</u>
Funds at 31 March 2007	9		<u>517</u>	<u>648</u>

The only movement in net debt over the year is the decrease in cash in the period

The Accounting Policies and Notes on pages 58 to 64 form part of these accounts

Notes to the Financial Statements

1. Statement of accounting policies

Passenger Focus is the operating name of the Rail Passengers Council which was formed as a Non-Departmental Public Body on 24 July 2005 under the Railways Act 2005.

The financial statements have been prepared in accordance with the Companies Acts, HM Treasury's Financial Reporting Manual (FReM) and financial reporting standards issued or adopted by the Accounting Standards Board, and are in accordance with the Accounts Direction issued by the Secretary of State for Transport on 24 March 2006.

The particular accounting policies adopted by Passenger Focus are described below. They have been consistently applied in dealing with items considered material to the financial statements.

1.1 Accounting conventions

These financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed assets at their value to the business by reference to their current costs.

1.2 Change of accounting policy

With effect from the 2006–07 reporting period the FReM requires non-departmental public bodies to account for grants and grants in aid received for revenue purposes as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs. This is a change in accounting policy from the earlier period when such items were recorded as income. The effect of this change on the certified 2005–06 accounts and the impact of the change on the results of the current year is shown in note 21. Note there is no impact on the net asset position of Passenger Focus as a result of this change in policy.

1.3 Income from operating activities

Income from operating activities represents income in respect of co-funding of expenditure on rail passenger research projects and is accounted for on an accruals basis.

1.4 Tangible fixed assets

Expenditure on tangible fixed assets is capitalised. The minimum level for the capitalisation of tangible fixed assets is £2,500. Assets are revalued annually as described in note 7.

1.5 Depreciation/amortisation

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

- Furniture and fittings 5 years
- Computer equipment 3 years
- Other equipment 4 years
- Leasehold Improvements remaining length of lease

1.6 Government grants

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

1.7 Pension costs

Employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) in respect of their pensions. The PCSPS is an unfunded multi-employer defined benefit scheme but Passenger Focus is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). Passenger Focus makes payments to the PCSPS of amounts to cover the accruing liabilities of the Treasury in respect of Superannuation benefits for persons who have been employed in the funded operations, and in respect of the administrative expenses attributable to the liabilities and their discharge.

1.8 Operating leases

Rental payments due under operating leases are charged to the Income and Expenditure Account on the basis of actual rentals payable which fairly reflects usage.

1.9 Capital charge

A charge, reflecting the cost of capital utilised by Passenger Focus, is included in the Income and Expenditure account. The charge is calculated at the Government's standard rate of 3.5 per cent per annum for the year ended 31 March 2007 (2005–06: 3.5%), on the average carrying value of all assets less all liabilities.

1.10 Taxation

Passenger Focus is not liable for corporation tax or other taxes.

1.11 Intra-Government balances

Intra-Government debtors and creditors have been analysed in accordance with the Government Financial Reporting Manual.

2. Income from operating activities

	2006–07 £000's	2005–06 36 weeks (Restated) £000's
Income in respect of joint projects	82	–

3. Analysis of staff costs and numbers

	2006–07 £000's	2005–06 36 weeks £000's
Total staff costs including the Chief Executive were:		
Salaries and wages	1,656	908
Social Security costs	152	83
Pension costs (see below)	333	174
	<u>2,141</u>	<u>1,165</u>
Agency staff	74	22
	<u>2,215</u>	<u>1,187</u>

The Principal Civil Service Pension Scheme is an unfunded multi-employer defined benefit scheme but Passenger Focus is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2003. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at the website www.civilservice-pensions.gov.uk

For 2006–07, employers' contributions of £333,000 (2005–06: £174,000) were payable to the PCSPS at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay (2005–06: 16.2 to 24.6 per cent), based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2007–2008, the salary bands will be revised, although the rates remain unchanged. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred, and reflect past experience of the scheme.

	2006–07	2005–06
	Number	Number
Average Number of staff:		
Staff permanently employed	41	34
Others	2	1
	<u>43</u>	<u>35</u>

Remuneration details for non-executive board members and executive management board members are set out in the remuneration report on page 45.

4. Administration costs and other expenditure

	2006–07	2005–06
	£000's	36 weeks £000's
Administration costs		
Board remuneration	256	153
Travel and subsistence, room hire and recruitment	277	389
Training and development	81	109
Rent, rates and utilities	143	195
Printing, postage and office costs	236	102
Information technology support and maintenance	246	274
Telecommunication costs	76	60
External services and support	524	503
Passenger research	1,077	912
Depreciation	62	23
External audit fee	24	35
Redundancy cost provision (note 11)	59	–
	<u>3,061</u>	<u>2,755</u>

5. Interest receivable

	2006–07	2005–06
	£000's	£000's
Interest on bank deposit	<u>11</u>	<u>–</u>

6. Notional cost of capital

	2006-07 £000's	2005-06 £000's
At 3.5% per annum on average of total assets less total liabilities for the year	14	11

7. Tangible fixed assets

	Leasehold Improvements £000's
Cost or valuation	
As at 31 March 2006	269
Revaluation	12
As at 31 March 2007	281
Depreciation	
As at 31 March 2006	-
Charge for the year	62
As at 31 March 2007	62
Net Book Value	
As at 31 March 2007	219
As at 31 March 2006	269

Leasehold Improvements have been revalued using Public Sector Construction Works Quarterly Building Price & Cost Indices, March 2007.

8. Debtors

	As at 31 March 2007 £000's	As at 31 March 2006 £000's
Trade debtors	75	-
Other debtors	2	11
Prepayments	71	124
	148	135

Other debtors include season ticket loans to 2 staff (2005-06:4) totalling £1,667 (2005-06: £3,321).

Amounts in the above figures due from other entities included in the Whole of Government Accounts:

Balances with other Central Government bodies	50	-
Balances with Local Authorities	5	18
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	51	80

9. Cash at bank and in hand

	As at 31 March 2007 £000's	As at 31 March 2006 £000's
As at 31 March 2006	648	–
Net cash (outflow)/inflow	(131)	648
As at 31 March 2007	517	648

The bank balance is held at a commercial bank.

10. Creditors

	As at 31 March 2007 £000's	As at 31 March 2006 £000's
Trade creditors	1	268
Social security and other taxes	58	56
Pension Contributions payable	31	31
Sundry Creditors	10	13
Accruals	462	509
	562	877

Amounts in the above figures due to other entities included in the Whole of Government Accounts:

Balances with other Central Government bodies	126	133
Balances with local authorities	4	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	40	5

11. Provision for liabilities and charges

	2006–07 £000's	2005–06 £000's
Redundancy cost provision		
Amount provided in the year	59	–
Amount utilised during the year	(27)	–
Balance at 31 March 2007	32	–

The provision is expected to be fully utilised during 2007–08

12. General Reserve

	2006-07 £000's	2005-06 (Restated £000's)
As at 31 March 2006 (as restated)	175	–
Fixed assets transferred from the Strategic Rail Authority	–	95
Staff loans transferred from the Strategic Rail Authority	–	8
Grant in Aid received from the Department for Transport	5,286	4,086
Net expenditure for the year	(5,183)	(4,014)
Transfer from Revaluation Reserve	2	–
As at 31 March 2007	280	175

13. Revaluation Reserve

	2006-07 £000's	2005-06 £000's
As at 31 March 2006	–	–
Revaluation of fixed assets	12	–
Realised element of depreciation transferred to the General Reserve	(2)	–
As at 31 March 2007	10	–

14. Obligations under operating leases

The minimum lease payments to which Passenger Focus is committed under non-cancellable operating leases for the coming year are:

	Property £000's	Other £000's	2006-07 Total £000's	2005-06 Total £000's
Within one year	157	4	161	163
Between two and five years	373	–	373	544
After five years	–	–	–	–

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

15. Capital commitments

There were no capital commitments at 31 March 2007 or 31 March 2006.

16. Related party transactions

Passenger Focus is an executive non-departmental public body sponsored by the DfT and is regarded as a related party.

Although Passenger Focus works with train operating companies (TOC) to deliver improvements for passengers the TOCs are not considered to be related parties.

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

17. Contingent liabilities and contingent assets

There were no reportable contingent liabilities or contingent assets at 31 March 2007 or 31 March 2006.

18. Post balance sheet events

There are no reportable post balance sheet events to the date the accounts were authorised for issue.

19. Financial targets

There were no financial targets set by the DfT during the year.

20. Financial instruments

Passenger Focus has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It has no material deposits, and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk. However, as permitted under the FRS 13 this disclosure excludes short term debtors and creditors which would become payable from the balance sheet date and there is no material difference between the book value and fair value of assets and liabilities at 31 March 2007 or 31 March 2006.

21. Prior Year Adjustment

As explained in note 1.2 with effect from 2006–07 the Financial Reporting Manual requires grant in aid to be treated as financing which is a change in accounting policy from earlier periods when grant in aid was recorded as income. The effect of this change on the certified 2005–06 accounts and the impact of the change on the results of the current period is shown below:

	At 31 March 2006 (as previously stated) £000's	Impact of adopting the new accounting policy £000's	At 31 March 2006 (Restated) £000's
Income for 2005–06	3,912	(3,912)	–
Net expenditure for 2005–06	(102)	(3,912)	(4,014)
General Reserve	(94)	269	175
Government Grant reserve	269	(269)	–
	At 31 March 2007 (without applying the new policy) £000's	Impact of adopting the new accounting policy £000's	At 31 March 2007 (applying the new policy) £000's
Income for 2006–07	5,368	(5,286)	82
Retained net expenditure for 2006–07	103	(5,286)	(5,183)
General Reserve	71	209	280
Government Grant reserve	209	(209)	–

As a result of the change in accounting policy, and because Passenger Focus does not receive Capital Grant in Aid, the Government Grant Reserve and the Income and Expenditure Reserve have been combined and renamed the General Reserve.



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Warrington
WA4 6GP

08453 022 022

www.passengerfocus.org.uk
info@passengerfocus.org.uk

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