







## **Transport Focus annual report and accounts 2015 - 16**

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## Section 1

### Chair's foreword

This was the first full year of our new additional role of speaking up for road users as well as rail, bus, coach and tram passengers.

We built on our experience in representing passengers to develop our understanding of all those who use motorways and major A-roads – known as the Strategic Road Network (SRN) - in England.

We are now truly multi-modal, giving us a unique opportunity to consider passengers' door-to-door journeys; something we will be doing more of in the years ahead.

We continue to build on the reach and usefulness of our 'tracker' surveys. In total in 2015/16 we spoke to around 100,000 passengers across rail, bus and tram. The flagship National Rail Passenger Survey covered more than 59,000 rail passengers. We're now piloting a shorter questionnaire and online option to make this even more relevant to passengers. On bus we spoke to more than 40,000 passengers. Our tram survey once again covered six networks, including Edinburgh.

We are also developing a new survey that will find out how satisfied road users are with their journeys on the SRN. It is currently measured by the National Road User Satisfaction Survey (NRUSS). We have taken on the NRUSS and will run it until we develop a replacement.

Trust continued to be a big issue. We published our report *Bus passengers have their say: Trust, what to improve and using buses more* to follow up on our 2014 report on rail.

We used this work to inform our response to the Department for Transport's Bus Services Bill. We welcomed the aim of the bill – to improve bus services for passengers and also to grow bus passenger numbers. We took part in a series of regional workshops aimed at shaping the bill.

We continue to look for innovative ways to reflect how transport users communicate. As the independent watchdog, we have long represented passenger views using satisfaction ratings for various core elements of transport services. Now we have built on our work on whether passengers trust their transport providers, to monitor how journeys are impacting on passengers in more detail.

Using an app, we have piloted a way to capture 'in the moment' emotional reactions and turn them into data, that is then used to drive real change on the ground.

As well as our insight work, our dedicated team has helped resolve more than 2000 appeal complaints for rail passengers with a 70 per cent satisfaction rate for the

outcome and way we handled the complaint. We have been working closely with the regulator (ORR) on a revised Complaints Handling Procedure Guidance, which was released in September 2015. We continue to represent the passenger interest in the ongoing implementation process.

This year saw a number of reviews into and within the rail industry. We responded to Sir Peter Hendy's review of Network Rail's enhancement programme to 2019, Dame Colette Bowe's review into the planning of Network Rail's enhancements programme, Nicola Shaw's review of the longer-term future of Network Rail and the Department for Transport (DfT) review of the current regulatory regime.

All of our responses emphasised the need to involve passengers and to keep them at the heart of decisions.

One thing is clear: we will continue to put transport users first, making a difference every day with advocacy and representation based on our high-quality evidence.



## Section 2

### Making a difference for all transport users

#### Work to improve the transport user experience

Transport Focus is the independent, consumer watchdog for Britain's rail passengers, bus, coach and tram passengers in England (outside of London) and, for the first time, users of England's Strategic Road Network (SRN<sup>1</sup>).

We strive to give all transport users as powerful a voice as those that provide transport services.

#### Rail disruption: general

Our research consistently shows that a top priority for improvement for rail passengers is punctual, reliable services. However many journeys are disrupted due to factors ranging from extreme weather to engineering work.

We published *Train punctuality: the passenger perspective*<sup>2</sup> jointly with the Office of Rail and Road. The work combines two studies on passengers' views of train punctuality. We used this to campaign for right-time performance metrics – that is, actual train times - to replace the Public Performance Measure (PPM).

We then influenced an industry working group looking at shaping performance metrics for the next Control Period (CP6), which will incentivise rail operators to meet passenger needs including right-time and personalised 'my train' information.

Passengers welcome investment in the rail network, and over the next few years tens of billions will be spent on work to improve journeys across the country. However when the resulting engineering works impact their journeys they want clear, timely information about how their trip will be affected together with appropriate assistance. We worked closely with Great Western Railway to look at passengers' experiences from two sets of planned works, at Reading and Bath Spa, in 2015.

*Planned rail engineering work: the passenger perspective*<sup>3</sup> makes a number of recommendations for planning and communications activities around future works anywhere on the railway.

We monitored planned engineering disruption over the Christmas and New Year period carefully, following the serious disruption in December 2014 that left hundreds of passengers stranded in cold temperatures. We were pleased to see that the works were finished on time with little impact on passenger services.

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<sup>1</sup> The Strategic Road Network is motorways and major 'A' roads

<sup>2</sup> <http://www.transportfocus.org.uk/research-publications/publications/train-punctuality-the-passenger-perspective/>

<sup>3</sup> <http://www.transportfocus.org.uk/research-publications/publications/planned-rail-engineering-work-passenger-perspective/>

## **Rail disruption: London and the South East**

Huge amounts of investment are going into rebuilding London Bridge station and the Thameslink programme. When complete these will provide passengers with a much better service: more capacity, more services and a vastly improved station at London Bridge. But carrying out the improvement work while continuing to run services has inevitably been difficult.

In summer 2015, rail minister Claire Perry MP invited us to join a taskforce addressing issues raised during a period of disruption linked to London Bridge and the Thameslink programme.

Working collaboratively with the rail industry we ran a pilot of our new 'emotional tracker' (see **Understand the needs of transport users**, below) on six routes affected by the London Bridge redevelopment, from December 2015. We gathered comments from passengers on a day-to-day basis. Over the course of four months 364 passengers recorded comments on just under 13,000 journeys.

This as-it-happens feedback was then discussed at a senior level, including regular performance meetings with the rail minister, Network Rail, Southern, Govia Thameslink Railway (GTR), and Southeastern.

The feedback helped direct management attention to the areas where improvements were needed.

Using the tracker and comments submitted by the passengers completing the survey, we identified a communication issue around delays. This helped Govia identify the area that needed improvement and tackle it immediately, leading to an uplift in satisfaction with information provision on the next set of results.

## **Compensation**

This year the National Rail Conditions of Carriage were changed and offered something we have been pushing for some time: the right to simple-to-claim, timely cash compensation.

We were pleased to see that, following our calls for more generous, simpler compensation for disrupted passengers, some operators started to proactively offer cash rather than vouchers. Virgin Trains West Coast implemented a new automatic delay repay scheme for journeys delayed more than 30 minutes. c2c has recently introduced its own scheme, automatically compensating passengers whose service is more than a few minutes late.

The consumer organisation *Which?* submitted a 'supercomplaint' to the Office of Rail and Road (ORR) over the low numbers of passengers claiming compensation from rail operators for delays and cancellations. This drew on our previous research.

Working together with the Department for Transport and the Office of Rail and Road (ORR) we are surveying around 8000 rail passengers to refresh this research. We

are interested to learn more about passengers' awareness of their rights to claim compensation, their experience of the claims process and what they think about current compensation schemes. We plan to publish this research on our website in summer 2016

We worked with ORR on its retail market study and, as part of its consumer panel, pressed DfT to improve compensation offer for season ticket holders in general and for London Bridge-related problems in particular.

We also worked on wider consumer protection issues with ORR, as part of its retail market study, pressed DfT to improve compensation offer for season ticket holders in general and for London Bridge in particular and responded to the new Consumer Rights Act and its application on rail.

As part of our work on rail franchises we make sure our contributions include findings from our 2013 research on passengers' propensity to claim compensation.

### **Lost property**

Passengers lose thousands of items of property each year, and each of the 23 train companies operating on Great Britain's network has a different way of dealing with lost property.

We investigated the scale of the issue and published *Lost property: a briefing*, calling for a co-ordinated national system and sensible rules for dealing with lost property.

### **Road user needs, experiences and priorities**

Before we begin to monitor road user satisfaction, we needed to develop our understanding of current experiences and needs for the future.

We published *Road user needs and experiences* and then *Road users' priorities for improvement: car and van drivers and motorcyclists*, later followed by *Road users' priorities for improvement: HGV drivers*.

### **Roads: Operation Stack**

Operation Stack, where lorries are parked (or 'stacked') on a closed section of the M20 when they are unable to cross the English Channel via the Channel Tunnel or the Port of Dover, saw unprecedented use last summer.

This led to sections of the M20 being closed for several days and causing widespread disruption to motorway traffic and surrounding areas. We were concerned about the impact of Operation Stack, not only on cross-Channel journeys, but domestic travel within Kent. We received representations from trade associations, road haulage companies and local bus operators.

We identified several key themes:

- poor information

- concerns for lorry driver welfare
- wider impacts within Kent
- calls for alternative solutions to closing the M20.

We wrote to Highways England, Kent Police and Kent County Council and we received helpful responses in return which detailed the steps already taken. We also provided written evidence to the Transport Select Committee's enquiry into Operation Stack.

We also examined the quality and consistency of online information provided to road users during one period where Operation Stack was in use, and published the findings<sup>4</sup>.

We were pleased that Government recognised the need for a better way to manage these situations – one where the M20 can stay open – and has provided funding for a lorry park. We carried out research, to be published in 2016, into what the lorry drivers who will use it would like to be provided.

### **Bus punctuality**

We held six punctuality workshop events, in Leeds, Bristol, Liverpool, Birmingham, London and Cambridge, to present our bus punctuality research and look at practical ways to tackle inconsistent performance.

The events were all well attended by senior industry representatives from bus operators, local transport authorities and other industry stakeholder groups including Bus Users UK, Confederation of Passenger Transport and London TravelWatch. The local Traffic Commissioner presented at each of the events.

### **Other work to improve the transport user experience**

#### Passenger manager for Great Western

Last year we appointed a manager to lead independent passenger representation on the Great Western Railway network. This role, funded through the franchise, has continued into the new 'direct award' period, in a clear indication of how valued the work is.

#### Rail fares

Value for money is a key priority to passengers. We have called for capping of regulated fare increases for some time and were therefore pleased to welcome its implementation. However, we noted that punctuality issues on commuter routes meant that many felt any increase at all was unacceptable.

#### Reacting to extreme weather on the railways

In recent years, extreme weather has damaged Britain's railway lines and caused severe disruption to train services. We carried out research, *Reacting to extreme*

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<sup>4</sup> <http://www.transportfocus.org.uk/research-publications/publications/online-information-for-road-users-during-operation-stack/>

*weather on the railways*, in partnership with the rail industry's National Task Force to understand passenger expectations of what the railway should deliver during extreme weather conditions and what can be done differently.

### Scotland

We worked with Transport Scotland on a range of topics, including cross-border rail issues, High Speed Rail, passenger information during disruption and passenger issues regarding the Edinburgh Glasgow Improvement Programme. We worked with Caledonian Sleeper on developing plans for new Sleeper carriages

We also continued work on other modes including undertaking a Tram Passenger Survey in Edinburgh and a Bus Passenger Survey throughout parts of Scotland.

### Closure of ticket offices

When train companies wish to change ticket office opening hours or close them altogether, they must consult Transport Focus. This year we, working alongside our sister organisation London TravelWatch, opposed a proposal by Govia Thameslink Railway to make changes at around 80 of its Great Northern, Thameslink and Southern stations. We received more than 8000 pieces of correspondence from members of the public.

### Passenger experience of stations

We delivered reports into the passenger experience at Inverness and Glasgow Queen Street stations (the latter before, during and after a refurbishment project).

### Bus driver training

Recognising the central role of the driver, and the huge impact they have on the passengers' travel experience, we published a report looking at how bus drivers are trained and equipped to take on a wider customer service role<sup>5</sup>.

## **Make a difference for transport users through long-term planning**

### **Structural changes to the rail industry**

This year saw a number of reviews into and within the rail industry. We responded to Sir Peter Hendy's review of Network Rail's enhancement programme to 2019, Dame Colette Bowe's review into the planning of Network Rail's enhancements programme, Nicola Shaw's review of the longer-term future of Network Rail and the Department for Transport (DfT) review of the current regulatory regime.

We also responded to a Competition and Markets Authority consultation on the possibilities for greater competition between passenger rail operators.

All of our responses emphasised the need to involve passengers and to keep them at the heart of decisions.

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<sup>5</sup> <http://www.transportfocus.org.uk/research-publications/publications/bus-driver-training-what-works-what-next/>

## **Rail franchising**

One of our key objectives was to strengthen the passenger voice in rail franchise replacement and monitoring. We continued to submit detailed representations to the Department for Transport (DfT), devolved bodies and bidders about each franchise replacement and direct award.

Our work draws extensively on the National Rail Passenger Survey (NRPS) and our other research. Where possible we commission specific research to explore passengers' views of their current experience and aspirations for each franchise. We also refer to our work to identify rail passengers' priorities for improvements across the country. We encourage passenger feedback in the consultation process and publish our own response to the consultation.

Following the award we continue to liaise with the franchisee to hold them to account for continued improvement in delivery of service.

We published reports and/or submitted responses to consultations on the following franchise replacements or direct award 'extensions':

- CrossCountry
- East Anglia
- London Midland
- South Western
- West Coast
- West Midlands.

We also produced research into what passengers would want from customer reports<sup>6</sup>, the public feedback channel built into new franchises.

## **High Speed 2**

Transport Focus has been running a panel for potential future users of the High Speed Two (HS2) line since 2014. We asked what they want the railway to look and feel like, and what type of service would they expect.

In *High Speed Two: putting the passenger at the heart of design* we outline the key findings. This valuable work has been extended for another three to five years as it had proved so useful.

## **Reducing the impact of major (rail) infrastructure work on passengers**

We used the ongoing electrification on the Great Western main line to build on our understanding what passengers expect and desire from the rail industry. *Planned rail engineering work – the passenger perspective*<sup>7</sup> was carried out before and during engineering work at Reading and Bath Spa.

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<sup>6</sup> <http://www.transportfocus.org.uk/research-publications/publications/what-passengers-want-from-customer-reports/>

<sup>7</sup> <http://www.transportfocus.org.uk/research-publications/publications/planned-rail-engineering-work-passenger-perspective/>

We used our report to advise Great Western Railway of passenger needs, including providing help to tailor communication materials. The work also stands as a guide to best practice for future works.

### **Building trust in bus**

We published our report into passenger trust in bus (*Bus passengers have their say: Trust, what to improve and using buses more*).

This followed up on our 2014 report on rail, which explored the difference between passengers' perceptions of an individual journey compared to their overall perception of the railways as an industry

We looked at passengers' trust in the bus companies, their priorities for improvement, and interest in using buses more. We spoke to regular, infrequent and non-users of bus services and explored all of these issues in detail.

### **Bus devolution**

We encouraged passenger transport executives to become actively involved in our public bus punctuality events. We also used the Department for Transport's Buses Bill Reform Workshops (held in Leeds, Bristol, Liverpool, Birmingham, London and Cambridge) to highlight our work to influence decision-making on passenger priorities that may arise from the Bill.

In January 2016 we presented our work on the impact of bus service cuts on passengers to local authority figures and operator delegates at the TravelWatch South West workshop. This was to encourage the industry to work together towards maintaining services and raising the importance of the issue with central government as well as locally.

We held a discussion event in Manchester in March, asking 'is bus the missing link in delivering a Northern powerhouse'. The well-attended event and following multi-modal evening reception provided a useful forum for transport decision makers to consider how to deliver better journeys for all transport users across the region.

We also became a member of the new West Midlands Bus Alliance Board set up by the West Midlands Integrated Transport Authority (ITA) and Centro. Councillors, representatives from local authorities, bus operators, the ITA and West Midlands Police make up the other members of the board and the project is supported by the Department for Transport.

It is the first of its kind and is developing a multi-million pound package of measures to improve bus speeds and make journeys more reliable for passengers across the region. £150m will be invested by operators and partners between now and 2021 to support it.

## **Other work to make a difference for transport users through long-term planning**

### **Proposed lorry park in Kent**

Highways England ran a consultation on a proposed lorry park in Kent and we submitted a formal response.

### **Public transport in Wales**

We responded to the Welsh Enterprise and Business Committee's inquiry into Bus and Community Transport Services, and to the Wales National Transport Plan.

## **Understand the needs of transport users**

### **National Rail Passenger Survey (NRPS)**

We surveyed more than 59,000 rail passengers in the 2015-16 surveys providing feedback on 36 specific aspects of service including an overall satisfaction rating.

Train operating companies value our results. NRPS targets continue to be included in new franchise contracts and are also used for benchmarking and motivation for staff by TOC management.

In this financial year we presented individual breakdowns of NRPS results to Abellio Greater Anglia, Arriva Trains Wales, East Coast, First Great Western/Great Western Railway, Govia Thameslink Railway/Southern, ScotRail and Southeastern.

In Scotland we examined NRPS results for ScotRail in detail with the senior team, identifying action plans for handling disruption and punctuality.

We are making changes to the NRPS, piloting a shorter questionnaire and online option alongside the current spring fieldwork wave, which will bring the survey to a wider group.

### **Emotional tracker**

As the independent watchdog, Transport Focus has represented passenger views using satisfaction ratings for various core elements of transport services. Now, building on our work on whether passengers trust their transport providers, we are able to monitor how journeys are impacting on passengers in more detail.

We set up an app to take 'in the moment' emotional reactions and turn them into data, that is then used to drive real change on the ground. Researchers recruit passengers as they make journeys to make sure that there is a representative sample of total travellers taking part.

### **Strategic roads user survey**

We are developing a survey that will find out how satisfied road users are with their journeys on the motorways and major 'A' roads in England (the Strategic Road Network – SRN).



Satisfaction is currently measured by the Government's National Road User Satisfaction Survey (NRUSS). We commissioned an Independent Analytical Review of the existing survey, led by Professor Graham Parkhurst of the Centre for Transport and Society at the University of West of England and Adam Phillips of Real Research.

The review made various recommendations on the development of the survey, which we are using to guide our work.

This includes piloting alternative approaches of conducting the survey; one where road users taking part are invited to do so by the Driver and Vehicle Licensing Agency's (DVLA), and the other involving an in-home, random location survey using computer assisted personal interviewing (CAPI).

We are also developing an online map to help road users identify their last journey on the Strategic Road Network.

Once the pilots are complete, they will be independently evaluated and we will launch the new survey in early 2017 (to run in parallel with the existing NRUSS until 31 March 2018).

### **Road user needs and experiences**

Our work on *Road user needs and experiences*, *Road users' priorities for improvement: car and van drivers and motorcyclists*, and *Road users' priorities for improvement: HGV drivers* helped us to better focus our conversations with Highways England.

We now have key themes for further research. This includes more work on what concerns road users most about the quality of the road surface – whether it be potholes and similar, surface noise or something else.

### **Road user panel**

We ran a quarterly road user panel involving a large number of organisations representing users of Highways England's network. This includes motorists, freight operators, road safety campaigners, business groups, cyclists and pedestrians.

### **Chair's advisory group**

Board member Theo de Pencier chaired this group, which met informally throughout the year to exchange information and share views about current priorities. It included senior representatives of key road user bodies.

### **Bus Passenger Survey**

The Bus Passenger Survey, now in its sixth year, has successfully grown in size and coverage to make it even more useful to bus operators, transport authorities and governments. In autumn 2015 we captured the views of over 40,000 passengers across 51 areas and operations.

Passengers rate their satisfaction with a wide range of aspects of their bus journey including the bus stop, waiting for the bus, on the bus, the outside of the bus and the bus driver as well as their overall satisfaction with that bus journey and their rating of value for money.

To demonstrate its usefulness, the Bus Passenger Survey is now funded by broadly equal contributions from Transport Focus, bus operators and transport authorities.

### **Tram Passenger Survey**

We published the second Tram Passenger Survey. We spoke to 4962 passengers across six network areas including, for the first time, Edinburgh Trams.

### **Smarter travel**

Passengers increasingly expect services to be delivered to them in smarter ways as technology becomes a bigger part of everyday life.

We believe that the introduction of smarter ticketing in public transport could make life easier – and cheaper – for passengers. In order to make sure that the passenger is at the heart of the development – that products are designed for ease of use rather than what is convenient to administer – we delivered a wide-ranging smart-ticketing research programme, on behalf of the Department for Transport (DfT).

This year we published:

- Rail passengers and apps: what next?
- Smart ticketing in Norfolk: what do passengers think?
- Smart ticketing - contactless payment for rail
- Using smartcards on rail in the south east of England: what do passengers want?
- New types of tickets with smart ticketing: what do passengers think about carnets?
- Smartcards on c2c: what do passengers think?

We also took part in the Rail Safety and Standards Board's (RSSB) Innovation Board Advisory Group.

### **Other work to understand the needs of transport users**

#### Passenger attitudes to rail staff

Passengers still value the 'human face' of staff on the ground despite all the new technology available. We published *Passenger attitudes to rail staff* and an accompanying video to explore the importance of front-line staff.

#### Communicating suicides on the railway

It is important that the language used to communicate such an event conveys the gravity of the situation while also being sensitive to the person involved and to passengers. We worked closely with Network Rail and the Samaritans to establish

how passengers prefer to be informed of a suicide on the railway as the cause of cancellations or disruptions.

## Promote good practice in complaints handling and provide advice and advocacy

### Complaints handling guidance

In order to improve the way operators respond to passengers, we carry out complaint process reviews. As we learn more about the way complaints are handled, we are able to share best practice within the rail industry.

We have been working closely with the regulator (ORR) on the revised Complaints Handling Procedure Guidance, which was released in September 2015. We, working alongside our sister organisation London TravelWatch, are heavily involved in the ongoing implementation process, sharing industry best practice and making recommendations to operators on areas for improvement in their Complaints Handling Procedures.

We also worked with both ScotRail and Caledonian Sleeper on improvements to their Passengers' Charters.

### Appeal complaints

This year we resolved 2258 appeals from passengers. We received a total of 3013<sup>8</sup> appeals but 599 were not pursued by the passenger, and 156 not pursued by us due to extenuating circumstances.

See Table 1 below, for a breakdown of appeal complaints by operator and Fig 1, for the summary of complaints by reason.

*Table 1: Appeal complaints by organisation*

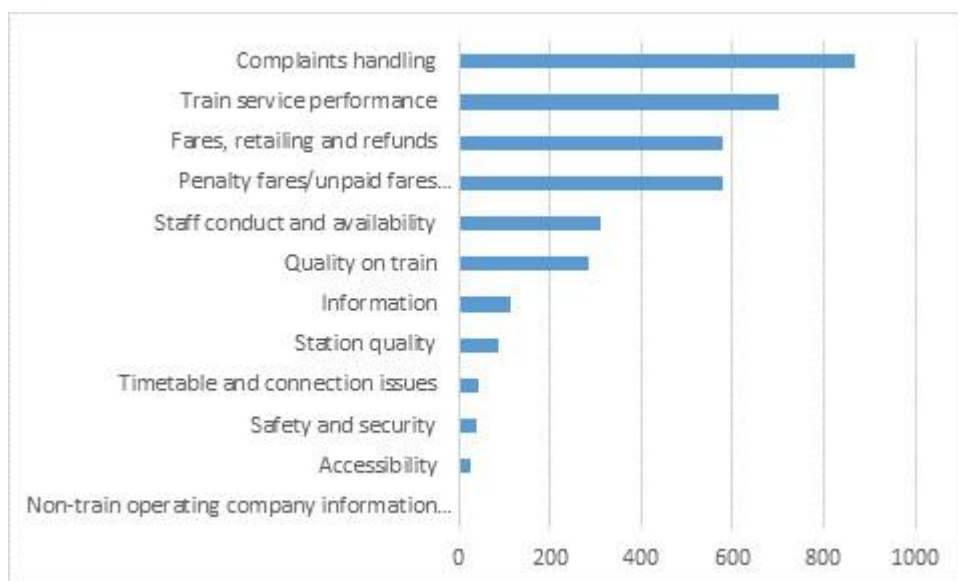
Organisation	Rail appeals
Northern Rail (Serco & Abellio)	254
Virgin Trains East Coast	193
South West Trains	169
Great Western Railway	167
CrossCountry	152
Abellio Greater Anglia	140
Virgin Trains	124
ScotRail (Abellio)	117
London Midland	100
Southeastern	80
East Midlands Trains	75
Southern (GTR)	75
Arriva Trains Wales	65

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<sup>8</sup> This figure only takes into account cases received that we resolved in 2015-16. It therefore excludes active cases.

Southern	63
East Coast	58
First TransPennine Express	56
thetrainline.com	43
Tyne and Wear Metro	41
ScotRail (First)	33
Chiltern Railways	31
Great Northern	27
Grand Central Railway	26
Thameslink	23
c2c	23
IPFAS/RPSS	20
IRCAS	15
Caledonian Sleeper	13
Merseyrail	11
Metrolink	11
First Hull Trains	10
Association of Train Operating Companies (ATOC)	8
Raileasy	8
Network Rail	7
National Rail Enquiries	5
Nexus	4
TrainGenius.com	3
Govia Thameslink Railway	2
Transport Investigations Limited	2
Redspottedhanky.com	2
takethetrain.co.uk	1
Midland Metro	1
(blank)	
<b>Total appeals pursued</b>	<b>2258</b>

*Fig 1. Appeal complaints by reason (all resolved cases)*



### **Case study**

In December 2015 Mr M had booked a batch of advance tickets dated every Monday from December to March 2016 from Edinburgh to Crewe. Damage caused to Lamington Viaduct by Storm Frank meant that the Lockerbie line had to be temporarily closed down for repair. An alternate timetable was put in place by train companies.

For the first leg of his journey Mr M was due to travel from Edinburgh to Preston with Virgin Trains, however due to service cancellations and the introduction of the alternate timetable, he had to alter his travel plans. Initially Mr M had been able to use his ticket to catch alternative services using Virgin Trains East Coast and TransPennine Express but this delayed him by an hour.

However Virgin then announced that it was no longer accepting advance tickets from TransPennine Express on its services and had put the same measures in place for Virgin Trains tickets. This meant that Mr M was no longer allowed to use his Virgin ticket on the TransPennine Express train and had to travel by bus replacement service for part of his journey, delaying him by a further two hours.

Mr M contacted Virgin Trains and was told that the restrictions on tickets would remain in place. Mr M contacted Transport Focus as he felt that the situation was unfair, as his tickets were purchased before the amended timetable. We asked TransPennine Express why it would not accept his Virgin ticket on its trains when it had done so on previous occasions. TransPennine Express explained that Virgin Trains had imposed restrictions on TransPennine customers' tickets and it had therefore implemented the same measures. On this basis it would not offer compensation to Mr M.

We got in touch with Virgin, which said that due to the extent of the delays and the inconvenience caused, it would be able to reimburse Mr M in Delay Repay compensation. This thankfully coincided with the re-opening of the Lockerbie line and Mr M was able to complete the rest of his booked journeys without disruption.

### **Improving access to services for all passengers**

Around eight to nine per cent of rail and more than 20 per cent of bus journeys are made by people with a disability or long-term illness - and accessibility is also an issue for those travelling with heavy luggage or small children.

Our accessibility forum met twice, in April and October 2015. As well as the regular issues, we started to consider how we will tackle accessibility issues for users of the Strategic Road Network.

Each rail company must produce a Disabled People's Protection Policy (DPPP), a statement of its practices and policies on the arrangements it makes to assist older

people and those with reduced mobility to travel by train. Transport Focus is consulted on the content of each new operator's DPPP and on any major changes to it once it has been approved. This year Transport Focus reviewed 17 policies including those of ScotRail and Caledonian Sleeper.

## **Increase the influence of Transport Focus through building trust in our work**

### **Board meetings in public**

Transport Focus is a transparent organisation. We held four Board meetings in public, in venues that allow us to maintain a regional presence.

At our Board meeting in public in Edinburgh in September 2015, both ScotRail and Caledonian Sleeper outlined plans for their respective franchises. We then held a conference with contributions from rail, bus, tram and ferry representatives.

Transport Focus has adopted the Model Publication Scheme, prepared and approved by the Information Commissioner. This scheme commits Transport Focus to making certain information routinely available to the public. We have published all Management Team and Board minutes on our website.

### **Communications**

Much of Transport Focus's influence is achieved through reputation. Over the year we have achieved a high level of coverage in the media – see table below. We had more than 5300 items of media coverage across national, regional and trade print, TV and radio broadcast, and online channels. This is a significant increase from 2374 the year before and reflects both our new remit and some improvements within the press office.

**Table 2. Media enquiries and coverage April 2015 – March 2016**

	<b>Media enquiries</b>	<b>Coverage</b>
Print: national	32	120
Print: regional	56	86
TV: national	27	27
TV: regional	49	42
Radio: national	24	28
Radio: regional	78	306
Online	17	4566
Trade	14	163
Other	7	
<b>Total</b>	<b>304</b>	<b>5338</b>

We continue to provide a 24-hour press office and responded to 304 media enquiries.

We have also increased the reach of our communications with the help of social media. We increased our Twitter following to 7200 (up from 5600 last year).

Our website had more than 240,000 visits (up from 212,000 the year before) from more than 173,000 users with 7200 page views on the day the National Rail Passenger Survey was published in January (up from 2242 the previous day).

Almost 11,000 people subscribe to our monthly newsletter Passenger Voice, and more than 300 access it online via our website.

Our new Road User Voice newsletter has 6800 subscribers and was accessed online by more than 470 people.

## **Section 3**

### **Annual report and accounts 2015-16**

#### **Performance report**

This is the eleventh annual report and accounts for Transport Focus, formerly known as Passenger Focus, covering the year to 31 March 2016. Our achievements this year for transport users, including road users, train, bus, coach and tram passengers are listed in Section 2: Making a difference for all passengers.

#### **Nature of business**

Transport Focus<sup>1</sup> is an executive non-departmental public body set up by the Government to protect the interests of Britain's rail passengers and England's bus passengers outside London, coach passengers on scheduled domestic services and tram passengers. It also represents users of England's major roads (the 'strategic road network'). We are funded by the [Department for Transport](#) (DfT) but our operations and policy-making are independent of government.

#### **Financial structure of business**

Transport Focus is funded by grant-in-aid from the DfT and £5,039,000 was received in 2015-16 in respect of bus and rail users (2014-15: £4,950,000) and £1,033,000 in respect of road users. An initial payment was made to provide the organisation with working capital. Subsequent monthly payments have been made by the DfT based upon actual expenditure in the previous month, and forecast future requirements. Transport Focus has agreed its funding requirements with the DfT until 2020.

#### **Operational performance**

Our key objectives for the year were as follows:

- Work to improve the transport user experience
- Make a difference for transport users through long term planning
- Understand the needs of transport users
- Promote good practice in complaints handling and provide advice and advocacy
- Improve access to services for all passengers
- Increase the influence of Transport Focus through building trust in our work

Our progress against these, including our achievements this year, are reported in Section 2 – Making a difference for all transport users.

#### **Finance**

In 2015-16 the organisation received from the DfT grant-in-aid of £3,928,000 (2014-15: £3,868,000) for passenger representation operating costs including passenger research, £886,000 (2014-15: £858,000) for work on the National Rail Passenger Survey (NRPS), £225,000 (2014-15: £225,000) for work on the Bus Passenger Survey (BPS). Further grant-in-aid of £1,033,000 was received from the DfT for representing users of the strategic road network. In addition, this year Transport

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<sup>1</sup> Transport Focus is the operating name of the Passengers' Council, formerly known as the Rail Passengers' Council which was officially constituted on 24 July 2005 under the Railways Act 2005 and the subsequent amendments. Transport Focus previously operated under the name of Passenger Focus.



Focus has secured funding totalling £1,063,000 (2014-15: £1,481,000) of third party income for joint funded projects which included £743,000 (2014-15: £1,197,000) from the DfT.

The organisation incurred net costs of £5,995,000 in the year to 31 March 2016. Some 40 per cent (2014-15: 42 per cent) of our spending, has been invested in research on passenger and road user issues which ensures we are able to provide objective evidence to support our campaigns for improvements.

Total taxpayers' equity<sup>2</sup> showed a balance of £80,000 (2015:£3,000) at the end of the year and the total grant-in-aid drawn down during the year was £6,072,000 (2015: £4,950,000).

## **Resources**

The key strength of the organisation is the influence it is able to exert through the knowledge and expertise gained from targeted transport user research, and by working closely with key stakeholders in the roads, rail, bus and tram industry to make a difference for passengers. Our investment in transport user research over the year totalled £2,420,000, including the NRPS and BPS. 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.

## **Essential contractual arrangements**

The primary contractual arrangements for the organisation are for transport user research, including the NRPS and BPS, and our outsourced information technology support and infrastructure provider.

The contracts for the NRPS and BPS are managed through regular reports on performance against service levels, and have been awarded following a competitive tendering exercise.

## **Payment of suppliers**

Transport 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 98.0 per cent (2014-15: 98.4 per cent) of invoices within 30 days, and 78.8 per cent (2014-15: 87.1 per cent) within 10 working days. The average time taken to pay a supplier during the year was six days (2014-15: 5 days).

## **Health and safety**

It is a legal requirement to provide a safe and healthy environment for our staff and visitors. Our two bases, in London and Manchester, provide a modern working environment for staff.

## **Social and environmental issues**

We occupy space in buildings that have stringent environmental credentials. Our office accommodation in Manchester utilises recycled rain water, energy efficient

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<sup>2</sup> Taxpayers' equity can be defined as the total value of taxpayers' funds in reserves and represents the net value of the assets and liabilities which have been funded by government.

heat pumps, motion sensitive lighting as well as extensive recycling of office waste. Furthermore all redundant electrical items are disposed of in line with Waste Electrical and Electronic Equipment regulations.

In order to minimise the impact on the environment, Transport Focus staff and Board members use public transport wherever possible when undertaking official business. We have continued to make better use of electronic communication and conferencing facilities and undertake these methods wherever possible.

### **Charitable and political donations**

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

### **Corporate governance**

Transport Focus has a Board of non-executive members who were appointed following a full competition process regulated by the Commissioner for Public Appointments (CPA). Their biographies can be found on the Transport Focus website. 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 membership of the Board and its committees are listed in the Directors' Report.

### **Principal risks and uncertainties**

The work of Transport 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 transport users. 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 Transport Focus.

### **Data handling**

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.

### **Equalities Scheme**

In order to comply with the Public Sector Equality Duty, we have produced an Equality Scheme, with an Action Plan linked to the work plan which is available on our website.

In addition to capturing diversity information from our surveys we have implemented a system to capture diversity information from passengers who contact us, so we can ensure we try to represent the communities we serve. The analysis of the diversity of passengers who contact us showed a similar profile to that from the National Rail Passenger Survey, but we will continue to monitor the diversity of passengers who contact us so we can ensure our services remain relevant to passengers.

We continue to co-ordinate a Passenger Accessibility Forum which brings together industry representatives and national organisations representing disabled people. More information about this can be found on our website

Our Equality Scheme and Action Plan was reviewed during 2015-16 to ensure it remains relevant and a refreshed scheme will be implemented in 2016-17.

### **Future years**

Our work plan for 2016-17 sets out our aspirations. In the next year Transport Focus wants to:

- Work to improve today's transport user's experience
- Make a long term difference for all transport users
- Understand the needs of transport users through insight and research
- Be more visible, measuring and reporting performance.

For the year 2016-17 the organisation has agreed funding of £4,889,000 to cover work representing the interests of rail, bus, coach, and tram passengers and a further £1,785,000 to represent users of the strategic road network. Following the spending review 2015 grant in aid funding has been agreed with DfT until 2019-20.

### **Accounts and Audit**

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 Transport 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 Transport 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, Transport Focus is required to comply with the requirements of the Government Financial Reporting Manual.

Transport Focus accounts form part of the DfT group accounts which are available at [www.dft.gov.uk](http://www.dft.gov.uk).

### **Anthony Smith**

Chief Executive and Accounting Officer

17 June 2016

## Accountability report

### Directors' report

During the year there have been up to 11 non-executive directors at any one time who are detailed below. In addition there were four executive directors, Anthony Smith (Chief Executive), Nigel Holden (Resources Director), David Sidebottom (Passenger Director) and Guy Dangerfield (Roads Director). Further details are available in the Remuneration Report.

Non-executive directors are appointed by the Secretary of State for Transport (Chairman and six members), the National Assembly for Wales (one member), Scottish Ministers (one member) in line with the Code of Practice issued by the CPA and the London Assembly (one member). Board members provide a valuable contribution to the ongoing work of Transport Focus including short term input to one-off operational projects to longer term relationships and external-facing support for major projects such as franchising and fares and ticketing. Current Board members are listed below:

	Date of original appointment	Date current or most recent appointment ends or ended	Current Term (years)	Audit and Risk Assurance Committee	Remuneration Committee	Statistics Governance Group	Passenger Contact Group
<b>Members in post at 31 March 2016</b>							
J Halliwell (Chairman)	9 February 2015	8 February 2019	4				
S Burgess	1 April 2013	31 March 2017	4		√		√
M Lauder	01 February 2013	31 January 2017	4	√			√
R Linnard	01 February 2013	31 January 2017	4			√	
I Liu	01 March 2013	28 February 2017	4	√	√		
S Locke (London)	09 January 2013	30 September 2017	4			√	√
D McCrea (Wales)	1 May 2013	30 April 2017	4		√		
P Mendelsohn (Scotland)	01 September 2012	31 August 2016	4			√	√
P Rowen	01 March 2013	28 February 2017	4	√			
T De Pencier	01 May 2015	30 April 2019	4			√	

#### Appointments which ended during the year to 31 March 2016

P Salvesson	1 April 2013	16 October 2015
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The Board has corporate responsibility for ensuring that Transport 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 Transport Focus.

The Board has four committees and their primary purposes are:

- The Audit and Risk Assurance Committee supports Transport Focus on all matters relating to corporate governance, risk and financial management (including the Governance Statement) and to oversee the process of internal and external audit. This entails providing advice, guidance and support to the Chief Executive in discharging the role of Accounting Officer.
- The Remuneration Committee supports Transport Focus on all matters relating to pay and grading policy and terms of employment.
- The Statistics Governance Group ensures the ongoing integrity of statistical research and compliance with the UK Statistics Authority's Code of Practice for official statistics.
- The Passenger Contact Group oversees the effectiveness of the Transport Focus passenger contact function.

No director, executive or non-executive, holds any significant interests which may conflict with their management responsibilities. A register of interests is available on our [website](#).

These statements have been audited by the National Audit Office on behalf of the Comptroller and Auditor General at a cost of £21,000 and no remuneration has been paid for any non-audit services.

Transport Focus participates in the Civil Service Pension arrangements which are described in the Remuneration Report. Note 1.6 of the accounts explains how pension liabilities and costs are accounted for.

Over the year we have maintained policies and procedures to ensure that we have appropriate measures in place for handling any sensitive personal data. These include monthly assurances from information asset owners and quarterly and annual assurances to the DfT. There have been no data related incidents during the course of the year.

The level of unplanned absences due to sickness was 1.6 per cent (2014-15: 2.8 per cent) of total staff time.

There have been no significant events which have occurred since the reporting period.

**Anthony Smith**

Chief Executive and Accounting Officer

17 June 2016

### **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 Transport 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 Transport 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, the Accounting Officer 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 Transport Focus will continue in operation.

The DfT's Principal Accounting Officer designated the Chief Executive of Transport 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 Transport Focus's assets, are set out in HM Treasury's 'Managing Public Money'.

At the time of approving this report, so far as I am aware, there is no relevant audit information of which Transport 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 Transport Focus's auditors are aware of that information.

I take personal responsibility for the annual report and accounts and the judgements required for determining that as a whole, it is fair, balanced and understandable.

**Anthony Smith**

Chief Executive and Accounting Officer

17 June 2016

## **Governance statement 2015-16**

### **Scope of responsibility**

As Accounting Officer I have responsibility for managing and controlling the resources used in Transport Focus to achieve our aims and objectives as set by the Framework Document agreed with the Department for Transport. In accordance with the responsibilities assigned to me in Managing Public Money, I am personally responsible for safeguarding the public funds and organisational assets. I am responsible to the Director General of the Rail Executive, Director General Roads, the Department for Transport's Principal Accounting Officer, and to Parliament for ensuring value for money, regularity and propriety in deploying all the organisation's resources. This governance statement sets out how my governance responsibilities have been achieved.

### **Governance structure**

Transport Focus is supported by a Board of ten non-executive members. The membership of the Board during the year is shown in the management commentary. The Board is responsible for:

- setting the organisation's strategies, policy framework and risk appetite
- 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 longer term and work plan delivery.

An audit and risk assurance committee of three non-executive Board members 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
- processes and controls to support this governance statement.

### **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 risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage risks and associated controls effectively, efficiently and economically.

The system of internal control has been in place in Transport Focus for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts, and includes the delegation of budgets and risk ownership to directors and managers. The system of internal control accords with Treasury guidance and continues to be reviewed and developed with further improvements in the pipeline.

## **Capacity to handle risk**

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

- A risk management strategy reflecting the purpose and underlying approach to risk management and the role of the staff and senior management team. This was approved by the Board and made available to all staff on the intranet.
- Organisational and team risk registers identify the main strategic, programme and operational risks which are assigned to individual risk owners. The risk registers include mitigating actions to eliminate or reduce risks wherever possible. Risks are reviewed at the monthly management team meeting alongside regular reporting to the audit and risk assurance committee.

## **Risk management**

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

- periodic reviews of the risk registers
- identification of key risks when issues are submitted to the Board for consideration
- inclusion of risk management as a regular item on the audit and risk assurance committee agenda
- a management team which meets regularly to consider the operational plans and contingent risks of the organisation
- ensuring Transport Focus's operations and system of internal control comply with the principal best practice recommendations from the Cabinet Office and HM Treasury.

## **Review of effectiveness**

As Accounting Officer I have responsibility for reviewing the effectiveness of governance and the system of internal control. My review of effectiveness 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 governance and the system of internal control by the audit and risk assurance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Transport 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 received regular updates on progress throughout the year which are discussed at public meetings. The Board met six times during the period to:

- consider and approve the Transport 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 Transport Focus and
- consider and approve expenditure in accordance with the procurement policy adopted by Transport Focus.

Attendance records at Board meetings along with issues discussed are available in the meeting minutes which can be downloaded from our website [www.transportfocus.org.uk](http://www.transportfocus.org.uk).

A full review of Board effectiveness was undertaken during the year to ensure the Board remained relevant, appropriate, and functioning effectively. Details of the Board's remuneration and appointment process are available in the Remuneration report and Board appointment process on page xx.

### **The audit and risk assurance committee**

The audit committee 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 Transport Focus
- the planned activity and results of the external and internal audits
- the adequacy of management response to issues identified by audit on a quarterly basis and
- the risk management policy and procedures managed by the executive.

In addition, the committee regularly reviews information risk, business planning and project management, and scrutinises conflicts of interest and declarations of gifts and hospitality.

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

### **Other aspects of governance arrangements**

The Board also maintains three additional committees to help discharge its governance duties. The remuneration committee oversees cross organisation pay awards, changes to terms of employment and performance related pay, and authorises SCS equivalent grade pay and conditions. It met once during 2015-16. The statistics governance group oversees Transport Focus's compliance with UKSA's Code of Practice for official statistics and promotes good practice in research activities. It met five times during 2015-16. The passenger contact group oversees the effectiveness of the passenger contact function and met three times.

### **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

Public Sector 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 opinion for the year in his annual report. There were three internal audit assignments and one DfT Group review completed over the year and there were no significant weaknesses that fall within the scope of issues that should be reported in the Governance Statement.

The audit assignments this year covered; external communications, research methodologies and core controls. 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.

### **Meetings with Department for Transport**

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

### **The risk and control framework**

The key element of our risk and control framework is the Board's commitment to establishing risk appetite for strategic, programme and operational risks. The audit and risk assurance committee reports twice yearly to the Board where it summarises risk management activity and provides an in-year opinion. Transport Focus's head of business services meets with each risk owner at the end of each quarter to review both risks and controls, and subsequently formally discusses these with me. Headline corporate risks were reviewed during the year and the primary risk for the organisation is a loss of reputation which would affect our ability to influence stakeholders to make a difference for transport users.

### **Data handling and information risks**

I am aware that the handling of information and data is a risk to the organisation. Detailed guidance to all staff on this subject has been issued, and further training has taken place during 2015-16 for all new staff. Transport Focus's Senior Information Risk Owner (SIRO) implements Cabinet Office guidance, as appropriate, through Information Asset Owners (IAOs) who have been appointed across the organisation and who meet quarterly. As he is required to do, the SIRO has written to me at year end with his opinion on information risk, and has published this opinion via our website. I accept this opinion and note that there were no reportable data handling incidents during the year.

### **Road user remit**

With effect from 1 April 2015, HM Government has put in place a new structure to deliver a substantial increase in investment in England's motorways and trunk roads. The Highways Agency, now Highways England, has a clear remit to modernise the network through £15 billion of investment over the next five years.

To ensure that the new company is fully accountable to its users and taxpayers, Transport Focus now also represents the interests of road users. Some adjustments to our governance arrangements have been made to ensure this new duty is effectively discharged. These included the appointment of a board member with significant experience in the road transport industry, the introduction of a chairman's advisory group, and the formation of a road user panel.

**Anthony Smith**

Chief Executive and Accounting Officer

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## **Remuneration report for the year ended 31 March 2016**

The Remuneration Committee is made up of three non-executive Board members: Stuart Burgess (Chairman), Isabel Liu and Diane McCrea. The Committee considers:

- the overall pay and grading structure for the employees of Transport Focus
- annual cost of living and performance pay increments
- any proposed changes to the terms of conditions of employment of Transport 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 DfT. Members of the remuneration committee have not been involved in decisions relating to their own remuneration. In 2015-16 there was an increase of one per cent in members' remuneration agreed by the DfT.

The arrangements for changes to the remuneration of executive management team members are the same as for other employees of the organisation. There was a one per cent pay increase for staff during 2015-16.

Our simple annual bonus scheme continued to operate in 2015-16, with a total allocation of £20,000 for achievements in 2015-16 that were approved and paid in May 2016. The bonus scheme will continue to recognise 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 to members of the Management Team are approved by the Chairman of the Remuneration Committee.

**Board members (audited)**

Remuneration paid to the non-executive Board members for the period to 31 March 2016 is set out below:

	Board fees paid in the period ended			
	31 March 2016 £000's	31 March 2015 £000's	Date of current or most recent Appointment	Appointment Expiry date
<b>Members in post at 31 March 2015</b>				
J Halliwell (Chairman)	35	7	9 February 2015	8 February 2019
S Burgess	12	12	01 April 2013	31 March 2017
M Lauder	15	15	01 February 2013	31 January 2017
R Linnard	12	12	01 February 2013	31 January 2017
I Liu	12	12	01 March 2013	28 February 2017
S Locke <sup>1</sup>	-	-	09 January 2013	30 September 2017
D McCrea	12	12	01 May 2013	30 April 2017
P Mendelsohn	13	12	01 September 2012	31 August 2016
P Rowen	12	12	01 March 2013	28 February 2017
T De Pencier	11	-	01 May 2015	30 April 2019
<b>Appointments which ended during the year to 31 March 2016</b>				
P Salveson	7	12	01 April 2013	16 October 2015

<sup>1</sup> Mr Locke is appointed by the London Assembly and does not receive any fees from Transport Focus for this appointment.

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

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

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

## Executive Management Team (audited)

Members of the Executive Management Team are on continuing contracts and their remuneration and pension benefits are set out below:

Single total figure of remuneration				
Name	A Smith	N R Holden	D Sidebottom	G Dangerfield
Job title	Chief Executive	Resources Director	Passenger Director	Roads Director
	£000's	£000's	£000's	£000's
2015-16 Remuneration in period in £5,000 bands [2014-15 Comparative]	125 - 130 [115 - 120]	70 - 75 [65 - 70]	85 - 90 [80 - 85]	65 - 70 N/A
Bonus in respect of achievements in 2015-16 in £5,000 bands	N/A	0-5	N/A	N/A
Pension benefits (to nearest £1,000) <sup>1</sup>	43	22	33	60
Total in £5,000 bands	165-170	95-100	120-125	125-30

<sup>1</sup> The value of the pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any decreases due to a transfer of pension rights.

Pension benefits				
Name	A Smith	N R Holden	D Sidebottom	G Dangerfield
Job title	Chief Executive	Resources Director	Passenger Director	Roads Director
	£000's	£000's	£000's	£000's
2015-16 Real increase in pension and related [lump sum] at age 60 in bands of £2,500	2.5 – 5 [N/A] <sup>1</sup>	0 – 2.5 [N/A] <sup>1</sup>	0 – 2.5 [5 - 7.5] <sup>2</sup>	2.5 – 5 [2.5 – 5]
Total accrued Pension at age 60 at 31 March 2016 and related [lump sum] in bands of £5,000	35 - 40 [N/A] <sup>1</sup>	10 - 15 [N/A] <sup>1</sup>	25 - 30 [80 - 85] <sup>2</sup>	15 – 20 [40-45]
Cash Equivalent Transfer Value at End date	648	231	508	248
Cash Equivalent Transfer Value at Start of year to nearest £000	558	192	440	195
Real increase in Cash Equivalent Transfer Value to nearest £000	38	19	26	34

1. A Smith and N Holden are members of the premium pension scheme whose members are not eligible for an automatic lump sum payment on retirement.

2. D Sidebottom is a member of the classic pension scheme whose members are eligible for an automatic lump sum payment on retirement. The main provisions of the pension schemes are set out further below.

'Salary' includes gross salary only. Apart from as noted in the table no other performance pay or bonuses were awarded to the executive team in the financial year 2015-16 and there were no benefits in kind or non-cash benefits made.

All the directors are contracted to a six month notice period throughout their period of employment with Transport Focus.

## Review of fair pay

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. This is summarised in the table below.

	2015-16	2014-15
Mid-point of band of highest paid director's total remuneration (£'000)	127,500	127,500
Median total remuneration (£)	41,000	40,000
Ratio	3.1	3.1

The actual mid-point of the banded remuneration of the highest paid director in Transport Focus in the financial year 2015-16 was £127,500 (2014-15: £127,500). This was 3.1 times (2014-15: 3.1) the actual median remuneration of the workforce which was £41,000 (2014-15: £40,000).

Actual staff remuneration, excluding the highest paid director, ranged from £15,750 (2014-15: £15,500) to £88,658 (2014-15: £87,780).

Total remuneration includes salary and non-consolidated performance-related pay. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## Staff numbers and related costs (audited)

### Staff costs comprise:

	2015-16			2014-15
	Directly employed			
	Total	staff	Others	Total
	£000	£000	£000	£000
Wages and Salaries	2,328	2,160	168	1,996
Social security costs	217	217	-	182
Other pension costs	412	412	-	354
<b>Total net costs</b>	<b>2,957</b>	<b>2,789</b>	<b>168</b>	<b>2,532</b>

There were no high paid off-payroll appointments in either 2015-16 or 2014-15.

The Principal Civil Service Pension Scheme (PCSPS), also known as 'alpha', is an unfunded multi-employer defined benefit scheme but Transport Focus is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservice-pensions.gov.uk>).

For 2015-16 employers' contributions of £355,622 (2014-15: £323,955) were payable to the PCSPS at one of four rates in the range 20.0 to 24.5 per cent of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £54,081 (2014-15: £28,716) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3.0 per cent to 12.5 per cent of pensionable earnings up to 30 September 2015 and from 8.0 to 14.75 per cent of pensionable earning from 1 October 2015. Employers also match employee contributions up to three per cent of pensionable pay. In addition, employer contributions of £1938, 0.8 per cent of pensionable pay up until 30 September 2015 and 0.5 per cent of pensionable pay from 1 October 2015, 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 £7,497.

### Average number of persons employed (audited)

The average number of whole-time equivalent persons employed during the year was as follows:

	2015-16		2014-15	
	Total number	Permanent staff number	Others number	Total number
Directly employed	52	49	3	46
Other	-	-	-	-
<b>Total</b>	<b>52</b>	<b>49</b>	<b>3</b>	<b>46</b>

Permanent staff includes one SCS2 equivalent member of staff and two SCS1 equivalent staff.

### Staff

We are committed to equality of opportunity for all our staff, and do not condone discrimination on the grounds of sex, transgender, race and ethnicity, religion and belief, disability, marital status, age, pregnancy and maternity or sexual orientation.

The table below shows the split between male and female staff and directors of Transport Focus.

	Male	Female	Total
Non-Executive Directors (remunerated)	6	3	9
Executive Directors	4	0	4
Senior Manager	3	1	4
Staff	20	23	43
<b>Total</b>	<b>33</b>	<b>27</b>	<b>60</b>

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 £51,000 to support



improved staff performance, including development and communication of the work plan.

The average number of staff employed rose by four to 52 in comparison to last year as we undertook the change in our remit to include representation of road users.

We continued to operate our simple bonus scheme during the year so that we could recognise staff who have demonstrated exceptional achievements.

### **Civil Service compensation scheme - exit package (audited)**

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Less than £10,000	-	-	-	-	-	-
£10,000 - £25,000	2	-	-	-	2	-
£25,001 - £50,000	1	-	-	-	1	-
Total number of exit packages	3	-	-	-	3	-
Total cost (£000)	72	-	-	-	72	-

There have been no further provisions for redundancy and early departure costs in the current year and the above table summarises the amounts charged against the existing provision in 2015-16.

All redundancy and early departure payments are made in accordance with the provisions of the Civil Service Compensation Scheme which is a statutory scheme made under the Superannuation Act 1972.

### **Civil Service Pensions**

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022.

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.)

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3 per cent and 8.05 per cent of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6 per cent and 8.05 per cent for members of premium, classic plus, nuvos and all other members of alpha. 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 initial 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 for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out 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 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32 per cent. In all cases members may opt to give up (commute) pension for a 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 per cent and 12.5 per cent up to 30 September 2015 and 8 per cent and 14.75 per cent from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary up to 30 September 2015 and 0.5 per cent of pensionable salary from 1 October 2015 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha.

The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.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 member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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 that is 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.

**Anthony Smith**

Chief Executive and Accounting Officer

17 June 2016

## Parliamentary Accountability and Audit Report

### Regularity of expenditure

Transport Focus has not incurred any losses or made any special payments that must be reported to Parliament, nor does it have any remote contingent liabilities other than that reported in the notes to the financial statements.

### Long-term expenditure trends

The net expenditure incurred by Transport Focus over the previous five years is summarised in the table below.

	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger representation £000	5,233	5,412	4,936	4,989	4,962
Road user representation £000	-	-	-	-	1,033
<b>Total net Expenditure £000</b>	<b>5,233</b>	<b>5,412</b>	<b>4,936</b>	<b>4,989</b>	<b>5,995</b>

## **Audit opinion**

### **THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

I have audited the financial statements of Transport Focus (operating name of the Passengers' Council) for the year ended 31 March 2016 under the Railways Act 2005. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; 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 the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with the Railways Act 2005. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Transport Focus's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Transport Focus; and the overall presentation of the financial statements.

In addition I read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Opinion on regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of Transport Focus's affairs as at 31 March 2016 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Railways Act 2005 and Secretary of State directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Railways Act 2005; and
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

**Date**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## Statement of comprehensive net expenditure for the year ended 31 March 2016

	Note	2015-16 £000	2014-15 £000
<b>Expenditure</b>			
Staff costs	3	2,957	2,532
Depreciation	4	26	18
Other expenditures	4	4,066	3,793
		<u>7,049</u>	<u>6,343</u>
Redundancy provision	10	9	127
		<u>7,058</u>	<u>6,470</u>
<b>Income</b>			
Income from activities	5	(1,063)	(1,481)
<b>Net Expenditure</b>		<b>5,995</b>	<b>4,989</b>

A Statement of Other Comprehensive Expenditure has not been prepared as there has been no other expenditure or income in either the current year or prior year.

The Accounting Policies and Notes on pages 40 to 49 form part of these financial statements



## Statement of financial position as at 31 March 2016

		2016	2015
		£000	£000
	<b>Note</b>		
<b>Non-current assets:</b>			
Property, plant and equipment	6	36	62
<b>Total non-current assets</b>		<u>36</u>	<u>62</u>
<b>Current Assets</b>			
Trade and other receivables	7	447	458
Cash and cash equivalents	8	1,248	975
<b>Total current assets</b>		<u>1,695</u>	<u>1,433</u>
<b>Total assets</b>		<u>1,731</u>	<u>1,495</u>
<b>Current liabilities</b>			
Trade and other payables	9	1,579	1,365
Provisions	10	72	127
<b>Total current liabilities</b>		<u>1,651</u>	<u>1,492</u>
<b>Assets less liabilities</b>		<u><b>80</b></u>	<u><b>3</b></u>
<b>Taxpayers' equity</b>			
General reserve		80	3
<b>Total taxpayers' equity</b>		<u><b>80</b></u>	<u><b>3</b></u>

The Accounting Policies and Notes on pages 40 to 49 form part of these financial statements

The financial statements on pages 36 to 39 were approved by the Board on xx June 2016 and were signed on its behalf by:

**Anthony Smith**

Chief Executive and Accounting Officer

17 June 2016

## Statement of cash flows for the year ended 31 March 2016

		2015-16 £000	2014-15 £000
	Note		
<b>Cash flows from operating activities</b>			
Net expenditure after interest		(5,995)	(4,989)
(Increase)/ Decrease in trade and other receivables		11	(119)
Increase in trade and other payables		214	612
Increase/(Decrease) in provisions		(55)	127
Add : Write down of fixed assets		-	-
Add : Depreciation		26	18
<b>Net cash outflow from operating activities</b>		<b>(5,799)</b>	<b>(4,351)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	-	(26)
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>(26)</b>
<b>Cash flows from financing activities</b>			
Grants from parent department		6,072	4,950
<b>Net financing</b>		<b>6,072</b>	<b>4,950</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>		<b>273</b>	<b>573</b>
Cash and cash equivalents at the beginning of the period			
	8	975	402
Cash and cash equivalents at the end of the period	8	1,248	975

The Accounting Policies and Notes on pages 40 to 49 form part of these financial statements

## Statement of changes in taxpayers' equity for the year ended 31 March 2016

	General Reserve £000
Balance at 1 April 2014	42
<b>Changes in taxpayers' equity for 2014-15</b>	
Retained Deficit	(4,989)
<b><i>Total recognised income and expense for 2014-15</i></b>	<b>(4,989)</b>
Grant-in-aid received from the DfT	4,950
<b>Balance at 31 March 2015</b>	<b>3</b>
<b>Changes in taxpayers' equity for 2015-16</b>	
Retained Deficit	(5,995)
<b><i>Total recognised income and expense for 2015-16</i></b>	<b>(5,995)</b>
Grant-in-aid received from the DfT	6,072
<b>Balance at 31 March 2016</b>	<b>80</b>

The Accounting Policies and Notes on pages 40 to 49 form part of these financial statements

## Notes to the accounts

### 1. Statement of accounting policies

Transport Focus, previously known as Passenger Focus, is the operating name of the Passengers' Council, previously known as the Rail Passengers' Council. Transport Focus is a Non-Departmental Public Body (NDPB) and is sponsored by the DfT and funded by grant-in-aid.

These financial statements have been prepared in accordance with the 2015-16 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Transport Focus for the purpose of giving a true and fair view has been selected. The particular policies adopted by Transport Focus are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to include the revaluation of non-current 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 passenger research projects and is accounted for on an accruals basis. Income is recognised on a percentage of completion basis.

#### 1.3 Tangible non-current assets

Expenditure on tangible non-current assets is capitalised. The minimum level for the capitalisation of tangible non-current assets is £2,500 per individual item. Assets are revalued annually if material.

#### 1.4 Depreciation/amortisation

Depreciation/amortisation is provided on all non-current 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
- 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 Transport 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

Past and present 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 Transport Focus is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation

(<http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>).

Transport 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 Net Expenditure Account on the basis of actual rentals payable and any rent free periods are amortised over the term of the lease which fairly reflects usage.

### 1.8 Taxation

Transport Focus has no corporation tax liability because funding is provided through grant-in-aid from the DfT.

## 2. Analysis of net expenditure by segment

	Passenger representation	Road user representation	2015-16 Total	2014-15 Total
	£000	£000	£000	£000
Gross Expenditure	6,025	1,033	7,058	6,470
Income	1,063	-	1,063	1,481
Net Expenditure	4,962	1,033	5,995	4,989

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.

## 3. Staff costs

Staff costs comprise:

	2015-16 Directly employed		2014-15	
	Total	staff	Others	Total
	£000	£000	£000	£000
Wages and Salaries	2,328	2,160	168	1,996

Social security costs	217	217	-	182
Other pension costs	412	412	-	354
<b>Total net costs</b>	<b>2,957</b>	<b>2,789</b>	<b>168</b>	<b>2,532</b>

#### 4. Administration costs and other expenditure

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
<b>Running costs</b>		
Passenger research	2,420	2,100
Travel and subsistence, room hire and recruitment	282	321
Printing, postage and office costs	146	162
External services and support	158	163
Information technology support and maintenance	540	500
Board remuneration	154	175
Rent, rates and utilities	252	256
Training and development	51	56
Telecommunication costs	37	35
External audit fee	21	21
Operating lease rentals (excluding rent)	5	4
	<b>4,066</b>	<b>3,793</b>
<b>Non-cash items</b>		
Depreciation	26	18
<b>Total</b>	<b>4,092</b>	<b>3,811</b>

#### 5. Income

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
Income in respect of joint projects	927	1,404
Other income	136	77
	<b>1,063</b>	<b>1,481</b>

#### 6. Property, plant and equipment

	<b>Leasehold Improvements £000</b>	<b>Information Technology and Fittings £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>			
At 1 April 2015	94	14	108
<b>At 31 March 2016</b>	<b>94</b>	<b>14</b>	<b>108</b>
<b>Depreciation</b>			
At 1 April 2015	45	1	46
Charged in year	22	4	26
<b>At 31 March 2016</b>	<b>67</b>	<b>5</b>	<b>72</b>
<b>Net book value at 31 March 2016</b>	<b>27</b>	<b>9</b>	<b>36</b>
<b>Net book value at 31 March 2015</b>	<b>49</b>	<b>13</b>	<b>62</b>
<b>Asset financing</b>			
Owned	27	9	36
Finance Leased	-	-	-
<b>Net book value at 31 March 2016</b>	<b>27</b>	<b>9</b>	<b>36</b>

	Leasehold Improvements £000	Information Technology and Fittings £000	Total £000
Cost or valuation			
At 1 April 2014	82	8	90
Additions	12	14	26
Write down	-	(8)	(8)
<b>At 31 March 2015</b>	<b>94</b>	<b>14</b>	<b>108</b>
<b>Depreciation</b>			
At 1 April 2014	28	8	36
Charged in year	17	1	18
Write down	-	(8)	(8)
<b>At 31 March 2015</b>	<b>45</b>	<b>1</b>	<b>46</b>
<b>Net book value at 31 March 2015</b>	<b>49</b>	<b>13</b>	<b>62</b>
<b>Net book value at 31 March 2014</b>	<b>54</b>	<b>-</b>	<b>54</b>
<b>Asset financing</b>			
Owned	49	13	62
Finance Leased	-	-	-
<b>Net book value at 31 March 2015</b>	<b>49</b>	<b>13</b>	<b>62</b>

All assets remain at cost and have not been revalued as a revaluation is not considered to be material to the financial statements.

## 7. Trade receivables and other current assets

	2015-16 £000	2014-15 £000
<b>Accounts falling due within one year:</b>		
Trade receivables	380	402
Other receivables	10	11
Prepayments and accrued Income	57	45
	<b>447</b>	<b>458</b>

Other receivables include season ticket loans to 9 staff (2014-15: 8) totalling £10,375 (2014-15: £11,385).

## 8. Cash and cash equivalents

	2015-16 £000	2014-15 £000
Balance at 1 April	975	402
Net change in cash and cash equivalent balances	273	573
Balance at 31 March	<b>1,248</b>	<b>975</b>

The bank balance is held with the Government Banking Service.

## 9. Trade payables and other current liabilities

	2015-16 £000	2014-15 £000
<b>Amounts falling due within one year</b>		
Other taxation and social security	71	62
Pension contributions payable	49	43
Trade payables	298	6
Other payables	10	9
Rent Liability	7	17
Accruals and deferred income	1,144	1,228
	<u>1,579</u>	<u>1,365</u>

The rent liability has been provided because a rent free period was negotiated for office accommodation, and will be utilised over the lease term. The rent liability includes £7,413 (2014-15: £9,860) which is due within one year.

## 10. Provision for liabilities and charges

	2015-16 £000	2014-15 £000
<b>Redundancy cost provision</b>		
Balance at 1 April	127	-
Provided in the year	9	127
Provisions utilised in the year	(64)	-
Balance at 31 March	<u>72</u>	<u>127</u>

## 11. Commitments under leases

### Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2015-16 £000	2014-15 £000
<b>Obligations under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	211	188
Later than one year and not later than five years	312	175
Later than five years	-	-
	<u>523</u>	<u>363</u>
<b>Other</b>		
Not later than one year	3	4
Later than one year and not later than five years	-	3
Later than five years	-	-
	<u>3</u>	<u>7</u>

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



## **12. Contingent liabilities disclosed under International Accounting Standard 37**

In November 2012 there was a premature surrender of the lease for our London offices at Drummond Gate. Although no immediate costs to reinstate the premises were incurred because the agreement is between crown bodies there is a remote possibility that Transport Focus may be required to contribute to the reinstatement costs when the main lease ends in 2017. It is difficult to quantify the amount for any future liability at the date of the accounts so this item has been recorded as an unquantifiable contingent liability.

There were no other reportable contingent liabilities or contingent assets at 31 March 2016 or 31 March 2015.

## **13. Related-party transactions**

Transport Focus is an executive non-departmental public body sponsored by the DfT and is regarded as a related party. £6,072,000 was received from the DfT in Grant-in-aid for the year. In addition further transactions totalling £743,000 were undertaken in the year with a balance outstanding at 31 March of £308,000. This included £198,000 for the Smart Ticketing programme of work and £110,000 for our work in connection with reviewing tenders as part of the rail franchise process.

Rental payments for office space in Manchester are made to Highways England who are also regarded as a related party because it is a government-owned company which is part of the DfT. Payments made to the Highways England totalled £99,236 for the year.

£122,624 was received from HS2 Limited for Passenger Panel research and a further £49,452 invoiced but not yet received. £31,300 was received from Network Rail and £1,250 from the Office of Road and Rail (ORR) with a further £20,400 outstanding at 31 March 2016..

Although Transport 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 Transport 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 Transport Focus.

## **14. Events after the reporting period**

There are no other reportable events after the reporting period. These accounts were authorised by the Accounting Officer for issue on **17 June 2016**.

## **15. Financial instruments**

As the cash requirements of Transport Focus are met through grant-in-aid provided by the DfT, 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 Transport Focus's expected purchase and usage requirements and Transport Focus is therefore exposed to little credit, liquidity or market risk.

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