



Annual Report and Accounts

2008-9



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pursuant to Schedule 5 of the Railways Act 2005

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Dear Secretary of State

I have pleasure in enclosing the Annual Report and Accounts for 2008-9 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

Chairman's introduction

Four years ago Passenger Focus began work as the new body representing rail passengers. Committed to evidence based campaigning and making a difference, we have encouraged the railway and government to put passengers first. This year we were asked to do the same job for bus and coach passengers in England; starting in shadow form in April 2009 we will go 'live' on this new role in April 2010. Currently the Department for Transport (DfT) is consulting on our remit also being extended to air passengers. For Passenger Focus these are challenges too, but they are ones we welcome.

The government has to decide on the outcome of the consultation on air passenger representation but if we are selected we believe that passengers will benefit. We understand that these are different industries but there are similar issues. The joining up of transport is key to the modal shift that is transport's holy grail. If passengers cannot transfer easily between modes or get to their finishing and starting points easily, simply and affordably then modal shift will remain a dream. Joining up passenger representation based on constructive and clear evidence and advocacy seems to us an obvious and natural way forward.

Passenger Focus seeks to ensure that the needs and priorities of passengers are well articulated both within and across the industries and to the regulators and governmental sponsors involved. This year alone we sought the views of over 83,000 passengers.

As the independent passenger watchdog Passenger Focus has strived to be influential in the last 12 months. What have we achieved for rail and bus passengers? Well our work on bus representation is just beginning but we have already produced a piece of consumer research on concessionary fares which is being widely welcomed by those assessing the consequences of the nationwide fares scheme. Work has begun to explore how Passenger Focus can most effectively make a difference for bus and coach passengers. We will use the approach of carrying out research to drive change but clearly this industry is very different to rail and we are going to pilot our approach to ensure we can really deliver.

On rail it has been a busy year. Concerns about passenger input into the rail franchising process led us to approach the Secretary of State requesting that the passenger voice be boosted. This in turn led to significant involvement in helping to shape the new South Central franchise. Our research among 6200 passengers allowed us to produce a prioritised list of passenger requests for the new franchise – these centred on more evening and weekend services, information and longer trains to ease overcrowding. Many of these ideas were taken up by the DfT and we will work with Southern to ensure they deliver this new style, hopefully more passenger focussed franchise.

Fares, ticketing and value for money continue to be key passenger concerns according to our research. The then Secretary of State asked us to probe why, at a time of rising overall satisfaction, the value for money rating continues to be stubbornly low¹. Passenger Focus carried out in-depth research including, for the first time, comparisons on fare levels and timetable frequencies among major European countries. The results were startling. While Britain comes out well in terms of the number of trains operated and the service frequencies between major cities, we have a very expensive railway. If passengers can book ahead they can benefit from some very good deals for long-distance travel. However, if they want to use more flexible tickets these are expensive. London and the South East passengers are particularly hard hit. Now is the time to start thinking of new, simpler ways of charging for rail travel.

¹ National Passenger Survey

It is difficult to see how the system of awarding franchises based on high bids, high fares, high passenger growth and high premiums paid to Government can continue. The economic climate has changed and passengers are getting squeezed in the middle. We recommended that Government look again at its policy of shifting more of the funding for the railway on to passengers – we feel the limit has been reached.

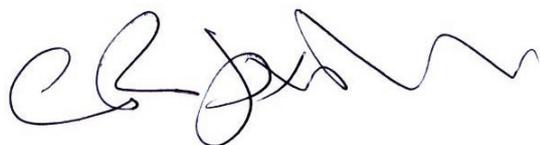
Other findings from the fares research indicated a number of passenger ideas for improving value for money: season ticket direct debit schemes, carnets, promoting off peak regulated fares as the 'standard' fare that anyone can get and promoting greater transparency on the sale of advance purchase fares. We are discussing these ideas with the industry and are hopeful they will be taken up to help improve the value for money image of the railway.

Government has already accepted one of our key recommendations – removing train companies ability to increase some regulated fares by more than headline inflation plus 1%. This should spell the end of double digit fare increases on some regulated fares.

Whatever their normal preferences for travel, passengers on a train do not like the added disruption of replacement bus services during engineering works. Our survey² work shows passengers would rather spend up to an hour extra on a slower or diverted train than be transferred to rail replacement buses. Thus while the goal of the 'seven day' railway is still some way away, we put forward the idea of a rail industry pledge that bus replacement will only be used as a last resort. Network Rail signed up to that pledge at our 2009 passenger conference and we want the train companies to also commit - we will continue to work on that.

Throughout we have used research to drive change. The National Passenger Survey continues to be used to make a difference – comparative independent benchmarking is a powerful lever. In addition, we have also carried out work in areas such as the booked help system for passengers with disabilities (Assisted Passenger Reservation Service, APRS). The research results were disappointing. For example, in 15% of all cases, no assistance was provided to help passengers alight from the train. We are pushing the industry and government to improve this important and useful service with a view to re-visiting the research in 2010.

Next year we will continue to focus on fares and ticketing, information during disruption and establishing our bus and coach work. Public transport will continue to rise in importance and I remain determined that Passenger Focus will remain useful and relevant to passengers and those that run the industry. Ultimately we have one goal: to make a difference for all passengers.



Colin Foxall
Chairman

² Passenger attitudes towards engineering works 2003

Section 2

Review of activities

Section 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 during 2008-09

- survey at least 50,000 passengers' views through the National Passenger Survey
- carry out at least 10 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.

What we did:

- carried out and published the Spring and Autumn 2008 waves of the National Passenger Survey involving over 51,000 passengers in the process
- carried out and published 14 other research projects (see page 35 for full list)
- spoke to over 32,400 other passengers.

Section 2.1

National Passenger Survey

The National Passenger Survey (NPS) is the largest published customer satisfaction survey of rail passengers and is carried out by Passenger Focus each Spring and Autumn. This year we surveyed over 51,000 passengers.

At a national level the percentage of passengers satisfied with their journey overall in the Autumn 2008 has improved when compared to Autumn 2007 with 83% satisfied. This is the highest percentage recorded since the survey started in Autumn 1999. In Spring 2008 the percentage of passengers satisfied was 80%.

Figures for satisfaction with punctuality and reliability continued to be high for Autumn 2008, with 81% of passengers satisfied with these aspects of their journeys, whilst Spring 2008 was slightly lower with 79% of passengers satisfied. Despite these improvements, value for money remains an issue: only 40% of passengers in Spring 2008 were satisfied that their tickets offered value for money and 46% in Autumn 2008.

Nationally satisfaction with most station and train factors was either unchanged or improved compared to one year earlier in both Spring and Autumn 2008. One exception was satisfaction with facilities for car parking where satisfaction declined in both Spring and Autumn 2008 compared to one year earlier.

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

We continue to use this research to drive improvements within the industry. Each time new figures are released action plans are drawn up with the train operators to explore how they can improve and address areas of particular concern.

Table 1: Percentage of passengers rating aspect of service as “satisfied” or “good”

	Spring 2008	Autumn 2008
Sample size	25313	25600
Overall satisfaction	80%	83%
STATION FACILITIES		
Ticket buying facilities	71%	71%
Provision of information about train times/ platforms	77%	79%
The upkeep/ repair of the station buildings/ platforms	62%	65%
Cleanliness	67%	70%
The facilities and services	48%	50%
The attitudes and helpfulness of the staff	68%	70%
Connections with other forms of public transport	72%	73%
Facilities for car parking	43%	44%
Overall environment	63%	65%
Your personal security whilst using	61%	63%
The availability of staff	56%	58%
How request to station staff was handled	83%	84%
TRAIN FACILITIES		
The frequency of the trains on that route	75%	76%
Punctuality/ reliability (i.e. the train arriving/ departing on time)	79%	81%
The length of time the journey was scheduled to take (speed)	83%	84%
Connections with other train services	70%	73%
The value for money for the price of your ticket	40%	46%
Upkeep and repair of the train	70%	73%
The provision of information during the journey	65%	67%

The helpfulness and attitude of staff on train	58%	60%
The space for luggage	49%	50%
The toilet facilities	35%	36%
Sufficient room for all the passengers to sit/stand	62%	64%
The comfort of the seating area	66%	69%
The ease of being able to get on and off	76%	78%
Your personal security whilst on board	70%	72%
The cleanliness of the inside	70%	72%
The cleanliness of the outside	66%	70%
The availability of staff	38%	40%
How well train company dealt with delays	34%	37%

Source: Spring 2008 and Autumn 2008 National Passenger Survey.

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

	Spring 2004	Autumn 2004	Spring 2005	Autumn 2005	Spring 2006	Autumn 2006	Spring 2007	Autumn 2007	Spring 2008	Autumn 2008
c2c	80	83	84	90	87	89	89	89	87	90
Chiltern Railways	87	88	89	84	88	90	90	90	89	90
First Capital Connect	-	-	-	-	-	76	71	77	77	77
First Great Western	-	-	-	-	-	77	72	74	73	80
London Midland	-	-	-	-	-	-	-	-	81	80
London Overground	-	-	-	-	-	-	-	-	65	77
National Express East Anglia	-	77	71	74	71	75	72	75	75	77
South West Trains	72	75	78	84	83	82	81	85	83	87
Southeastern	63	68	71	76	77	78	74	78	79	80
Southern	66	72	72	81	80	84	82	82	81	83
CrossCountry	-	-	-	-	-	-	-	-	84	84
East Midlands Trains	-	-	-	-	-	-	-	-	79	81
First TransPennine Express	77	78	81	81	86	88	89	86	84	83
National Express East Coast	-	-	-	-	-	-	-	-	86	88
Virgin Trains	79	76	80	82	90	86	87	86	85	84
Arriva Trains Wales	79	79	82	81	79	80	84	85	83	86
First ScotRail	84	87	86	84	86	88	83	84	88	90
Merseyrail	87	90	91	86	90	89	88	87	88	90
Northern Rail	80	78	79	81	84	79	77	79	79	82
Overall	73	76	77	80	80	81	79	81	80	83

Note: Train operator data shown are just for train operating companies that existed in 2008.

For those train operators that have been in existence for several years, overall satisfaction has improved over the last five years as table 2 shows, especially comparing recent results with 2004.

Table 3: Satisfaction with value for money for the price of your ticket (% passengers 'very' or 'fairly' satisfied) by train operator

	Spring 2004	Autumn 2004	Spring 2005	Autumn 2005	Spring 2006	Autumn 2006	Spring 2007	Autumn 2007	Spring 2008	Autumn 2008
c2c	38	38	33	42	38	43	39	44	42	47
Chiltern Railways	53	54	53	52	47	51	49	55	49	54
First Capital Connect	-	-	-	-	-	36	32	38	35	36
First Great Western	-	-	-	-	-	46	39	44	40	51
London Midland	-	-	-	-	-	-	-	-	43	46
London Overground	-	-	-	-	-	-	-	-	45	59
National Express East Anglia	-	36	33	31	28	31	29	36	30	33
South West Trains	38	41	38	42	38	38	35	42	33	42
Southeastern	34	38	35	38	32	36	30	38	32	37
Southern	37	40	38	41	36	42	37	43	39	42
CrossCountry	-	-	-	-	-	-	-	-	54	55
East Midlands Trains	-	-	-	-	-	-	-	-	46	49
First TransPennine Express	51	55	52	54	51	54	52	57	51	53
National Express East Coast	-	-	-	-	-	-	-	-	53	54
Virgin Trains	52	51	49	57	58	58	53	59	54	56
Arriva Trains Wales	57	62	58	61	53	57	55	61	53	61
First ScotRail	59	58	59	56	55	56	57	58	55	62
Merseyrail	61	66	64	63	63	69	60	66	64	71
Northern Rail	60	59	58	64	61	60	58	62	58	62
Overall	42	44	41	45	41	43	40	45	40	46

Note: Train operator data shown are just for train operating companies that existed in 2008.

For those train operators that have been in existence for several years, overall satisfaction has improved over the last five years as table 2 shows, especially comparing recent results with 2004.

Fares and ticketing

This year Passenger Focus carried out three key pieces of research into the area of fares and ticketing. There was the major 'Fares and ticketing study – final report', 'Ticket queuing times at major rail stations', and 'Buying a ticket at the station' (a joint project with South West Trains).

The fares and ticketing study was commissioned at the request of the then Secretary of State for Transport, Rt Hon Ruth Kelly MP. The purpose of the study was to find out what could be done to improve upon the low passenger satisfaction scores with value for money as found in the National Passenger Survey. The existing evidence into passenger satisfaction with value for money was reviewed and further research was carried out where gaps in the evidence base were identified. The review found that there was a lack of understanding in the current research with regards to what influences passenger satisfaction with value for money.

To understand in depth what drives passenger satisfaction with value for money a combined qualitative and quantitative methodology was employed. Twelve focus groups were held to find out more about the issues. The findings from the focus group were tested in an extensive stated preference survey carried out throughout England at mainline stations. In total 2493 commuters and 1271 long distance passengers were surveyed.

The key findings from the focus groups and survey were that satisfaction with value for money is inextricably linked with ticket price, but that quality matters too. Passengers perceive the cost of rail travel to be high, and start to seriously question value for money when the product they have paid for is not delivered. Direct correlations were found between passenger perceptions of punctuality, seat availability and value for money ratings.

Ideas to improve satisfaction with value for money were tested among passengers. For regular commuters the ability to spread the cost of an annual season ticket over 12 months was popular, and for irregular commuters the idea of introducing a carnet ticket was appealing. For long distance passengers, being able to trade in advance tickets for a new ticket if you miss the train proved to be a popular idea.

As part of the Fares and Ticketing Study the Secretary of State requested that Passenger Focus carry out research to make meaningful comparisons between fares in Great Britain to those in continental Europe. The research that was carried out compared the fares and frequency of rail services in Great Britain to those of seven other countries in Europe. It looked at both commuter services and long distance services. The research shows that fares in Great Britain are higher than in Europe, but service levels are generally good.

The research found that the price of commuting to London is high in comparison with other European countries. For commutes of distances between 41 and 80km Great Britain is 1.88 times more expensive than France (the second most expensive country) and 4.19 times more expensive than Italy (the cheapest country).

For long distance travel the cost of flexibility is very high compared to other countries. Long distance peak walk-up fares in Great Britain were found to be between 1.87 and 3.31 times more expensive than other countries. Some walk-up off-peak fares were found to be of a similar price to other countries in Europe. The cheapest theoretically available advance fares in Great Britain were cheaper than anywhere else in Europe. Great Britain had the highest range from lowest to highest available fare, with the highest fare on a route being typically nine times more expensive than the lowest fare. In France and Switzerland the most expensive fare is about five times the cheapest fare available.

Ticket queuing times at major rail station

Passenger Focus national priorities research shows that reducing queuing times at stations is one of the top 10 priorities for improvement for passengers. Also the NPS (Spring 2008) shows that satisfaction with ticket buying facilities was lower for passengers using ticket machines to purchase their tickets instead of ticket offices (71% vs. 79%).

Research was commissioned to measure queuing times at ticket machines and at ticket offices at 12 major stations around Great Britain which were known to be performing poorly³. These stations included Birmingham New Street, Cardiff Central, Glasgow Central, Leeds, Liverpool Lime Street, London Bridge, London Canon Street, London Kings Cross, London Liverpool Street, London Victoria, London Waterloo and Manchester Piccadilly. The aim of the research was to get a broad picture of queuing times across all times of the day and the days of the week at both ticket machines and ticket offices. The data would provide insight on whether the service is currently meeting the industry's Ticketing and Settlement Agreement (TSA) standard⁴.

Our research found varying results between individual stations. However, there were two distinct groups, with stations outside London performing better than stations within London. On average rail users queued longer at off-peak times, with one in six passengers waiting in line for more than three minutes. This was compared to one in 20 passengers during peak times. At weekends one in five had to wait more than three minutes for their tickets and ticket offices were found to have longer queuing times than ticket vending machines.

The longest queues were observed at London Kings Cross station, with one in four passengers waiting longer than the industry standard of five minutes in the peak. Passengers at Birmingham New Street, however, didn't have to wait any longer than five minutes.

Long queues are a problem for passengers when travelling on trains that have penalty fares operating. Train companies are now taking revenue protection more seriously, so it is crucial that passengers are given every opportunity to buy a ticket before boarding. Passengers may abandon a long queue to board without a ticket, and consequently suffer a fine.

Research was conducted among passengers queuing at stations on the South West Trains (SWT) franchise to understand the way passengers buy their tickets. A total of 1189 interviews were completed with passengers queuing for ticket offices or for ticket vending machines (TVMs) at 11 busy SWT stations.

The findings indicated that most passengers queuing at ticket offices know that ticket machines are available and have used them in the past. A variety of reasons were highlighted for those who had not used them on this occasion including, wanting a more personal service, being unable to get the ticket they required and not being sure how to use the machine. The findings reveal useful insights to the psyche of the passenger which is a crucial element in resolving concerns and maximising the use of available resources.

³ *Mystery shop of rail ticket retailing*, Passenger Focus, March 2007

⁴ *Ticketing and Settlement Agreement (TSA)* states that train operators should do all they can to ensure passengers do not queue for more than five minutes during the peak and three minutes during the off-peak to buy tickets at stations.

Employers' business travel needs from rail

The NPS (Autumn 2008) results for business passengers show that 84% were satisfied overall with their rail journey and 83% were satisfied with punctuality/reliability. Passenger Focus commissioned research with employers to discover what factors affected their choice of travel, what influenced their perceptions of rail and crucially, what are the barriers to using rail for business journeys.

The findings show that business passengers identified benefits of travelling by rail including the ability to work on the train (37%), that it offers a less stressful form of transport (33%), speed of the journey (28%) and the elimination of parking problems (21%).

However, the research revealed employers perceive the railway as being too expensive, unreliable and inconvenient to make it the obvious choice for business travel. Business passengers will avoid catching the train if they need to carry goods/samples (23%), the station is too far away (23%), their cars are available (22%), and their destination is not on the rail network (21%).

A third of employers said they are not happy with the price of the train ticket – 35% said it was too expensive. A quarter of businesses would like to see fares reduced between 31% and 50%, although of those who said they could guess their fare, more than half over-estimated the price of their ticket by more than 15%.

This report shows there is plenty of opportunity to get more business on the trains, particularly at a time when the railway has spare capacity as it has been shown that business travel takes place throughout the day, much of it between the morning and evening peak periods⁵. If employees can work on the train and buy an affordable, flexible ticket, they are more likely to travel by rail. However, the study shows that the rail industry must keep up its focus on performance and look at value for money and ticketing issues to ensure that the train can be a viable choice for more employers. The research identifies a number of recommendations which if made would make rail more attractive to employers.

⁵ National Rail Travel Survey, 29 May 2008, Department for Transport

Section 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 during 2008-09

- influence the development of the specification for the South Central franchise
- maintain a forensic approach to developments in all aspects of ticket retailing
- influence the design of new rolling stock
- work with passengers to identify priorities for route utilisation strategies
- achieve at least 105 measurable improvements for passengers.

What we did

- secured passenger-oriented service/quality measures within the new South Central franchise invitation to tender
- intervened to prevent large scale station ticket office closures across the SWT network
- published hard evidence of passenger aspirations for new Inter-City Express rolling stock design
- worked with passengers and passenger groups to establish priorities for Lancashire & Cumbria, Wales, Yorkshire and Humber and Merseyside Route Utilisation Strategies (RUS's)
- achieved 122 measurable improvements for passengers, many of which can be found on our new 'Our work' website section at www.passengerfocus.org.uk/ourwork

Stations

South West Trains proposed to reduce ticket office opening hours by approximately 2,500 hours. 39 offices would have been shut completely on Saturday and 43 on Sunday. Passenger Focus consulted passengers and thousands responded. Based on the responses and research information, Passenger Focus lodged objections to the proposals with the Department for Transport. As a result, the reduction in hours was drastically scaled down and only nine offices were completely shut on Saturday and 15 on Sunday.

Timetables

National Express East Coast (NEXC) shared its draft Christmas and New Year timetables with Passenger Focus. It was apparent that the proposed service patterns, particularly on working days around Christmas and New Year, were inadequate to meet passengers' needs. Passenger Focus made a number of suggestions to NEXC about how the timetable on these days could be improved, almost all of which were taken on board by the company. Benefits to passengers included an increased number of station stops on services on Christmas Eve and 2 January 2009, and additional services on 29, 30 and 31 December 2008.

Disruption

Dealing with delays is a key driver of passenger dissatisfaction. National Passenger Survey (NPS) results for TransPennine Express (TPE) showed this is to be a particular problem which had not been improving. Passenger Focus discussed a breakdown of NPS results with TPE, highlighting particular problems at Manchester Piccadilly and Leeds stations where TPE had a contract with Northern to deliver services on their behalf. TPE agreed that the passenger experience needed to improve. As a result, TPE decided high standards of customer service could only be implemented by using their own staff so recruited two new despatch teams. Manchester Piccadilly now has four new dispatch managers and 18 staff. Leeds station has three duty dispatch managers and 10 dispatchers. NPS results for Spring 2008 show a marked shift in the right direction.

Capacity/overcrowding

The Nottingham to Skegness service suffered from a shortage of train capacity during the introduction period to the summer timetable. East Midland Trains (EMT) sought track access rights to amend the train plan. Passenger Focus agreed and further recommended to the Office of the Rail Regulator (ORR) that additional access rights be granted to allow EMT to operate additional services, when permitted, to supplement capacity. ORR approved our request, with the result that EMT utilised extra paths to operate at least one additional service during summer 2008, with more planned.

Information

In 2006/2007 Passenger Focus organised a series of meetings with the Millennium Stadium in Cardiff and relevant stakeholders to improve provision of rail services to access events at the stadium. A series of recommendations were made, including use of screens inside the stadium to provide train information. Millennium Stadium has now signed a contract with National Rail Enquiries/Virago Consulting enabling them to display travel information on their big screens. The benefit is improved information for passengers, enabling them to plan better their return journeys and giving them peace of mind.

Accessibility

Passenger Focus's research into the Assisted Passenger Reservation Service (APRS) showed that Southeastern, like many other operators, were not meeting the expectations of passengers with various accessibility needs. Passenger Focus shared our suggested APRS guidelines with Southeastern's Customer Services team which has adopted aspects of the guidelines. For example, Southeastern now use an APRS booking checklist when dealing with calls to ensure that there is a correct understanding of passenger needs. The checklist should help improve the quality of the service offered to passengers who make APRS bookings.

Trains

In early 2008, c2c introduced a trial of 'quiet carriages' to meet the demand of passengers who want to travel in relative peace. Passenger Focus supported this initiative but, along with the Passenger Panel and local Rail User Groups, felt that enforcement was essential. It soon became apparent that the lack of enforcement was leading to much frustration and as part of the Passenger Panel, Passenger Focus recommended better and more visible signage and requested bespoke announcements be made advising passengers of those carriages specifically designated as quiet carriages. c2c introduced much larger and more prominent signage and developed special announcements to inform passengers of the quiet carriages.

Fares

Passenger Focus met with Transport Scotland officials to discuss Passenger Focus's research report advocating direct debit payment for annual season tickets and 'shoulder' peak pricing options. As a result of our discussions, the ScotRail Franchise Amendment Agreement included both proposals, providing benefits for passengers in Scotland.

Section 2.3: Bus and coach passenger representation

In April 2008 the Transport Secretary announced that Passenger Focus would become the official bus and coach passenger champion in England outside of London. The decision followed a consultation "Options for strengthening bus passenger representation" which took forward measures in the Local Transport Bill to give bus and coach passengers an influential and unified national voice.

In December 2008 Royal Assent was secured. Powers within the Local Transport Act enabled the Secretary of State to extend the remit of Passenger Focus through secondary legislation. The Department expects to consult on the secondary legislation later in 2009 which is expected to be fully in place by April 2010. As the Department is keen for Passenger Focus to take on this new role, an implementation plan was agreed to pave the way for Passenger Focus to start working on behalf of bus and coach passengers from April 2009.

Throughout 2008 we worked closely with Ministers and officials at the Department to develop and agree a programme of work to ensure we met the objectives and the aspirations of the Department and those who responded to the earlier consultation.

Our key aim is to understand the needs and concerns of bus and coach passengers through an effective passenger research programme and use the results of this work to seek out journey improvements for passengers at a local, regional and national level.

Understanding the bus industry

We know that the structure and market that the bus and coach industry operates in is very different from the one we know well in the rail industry. There are very local passenger concerns that we have to be able to understand and act upon. We also need to influence the key national decisions taken by operators, key stakeholders and government. Bridging this gap in our capability and capacity is a major challenge for Passenger Focus that we have to achieve if we are to do a useful and effective job for passengers.

To help us understand the needs and expectations of passengers, regional and national stakeholders and the views of operators we spent a considerable amount of time and effort talking and listening to those individuals and organisations that have an influential part to play in the industry.

This was time and effort well spent. We learned a lot about the needs and priorities of passengers across different areas of England outside of London. We have developed a good understanding of the nature of local bus and coach services. We understand the factors that make a good bus operator deliver excellent service. While we have seen and experienced many excellent bus operations we know that many varied factors can conspire against operators and transport authorities. This can result in passengers receiving poor quality services.

Often it is unclear to determine who or what creates these situations for passengers. We want to explore the factors that drive bus passenger satisfaction and dissatisfaction. We also want to understand the areas that passengers want to see improve as a series of priorities through our passenger research programme. From this data we will develop the necessary evidence to influence the planning and decision making processes of operators, transport authorities and government.

The cornerstone of work on behalf of bus and coach passengers is to understand their needs, concerns and expectations through an effective research programme.

Research programme

We have used 2008 to carefully plan how we would use passenger research to secure journey improvements for bus and coach passengers by driving changes in policy and practices at a local, regional and national level.

Our initial piece of research work focused on the impact on passengers of the England-wide concessionary fares scheme which was introduced in April 2008. We selected this as our “launch” piece of work as it is the single biggest source of debate and funding dilemma involving bus operators, local and regional transport authorities and national government. We were concerned that the voice of the consumer could not be heard clearly enough in this important debate.

We started talking with pass holders and non pass holders in several areas of England in early 2009 to gain their views on a range of issues looking at:

- how they use their concessionary pass within their local travel area
- the type of longer distance journeys made by concessionaires
- how levels of use by concessionaires may have caused crowding on some services
- and any barriers to travelling that passengers have experienced.

We expect to publish this work in July 2009.

We also launched fieldwork in early 2009 to understand the needs and expectations of passengers, operators and transport authorities of the various complaint handling arrangements across England. This work will inform our discussions with the Department and the industry on any role Passenger Focus may have in handling appeals from passengers who have had cause to complain about their bus or coach service.

This is an important area of research work for passengers and the industry. From our liaison work with operators and stakeholder organisations we hear that many bus passengers fail to complain about poor quality services for a range of very different reasons. One of the factors we are exploring is the ease by which passengers can actually find out how to complain about their bus and coach service and who they direct their complaint to.

We know that some operators and transport authorities do this very well by publishing good simple, clear information about the ways by which passengers can register a complaint. However there is a lot of work to be done to improve the standards and consistency of this key consumer principle across the industry.

Throughout 2009 we will undertake several bus and coach passenger satisfaction studies across areas of England. This will provide our Passenger Link staff with evidence to start working with operators and authorities at a local level to start seeking out journey improvements for passengers.

Initially six “pilot studies” took place early in 2009 in the following areas:

- Tyne and Wear
- West Midlands
- Lincolnshire
- Bristol
- Dorset
- Southampton.

These studies will start to develop opportunities for Passenger Focus to start benchmarking what bus passengers think of their local services. We want to adopt a research model where the bus and coach industry and other key stakeholders will start to not only understand what their customers and constituents think about bus services, but why services are perceived to be better than others in some areas of the country. Establishing a robust methodology for this benchmarking work will be a challenge but we are working hard with key stakeholders to develop such a system.

The results of our initial six studies will be available in mid-2009. This will not only allow our locally based staff to start talking with operators and transport authorities but provide us with valuable information to refine how we actually scope, undertake and analyse bus passenger satisfaction research work.

In support of this work we took over the management and publication from April 2009 of the Department's existing "Mystery Traveller Survey" which provides evidence from researchers on a "mystery shop" basis travelling on local services in several areas of England. These areas are currently restricted to the six Passenger Transport Executive areas (Tyne & Wear, West Yorkshire, South Yorkshire, Greater Manchester, Merseyside and West Midlands) plus Nottingham, Leicester and Bristol.

This area of our work will be closely reviewed throughout 2009 as we understand how the results may become useful for our Passenger Link Team as well as bus operators and transport authorities. We have already put the programme of work to good use by encouraging members of staff to accompany "mystery travellers" on their journeys to see what they look for and to sample bus services in different areas of England!

Piloting three approaches

As we build towards our formal bus and coach passenger role in April 2010 we will be piloting three different approaches to our Passenger Link work to see what works best and what lessons we learn as we start representing Britain's rail passengers and bus and coach passengers across England outside of London.

This is a key piece of work for the organisation. We will use our time wisely in 2009 to test our three "pilot models" which are based in the South West, South East and West Midlands. We will start to gather operational, policy and political intelligence from our work and relationships with a range of stakeholders, bus and coach operators and of course passengers to inform our decision making process. In early 2010 we will ultimately decide on a long-term "front-line" structure for the organisation that best meets the needs of rail, bus and coach passengers.

Working with the industry

As part of this planning process we worked successfully with many bus and coach operators and industry stakeholder organisations to determine how we could work usefully with them on behalf of bus and coach passengers. We have received a warm and enthusiastic response from those bus and coach operators we have met over the last year. In addition we have built up good working relationships with organisations such as:

- Bus Users UK
- Confederation of Passenger Transport
- Association of Transport Co-ordinating Officers
- Passenger Transport Executive Group
- Campaign for Better Transport
- Local Government Association
- TravelWatch.

Several bus operators have provided specific guidance on our early planning and assumptions. We have developed this network of “critical friends” to form a Stakeholder Board made up of key industry personnel to support and steer our passenger research planning throughout 2009-10.

Our current bus passenger work programme and future plans will not become effective and useful without the skills, capacity and capability of our staff to make a difference for bus and coach passengers. We are developing a programme of training modules that will enable our teams to develop an appreciation and understanding of the bus and coach industry and where and how we can influence positive change for passengers.

In March 2009 we ran our first bus industry training courses. This was an intensive three day programme looking at many features of the industry. Part of the course was conducted in the Tyne & Wear area where some of our teams spent a day with one of the local bus operators learning about how local services are provided. They also talked about the issues facing passengers, bus operators and transport authorities in the area. To end the day they travelled on some local services and spent time with local depot staff to get a better understanding of local service delivery issues.

Perhaps our learning experience in the North East typifies our early approach to our bus and coach passenger representation role. We want and need to learn quickly about the issues facing passengers, operators and key stakeholders.

To do this we are talking and working closely with those people that currently play a key role in the delivery of local bus services. From this informed position we can start to learn more from passengers. We will understand and act upon the issues that are most important to them and through a robust passenger research programme we will use this intelligence to shape and improve bus and coach services for passengers across England outside of London.

Section 2.4: Empowering passengers with information, advice and advocacy

Corporate plan objective 3

Empowering passengers with information, advice and advocacy

What we said we would do during 2008-09

- at least 65% of passengers who contacted us will be satisfied with the way we dealt with their complaint.

What we did

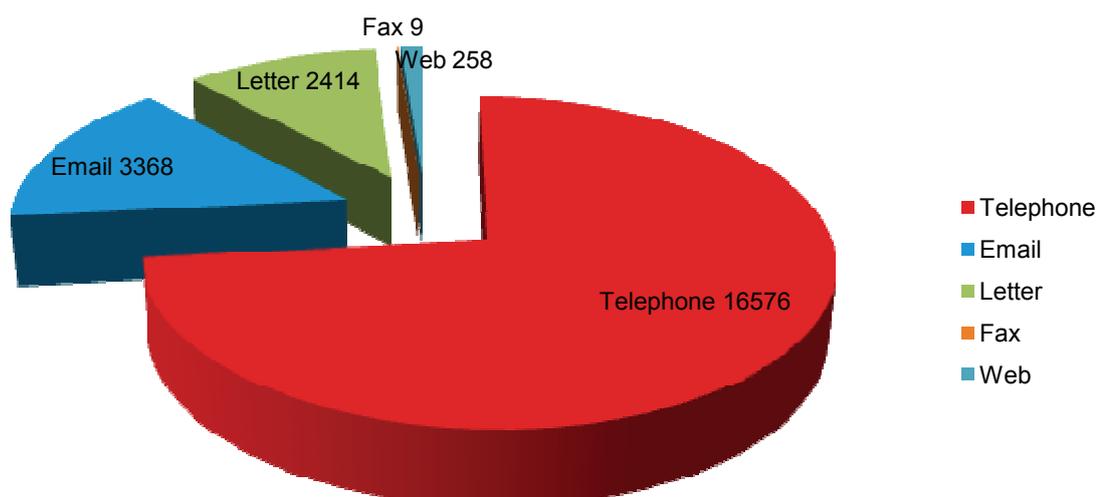
- 73% of passengers were satisfied.

Empowering passengers with information, advice and advocacy

The passenger advice team negotiates with rail companies when a passenger is unhappy with the way a rail company has responded to their complaint.

They analyse the types of problems reported in order to improve understanding of passengers' overall concerns.

A total of 22,625 passengers contacted Passenger Focus in 2008/09 – an increase of 8% compared with last year. The graph below shows the total number of contacts received via phones, email, letter and fax.



Appeal complaints by train operator / service provider

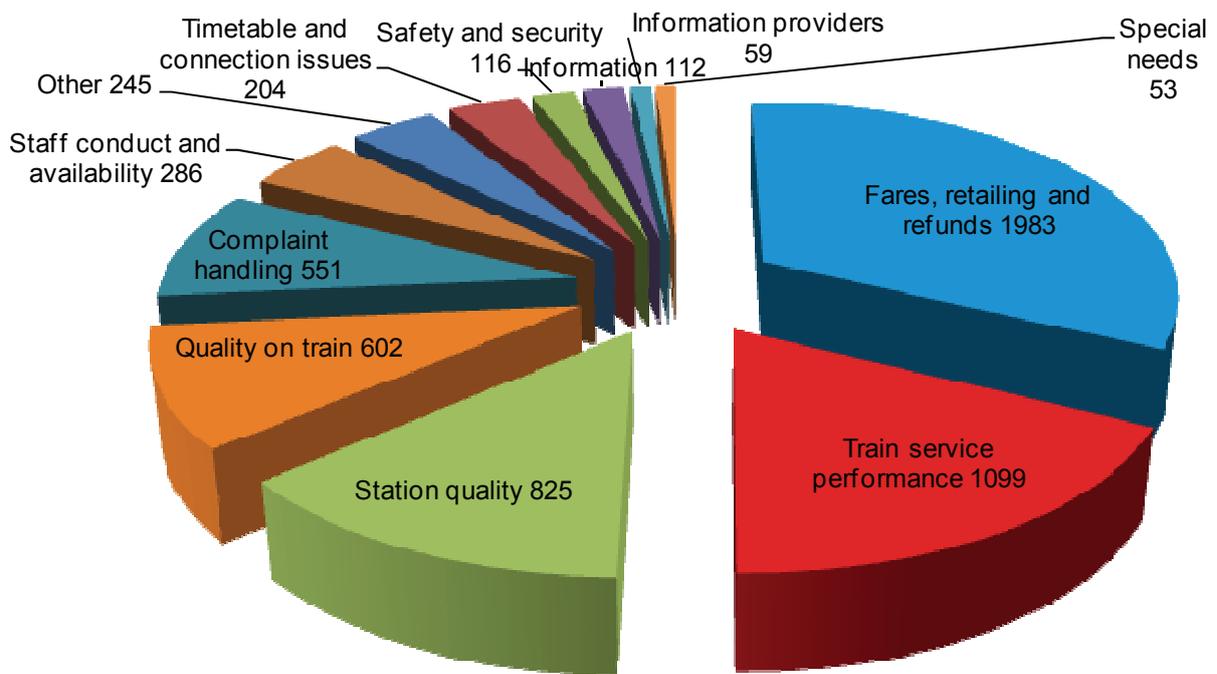
Service provider	2006-07	2007-08	2008-09
Arriva Trains Wales	84	86	79
c2c	30	16	29
Central Trains ⁷	132	87	N/A
Chiltern Railways	22	14	25
CrossCountry	-	21	167
East Midlands Trains	-	76	218
First Capital Connect	88	92	78
First Great Western	388	336	179
First ScotRail	120	117	118
First TransPennine Express	67	68	117
Great North Eastern Railway ⁷	221	189	N/A
Hull Trains	6	16	9
London Midland	-	39	73
Merseyrail	12	25	37
Midland Mainline ⁷	64	73	N/A
National Express East Anglia	83	80	184
National Express East Coast ⁶	-	59	666
Northern Rail	132	117	131
Silverlink	14	18	2
South West Trains	130	181	162
Southeastern	128	92	104
Southern Trains	71	94	77
Virgin Cross Country ⁷	241	205	N/A
Virgin West Coast ⁸	55	177	438
Others	102	62	46
Info/web/telesales	137	142	180
Network Rail	13	11	4
Total	2340	2493	3123

⁶ The increase in complaints about National Express East Coast relate to dissatisfaction with compensation and refunds. The franchise owner also changed and various new operational decisions about refunds led to this increase. The passenger advice team are working with this train operator to reduce the complaint numbers.

⁷ The franchises for Central Trains, Great North Eastern Railway, Midland Mainline, and Virgin Cross Country ended before the start of the current year, consequently there were no appeal complaints during 2008-9.

⁸ Some train companies have seen their complaints increase due to extensive engineering/upgrade work on particular lines.

Types of complaint received



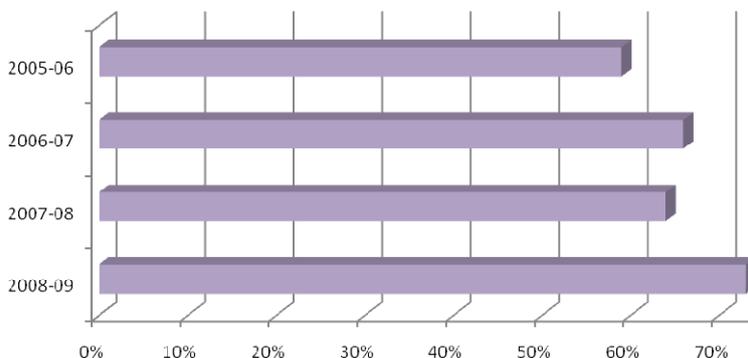
Passenger satisfaction

Passenger Focus asks passengers how satisfied they were with the way their complaint or contact was handled, so that improvements can be made to the service provided to passengers.

Passenger satisfaction levels are heavily influenced by the outcome of the passenger's complaint. However, much of the time this is outside the direct control of Passenger Focus – while they can negotiate with the rail company that is the subject of the complaint, they cannot force it to resolve a complaint in a certain way unless it has breached its statutory obligations.

Therefore Passenger Focus specifically asks passengers to leave aside the outcome of the complaint and consider only how it was actually handled by the passenger advice team. The target was at least 65% will be satisfied with how we dealt with their complaint, this year the passenger advice team achieved 73%.

Passenger satisfaction results since 2005-6



2.5: Influencing the major long-term decisions that affect passengers

Corporate plan objective 4

Influencing the major long-term decisions that affect passengers

What we said we would do

- continue to contribute to major policy issues and rail strategy in the short, medium and long-term.

What we did

- focused our activity on two major themes: fares and ticketing and managing capacity, along with four further smaller themes: accessibility, stations, complaints handling and managing disruption
- these six themes encompassed research and focussed campaigns, working directly with passengers, train operating companies and other stakeholders
- we continued to represent passengers on safety and security and European issues
- in addition, we took on an enhanced role in the franchising process and carried out research into passenger preferences for the new Intercity Express Programme trains.

Fares and ticketing

In February 2009 Passenger Focus published a major report on fares and ticketing. The research details can be found on page 9 but below demonstrates how the results of this research were used to achieve the above objectives, directly contributing and affecting rail policy.

Passenger Focus argued in its report on 'Fares and Ticketing' and in its submission on the South Central franchise that existing fares regulation allowed TOCs too much flexibility. While the average increases for regulated fares were pegged to inflation (RPI)+ 1% , individual fares could be increased by as much as +5%. In the January 2009 fares round this meant that some protected fares could legitimately increase by as much as 11% irrespective of the quality of service received by the passenger in return. Passenger Focus were pleased when the Government announced in February that in future, the cap would apply to individual fares not just the average – something that will help prevent the more extreme increases.

Discussions with the Association of Train Operating Companies (ATOC) and the Department for Transport (DfT) are ongoing regarding other recommendations from the report.

In 2008 the industry implemented its 'fare simplification' project when it introduced 'Anytime', 'Off-Peak' and 'Advance Purchase' categories of tickets. Passenger Focus research⁹ showed that passengers were broadly content with the new names, provided that train

⁹ Fare Structure report, Passenger Focus, May 2007

operating companies made it clear when 'off-peak' started. However, Passenger Focus warned that the benefits of simplification could be lost if TOCs took advantage of the name change to 'tinker' with ticket restrictions. Unfortunately some train operators did precisely that and introduced new restrictions on some tickets which made it more expensive to travel than before. To passengers these looked like 'back-door' price increases. There is a very real risk that the benefits of fare simplification will be overshadowed, if not lost altogether, should TOCs continue to do this.

Finally, in February 2009 Passenger Focus gave evidence to the House of Commons Transport Committee Inquiry into rail fares and franchises.

Safety and security

The National Passenger Survey (NPS) shows that personal security is of concern to many rail users, especially at stations and at night when anxiety about anti-social behaviour is greatest. Although technology such as CCTV and improved lighting is welcomed, the measure most highly valued is the visible presence of staff. That is the clear message conveyed in our report Passenger Perceptions of Personal Security on the Railways, launched at the industry's annual Community Safety Forum in March 2009.

However, such staff must have the right training and temperament to assert their authority. Passenger Focus has worked with the Rail Safety & Standards Board (RSSB) on a project aimed at facilitating shared expectations between passengers and staff by producing good practice guides for railway managers and front-line personnel, the first of which (on the importance of trust and respect) appeared this year.

Crowding on trains is a constant cause of complaint. Although it seldom gives rise to safety risks, it is deeply unpopular and damages the industry's reputation. Another RSSB project, undertaken at our suggestion, has investigated techniques for managing crowding on trains to mitigate its impact. Passenger Focus will be watching the train companies' take-up of its recommendations closely.

Europe

During the year there is also continual monitoring of European activities and related developments for their potential impact on passengers. Passenger Focus is confident that efforts to ensure the potential benefits for passengers of the EU's Regulation on the Protection of Passengers' Rights will be transferred effectively into UK law during 2010. There has been increasing work to ensure that passengers' interests are safeguarded as the EU prepares legislation designed to give greater priority to freight on the European rail network and Passenger Focus sought to ensure that passengers' needs and aspirations are properly accommodated in the development of technical standards for interoperability, particularly those relating to ticketing and passenger information systems. There is ongoing work to urge those responsible for transport policy at the European level to make greater use of the type of knowledge and skills reflected in the NPS.

Intercity Express Programme

During the year Passenger Focus undertook research on the train design for the Intercity Express Programme, the replacement for existing long distance trains. The research explored passenger preferences to gauge priorities for the new train. There were also meetings with the bidders for the contract and continued liaison with the Department for Transport (DfT). Work with the industry continues to ensure full representation of passengers' views. Research has also been commissioned with London TravelWatch and DfT, into the layout and facilities necessary aboard the next generation of trains. This will be crucial when working on the new train design for the Thameslink project.

Focus on franchising

Passenger Focus welcomed the commitment in the 'Delivering a Sustainable Railway' White Paper (2007) to give us a greater role in the specification of future franchises. Throughout the year we worked closely with DfT to put this into practice. We used the results of our research with over 6000 passengers to influence the design of the new South Central franchise and were pleased to see many of our recommendations reflected within the franchise specification.

During the year we also responded to proposals to extend the c2c and ScotRail franchises; and worked with the National Audit Office on its investigation into DfT's management of franchising (Letting Rail Franchises 2005-2007).

Railways for all programme

Membership of the Industry Steering Group considers Small Schemes funding within the Railways for All programme. We continue our representation on the Rail Group of DfT's Disabled Persons Transport Advisory Committee. We have made detailed comments and recommendations, many of which have been incorporated, in some 20 Disabled People's Protection Policies (DPPPs), in which each rail service company specifies its services and facilities available to rail passengers with reduced mobility. Furthermore, we sit on DfT's Working Group, which seeks to ensure greater consistency between all DPPPs and to render them more passenger-friendly.

National Station Improvement Programme and Station Travel Plans

Nationally, Passenger Focus has continued to meet with Network Rail, the Association of Train Operating Companies (ATOC) and the Department for Transport (DfT) to ensure the National Station Improvement Programme (NSIP) delivers its £150 million worth of station improvements at the earliest opportunity. We have also input to the Local Delivery Groups which develop the detail of the individual schemes, and have funded surveys to benchmark which particular improvements drive up passenger satisfaction with station facilities. This will provide benefits both at NSIP stations and through other future investment.

We contributed to the development of Station Travel Plans along with ATOC and the Rail Safety and Standards Board (RSSB), designed to increase access to stations by sustainable modes and station usage as a whole. As part of the National Station Travel Plan Steering Group, we have input to the design and evaluation methodology to be tested through pilots across the country. At a local level we have input to local station travel plans.

Passenger Focus has also worked with the Cycle-Rail Task Force, in partnership with Cycling England, ATOC, Network Rail and Transport for London, to develop the business case underpinning investment in cycling facilities to encourage access by this mode.

Complaints handling reviews

During the year Passenger Focus, working in partnership with London TravelWatch, jointly reviewed how complaints from rail passengers are handled at nine train operating companies in the Great Britain. We assessed a number of closed complaints that each company had handled, to understand:

- whether responses to passengers answered all of the issues raised in the complaint
- the extent to which the responses demonstrated good customer service, such as whether they were helpful, polite, empathetic and met reasonable passenger expectation
- whether the complaint had been investigated

- if there was evidence of the train operator using the complaint to improve its service to passengers.

It was pleasing to see a number of examples of good customer service provided by the industry and from our findings, we were able to make recommendations to help improve responses to passengers. Recommendations included suggestions for additional training and reviewing customer service processes to improve investigation of complaints and the overall level of customer service provided.

Work is ongoing to work with operating companies to demonstrate improvements for passengers following their initial reviews, and to extend the programme to cover additional service providers in the industry.

Route Utilisation Strategies and franchise recommendations

Passengers tell us capacity is a significant priority and across the country we hear not just of problems in getting a seat but sometimes of actually getting on a train at all. Passenger Focus has therefore maintained a strong focus on influencing the Government and rail industry to take necessary steps to increase capacity in line with passenger demand.

We have worked to influence the Route Utilisation Strategies (RUSs) that identify capacity pressures and plan how the rail network can develop and respond. We responded to four RUS consultations, were involved in preparations for five others and also sat on the group developing the Network RUS.

We made a detailed submission about the passenger priorities for the South Central franchise and many of our recommendations about level and quality of service were adopted in the service specification. We also represented passenger interests in discussions about extensions of the First ScotRail and c2c franchises.

Programmes to design and procure new trains for Thameslink and Intercity Express will have long-term impact on passenger capacity and comfort so we conducted detailed research into passenger needs to provide information for the specification programme. We have also been monitoring the plans for providing the 1300 new carriages promised in the White Paper.

Passenger Information Strategy Group and other major disruption developments

Passenger Focus's research into passenger satisfaction with value for money highlighted communication with passengers when things go wrong – it is the third most important factor, behind the bread and butter issues of punctuality and getting a seat. Via the rail industry's Passenger Information Strategy Group, we have continued to champion full implementation of the industry's good practice guides on information.

We have raised information failings with train companies and added questions to the National Passenger Survey specifically about information during disruption. During the year Passenger Focus was invited to sit on a high level steering group tackling, amongst other things, how the 'one source of the truth' information objective can be delivered. We are very pleased to be playing our part in shaping solutions, alongside senior representatives of the train company owning groups, Network Rail and National Rail Enquiries.

The heavy snow-fall in southern England on 2 February 2009 revealed, yet again, major failings in the rail industry's ability to deliver accurate, relevant and timely information to passengers during disruption. The failure of many websites to cope with the volume of

enquiries is a case in point. Passenger Focus will make securing improvements in this area a key theme for 2009/10.

Passenger Focus in Scotland

The Autumn 2008 wave of the NPS resulted in passengers' overall satisfaction with ScotRail services at its highest level of 90%. However, passenger satisfaction with how well ScotRail deals with delays stands at only 42%. To try and drive forward improvements in this area Passenger Focus has agreed an Action Plan with ScotRail setting out activities ScotRail will be undertaking to improve how delays are handled throughout the organisation.

As a member of the Project Advisory Group, Passenger Focus welcomed the Audit Scotland Report "The First ScotRail Passenger Rail Franchise". Of particular importance to passengers is the recommendation that Transport Scotland '*review performance measures to improve alignment with passenger priorities*'. Getting train performance data broken down by route as well as train company would be better aligned with passenger priorities and is one issue from the report that we shall be taking forward.

Following consultation with Network Rail regarding accessibility at Edinburgh Waverley station we welcome the proposals to install lifts at the Waverley steps to improve the accessibility to and from the station which will benefit passengers.

Passenger Focus in Wales

Passenger satisfaction with Arriva Trains Wales (ATW), as measured by the NPS, consolidated the recent progress to reach 86%. We continued to work closely with ATW in a number of areas, including complaints handling and accessibility.

While overall satisfaction is improving, stations remain an area of considerable concern for rail users in Wales with satisfaction scores well below those elsewhere in Britain. Passenger Focus worked with Network Rail and ATW to ensure stations in Wales remain a priority for investment, through schemes such as the National Station Improvement Programme.

Passenger Focus continued to work with the Welsh Assembly Government, Assembly Members and Welsh MPs. This included presenting written and oral evidence to the Welsh Affairs Select Committee's inquiry into 'The Provision of Cross-Border Public Services for Wales'.

We surveyed more than 4000 rail passengers on a range of issues, including route specific research on the Cambrian Line, Valley Lines, North Wales to South Wales long distance services and in South West Wales to help inform our response to the Wales Route Utilisation Strategy and to contribute to the development of regional transport plans and specific rail projects.

2.6: Being visible, accessible and understood by passengers and stakeholders

Corporate plan objective 5

Being visible, accessible and understood by passengers and stakeholders

What we said we would do during 2008-9

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

What we did

- improved the usability and content of website
- held the Passenger Focus annual conference
- held a fringe event at the three main Great Britain party conferences as well as a promotional bus throughout the day at each event
- in addition to the national newsletter, a further nine quarterly regional stakeholder editions and a Scotland and Wales version were also introduced. We increased distribution from 1800 people, to 65,000 via an insert in 'RailNews'
- improved marketing and branding materials
- increased media coverage through a wider range of media outlets and publications.

Public affairs

In 2008 Passenger Focus held three public affairs events at the major Great Britain party political conferences, to raise its profile with MPs. The events were a success and dealt with the topic "Can we give passengers world class bus and train services?". During the event we also hired a double decker bus for people to come and talk to us about passenger issues. To further raise awareness a billboard was produced for the side of the bus and the bus positioned at key strategic locations where many MPs and key stakeholders would have to pass including outside Manchester Piccadilly railway station, just outside Bournemouth Pier and outside the town hall in Birmingham.

Each event had a key MP to give the political angle including: Rosie Winterton MP, Labour Minister of State for Pensions and also Minister for Yorkshire and the Humber, Norman Baker MP, Liberal Democrat Shadow Secretary of State for Transport and Stephen Hammond MP, Conservative Shadow Minister for Transport.

The Chief Executive also spoke at a number of events during the party conferences to ensure Passenger Focus messages reached as many people as possible.

Publications

Passenger Focus also continued 'Passenger Voice' regional stakeholder bulletins. These publications are filled with the latest work, challenges and projects. In 2007 we sent these to 1,800 people but after negotiating a deal with 'RailNews' we have managed to raise this to approximately 65,000 people. Recipients include local authority transport departments, MPs,

railway staff, rail user groups, journalists and Government departments. Feedback has been extremely positive with emails from MPs and user groups feeding back their views.

The communications team also proof read, edited, designed, printed and published 12 Passenger Focus research projects and a range of marketing and advertising literature throughout the year.

Annual Conference

In accordance with the above objective Passenger Focus held its annual conference on 22 April 2009. It was a success, with over 200 delegates from passenger groups, government and industry. The speaker line up included:

- Rt Hon Geoff Hoon MP, Secretary of State for Transport
- Iain Coucher, Chief Executive, Network Rail
- Sir Moir Lockhead, Chief Executive, First Group
- Richard Bowker, Chief Executive, National Express.

An additional part for the corporate video was made to include our bus remit. This video clearly demonstrates the breadth of work Passenger Focus is involved in. This video was shown at the Passenger Focus Conference and has been posted on the web.

Two other events were also held to launch 'Reportal', a new on-line system made available for stakeholders to interrogate the National Passenger Survey data and explore particular areas of interest.

Raising the media profile

Passenger Focus continued work to establish itself as the leading commentator on passenger issues in the media during 2008-2009. In total, Passenger Focus put up spokespeople for more than 360 national and regional broadcast interviews over the year.

Passenger Focus also secured 351 pieces of national coverage between April 2008 and March 2009, compared with 304 articles during the same period in the previous year.

Significant media coverage was achieved using Passenger Focus's research and passenger consultation – the most noteworthy being the Fares and Ticketing study released in February 2009. The National Passenger Survey, January fare rises and Passenger Focus's consultation on South West Trains ticket office opening hours changes generated considerable media debate.

Passenger Focus has continued work to build its profile as a consumer organisation with live interviews on BBC Breakfast, BBC Money programme, several debates on the You and Yours programme, Five Live Wake Up To Money, BBC Radio Two Chris Evans' programme and an appearance on the Alan Titchmarsh Show discussing engineering works. Issues which Passenger Focus was called to comment on included, engineering works over bank holiday weekends, the First ScotRail franchise extension and the Public Accounts Committee findings on managing delays.

Trade coverage has also been frequent with more than 280 pieces picked up in our analysis of transport press. Finally, work has now started on developing relationships with key journalists in the bus and coach sector with a number of profile pieces on Passenger Focus being achieved.

Internal communication

Adding to our existing internal communication tools, we continue to develop Connect – our intranet portal. Connect is the primary means of distribution of news and information throughout the organisation. Connect is a ‘portal’ which is also being used for document storage. We also send a ‘news of the day’ alert out to all staff with links to information they may find interesting. To ensure consistency and branding on the intranet is maintained, a Connect governance group has been established.

Integrated within Connect is ‘Incontact’ – a new contacts database for the organisation which brings all of our contacts into one place. We have recently cleansed our data and are working on some technical changes to ensure we improve our database, improving our communication whilst reducing duplication.

A ‘change’ newsletter is being produced as part of the change programme.

Website

The passenger focus website was also developed with a new ‘in your area’ section to reflect the work of the passenger link managers working in the regions.

A section for bus and coach passenger information was also created to ensure that visitors can keep up to date with the pilots and other information as we gear up to officially take on the role in April 2010.

Welsh Language Scheme

We currently have our Welsh Language Scheme out for consultation and hope to launch it later in the year.

Branding

As well as continuing to maintain rigour in the branding and implementation of Passenger Focus, the logo was also slightly amended to support our new bus and coach remit – the word ‘rail’ was dropped from our strap line. This was a cost effective way to incorporate buses and coaches and ensure the imagery reflects the full scope of work.

Section 3

Appendices

3.1: Appendices – Chief Executive’s report

This is the fourth annual report and accounts for Passenger Focus, covering the year to 31 March 2009. During the year we have been preparing to take on bus and coach passenger representation alongside our existing role as the rail passenger watchdog. We are building our knowledge of bus passenger issues through passenger research and through discussions with bus operators, funders and transport regulators and passenger groups as explained in section 2.6. Our achievements this year are listed in pages 4 to 29 and have been accomplished within the agreed budget for the year, including the additional funding provided for bus and coach passenger representation.

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. This year as reported in section 2.6 the Local Transport Act 2008 paved the way for the extension of our remit to include bus and coach passenger representation in England (outside London).

Finance

The organisation is funded through grant in aid from the Department for Transport and £5.5million was received in 2008-09, of which £0.8 million was allocated for work on the National Passenger Survey, and £0.2 million allocated to bus and coach passenger representation. In addition this year Passenger Focus has secured funding totalling £73,000 of third party income for joint projects. Staff and other administrative costs for the year totalled £6.3m which included expenditure on the National Passenger Survey, bus and coach passenger representation, and additional depreciation due to the reduction in the useful life of the Manchester Office leasehold improvements.

As reported last year we relocated our Manchester offices in July 2008 which has resulted in a write-off of the balance of refurbishment costs in respect of our previous offices which were included in Fixed Assets. Our previous landlord has borne all the costs for our relocation so no costs have been included in fixed assets for work completed in the new offices which totalled £88,000. In addition we have received a contribution of £66,000 to our additional rental costs following the move covering the period from July 2008 to December 2009 which is the unexpired period of the previous lease. This contribution is being included as income over the period so £33,000 has been included in the current year and the remainder will be included as income in the next year’s accounts.

Staff

The staff must take credit for the successes this year and deserve thanks for their hard work and contribution over the year to make sure we achieved our business plan objectives, as well as their positive response to the extension of our role to include bus and coach passenger representation.

Over the year 13 staff joined Passenger Focus, some to help prepare for bus and coach passenger representation and some to replace the six colleagues who have left to take on new challenges.

Following consultation with staff groups we introduced a simple bonus scheme during the year so that we could recognise staff who have demonstrated exceptional performance - more details are included in the Remuneration Report on pages 46 to 49.

Over the year the level of unplanned absences due to sickness was 3% (2007-08 : 3%) of the total staff time.

In March we had sufficient response from our staff to recreate our staff forum which provides an opportunity to consult with staff representatives about future plans including the extension of our role to bus and coach passenger representation and other changes, as well as responding to priorities for staff.

Details of executive directors' remuneration during the year are set out in the Remuneration Report on pages 46 to 49.

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 45.

Disability Equality Scheme

The scheme, published in November 2007, was updated to ensure it remains appropriate, and will be reviewed in 2010-11. Our progress against the action plan included in the scheme is set out in the Management Commentary on pages 41 to 45.

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. We have also provided health and safety training for staff.

Charitable and political donations

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

Data handling

In June 2008 the Cabinet Office published a review of information security in government which set out a wide range of actions required to improve data security. As a non-departmental public body we are required to comply with the stricter guidelines on the handling of sensitive personal data. Over the year we have implemented policies and procedures to ensure that by the year end we had appropriate measures in place for the handling any sensitive personal data.

Disclosures to auditors

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

Handwritten signature of Anthony Smith, consisting of the initials 'A.J.C.' followed by a stylized signature.

Anthony Smith

Chief Executive and Accounting Officer

18 June 2009

3.2 Appendix two: biographies of Passenger Focus Board members

All members are appointed by the Secretary of State for Transport unless otherwise indicated.

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. Colin also chairs Passenger Focus's Statistics Governance Group.

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

Philip Davis was chairman of the Rail Passengers Committee for the Midlands. A former trade union negotiator and voluntary sector CEO, he serves on a number of public and community bodies, including the Commission for Integrated Transport (CfIT). He led Telford and Wrekin Borough for five years and remains closely involved with local and regional public policy development.

Kate Gordon CB 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 Chair of the Queen Elizabeth NHS hospital trust, King's Lynn.

James King is a member of the British Transport Police Authority and Convener of Passengers' View Scotland (the Public Transport Users Committee for Scotland). A former director of two international advertising agencies and marketing director of Sybase Inc., he has run a strategic business and marketing consultancy since 1996. (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 roles including Chair of the East of England Tourist Board and is a trustee of the Natural History Museum. Derek chairs Passenger Focus's Audit Committee.

David Leibling has been a member of the London TravelWatch board since 2005 and currently chairs its Fares and Ticketing Committee and is a member of its Executive Group and its Transport Services Committee. He was formerly the Director of Communications for Lex, the motoring group, and was a non-Executive Director of the Driving Standards Agency for eight years. (Appointed by the London Assembly)

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. He is a Public Member of Network Rail and holds a number of non-executive positions including NHS West Midlands and the Meat Hygiene Board.

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 is a member of the Legal Services Board 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, and was formerly Head of the Independent Television Commission for Wales and the West of England and a director of the Millennium Stadium, Cardiff. She is also currently a Member of the Sports Council for Wales. (Appointed by the National Assembly for Wales)

Nigel Walmsley is a Council Member of the Advertising Standards Authority and Chairman of the Broadcast Audience Research Board. He was formerly chairman of Carlton Television and, earlier, chief executive of the Capital Radio Group. Nigel chairs Passenger Focus's Remuneration Committee.

3.3 Appendix three – List of all publications 2008-09

March 2009

- Passenger perceptions of personal security on the railways
- Employers' business travel needs from rail
- Response to Network Rail's Merseyside Route Utilisation Strategy Draft for Consultation

February 2009

- Fares and Ticketing Study
- Passenger Focus research update - February 2009
- Passenger Voice Winter 2009 South East
- Passenger Voice Winter 2009 London

January 2009

- Draft Corporate Plan 2009-12
- Passenger Voice Winter 2009 South West
- Passenger Voice Winter 2009 Yorkshire and Humber
- Passenger Voice Winter West Midlands
- Passenger Voice Winter 2009 North West
- Passenger Voice Winter 2009 North Eastern
- Passenger Voice Winter 2009 Great Britain
- Passenger Voice Winter 2009 East of England
- Passenger Voice Winter 2009 East Midlands
- Passenger Voice Winter 2009 Scotland
- Passenger Voice Winter 2009 Wales
- National Passenger Survey Autumn 2008
- South Pennines Rail Partnership report - Reaching out in the South Pennines - joint report

December 2008

- Information charter
- Response to Network Rail's Yorkshire and Humber Route Utilisation Strategy Draft for Consultation
- Consultation on proposed new categories for Minor Modifications under the Railways Act 2005 - response to the Department for Transport
- Consultation on proposed new categories for Minor Modifications under the Railways Act 2005 - response to Transport Scotland
- Response to First ScotRail franchise extension consultation

November 2008

- Passenger needs during Thameslink Programme construction

October 2008

- Passenger Voice Autumn 2008 Wales
- Passenger Voice Autumn 2008 South West
- Passenger Voice Autumn 2008 South East
- Passenger Voice Autumn 2008 Scotland
- Passenger Voice Autumn 2008 North West
- Passenger Voice Autumn 2008 North Eastern
- Passenger Voice Autumn 2008 Great Britain

- Passenger Voice Autumn 2008 London
- Passenger Voice Autumn 2008 East of England
- Passenger Voice Autumn 2008 West Midlands
- Passenger Voice Autumn 2008 East Midlands
- Buying a ticket at the station
- Passenger Focus bus leaflet

September 2008

- Passenger Focus response to the Department for Transport consultation on the South Central franchise
- Passenger Focus response to ORR draft determination
- Assisted Passenger Reservation Service Best Practice Guidelines - a check list
- Assisted Passenger Reservation Service: Mystery Shop
- Thameslink Rolling Stock Qualitative Research

August 2008

- Response to South West Trains' proposals to reduce ticket office opening hours

July 2008

- Passenger Managers working for you nationwide
- Passenger Voice Summer 2008 West Midlands
- Passenger Voice Summer 2008 South West
- Passenger Voice Summer 2008 South East
- Passenger Voice Summer 2008 Scotland
- Passenger Voice Summer 2008 North Eastern
- Passenger Voice Summer 2008 London
- Passenger Voice Summer 2008 East of England
- Passenger Voice Summer 2008 East Midlands
- Passenger Voice Summer 2008 North West
- Passenger Voice Summer 2008 Wales
- Passenger Voice Summer 2008 Great Britain
- Passenger Focus's response to c2c's proposed franchise extension
- Passenger Information: a vision
- National Passenger Survey Spring 2008

June 2008

- Passenger Focus Annual Report and Accounts 2007-8

May 2008

- Ticket queuing times at major rail stations
- Executive summary of Passenger Focus's South Central franchise submission
- Passenger Focus's route based research for South Central re-franchise
- Passenger Focus's submission on the South Central franchise

April 2008

- Response to the Transport Select Committee - Ticketing on Public Transport

3.4 Appendix four – list of consultations responded to 2008-9

List of consultations responded to 2008-9

Specific

Consultation title	Issued by
Disabled People's Protection Policies	National Express East Coast Chiltern Southern First TransPennine Virgin Trains South West Trains Northern East Midlands Trains First Great Western
How to Write Your Disabled People's Protection Policy: A Guide for Train and Station Operators'	Department for Transport
Revision of Train and Station Design for disabled Passengers: A Code of Practice	Department for Transport
Rail Services for Persons with Reduced Mobility - Rail Vehicle Accessibility (Interoperable Rail System) Regulations	Department for Transport
Route Utilisation Strategies (RUS) Merseyside Wales Lancashire and Cumbria Yorkshire and Humber RUS guidelines	Network Rail Network Rail Network Rail Network Rail Office of Rail Regulation
Network Rail's management of engineering projects	Network Rail
Network availability and seven day railway	Office of Rail Regulation
Transposition of 3rd Package rights into UK law	Department for Transport
Towards a Sustainable Transport System	Department for Transport
Integrated Ticketing - A Strategy For Scotland	Transport Scotland
Review of Network Rail Licence consultation	Office of Rail Regulation
Southern Penalty Fares	Southern
School Travel	House of Commons Transport Committee
First TransPennine Express changes for December 2008 timetable	TransPennine Express
Southern Passenger Service Requirement	Southern
Southern PSR December 2008 Consultation	Southern
Ticketing and Settlement Agreement reform - Phase II	Association of Train Operating Companies
Draft determination Periodic review	Office of Rail Regulation

Regulating Britain's railways in 2009-14	Office of Rail Regulation
Review of Network Rail Licence consultation - notification of changes	Office of Rail Regulation
Community Rail designation of the service Crewe-Stoke On Trent-Deby (North Staffordshire Line)	Department for Transport
Revised stations closure process - Minor Modifications	Department for Transport
Revised stations closure process - Minor Modifications	Transport Scotland
ORR's approach to financial penalties	Office of Rail Regulation
Environmental noise	Welsh Assembly Government
Wales regional transport plans Taith SEWTA SWWITCH TraCC	
First Scotrail Franchise Extension	Transport Scotland
South Central franchise submission	Department for Transport
c2c Franchise Extension	
BTP Strategic Review Jan 09	British Transport Police
New Trains For Scotland - Consultation Response	ScotRail
Northern - A4A - minor works funding application	Northern
Track access applications (various)	Office of Rail Regulation
Station modification proposals (various)	Train operators/Network Rail

Safety related

Application for a Safety Certificate Esk Valley line West Coast Railways First Great Western Grand Central Railway Company First GB Railfreight	
Review of Railway Safety (Miscellaneous Provisions) Regulations 1997	Office of Rail Regulation
Proposed Guidance Note on Incident Response Planning & Management	Rail Safety and Standards Board
Railways and Other Guided Transport Systems (Safety) Regulations 2006 (ROGS) - Year 1 Survey	Bomel for the Office of Rail Regulation
Amendment of Rule Book module on Passenger Communication Apparatus	Rail Safety and Standards Board
Withdrawal of RGS on Working of passenger trains over non-passenger lines	Rail Safety and Standards Board
Revision of RGS and Guidance Note on Accident and Incident Investigation	Rail Safety and Standards Board
Survey of annual railway safety statistical report	Office of Rail Regulation

Proposed changes to fire safety regulations affecting sub-surface railway stations	Department for Communities and Local Government
Proposed Guidance Note for the Structural Design of Rail Wagons including Rail Tank Wagons	Rail Safety and Standards Board
Questionnaire on revised format of information bulletin	Rail Safety and Standards Board
Outline business case for RSSB review of (US) Federal Railroad Administration rule on passenger evacuation and communication systems	Rail Safety and Standards Board
Revision of RGS on Requirements for Rail Vehicle Structures	Rail Safety and Standards Board
Proposed Guidance Note on Bodysell Bogie and Suspension Elements	Rail Safety and Standards Board
Proposed Guidance Note for Rail Vehicle Interior Structure and Secondary Structural Elements	Rail Safety and Standards Board
Proposed RGS on Lineside Signal Spacing and Speed Signage	Rail Safety and Standards Board
Hazard mitigation workshop summary and report (on station pedestrian crossings)	A D Little (for Rail Safety and Standards Board)
Draft guidance notes (12 documents) arising from RSSB research project on "Facilitating shared expectations between passengers and staff"	Stafford, Petterson, Neath
Review of National Rail standards regime	Office of Rail Regulation
Regulating Britain's railways in 2009-14 (Health and safety section only)	Office of Rail Regulation
Amendment of Rule Book modules on Release of doors on passenger trains	Rail Safety and Standards Board
Ufton Recommendation 10 - Cost Benefit Analysis (or case for retrofitting lifeguards and/or obstacle detectors to high speed trains)	Rail Safety and Standards Board
Violence Against Women Strategy	Home Office
Revised Cost-Benefit Analysis for New Lifeguard Design and Fitment	Rail Safety and Standards Board
Consultation on shaping the programme for the 2009 Risk Management Forum	Rail Safety and Standards Board
Trans-European Conventional Rail System : Subsystem Telematics Applications for Passengers : Technical Specification of Interoperability	Association of Train Operating Companies (for CER)
Route mapping to support TSAG planning for the 30 Year Vision : Theme 5 : An Integrated View of Safety, Security and Health	Cambridge University Department of Engineering Institute for Manufacturing (for Rail Safety and Standards Board)
Draft guidance on the Fire Precautions (Sub-surface Railway Stations) (England) Regulations 2009	Department for Communities and Local Government
ROGS Year 2 Monitoring & Evaluation Survey	Bomel (for Office of Rail Regulation)
Draft report of research project T814 Occupant Protection in Rail Vehicles Post Incident Strategies for Evacuation and Escape	Poised joint management ltd (for Rail Safety and Standards Board)
Application for amendment to Safety Authorisation to permit introduction of ERTMS-compliant signalling and control system on Cambrian Line	Network Rail

Quantifying the business benefits of investing in passenger security - a feasibility study	Rail Safety and Standards Board
Membership questionnaire	Parliamentary Advisory Council on Transport Safety
Crashworthy Table Design - Cost benefit analysis of proposed research project	Rail Safety and Standards Board
Draft questionnaire for research project T704 The contribution of alcohol to personal safety and security risks	Rail Safety and Standards Board
Draft of 2008 Annual Safety Performance Report	Rail Safety and Standards Board
Review of the dissemination of RSSB research results	Rail Safety and Standards Board

3.5 Appendix five – management commentary

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. Following a consultation by the Department for Transport the role of Passenger Focus is being extended to include bus and coach passenger representation in England (outside London), and the Local Transport Act 2008 paved the way for this change. This role started in shadow form in April 2009 and we will take on full responsibility for bus and coach passenger representation in April 2010.

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 route utilisation strategies.

Members are listed below:

	Date appointment commenced	Board	Audit Committee	Remuneration Committee
C Foxall (Chairman)	23 September 2005	√		
D H Burton	24 July 2008	√	√	
P M Davis	24 July 2008	√		
K Gordon	24 July 2005	√		√
J A King	24 July 2005	√		
C E Knights	24 July 2008	√		√
D Langslow (Chairman of Audit Committee)	24 July 2008	√	√	
D Leibling	9 January 2009	√		
D Mead	24 July 2005	√		
W E Samuel	24 July 2005	√	√	
B Saunders	24 July 2005	√	√	
M J Seale	24 July 2008	√		√
S M Thomas	1 May 2006	√		
N Walmsley (Chairman of Remuneration Committee)	24 July 2005	√		√

B Cooke was appointed by the London Assembly and his appointment was terminated by them on 2 June 2008. The London Assembly appointed A Theobald on an interim basis between 25 June 2008 and 31 December 2008 when D Leibling was appointed to the Board by the London Assembly.

D Burton, P Davis, C E Knights, D Langslow, M J Seale were reappointed by the Secretary of State for Transport on 24 July 2008. S M Thomas was reappointed by the National Assembly for Wales on 1 May 2009.

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.

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 on 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 2006-09 corporate plan set out how we planned to deliver our five main objectives over the three years, and identified our priorities for each of the five objectives.

Our five corporate objectives up to 31 March 2009 were as follows:

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

Our progress against these corporate plan objectives is reported in the Review of Activities, including our achievements this year.

Current year

As highlighted in the chief executive's report, the organisation incurred net costs of £6.2 million in the year to 31 March 2009. Some 24% (2007-08 : 23%) of our spending has been invested in research on passenger issues which ensures we are able to provide objective evidence to support our campaigns for 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 £73,000 for a number of projects.

Total reserves showed a deficit of £168,000 at the end of the year and the total grant in aid drawn down during the year was £5,462,000, of which £3,000 was deployed on Fixed Assets and the remaining £5,459,000 was deployed to general reserves to cover revenue expenditure. The accounts have been prepared on a going concern basis notwithstanding the net current liabilities of £168,000 as the liabilities have been financed by grant in aid to

the value of £228,000 received shortly after the year end and future funding has been agreed up until 2011 with the Department for Transport.

Pension Liabilities

Passenger Focus participates in the Civil Service Pension arrangements which are described in the Remuneration Report and note 1.6 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% (2007-08 : 98%) of invoices within 30 days, and 59% within 10 working days.

Staff

During the year 13 members of staff joined the organisation and six members of staff left the organisation.

As explained in last year's report we made two posts redundant during 2007-08 as part of the restructuring of passenger contact services. The redundancy costs of £22,000 associated with these changes were provided for in the 2007-08 accounts and this provision has been fully utilised in 2008-09.

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 £107,000 to support improved staff performance, including development and communication of the business plan.

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. Our investment in passenger research over the year totalled £1,500,000, including the National Passenger Survey. The main research projects this year have been highlighted in the Review of Activities, and the full details of our research can be found on our website.

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

Future years

We have recently published our 2009-12 Corporate Plan which sets out what we intend to do over the next three years. Our objectives, which are summarised below demonstrate Passenger Focus's future plans to deliver our mission of 'getting a better deal for passengers':

- make a difference for all rail passengers
- tackle examples of poor rail passenger service
- improve access to services for rail passengers with particular needs

- promote good practice in rail complaint handling and provide advice and advocacy to complainants
- build and deliver effective passenger representation for bus and coach passengers
- increase awareness of Passenger Focus and our influence with stakeholders
- boost Passenger Focus's capacity and capability to get the best deal for passengers.

The organisation has agreed funding of £7.4 million for 2009-10 and £8.55 million for 2010-11.

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 encourages staff and board members to use public transport wherever possible when undertaking official business.

Disability Equality Scheme

Following consultation with three groups of disabled passengers Passenger Focus published a Disability Equality Scheme in December 2007 which included our action plan. By 31 March 2009 we had made the following progress against this action plan:

- all staff have received awareness training on disability equality
- we have out in place guidance for our public meeting venues to ensure we minimise restrictions on participation wherever practical
- the Website continues to be developed in line with the 'See it right' standards
- we have ensured equality and accessibility considerations are included as part of our work plans.

Further action includes developing an overall accessibility strategy to support business plan activities, including a policy statement to ensure disability equality is considered in all research projects, and continuing to work to improve awareness across the organisation of disability and equality.

Essential contractual arrangements

The primary contractual arrangement for the organisation is for rail passenger research, including the National Passenger Survey (NPS).

The contract for the NPS is managed through regular reports on performance against service levels, and will be retendered during 2010 because the current contract ends in April 2011.

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 would reduce its ability to influence key stakeholders to secure improvements for 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.

Financial structure of business

Passenger Focus is funded by grant in aid from the Department for Transport (DfT). 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 until 2011.

3.6 Appendix six – Remuneration Report for the year ended 31 March 2009

The board members who sit on 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 approval of 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 arrangements for changes to the remuneration of executive management team members are the same as for other employees of the organisation. Pay increases awarded to staff and executive directors with effect from 1 April 2008 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.

A simple Bonus Scheme was introduced in 2008-09 and 12 staff received bonus payments in respect of 2007-08 totalling £15,000. The Bonus Scheme recognises exceptional performance by staff in delivering exceptional value, or high levels of professionalism or personal commitment in delivering high quality work. All staff, including members of the Management Team are eligible to participate in the Bonus Scheme and any awards are approved by the Chairman of the Remuneration Committee.

Elements of the remuneration of the Chief Executive are linked to achievement of key business objectives which have been agreed with the Chairman and the Department for Transport. The actual level of any payment is assessed by the Chairman and has to be agreed by the remuneration committee.

Board members (audited)

Remuneration paid to the non-executive board members for the period to 31 March 2009 is set out below.

	Board fees paid in the period ended		Date of Appointment	Appointment Expiry date
	31 March 2009 £000's	31 March 2008 £000's		
C Foxall (Chairman)	40	39	23 September 2005	22 September 2009
D H Burton	16	16	24 July 2008	23 July 2012
P M Davis	16	16	24 July 2008	23 July 2010
K Gordon	16	16	24 July 2005	23 July 2009
C E Knights	16	16	24 July 2008	23 July 2011
J A King	16	16	24 July 2005	23 July 2009

D Langslow (Chairman of Audit Committee)	16	16	24 July 2008	23 July 2011
D Leibling ¹	-	-	9 January 2009	8 January 2013
D Mead	16	16	24 July 2005	23 July 2009
W E Samuel	16	16	24 July 2005	23 July 2009
B Saunders	16	16	24 July 2005	23 July 2009
M J Seale	16	16	24 July 2008	23 July 2010
S M Thomas	16	16	1 May 2006	30 April 2009
N Walmsley (Chairman of the Remuneration Committee)	16	16	24 July 2005	23 July 2009

¹ Mr D Leibling was appointed by the London Assembly and does not receive any fee from Passenger Focus for the appointment.

Mr B Cooke was appointed by the London Assembly and his appointment was terminated by them on 2 June 2008. He did not receive any fees from Passenger Focus for the appointment.

Mr A Theobald was appointed by the London Assembly on an interim basis between 25 June 2008 and 31 December 2008 and did not receive any fees from Passenger Focus for the appointment.

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. There have been a number of re-appointments within the year to the Board.

Executive management team (audited)

Members of the executive management team are on continuing contracts and their remuneration, together with their pension benefits, is set out below:

Name and title	Start Date / End Date	2008-09 Salary in £5,000 bands [2007-08 Comparative]	2008-09	Total	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
			Real increase in pension and related lump sum at age 60 (bands of £2,500) (£000's)	accrued Pension at age 60 at 31 March 2009 and related lump sum (bands of £5,000) (£000's)			
A Smith Chief Executive	1 April 2008 - 31 March 2009	105-110 [95-100]	2.5 – 5 (N/A)	15 – 20 (N/A)	247	193	33
N R Holden Finance Director	1 April 2008 - 31 March 2009	60-65 [55-60]	0 - 2.5 (N/A)	0 - 5 (N/A)	54	34	15
A Kumar	1 April 2009	70-75	0 - 2.5	10 – 15	127	108	8

Passenger	2008 - 31	[30-35] ¹	(0-2.5)	(30 – 35)
Director	March			
	2009			

¹ Mr A Kumar joined Passenger Focus on 29 October 2007 so the salary for 2007-08 is for the five month period from that date.

“Salary” includes gross salary and any performance pay or bonuses awarded.

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

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

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a ‘final salary’ scheme (classic, premium or classic plus); or a ‘whole career’ scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality ‘money purchase’ stakeholder pension 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, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years’ 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.

Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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 from a panel of three providers. 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 cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at:
www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

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 their 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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include 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 valuation factors for the start and end of the period.

Handwritten signature of Anthony Smith in black ink, consisting of the initials 'A.J.C.' followed by a stylized signature.

Anthony Smith

Chief Executive and Accounting Officer
18 June 2009

3.7 Appendix seven - 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, for keeping proper records and safeguarding Passenger Focus's assets, are set out in HM Treasury's 'Managing Public Money'.

3.8 Appendix eight - 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 Managing Public Money. 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 comprises 13 non-executive members and is chaired by a non-executive appointee. 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's senior managers meet with senior officials from within the Department for Transport at regular intervals. These meeting usually occur on a quarterly basis and issues discussed include performance against operational plans, financial expenditure and policy development. In addition, Passenger Focus's 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 continues to be developed with further improvements in the process for monitoring organisational risks through the monthly management team meetings, together with the introduction of a project framework during the year to streamline the management and control of projects.

The system of internal control has been in place in Passenger Focus for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

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 has implemented 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 has been 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 at the monthly management team meetings together with regular reporting to the Audit Committee.

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 13 non-executive members and met six 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 team
- 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 five times during the period to consider:

- the quarterly financial reports
- the draft annual report and accounts
- 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 Head of Internal Audit gave overall substantial assurance for the year in his annual report. There were six internal audit assignments completed over the year and there were no high risk recommendations made.

The audit assignments this year covered Data Handling and Data Security, Output Measurement Process, Operation of the National Passenger Survey Contract, Customer Complaint Processes, Financial Systems and Pensions Stewardship. The internal auditors provided substantial assurance in respect of four audits and partial assurance in respect of two audit assignments.

Managers have been assigned responsibility and timescales for implementing the audit recommendations which have either been or are in the process of being completed. Progress against the actions is reported to the audit committee periodically to ensure the findings are being addressed.

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 team which meets regularly to consider the operational plans and strategic direction of the organisation
- ensuring Passenger Focus's 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.

Data handling and information risks

I am aware that the handling of information and data is a key risk to the organisation. I have issued guidance to all staff on the subject of data handling and I have emphasized the importance of the requirements contained within this guidance. In line with Cabinet Office guidance Information Asset Owners (IAOs) have been appointed across the organisation and data handling is being taken extremely seriously. All staff will undertake training on protecting information by the end of 2009 and IAOs and senior managers will have further training to equip them fully to carry out their key roles. There were no reportable data handling incidents during the year.

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 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. J. C. 

Anthony Smith

Chief Executive and Accounting Officer

18 June 2009

3.9 Appendix nine – The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Passenger Focus (operating name for Rail Passenger Council) for the year ended 31 March 2009 under the Railways Act 2005. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses 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, which includes 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, the information, which comprises appendix one - Chief Executive's Report, appendix two – biographies of Passenger Focus Board members and appendix five - Management Commentary, included in the Annual 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's 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's 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. This comprises the Chairman's introduction, Review of Activities, appendix three – List of all publications 2008-09 and appendix four – list of consultations responded to 2008-09 and the unaudited part of the Remuneration Report. 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 opinions

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 judgments 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's 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

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 2009 and of its net expenditure, recognised gains and losses and cash flows 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 directions made thereunder; and
- information, which comprises appendix one - Chief Executive's Report, appendix two – biographies of Passenger Focus Board members and appendix five - Management Commentary included within the Annual Report, is consistent with the financial statements.

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.

*Amyas C. E. Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS
23 June 2009*

3.9a: Income and expenditure account for the year ended 31 March 2009

	Notes	2008-09 £000's	2007-08 £000's
Income			
Income from operating activities	2	106	42
Expenditure			
Staff costs	4	2,536	2,217
Other administrative costs	5	3,732	3,165
		6,268	5,382
Net expenditure		(6,162)	(5,340)
Interest receivable	6	13	25
Notional cost of capital	7	(7)	(17)
Net expenditure on operating activities		(6,156)	(5,332)
Add back notional cost of capital		7	17
Net expenditure transferred to General Reserve		(6,149)	(5,315)

All amounts relate to continuing activities.

STATEMENT OF RECOGNISED GAINS AND LOSSES

	2008-09 £000's	2007-08 £000's
Net expenditure on operating activities for the year	(6,156)	(5,332)
Notional cost of capital	7	17
Unrealised surplus on revaluation	-	-
Total recognised losses for the year	(6,149)	(5,315)

The Accounting Policies and Notes on pages 59 to 65 form part of these accounts.

3.9b: Balance sheet as at 31 March 2009

	Notes	As at 31 March 2009		As at 31 March 2008
		£000's	£000's	£000's
Fixed Assets				
Tangible assets	8		43	103
Current Assets				
Debtors (due within one year)	9	164		114
Cash at bank	10	556		901
		<u>720</u>		<u>1,015</u>
Total assets				
Creditors – amounts falling due within one year	11	931		577
		<u>931</u>		<u>577</u>
Total assets less current liabilities				
			(211)	438
			<u>(168)</u>	<u>541</u>
Provision for liabilities and charges	12		-	(22)
Total assets less Total Liabilities				
			<u>(168)</u>	<u>519</u>
Tax payers equity :				
General Reserve	13		(170)	515
Revaluation Reserve	14		2	4
			<u>(168)</u>	<u>519</u>

The Accounting Policies and Notes on pages 59 to 65 form part of these accounts.

A. J. C. 

Anthony Smith

Chief Executive and Accounting Officer

18 June 2009

3.9c: Cashflow statement for the year ended 31 March 2009

	Notes	2008-09 £000's	2007-08 £000's
Net cash outflow from operating activities	(a)	(5,817)	(5,177)
Returns on investment and servicing of finance			
Interest receivable		13	25
Capital expenditure			
Purchase of tangible fixed assets		(3)	(8)
Financing			
Grant in aid received from the Department for Transport		5,462	5,544
Increase / (decrease) in cash		<u>(345)</u>	<u>384</u>
(a) Reconciliation of operating deficit to operating cash flows			
Net expenditure after exceptional items		(6,162)	(5,340)
Depreciation		63	124
Decrease/(increase) in debtors		(50)	34
Increase/(decrease) in creditors		354	15
(Decrease)/increase in provision		(22)	(10)
Net cash outflow from operating activities		<u>(5,817)</u>	<u>(5,177)</u>
Reconciliation of net cash flow to movements in net funds			
Funds at 31 March 2008		901	517
Increase / (decrease) in cash in the year		(345)	384
Funds at 31 March 2009	10	<u>556</u>	<u>901</u>

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

The Accounting Policies and Notes on pages 59 to 65 form part of these accounts.

3.9d: 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 (FRM) 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 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.

1.3 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 8.

1.4 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 five years
- Computer equipment three years
- Other equipment four years
- Leasehold Improvements remaining length of lease

1.5 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.

1.6 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 2007. 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.

1.7 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.

1.8 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 2009 (2007-08 : 3.5%), on the average carrying value of all assets less all liabilities.

1.9 Taxation

Passenger Focus has no corporation tax liability because funding is provided through Grant in Aid from the Department for Transport.

1.10 Intra-Government balances

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

2. Income from operating activities

	2008-09 £000's	2007-08 £000's
Income in respect of joint projects	73	42
Contribution to additional rent costs	33	-
	<u>106</u>	<u>42</u>

3. Analysis operating costs and income

	Rail passengers £000's	Bus and coach passengers £000's	2008-09 Total £000's	2007-08 Total £000's
Gross Expenditure				
Staff costs	2,441	95	2,536	2,217
Other administrative costs	3,286	446	3,732	3,165
Other income	(106)	-	(106)	(42)
Net expenditure	<u>5,621</u>	<u>541</u>	<u>6,162</u>	<u>5,340</u>

Costs have been directly allocated to the two activities wherever possible, and shared costs have been apportioned between the two activities on the basis of average staff numbers for each activity.

4. Analysis of staff costs and numbers

	2008-09 £000's	2007-08 £000's
Total staff costs including the Chief Executive were :		
Salaries and wages	1,906	1,692
Social Security costs	171	151
Pension costs (see below)	369	339
	<u>2,446</u>	<u>2,182</u>
Agency staff	90	35
	<u>2,536</u>	<u>2,217</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 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2008-09, employers' contributions of £364,000 (2007-08 : £339,000) were payable to the PCSPS at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay (2007-08 : 17.1 to 25.5 per cent), based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the costs of the benefits accruing during 2008-09 to be paid when the member retires, and not the benefits paid during the period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £4,560 (2007-8: £nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £495 (2007-8: £nil), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £606.

	2008-09	2007-08
	Number	Number
Average Number of staff		
Staff permanently employed	42	42
Others	5	1
	<u>47</u>	<u>43</u>

Remuneration details for non-executive board members and executive management team members are set out in the remuneration report on pages 46 to 49.

5. Administration costs and other expenditure

	2008-09	2007-08
	£000's	£000's
Administration costs		
Board remuneration	256	252
Travel and subsistence, room hire and recruitment	497	319
Training and development	121	95
Rent, rates and utilities	253	203
Printing, postage and office costs	326	215
Operating lease rentals (excluding rent)	4	14
Information technology support and maintenance	297	222
Telecommunication costs	74	74
External services and support	318	400
Passenger research	1,500	1,204
Depreciation	63	124
External audit fee	23	21
Redundancy cost provision (note 12)	-	22
	<u>3,732</u>	<u>3,165</u>

The external audit fee includes £1,500 in respect of work undertaken reviewing any adjustments which will be required from 2009-10 for compliance with International Financial Reporting Standards.

6. Interest receivable

	2008-09 £000's	2007-08 £000's
Interest on bank deposit	13	25

7. Notional cost of capital

	2008-09 £000's	2007-08 £000's
At 3.5% per annum on average of total assets less total liabilities for the year	7	17

8. Tangible fixed assets

	Leasehold Improvements £000's	Computer Equipment & Fittings £000's	Total £000's
Cost or valuation			
As at 1 April 2008	281	8	289
Additions	-	3	3
As at 31 March 2009	281	11	292
Depreciation			
As at 1 April 2008	185	1	186
Charge for the year	60	3	63
Amount written off	-	-	-
As at 31 March 2009	245	4	249
Net Book Value			
As at 31 March 2009	36	7	43
As at 31 March 2008	96	7	103

Leasehold Improvements were revalued in 2006-07 using Public Sector Construction Works Quarterly Building Price & Cost Indices, March 2007. However there has been no further revaluation because the adjustment in respect of the remaining assets is not considered material to the accounts.

During the year we relocated our Manchester offices which resulted in a write-off the balance of refurbishment costs in respect of our previous offices which were included in Fixed Assets. Our previous landlord has borne all the costs for our relocation so no costs have been included in fixed assets for the fit out work completed in the new offices which totalled £88,000.

9. Debtors

	As at 31 March 2009 £000's	As at 31 March 2008 £000's
Trade debtors	88	40
Other debtors	5	4
Prepayments	71	70
	<u>164</u>	<u>114</u>

Other debtors include season ticket loans to 6 staff (2007-08 : 5) totalling £4,726 (2007-08 : £3,980).

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

Balances with other Central Government bodies	2	-
Balances with Local Authorities	-	-
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	100	44

10. Cash at bank and in hand

	2008-9 £000's	2007-8 £000's
As at 1 April	901	517
Net cash inflow / (outflow)	<u>(345)</u>	<u>384</u>
As at 31 March	<u><u>556</u></u>	<u><u>901</u></u>

The bank balance is held at a commercial bank.

11. Creditors

	As at 31 March 2009 £000's	As at 31 March 2008 £000's
Trade creditors	105	-
Social security and other taxes	69	58
Pension Contributions payable	37	33
Sundry Creditors	18	9
Accruals	702	477
Deferred income	-	-
	<u>931</u>	<u>577</u>

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

Balances with other Central Government bodies	155	145
Balances with local authorities	3	-
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	-

12. Provision for liabilities and charges

	2008-09 £000's	2007-08 £000's
Redundancy cost provision		
Balance at 1 April	22	32
Amount provided in the year	-	22
Amount utilised during the year	(22)	(32)
Balance at 31 March	<u>-</u>	<u>22</u>

13. General Reserve

	2008-09 £000's	2007-08 £000's
As at 1 April	515	280
Grant in Aid received from the Department for Transport	5,462	5,544
Net expenditure for the year	(6,149)	(5,315)
Transfer from Revaluation Reserve	2	6
As at 31 March	<u>(170)</u>	<u>515</u>

14. Revaluation Reserve

	2008-09 £000's	2007-08 £000's
As at 1 April	4	10
Revaluation of fixed assets	-	-
Realised element of depreciation transferred to the General Reserve	(2)	(6)
As at 31 March	<u>2</u>	<u>4</u>

15. Obligations under operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires:

	Property £000's	Other £000's	2008-09 Total £000's	2007-08 Total £000's
Within one year	-	7	7	-
Between two and five years	172	4	176	183
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.

16. Capital commitments

There were no capital commitments at 31 March 2009 or 31 March 2008.

17. 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.

18. Contingent liabilities and contingent assets

There was an outstanding claim lodged against Passenger Focus at the date the balance sheet was signed. The claim is being robustly defended and any liability for the claim is considered remote but it is considered to be a contingent liability as at the year end.

There were no other reportable contingent liabilities or contingent assets at 31 March 2009 or 31 March 2008.

19. Post balance sheet events

There are no reportable post balance sheet events.

20. Financial targets

There were no financial targets set by the Department for Transport during the year.

21. Financial instruments

As the cash requirements of Passenger Focus are met through grant-in-aid provided by the Department for Transport, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Passenger Focus's expected purchase and usage requirements and it is therefore exposed to little credit, liquidity or market risk.

22. Going Concern

The accounts have been prepared on a going concern basis notwithstanding the net current liabilities of £168,000 shown on the balance sheet at 31 March 2009, as the liabilities have been financed by grant in aid to the value of £228,000 received shortly after the year end and future funding from the Department for Transport has been agreed up until 2011.



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