

Transport Focus Annual report and accounts 2018-19

HC2476



Annual report and accounts 2018-19

Presented to Parliament pursuant to section 19 and schedule 5 of the Railways Act 2005.

Ordered by the House of Commons to be printed on 18 July 2019.

Laid before the Scottish Parliament by the Scottish Ministers pursuant to section 19 and schedule 5 of the Railways Act 2005.

HC2476
SG/2019/112



© **Transport Focus** copyright **2019**

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at:

Transport Focus
Fleetbank House
2-6 Salisbury Square
London
EC4Y 8JX

0300 123 2350
www.transportfocus.org.uk
info@transportfocus.org.uk

ISBN 978-1-5826-1454-2

CCS0619377900 07/19

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office.

Transport Focus is the operating name of the Passengers' Council.

Contents

	page
Section 1: Chair's foreword	2
Section 2: Making a difference for all transport users	5
Section 3: Management commentary	22
Notes to the accounts	56

Section 1

Chair's foreword

Transport Focus is a consumer organisation – a champion of transport users' interests. Our mission is to make a difference for transport users and help make their services better. With transport users at the heart of our work, we are committed to being:

- **Consumer-focused:** giving transport users a voice and advocating positive change
- **Useful:** providing the right support to individuals and organisations in providing services
- **Evidence based:** informed by robust research and user insights. Our focus on providing an objective evidence base is key. By supplying hard evidence of transport users' views and levels of satisfaction, we encourage and enable transport providers to make positive changes. What gets measured, gets managed!

So what difference did Transport Focus make in 2018-19?

Many wins – both short- and long-term - are highlighted in the box below and elsewhere. Some have been the result of extensive research and influencing over a number of years.

2018-19 was overshadowed by the rail timetable crisis in May. It brought misery to many passengers and shook the industry. It spurred the Government to initiate two reviews into rail including the most fundamental one under Keith Williams. It is an important opportunity to make sure that passengers are at the heart of any new arrangements that emerge, and we are making every effort to make this happen.

On bus, we continue to work with transport authorities and operators to encourage and help partnerships between them. The Bus Passenger Survey (BPS) provides an independent benchmark of the user experience which puts passengers at the heart of those partnerships and drives change. Our work in 2017-18 on young people and bus have resulted in changes by the authorities and operators to benefit them.

We captured the views of more than 180,000 users in our insight work including the 'tracker surveys' and our Transport User Panel. Our new survey – the Strategic Roads User Survey (SRUS) – is a significant step forward measuring the user view to drive change. Also, the new Data Hub is making our research more accessible to users and stakeholders. We have worked on behalf of several authorities and operators such as Network Rail, HS2, Highways England and MerseyRail. This raised our income by more than £2 million above our grant-in-aid level which enabled us to gather more evidence to help those organisations make better decisions for transport users.

Transport Focus's major achievements in 2018-19

Rail passengers

There were significant developments in the rail world this year which resulted in a number of 'wins' for Transport Focus in 2018-19:

- Following the timetable crisis in May, we monitored passengers' experiences and secured **improved compensation**, for season ticket holders and others. We pressed for better awareness of entitlement and hence take up amongst passengers.
- We worked with the Government and Rail Delivery Group (RDG) to set up the **Rail Ombudsman** which now provides a free, independent way of resolving disputes between passengers and train companies.
- Passengers also now have a way of **appealing against a penalty fare** to an independent third party.
- Working with the RDG, we secured considerable support, through a consultation, for a **fundamental reform of rail fares**. This provides a good basis for moving forward to achieve reform that should benefit many.
- Following comments from passengers when completing the National Rail Passenger Survey, Network Rail stopped charging for the use of **toilets in its stations**.
- During 2018-19, we resolved **6525 complaint appeals** – the highest number ever.

Bus passengers

- Following last year's research into **young people's views of travelling by bus**, a number of bus companies and authorities have changed their fares to benefit that group.
- Since we highlighted young people's views, satisfaction **with bus journeys for 16-18-year olds**, has increased from 77 per cent in 2017 to 80 per cent in 2018.
- Through the BPS we have encouraged bus operators to do more to improve **driver training**.

Roads users

At the end of four years working for users of the Strategic Road Network in England, we are seeing Highways England and the Department for Transport (DfT) make some changes to reflect user interests identified in our research. This applies to the Second Road Investment Strategy, due to commence in 2020, and how incidents and roadworks are managed.

- We launched the **Strategic Roads User Survey** of more than 8000 drivers which provides high quality data that can be used to provide a robust picture of driver satisfaction, including at individual road level.
- The **Motorway Services Users Survey**, now in its second year, has highlighted its value in driving change. Some services significantly improved their satisfaction score, such as Stafford South, which increased from 70 per cent in the first year to 99 per cent in the second.
- Working with us, **Highways England** has improved the way it manages **incidents and roadworks** on their roads. This has included improved information about long unplanned incidents and improved communications to those affected.
- Our research into the needs of **disabled motorists** on Highways England's roads resulted in the Department for Transport including some measures to help this group in their **Inclusive Transport Strategy**. Highways England also established its National Mobility Disabled Road User Forum.

At the end of our fourth year of working for users of Highways England's roads, this role is embedded in our organisation and bringing change. So, we welcome the Department for Transport's Aviation Strategy consultation which proposes extending our remit to air passengers. We could then apply our evidence-based approach to drive further change.

By being more proactive and collaborative, we have increased our influence and credibility. Our Board continues to invite key players in the transport world to answer questions in public. Such organisations included Network Rail, Northern Rail, South West trains, who all accounted for their actions and set out the improvements they intended to make.

Section 2

Making a difference for transport users

2.1 Overall

We aim to get the best deal for passengers and road users by using our evidence and knowledge to influence decisions of service providers, governments and regulators. We ensure users' views are heard in many ways, including through Network Rail's Route Supervisory Boards, bus alliances and partnerships and by sharing research and holding stakeholder events. We also influence through media coverage – traditional and social.

As decision making in transport devolves, so we engage with the relevant devolved bodies. The Scottish Government is progressing a Transport Bill and the Welsh Government is consulting on improving public transport. Other devolved authorities in England have been the focus of our pressure such as Transport for the North, and some of the combined authorities. This has included sitting on the Mayor of Greater Manchester's Transport Board and co-chairing the Bristol Mayor's Transport Board. In all cases we use our insight to advocate on the users' behalf.

2.2 Making a difference for rail passengers

Whatever happens from year to year in the railway world, our advocacy for rail passengers is strongly underpinned by our biennial National Rail Passenger Survey and is increasingly being used to highlight poor performance, and even remedial action, within franchises. With around 50,000 participants each year, it is the largest and most representative rail passenger satisfaction survey in the world, now in its 20th year with more than 1.1 million passengers surveyed over that time.

Timetable crisis

Investment leading to new services and many more seats should have been cause for celebration. Sadly, this was not the case following the May 2018 timetable change.

The failure of the industry to get this right on Govia Thameslink Railway (GTR), Northern and TransPennine Express services brought misery to many passengers. It caused subsequent practical and emotional impacts, affecting people's home and work lives. Timetables were almost meaningless. Passengers were unable to plan effectively or rely on the information being provided, whether in advance or on the day. The service was not what passengers were promised or paid for. This crisis tested passengers' patience and trust to the limit.

We moved quickly to assess the impacts on passengers by being on the ground, monitoring social media and websites and also gathering passenger experiences through our Transport User Panel. This was particularly so with the Lakes Line (between Oxenholme and Windermere) where passengers had no service at all. We undertook research to understand how the changes were affecting passengers. We then used all this evidence to give passengers a voice and fed it back to operators identifying potential improvements.

Transport Focus win: We urged GTR to lift ticket restrictions to help passengers catch the services that were running, including on Gatwick Express. To improve passenger information, we pressed for replacement buses to be shown on online journey planners. GTR did this.

We urged train companies to stabilise the situation by introducing fewer but more reliable services. We also pressed for improved compensation and better communication with passengers. We contributed evidence to a range of key stakeholders, including as written and oral evidence to the Transport Select Committee and the Blake/Jones Review.

Transport Focus win: Improved compensation was offered to passengers on Thameslink, Great Northern, Northern and TransPennine Express including for regular travellers without season tickets.

Transport Focus win: Northern Rail moved to Delay Repay 15 so reducing the length of delay required for passengers to qualify for compensation from 30 to 15 minutes.

Transport Focus win: Our research highlighted that passenger awareness of compensation entitlement in the north of England was low. The train companies improved the promotion of their schemes, so increasing awareness and take up.

We also contributed to the Office of Rail and Road's (ORR) Glaister Review into the timetable crisis, pressing for outcomes that would benefit passengers.

Transport Focus win: The Government announced that GTR will contribute £15 million to account for their unacceptable performance. This will be spent, with Transport Focus input, on tangible improvements for passengers.

The severity of this situation and the relentless nature of the poor passenger experience put a spotlight on the fundamental flaws in the timetable change process. No one person appeared to be 'in charge'. The collapse of Virgin Trains East Coast highlighted wider weaknesses in the system. It became clear that a root and branch reform was needed. The Government asked Keith Williams to look at how the railways should be structured, financed and run.

To ensure that rail passengers' views were at the heart of the Williams Review, we conducted research among passengers in London, Birmingham, Manchester, Glasgow and Cardiff to understand what they wanted. We found they largely care about their practical experiences rather than industry structures. But they did want to know who is in charge and accountable for performance. In March, Keith Williams attended a Transport Focus Board meeting in public where he set out his thinking to date and took questions from Board members and the public. Our passenger research is being used by him to support his intent to put passengers at the heart of the railway. His report is expected later in 2019.

Rail franchises and contracts

We worked with Transport for Wales in assessing the passenger benefits of bids for operating the Wales and Borders Railway. KeolisAmey were awarded the contract which started in October 2018 and we helped them update their Passenger's Charter. When invited to speak to our Board, the new operator set out their ambitious plans to increase capacity, improve reliability as well as provide new trains and upgraded stations and so on. This is pressing given passengers' dissatisfaction with their service voiced in recent NRPS scores.

Transport Focus win: Improved capacity, new rolling stock, and better management of disruption along with Delay Repay 15 compensation are due in the new Wales and Borders contract, all things we pressed for and will work to help achieve.

We have also engaged with the West Coast Partnership, South Eastern, Cross Country and East Midlands franchise renewal processes.

Performance and disruption

In addition to the timetable crisis, performance issues occurred elsewhere with poor punctuality and strike action. Not surprisingly, the National Rail Passenger Survey (NRPS) showed the worst satisfaction level in ten years at 79 per cent in Autumn 2018.

One of ScotRail's Key Performance Indicators is set as an NRPS satisfaction rate of 88.5 per cent in its franchise agreement. At 79 per cent, its Autumn 2018 satisfaction rate was below target, with its punctuality rating at 72 per cent (10 points lower than in Autumn 2017).

Transport Focus win: NRPS targets are included in the ScotRail franchise agreement. Having fallen below the passenger-focused target of 88.5 per cent, Transport Scotland required ScotRail to develop a remedial plan to improve passengers' experience.

Transport Focus has pressed for trains to count as 'on time' only if they are actually on time, rather than if they arrive within five minutes (10 for longer-distance trains) of their scheduled time. We have also pressed for punctuality to be measured at all stops along the journey, not just the last one.

Transport Focus win: The rail industry has introduced 'on time' measures to track punctuality which match passengers' definition of a punctual train. This will improve transparency and trust and should drive a greater focus on running trains on time. What gets measured gets managed!

We work with train companies to help them better manage engineering works. We know from our research that, while passengers don't like the disruption, they understand why works must take place. We also know that would prefer to remain on a train than use a replacement bus, even if it is faster to do so. Also, if buses can't be avoided, there must be help for passengers where they have to change from train to bus or bus to train.

Our research on passengers' views of track and signalling works at Derby showed that communicating when and how the works will impact upon them is vital. Also, some compensation helps maintain trust.

Transport Focus win: During the Derby resignalling project, East Midlands Trains and CrossCountry took note of our recommendations based on previous research on passengers' experience of engineering works. They implemented reduced fares and compensation for season ticket holders.

Severe disruption in Wales has been the subject of an inquiry conducted by a committee of the National Assembly for Wales

Transport Focus win: Our evidence to the Economy, Infrastructure and Skills Committee produced a recommendation that passengers who bear the brunt of disruption should be given something back. As a result, Transport for Wales (TfW) will need to provide compensation to passengers in the future when passengers suffer severe disruption. We are helping TfW to develop the right approach.

Rail fares and ticketing

Our passenger research shows that the case for reforming the fares system is overwhelming, particularly as fares continue to rise, affecting passenger satisfaction with value for money. Reform could improve passengers' trust and attract infrequent and non users to rail. We joined RDG in launching the *Easier Fares* consultation asking for views on a fundamental overhaul. Eight out of ten of the 20,000 respondents expressed a strong desire for change such as recognising the need for more part-time season tickets, simpler pricing structures and easier to understand restrictions. The proposals have been submitted to the Government and contain

several long-overdue proposals such as single-leg pricing. Any proposals must be tested through pilots to provide reassurance to passengers of the implications of the changes and, ideally, considered alongside the Williams Review.

Transport Focus win: Through the consultation with RDG, there was considerable support for our long-standing case that the fare structure should be fundamentally reformed.

For years, passengers travelling on some routes without a valid ticket have risked being treated unfairly with a near-automatic penalty fare issued, regardless of the reason. Now, following Transport Focus's long-running campaign, the Government set up the Independent Appeals Panel. This is now up and running, with our help.

Transport Focus win: We exposed the unfairness of the way some passengers experienced penalty fares. This has resulted in a new way for passengers to appeal against an unfair penalty fare through the new third party, Independent Appeals Panel.

We have pressed for 16-18-year olds to have assistance with their travel now that that they are required to remain in education and training. They cannot benefit from the reduced fares of a Young Person's Railcard as it has a minimum fare in the morning peak.

Transport Focus win: 16-18-year olds now have a railcard giving them a 50 per cent reduction in train travel, including at peak hours, so helping them travel.

Railway station improvements

We work to influence operators of stations to improve the passenger experience.

Transport Focus win: We helped improve directions, information and seating at London Victoria station. Passenger satisfaction with the station and with information provided both increased by six per centage points (NRPS). Actions taken provide a blueprint for other stations. Mobility assistance telephone numbers are also more prominent.

Transport Focus win: Following comments from passengers completing the NRPS showing their frustration about charging for the use of station toilets, Network Rail has removed the charge.

Rail ombudsman and complaints

Through the new Rail Ombudsman, passengers now have access to binding, free and independent dispute resolution, particularly when complaints are not resolved. The Ombudsman has built on our experience of taking up individual issues raised by passengers for more than 70 years. We worked with the RDG, the DfT and others to make sure the Ombudsman brought practical and beneficial changes for passengers. We will continue to advise passengers on how to complain, consider issues that have a policy implication and monitor the operation of the new scheme.

Transport Focus win: We helped set up the Rail Ombudsman which, for the first time ever, provides an independent, free dispute resolution mechanism for passengers. It is also an incentive to train companies to drive improvements, so reducing the need for passengers to complain in the first place.

We received the highest number of appeal complaints ever during this year. Sadly, some of these resulted from the May 2018 timetable crisis. There was a total of 6142 appeals, but 1694 were not pursued by the passenger, and 263 did not qualify. We mediated over 6525 appeals from passengers (6157 in the previous year) which included some received in the previous year. Despite this increase, we achieved a satisfaction rate of 68 per cent with the service offered, just below our 70 per cent target.

Transport Focus win: Through our mediation on rail appeal complaints, in around 40 per cent of cases, we secured goodwill gestures and partial refunds for passengers to compensate for issues raised such as persistent delays.

The breakdown of incoming appeal complaints by operator is set out in table 1 below. Table 2 below sets out a summary of appeal complaints by reason and reflects the fact that an incoming appeal complaint may raise several issues.

Table 1. Breakdown of complaints by train operator

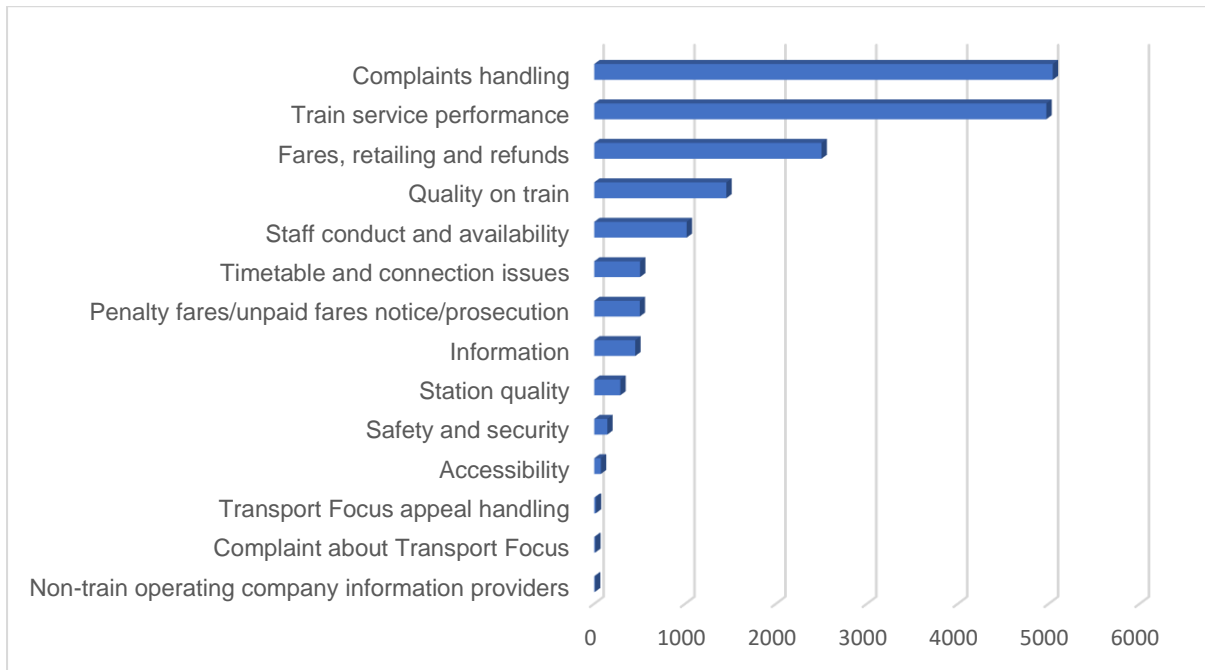
Train company	Number of complaints
Northern	1024
Great Western Railway	960
Virgin Trains	598
TransPennine Express	577
South Western Railway	454
Greater Anglia	214
Thameslink	208
thetrainline.com	197
CrossCountry	192
Southern	193

Virgin Trains East Coast	170
Southeastern	165
London North Eastern Railway	156
Arriva Trains Wales	135
ScotRail	131
East Midlands Trains	106
c2c	68
West Midlands Trains	61
Hull Trains	60
Chiltern Railways	59
Great Northern	50
Grand Central Railway	43
Network Rail	38
West Midlands Rail	32
Caledonian Sleeper	25
MerseyRail	25
Independent Revenue Collection and Support	23
Tyne and Wear Metro	23
Transport for Wales Rail Services	22
Govia Thameslink Railway	11
National Rail Enquiries	18
London Northwestern Railway	17
ScotRail	15
South West Trains	10
Grand Central	9
Nexus	6
Rail Delivery Group (including Railcards)	17
Independent Penalty Fare Appeals	
Service/Revenue	
Protection Support Services	6
Metrolink	5
Transport for Wales	4
London Midland	2
Gatwick Express	2
Raileasy	2
Metro Link	2
London Overground	2
Transport Investigations Limited	1
Transport for Greater Manchester	1
Independent Transport Associates Ltd	1
Stagecoach Supertram	1
Midland Metro	1

Grand total	6142
--------------------	-------------

Please note that some train companies above no longer hold the franchise. But we still dealt with complaints remaining from that time.

Table 2. Complaints by reason



2.3 Making a difference for bus, coach and tram passengers

Passenger satisfaction

Since the Bus Passenger Survey (BPS) began, nearly 370,000 passengers have been asked about their bus journey. Our latest and tenth survey showed that nearly nine in 10 of the 49,000 passengers surveyed in England and Scotland are satisfied with their last bus journey. Providing services that are punctual, reliable and good value for money is vital given nearly half of passengers surveyed said bus was their only means of transport. We promote BPS as the independent benchmark measure of the user experience which drives change for bus companies and authorities.

Transport Focus win: BPS results showed poor value for money scores for National Express in the West Midlands. They spread the use of contactless payment on the bus which improved this score.

In Wales, we used the BPS to influence the Welsh Government's Transport Strategy, ensuring that passengers were at the heart of their proposals.

The fifth Tram Passenger Survey (6,000 passengers in Manchester, Sheffield, Blackpool, Birmingham and Nottingham) showed overall passenger satisfaction at 91 per cent. However, trams are victims of their own success with satisfaction with the availability of seating or space to stand has declined as passenger numbers rise.

Transport Focus win: Following poor value for money scores from tram passengers in Greater Manchester since we started TPS, the Combined Authority has introduced a zonal fare structure in January 2019. It is also working to introduce pay-as-you-go and smart ticketing which should benefit passengers.

Transport Focus has been working with Stagecoach Supertram in South Yorkshire to improve complaints handling for their tram passengers.

Transport Focus win: As a result of working with Stagecoach Supertram, Transport Focus has recently become its appeals complaints body so giving passengers confidence that their complaint is being handled independently.

Our first survey of Glasgow subway passengers showed a satisfaction level of 97 per cent, so confirming that investment in it was positive. Nevertheless, Strathclyde Partnership for Transport is looking to improve the scores on seat comfort and value for money of their tickets.

Along with the DfT and Heathrow Airport, we wanted to understand why people do and don't choose coach to get around. Our research found that coach travel has a stigma: a third of people don't choose coach because they believe them to be uncomfortable, dirty and old as well as infrequent. Those who do use coach, find it a sensible choice providing value for money. If non users can be persuaded to 'give it a go' through effective marketing, it could become a more practical and sustainable choice of getting to an airport and elsewhere. This work will help influence airports increase the share of air passengers arriving and leaving by public transport.

Future of bus travel

Local authorities continue to face challenges in providing bus services. It is too early to know whether the Bus Services Act's provisions enabling partnerships or franchises will be widely used. We have been working with existing partnerships of operators and local authorities in England (outside London) to support their focus on what is important to their passengers, particularly where services are being cut.

We continue to represent passengers in the Liverpool Bus Alliance. We also represent passengers on the newly formalised West Yorkshire Bus Partnership which uses the BPS as a Key Performance Indicator. This puts the user view at the heart of their decision making. We continue to chair the West Midlands Bus Alliance so we influence many operational and strategic decisions.

We also helped the Cambridgeshire and Peterborough Combined Authority to conduct a bus services review and develop a strategy informed by passenger research. We were involved in a Bus Steering Group in Cornwall, again involving the user view. In the West of England we have been helping to develop a strategy for

smart ticketing, service reliability and better information. Working in the area, the Mayor of Bristol created a Transport Board, co-chaired by Transport Focus, which is keen to help residents and visitors to move across the city more easily.

Young people

As potential bus users of tomorrow, it is important that young people feel the service is designed for them. Taking forward the research we conducted last year, which identified certain barriers to young people using bus, we ran five workshops in different parts of England with 100 delegates from 70 organisations. It enabled us to share the findings, stakeholders to share best practice and to help generate new ideas.

Transport Focus win: Since we highlighted these issues, satisfaction with bus journeys for 16-18-year-olds has increased from 77 per cent in 2017 to 80 per cent in 2018.

Transport Focus win: Using the young people research, Trent Barton simplified their fares for the under 16s, introduced a flat fare for under 11s of £1 per journey and offered a new fare for apprentices.

Young people's experience of bus and rail were also the focus of a successful stakeholder event in Wales, sponsored by a senior member of the National Assembly.

2.4 Making a difference for users of Highways England's roads

Road user satisfaction

The second five-year investment plan for England's motorways and major 'A' roads, the Strategic Road Network (SRN), known as Road Investment Strategy 2, commences in 2020. We have continued to ensure road user priorities are at the heart of discussions. Based on our research we have pressed for 'safety', 'a well-maintained network' and 'fast and reliable journeys' to be key elements of the package.

Transport Focus win: Our evidence about road users' views has been an important foundation for ensuring that the second five-year investment strategy for England's strategic roads is focused on what users want.

Our earlier research on priorities for improvement among road users highlighted the importance of road surface quality to their experience. We have been working with Highways England's consultants to ensure that future engineering standards reflect this.

Transport Focus win: Road users' priorities have been translated into reality when renewing the road surface, white lines and 'cats eyes' on the A38 near Derby. A video highlights how our research supports their changes.

We launched our new Strategic Roads User Survey (SRUS) which involved face-to-face interviews with more than 8000 drivers, using an interactive map to capture journey details. The DfT, Highways England and the ORR, now have rich, high quality data on road users' views on a variety of issues – in some cases at regional and individual road level. This will enable them and other stakeholders to use the tool to improve user satisfaction.

Transport Focus win: SRUS provides a robust picture of driver satisfaction and will help focus on where changes are needed to improve satisfaction for car, van, lorry, motorcycle or coach drivers.

Motorway service areas can contribute to road safety by providing a satisfactory break for motorists, and helping drivers feel less stressed and more alert after a stop. We surveyed motorists' satisfaction with these areas in England. The scores overall were high at 92 per cent. The main areas where road users wanted improvement were value for money, the state of buildings and range of food on offer. In its second year, the survey demonstrated how it is driving change with several improvements made in light of results in the first survey.

Transport Focus win: The Motorway Services Users Survey, now in its second year, has highlighted its value in driving change. Low scores inspired some services stations, such as Stafford South, to strive to improve – they brought their satisfaction from 70 per cent in the first year to 99 per cent in the next. Heston East on the M4 also increased over the same period from 62 per cent in 2017 to 88 per cent in 2018.

In addition, we surveyed users of services on 'A' roads focusing on the A3 and A34. Drivers gave a 96 per cent satisfaction rating, but facilities for lorry drivers, better signs saying that services were coming up and the quality of toilets, were identified as areas for improvement. We have pressed Highways England to take this forward in partnership with the services industry.

For the first time, we conducted an innovative survey to measure the satisfaction of cyclists, pedestrians and equestrians who travel along or across roads managed by Highways England. More than three quarters of cyclists were satisfied with their journey, but they are less likely than pedestrians to feel safe due to the closeness and speed of traffic nearby.

Dealing with incidents and roadworks

We continue to be concerned about the welfare of drivers caught up in unplanned disruption, often caused by crashes. We are working to ensure that Highways England makes continuous improvement in this area.

In our 2016 report, *Incidents and Roadworks*, we identified that clear communication and information is important for all road users when road works are planned.

Transport Focus win: Highways England has responded positively by significantly improving the accuracy of information to road users about when particular roads will be shut completely.

Transport Focus win: During work to resurface parts of the A66 upgrade in Cumbria, we worked with Highways England helping them identify the key users of the route and different ways to tell them about the work. This approach will be used as an exemplar for other projects.

Improving accessibility

We published significant and innovative research about the needs of disabled motorists on Highways England's major roads, launching it with the Transport Minister, Nusrat Ghani MP. Disabled motorists value the freedom and independence driving gives them, but face barriers including inaccessible toilets, poor parking, inappropriate and poor information, and difficulties in filling up cars with petrol.

Transport Focus win: We pressed the DfT to consider disabled road users' concerns in its *Inclusive Transport Strategy*. They announced £2m for additional accessible 'changing places' toilets in motorway service areas. We are taking forward our recommendations through Highways England's newly established National Mobility Disabled Road User Forum.

2.5 Developing our insight and evidence

Asking transport users about their experiences and assessing their satisfaction is core to our work. This year we captured the views of more than 180,000 users through our tracker and one-off surveys.

We continue to take forward our 'tracker' surveys which measure satisfaction for different transport users. We are developing ways to make them faster and more frequent, so they are almost continuous but provide more representative feedback than some social media channels provide. They need to be as cost efficient as possible, while maintaining quality and making best use of developing technology. We brought together senior industry figures and thought leaders to discuss latest developments and future aspirations in measuring the customer experience and

satisfaction. In order to do this, we held a successful conference in conjunction with Heathrow Airport.

A particular landmark this year has been the initial launch of our new satisfaction measure – the Strategic Roads User Survey for Highways England’s roads. When fully launched in 2019-20, it will provide insight at a regional and individual major road level using an interactive map. Results are made available monthly, so increasing usefulness.

We also launched our Data Hub to enable anyone – whether road users, passengers, transport providers and others who make decisions about transport – to access data from our large-scale surveys. The Data Hub has been used regularly by Highways England, the DfT, Costain, Tarmac and A-one. It will become increasingly useful as we add further surveys to the Hub.

The NRPS has been gathering the views of 1.1 million passengers over 20 years. We are developing it to be even more useful and influential so as to make better use of verbatim comments and monitor passenger sentiment on a more continuous basis.

The Transport User Panel, which reflects the views of 24,000 transport users, continues to provide useful and rapid feedback from users about particular issues of the day. During the year, the Panel were surveyed on 12 topics, ranging from their experience of the railway timetable crisis, delays on the Dartford Crossing and suggestions for questions for a Board event. We monitored the impact of the timetable crisis on users of Northern and TransPennine Express trains and their awareness and claiming of compensation. We also assessed the impact of the long-running strike action on Northern passengers. We have been able to prompt as many as 5,370 responses in just over two weeks.

We continue to use our expertise in customer communities which help to influence long term decisions on a strategic basis. We have seen the success of this with HS2 and have influenced the design of new MerseyRail rolling stock in a similar way.

Other Transport Focus wins

<p>Rail compensation: Southeastern and South Western Railway both heeded our call for a minimum £100 compensation for passengers trapped for a long time during the snow.</p>	<p>Road works: Higher speed limits in roadworks were set on the M6 at Christmas – a win that follows directly from a recommendation from Transport Focus's <i>Incidents and roadworks</i> research.</p>	<p>Bus drivers: In 2016, BPS showed that satisfaction of passengers with a disability on Xplore Dundee buses was 85 per cent. Following disability awareness training for their drivers, satisfaction is now at 94 per cent.</p>
<p>Disabled parking spaces: At Strensham Service station (M5 southbound), we highlighted that parking spaces being far from the entrance would be a problem for people with disabilities. They have now moved the spaces closer.</p>	<p>Better roadworks signs: On the M621 near Leeds signs give more information about what, why and when the roadworks take place. This is a direct result of our work with Highways England in Yorkshire.</p>	<p>Reduced rail fare: A passenger highlighted an inconsistency in fares on the Southeastern service between Redhill and Eynsford (via Edenbridge). This was raised with Southeastern who introduced the better value fare for that route.</p>
<p>Station announcements: Audio announcements at Manchester Victoria station were unhelpful. Following our recommendation, they tweaked the system to improve it.</p>	<p>Young people using bus: Following our research into young people, Stagecoach in Merseyside are now better promoting their deals for young people.</p>	<p>Road signs: Damaged signs on the A27 in Sussex have been replaced earlier than planned by Highways England after we pointed to their poor state.</p>
<p>Off peak ticket: Following our approach to Great Northern, the 08:45 train from Ely to Cambridge and London King's Cross is now classified as off-peak so saving passengers money. The 09:17 train was previously the first off-peak service.</p>	<p>Train time display: We suggested that Liverpool Lime Street station shows arrival times at intermediate stations on its departure boards. This now happens.</p>	<p>Roadwork information: We suggested Highways England use Facebook signs on the M5 Oldbury roadworks. This was to boost engagement with drivers so they can find out about the roadworks.</p>
<p>Bus drivers: Stagecoach South Yorkshire used evidence from the BPS to work with its drivers to deliver an even better service for passengers.</p>	<p>Road signs: We persuaded Highways England to improve signs to stop drivers going the wrong way down slip roads. They are now in place on the A47 Castor junction near Peterborough. More will follow elsewhere.</p>	<p>A stopping train: Great Western Railway's service between Redhill and Reading passed through Dorking West at 2.30pm without stopping. Following our intervention, GWR now stops there.</p>

2.6 Ensuring the voice of transport users is heard

Much of our influence is achieved through reputation and our relationships, and exposure in the media – conventional and social – and communication with numerous stakeholders, including through the monthly newsletter, *Transport User Voice*.

Transport Focus maintains a 24-hour, 365 days press office. This year we responded to 365 inquiries - a rise of nearly 60 per cent over the previous year. Some but by no means all of this substantial increase took place during the opening weeks of the rail timetable crisis, when Transport Focus spoke up loudly on behalf of rail passengers.

Through its press and media work Transport Focus achieved a high level of media coverage this year (3,430 items) across diverse national and regional broadcast outlets (including BBC, ITV and Sky), national or regional newspapers, trade outlets, and online channels (such as Money Saving Expert). Total audience 'reach' over all monitored channels this year was just over 1.13 billion. Of this, just under 470 million or around 40 per cent was achieved through broadcast outlets.

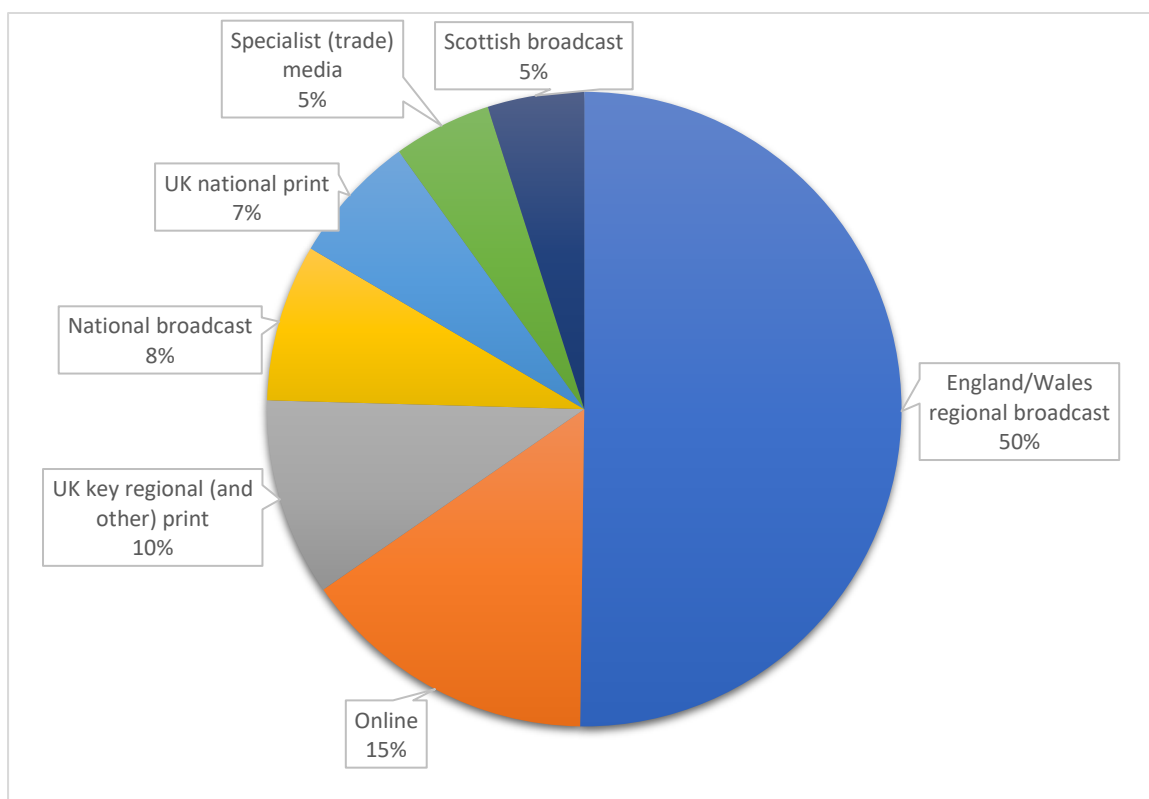
Our work was most prominent in January 2019 when we published the autumn wave of the flagship NRPS. It secured around 277 different items of coverage and was amplified widely over social media.

At the start of the year the monthly newsletter *Transport User Voice* had an estimated 15,000 subscribers of whom around one fifth (3000) were active readers. After activity ensuring compliance with the General Data Protection Regulations, the number of subscribers fell to just less than 10,000. However, despite this, we now have more than 50 per cent active readers (5000), a considerable improvement.

The website had almost 350,000 visits from almost 250,000 individuals, an increase of almost 30 per cent compared to the previous year.

The 'following' on @TransportFocus twitter handle also rose by nearly 20 per cent this year to just over 13,000 who between them generated a total of almost 1.8 million impressions.

Table 3. Media coverage 2018-19



2.7 A modern workplace for great people

Our success on behalf of transport users reflects the quality of the staff we have recruited and retain. As a small organisation we give our staff the opportunity to experience a wide range of work activities which helps develop their skills and capabilities. These opportunities, coupled with flexible working arrangements, ensure we retain high quality talent.

Our recent staff survey for 2018-19 showed that 89.4 per cent of staff were satisfied with working at Transport Focus (29.8 per cent and 59.6 fairly satisfied). 89 per cent said they were satisfied with the management of the organisation as a whole.

This year, our internal Staff Forum helped staff gain an insight into their own career and personal development. This was done through a series of presentations from staff, Board members and external speakers and covered a wide range of subjects including business development, personal development, mental health awareness and equalities.

The launch of the Rail Passenger Ombudsman changed the nature and volume of our passenger complaints work. As a result, we restructured the team handling this work and, unfortunately, we had to make three staff redundant.

We made significant changes to our IT infrastructure and systems by moving them to the cloud which was concluded with minimal disruption to staff. This has enabled us to keep our information technology systems up to date, to support staff to work flexibly, and to reduce costs.

Section 3

Management commentary

3.1 Performance report

Overview

The annual report and accounts covers the year to 31 March 2019. Our achievements this year for transport users, including road users, train, bus, coach and tram passengers are set out in Section 2 – Making a difference.

The overview section provides a short summary which should allow you to understand the purpose of Transport Focus, our key risks to the achievement of our objectives and how we have performed over the year.

Statement of purpose

Transport Focus¹ is an executive non-departmental public body set up to protect the interests of Britain's rail passengers; England's bus and tram passengers outside London; coach passengers in England on scheduled domestic services; and users of England's motorways and major 'A' roads. We are sponsored by the Department for Transport (DfT) but our operations and policy-making are independent of government.

Business model and organisational structure

Transport Focus is funded mainly by grant in aid from the DfT and £4,410,000 was received in 2018-19 in respect of bus and rail users (2017-18: £4,309,000) and £1,735,000 in respect of road users (2017-18: £1,900,000). 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.

Further funding is generated through working with other key organisations in the transport industry and is used to provide additional consumer representation and transport user research. In 2018-19 £2,161,000 of additional funding was generated (2017-18: £1,888,000).

Objectives

Our key objectives for the year were:

- Make a difference for rail, bus, coach, tram and road users
- Develop our insight and evidence
- Ensure the voice of the transport user is heard

¹ 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.

Our progress against these, including our achievements this year, are reported in Section 2.

Business Strategy - Future years

Our three-year plan for 2018-2021 set out our goals and how we will achieve them:

- Making a difference for today's transport user
- Making a difference for tomorrow's transport user
- Making Transport Focus an insight and evidence hub
- Creating a modern workplace for great people

This year, our work plan for 2019-20 sets out three campaigns which will deliver broader improvement for transport users:

- Boosting rail reliability by making it easier to claim Delay Repay compensation. Claims are currently at just 35 per cent of those eligible. This will help focus attention on the key driver of passenger satisfaction, a reliable railway.
- Improving bus services. Transport Focus intends to demonstrate this year that it can make a difference on behalf of passengers in one major area and will use this work to show what can be done more widely by other operators and local authorities.
- Increasing the usefulness and effectiveness of information on Highways England's roads, including messages on electronic signs. This will allow more road users to make informed decisions in plenty of time, improving safety and reducing stress.

Beyond these campaigns, the majority of our core work will deliver improvements for users under the following themes:

- On time! – focussing attention on the smooth running of transport networks, including during planned and unplanned disruption.
- Get it right! – when things go wrong, make sure they are put right quickly with a particular regard for the interests of disabled users.
- Boost the user voice – making sure users are heard in debates about the planning and operation of transport services.

For the year 2019-20 the organisation has agreed funding of £4,308,000 to cover work representing the interests of rail, bus, coach, and tram passengers and a further £1,420,000 to represent users of Highways England's roads. Following the spending review 2015 grant in aid funding has been agreed with the DfT until 2019-20. A full departmental spending review will be completed in 2019 which will determine future years funding.

Performance analysis

Finance

In 2018-19 the organisation received from the DfT grant in aid of £3,467,000 for rail passenger representation (2017-18: £3,362,000). Additionally, £763,000 (2017-18: £722,000) was received for work on the National Rail Passenger Survey (NRPS), and £180,000 (2017-18: £225,000) for work on the Bus Passenger Survey (BPS). Further grant in aid of £1,735,000 (2017-18: £1,900,000) was received from the DfT for representing users of the Highways England's roads. This year Transport Focus has secured funding totalling £2,161,000 (2017-18: £1,888,000) from third parties for joint and fully funded projects which included £576,000 (2017-18: £630,000) from the DfT.

The organisation incurred net costs of £6,115,000 in the year to 31 March 2019. Some 38 per cent (2017-18: 38 per cent) of our spending has been invested in insight on passenger and road user issues which ensures we are able to provide objective evidence to support our campaigns for improvements.

Total taxpayers' equity² showed a balance of £254,000 (2017-18: £224,000) at the end of the year and the total grant in aid drawn down during the year was £6,145,000 (2017-18: £6,209,000).

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 transport users. Our investment in transport user insight over the year totalled £3,170,000, including the NRPS and BPS. The main insight projects this year have been highlighted in the Review of Activities, and the full details can be found on our website.

Performance, risks and uncertainties

Transport Focus measures its performance through a workplan report. The report identifies the critical success measures for each objective, progress to date, upcoming work and potential barriers to success. The report is reviewed monthly by the executive Management Team and quarterly by the Board.

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.

² 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.

Essential contractual arrangements

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

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

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 98.5 per cent (2017-18: 98.4 per cent) of invoices within 30 days, and 83.5 per cent (2017-18: 75.4 per cent) within 10 working days. The average time taken to pay a supplier during the year was five days (2017-18: six 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 shared office space in buildings which makes it difficult to determine the actual consumption of utilities. However, the buildings do have stringent environmental credentials. Our office accommodation in Manchester utilises recycled rainwater, energy efficient heat pumps, motion sensitive lighting as well as extensive recycling of office waste. During the year an estimated 30,000 kWh of electricity has been consumed in our offices.

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. During the year an estimated 103,000 miles of business travel was covered on trains generating 8,500 CO₂ (kg) of emissions. We have continued to make better use of electronic communication and conferencing facilities and utilise these methods wherever possible.

We regard our human rights responsibilities very highly and are in the process of ensuring all our suppliers work to the same standard.

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 are appointed by the Secretary of State for Transport (Chair and five members), the Welsh Government (one member), Scottish Ministers (one member) in line with the Governance code on Public Appointments of March 2016 issued by the Cabinet Office and the London Assembly (one member). 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.

Bribery and corruption

There were no incidents relating to bribery or corruption during the year. All staff are made aware of the Transport Focus fraud and whistle blowing policies and key staff attend refresher bribery and corruption training periodically.

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 strict guidelines on the handling of sensitive personal data. Significant work has been completed over the year to ensure we are compliant with General Data Protection Regulations (GDPR) which came into force in 2018.

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. A refreshed Equality Scheme and Action Plan was implemented in 2016-17 and will continue to be monitored to ensure it remains relevant. The Equality Scheme and Action Plans will be updated during 2019-20.

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 NRPS, 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 an Accessibility Forum which brings together industry representatives and national organisations representing disabled people. More information about this can be found on our website.

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. The accounts are audited by the National Audit

Office on behalf of the Comptroller and Auditor General. 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.

Anthony Smith

Chief Executive and Accounting Officer

25 June 2019

3.2 Accountability Report

Directors' Report

During the year there have been up to nine non-executive directors at any one time who are detailed below. In addition, there were three executive directors, Anthony Smith (Chief Executive), Nigel Holden (Corporate Services Director) and David Sidebottom (Transport Director). Further details are available in the Remuneration and Staff Report.

Non-executive directors are appointed by the Secretary of State for Transport (Chair and five members), the Welsh Government (one member), Scottish Ministers (one member) in line with the Governance Code on Public Appointments of March 2016 issued by the Cabinet Office 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. Board Members in post during the year are listed below:

	Date of original appointment	Date current or most recent appointment ends	Audit, Risk Assurance and Remuneration Committee	Statistics Governance Group	Passenger Contact Group
J Halliwell (Chair)	9 February 2015	8 August 2021			
I Liu	1 March 2013	31 December 2020	Chair		
A Leathley ¹	1 October 2017	30 September 2021	√		√
W Powell ²	1 May 2017	30 April 2021			Chair
P Mendelsohn ³	1 September 2012	31 August 2020		√	
T De Pencier	1 May 2015	30 April 2023		Chair	
K Richards	14 August 2018	13 August 2022			√
K Denham	14 August 2018	13 August 2022	√		
R Wilson	14 August 2018	13 August 2022		√	

¹ Appointed by the London Assembly

² Appointed by the Welsh Government

³ Appointed by Scottish Ministers

M Lauder, former Board member and Chair of the Audit, Risk Assurance and Remuneration Committee, acted as an advisor to the Board until 31 July 2018 to provide continuity whilst the annual accounts were considered by the ARARC and the Board before publication.

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 three committees and their primary purposes are:

- The Audit, Risk Assurance and Remuneration Committee supports Transport Focus on all matters relating to corporate governance, risk and financial management (including the Governance Statement), remuneration and oversees 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 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 with particular emphasis on the oversight of the developing Rail Passenger Ombudsman Scheme.

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 £26,000 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 and Staff Report. Note 1.8 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 average number of working days lost due to unplanned absences as a result of sickness was 5.3 days (2017-18: 9.6 days), 2.1 per cent of total staff time, (2017-18: 3.7 per cent).

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

Anthony Smith
Chief Executive and Accounting Officer
25 June 2019

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 and
- 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
25 June 2019

Governance statement 2018-19

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 Group, 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

During the year Transport Focus has had up to nine Board Members at any one time; the Scottish Government, Welsh Government and the London Assembly each appoints one, with other members appointed by the Secretary of State for Transport. The membership of the Board during the year is shown in the Directors report.

The Board's key roles, supported by Transport Focus staff, are to:

- set the organisation's strategy
- agree Workplans, budgets and Key Performance Indicators and oversee performance against these
- oversee the organisation's operations, including finances, remuneration and risk assessments
- set the policy framework and agree lines on major policy and issues facing transport matters.

The Audit, Risk Assurance and Remuneration Committee, which consisted of up to three non-executive Board Members during the year, 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
- external audit activity
- matters relating to pay and grading policy and terms of employment and
- 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.

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, which has been approved by the Board and made available to all staff on the intranet and
- 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, Risk Assurance and Remuneration 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, Risk Assurance and Remuneration 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, Risk Assurance and Remuneration 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 the functions described below.

Board

The Board received regular updates on progress throughout the year which are discussed at public meetings. The Board met six times, including three special public meetings, 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 statutory Board meetings are summarised below and the issues discussed are available in the Board meeting minutes which can be downloaded from our website www.transportfocus.org.uk.

Board member	Board meeting		
	July 2018	November 2018	March 2019
J Halliwell (Chair)	√	√	√
I Liu	√	√	√
A Leathley	√	-	√
W Powell	√	√	√
P Mendelsohn	√	√	√
T De Pencier	√	-	√
K Richards	n/a	√	√
K Denham	n/a	√	√
R Wilson	n/a	√	√

A review of Board effectiveness was undertaken during the year to ensure the Board remained relevant, appropriate, and functioning effectively, and that Board papers were of good quality. No specific actions were identified as part of the review process. Details of the Boards remuneration and appointment process are available in the Remuneration and Staff Report and Board appointment process on page 38.

The Audit, Risk Assurance and Remuneration Committee

The Audit, Risk Assurance and Remuneration 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
- cross-organisation pay awards, changes to terms of employment and performance related pay, 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 Chair of the Audit, Risk Assurance and Remuneration Committee provided the Board with regular reports on the committee's activities and any findings concerning internal control.

Board member attendance at Audit, Risk Assurance and Remuneration Committee meetings is summarised below.

Audit, Risk Assurance and Remuneration Committee meeting					
Board member	April 2018	June 2018	July 2018	October 2018	January 2019
I Liu	√	√	√	√	√
A Leathley	√	√	√	√	√
K Denham	n/a	n/a	n/a	√	-

Other aspects of governance arrangements

The Board also maintains two additional committees to help discharge its governance duties. 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 four times during 2018-19. The Passenger Contact Group oversees the effectiveness of the passenger contact function. It met two times.

Internal audit

Internal audit reports to the Audit, Risk Assurance and Remuneration Committee and agrees 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 an overall moderate assurance opinion for the year in his annual report. There were four internal audit assignments 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: Rail Passenger Ombudsmen Scheme, General Data Protection Regulation (GDPR), cyber security, and the finance and HR assurance framework. 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, Risk Assurance and Remuneration Committee periodically to ensure the findings are being addressed.

Meetings with the 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 Chair 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, Risk Assurance and Remuneration 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.

There were five key corporate risks identified during the year. These included:

- Preparing for our role in the Rail Passenger Ombudsmen Scheme. The risks included loss of reputation by association, a potential surge in case volumes and inadequately provided routing and advice signposting. The risk has been managed over the course of the year by active participation in a cross-industry taskforce, development of a strong media line, management of our contact team case load, along with continued oversight by Management Team and Board.
- Organisational risk to our current resources due to projected budget cuts. The risk is being managed through the creation of a new role focusing on the development of partnership and third-party funding opportunities.
- The smooth running and usefulness of the Strategic Roads User Survey in the year with consequential reputational risk. Active management and engagement with key suppliers and stakeholders has been key in the management of this risk. In addition, there have been monthly project meetings with key staff and regular communication with Management Team and Board.
- Non-compliance with the General Data Protection Regulation. This risk has been managed by the creation and implementation of a project plan, training for key staff and the creation of a GDPR taskforce.
- Continuing to be an effective and visible user watchdog and demonstrating value for money. We manage this risk through regular meetings with the Department and our key stakeholders.

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 2018-19 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.

The system of internal control has been in place in Transport Focus for the year ended 31 March 2019 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.

Anthony Smith
Chief Executive and Accounting Officer
25 June 2019

3.3 Remuneration and Staff Report for the year ended 31 March 2019

The Audit, Risk Assurance and Remuneration Committee was made up of up to three non-executive Board Members in the year: Isabel Liu (Chair), Kate Denham and Arthur Leathley. In addition to activities undertaken in relation to audit and risk, 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 Chair of the Board and the DfT. Members of the Audit, Risk Assurance and Remuneration Committee have not been involved in decisions relating to their own remuneration. In 2018-19 there was an increase of 1.5 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 1.5 per cent pay increase for staff during 2018-19.

Our simple annual bonus scheme continued to operate in 2018-19, with a total allocation of £21,000 for achievements in the year (2017-18: £19,000) and were approved and paid in May 2019. 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 Chair of the Audit, Risk Assurance and Remuneration Committee.

Board Members (audited)

Remuneration paid to the non-executive Board Members for the period to 31 March 2019 is set out below:

	Board fees paid in the period ended		Date of Original Appointment	Date current or most recent appointment ends
	31 March 2019 £000's	31 March 2018 £000's		
Board member				
J Halliwell (Chair)	36	36	9 February 2015	8 August 2021
I Liu	16	13	1 March 2013	31 December 2020
A Leathley ¹	-	-	1 October 2017	30 September 2021
W Powell	13	11	1 May 2017	30 April 2021
P Mendelsohn	13	13	1 September 2012	31 August 2020
T De Pencier	12	12	1 May 2015	30 April 2023
K Richards	8	-	14 August 2018	13 August 2022
K Denham	8	-	14 August 2018	13 August 2022
R Wilson	8	-	14 August 2018	13 August 2022
Board Advisor				
Marian Lauder ²	3	16	1 February 2013	31 March 2018

¹ Arthur Leathley is appointed by the London Assembly who pay his remuneration.

² Marian Lauder's appointment as a Board Member came to an end on 31 March 2018. She was appointed as a board advisor until 31 July 2018 to provide continuity whilst the annual accounts were considered by the ARARC and the Board before publication.

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 Board (audited)

Members of the Executive Management Team are on continuing contracts and their remuneration and pension benefits, in £5,000 bands, are set out below

	Salary		Bonus		Pension benefits ¹		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
A Smith Chief executive	130-135	125-130	-	-	41	20	170-175	145-150
N Holden Corporate services director	75-80	75-80	-	-	19	12	90-95	85-90
D Sidebottom ² Director	75-80	75-80	-	-	(83)	13	0-5	85-90

¹ 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

² The decrease in pension benefits for D Sidebottom is as a result of changes in pay in earlier years which has resulted in an adjustment in the accrued pension benefits at 31 March 2019.

	Real increase in pension and [related lump sum] at pension age	Accrued pension and [related lump sum] at pension age as at 31 March 2019	Cash Equivalent Transfer Value		Real increase in Cash Equivalent Transfer Value to nearest £000
			At 31 March 2019	At 31 March 2018	
			£000's	£000's	
A Smith	2.5 - 5	40 - 45	903	774	42
N Holden	0 - 2.5	15 - 20	353	298	19
D Sidebottom	0 - 2.5 [0 - 2.5]	25 - 30 [70 - 75]	564	584	(87)

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 was previously a member of the classic pension scheme whose members are eligible for an automatic lump sum payment on retirement and this is reflected in the above table.

The main provisions of the Civil service pension schemes are set out below.

'Salary' includes gross salary only. No performance pay or bonuses were awarded to the executive team in the financial year 2018-19 and there were no benefits in kind or non-cash benefits made.

All the directors are employed on permanent contracts and are contracted to a six-month notice period throughout their period of employment with Transport Focus.

Review of Fair Pay (audited)

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 calculated in line with Hutton guidance and is summarised in the table below.

	2018-19	2017-18
Mid-point of Band of Highest Paid Director's Total Remuneration (£)	132,500	127,500
Median Total Remuneration (£)	45,192	41,897
Ratio	2.9	3.0

The drop in the above ratio is due to the reduction in temporary staff in post between 2017-18 and 2018-19. The temporary staff were employed as part of our preparations for the launch of the Rail Passenger Ombudsman which took place in November 2018.

Actual staff remuneration, excluding the highest paid director, ranged from £23,235 (2017-18: £23,080) to £83,066 (2017-18: £80,899).

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:

	2018-19			2017-18
	Total	Directly employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	2,641	2,349	292	2,443
Social security costs	251	251	-	237
Other pension costs	461	461	-	418
Total net costs	3,353	3,061	292	3,098

There were no consultancy or high paid off-payroll appointments in either 2018-19 or 2017-18. A high paid off payroll appointment is one which lasts for a period greater than six months at rate greater than £245 per day.

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. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

For 2018-19 employers' contributions of £415,616 (2017-18: £373,264) 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 £44,064 (2017-18: £43,893) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0 to 14.75 per cent of pensionable earning. Employers also match employee contributions up to three per cent of pensionable pay. In addition, employer contributions of £1,400, 0.5 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £5,581.

Average number of persons employed (audited)

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

	2018-19		2017-18	
	Total	Permanent	Others	Total
	Number	Staff	Number	Number
Directly employed	52	47	5	56
Other	-	-	-	-
Total	52	47	5	56

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 in either application for employment or in continued employment on the grounds of sex, transgender, race and ethnicity, religion and belief, disability, marital status, age, pregnancy and maternity or sexual orientation. Where required appropriate adjustments to the workplace can and have been in put in place to ensure that all staff have an equal opportunity to carry out their duties. These include changes to working patterns and hours, providing appropriate training and alterations to employee workstations.

The table below shows the split between male and female staff and directors of Transport Focus at 31 March 2019.

	Male	Female	Other	Total
Non-Executive Directors (remunerated)	7	2	-	9
Executive Directors	3	-	-	3
Senior Manager	3	3	-	6
Staff	19	20	-	39
Total	32	25	-	57

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 £31,000 to support improved staff performance, including development and communication of the Workplan.

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

Trade Union

We give staff the option to join a union. As we do not officially recognise a union, we do not offer any trade union facility time to staff.

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	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Less than £10,000	1	-	-	-	1	-
£10,000 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	3	-	1	-	4	-
Total number of exit packages	4	-	1	-	5	-
Total cost (£000)	107	-	35	-	142	-

The cost of exit packages includes redundancy payments in accordance with the provisions of the Civil Service Compensation Scheme, which is a statutory scheme made under the Superannuation Act 1972, plus compensation for any period of the contractual notice period which, by agreement, has not been worked.

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 4.6per cent and 8.05per cent for members of classic, premium, classic plus, nuvos and 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 their 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 8 per cent and 14.75 per cent (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 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

25 June 2019

3.4 Parliamentary Accountability and Audit Report

Losses and Special Payments (audited)

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 (audited)

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

	2014-15	2015-16	2016-17	2017-18	2018-19
Passenger Representation £000	4,989	4,962	4,919	4,177	4,384
Road User Representation £000	-	1,033	2,147	1,888	1,731
Total Net Expenditure £000	4,989	5,995	7,066	6,065	6,115

Fees and Charges (audited)

The following information summarises the final report to Transport Focus Management Team for the period to 31 March 2019 and excludes any joint funded activities.

	Full Cost £000	Revenue £000	Operating Surplus/(Deficit) £000
Additional Consumer Representation	671	682	11
Transport User Insight	485	568	83
Net Income	1,156	1,250	94

Additional consumer representation activities are delivered through assigning staff to liaise with specific service providers. We set fees to recover, at a minimum, the direct costs of these activities plus a margin to recover an appropriate proportion of management costs.

Transport user research activities are managed market research projects to gather and analyse user evidence. Where fees are charged for transport user insight which would have been part of our workplan we set fees to recover, at a minimum, the direct costs of these activities, the costs for project management plus a margin to recover an appropriate share of overheads and notional cost of capital.

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I have audited the financial statements of Transport Focus (operating name of the Passengers' Council) for the year ended 31 March 2019 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Transport Focus' affairs as at 31 March 2019 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 regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Transport Focus in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Transport Focus' ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the

audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and express an opinion on the financial statements in accordance with the Railways Act 2005.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Transport Focus' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Railways Act 2005;
- in the light of the knowledge and understanding of Transport Focus and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in Performance Report and Parliamentary Accountability and Audit 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 and Staff Report and the Parliamentary Accountability and Audit 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.

Gareth Davies

Date

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

3.5 The accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Expenditure			
Staff costs	3	3,353	3,098
Depreciation	4	14	11
Other expenditures	4	4,909	4,844
		<u>8,276</u>	<u>7,953</u>
Income			
Income from activities	5	<u>(2,161)</u>	<u>(1,888)</u>
Net Expenditure		<u>6,115</u>	<u>6,065</u>

The Accounting Policies and Notes on pages 56 to 64 form part of these financial statements

Statement of Financial Position as at 31 March 2019

		2019	2018
		£000	£000
	Note		
Non-current assets:			
Property, plant and equipment	6	28	42
Total non-current assets		28	42
Current Assets			
Trade and other receivables	7	578	764
Cash and cash equivalents	8	2,433	897
Total current assets		3,011	1,661
Total assets		3,039	1,703
Current liabilities			
Trade and other payables	9	2,750	1,479
Provisions	10	35	-
Total current liabilities		2,785	1,479
Assets less liabilities		254	224
Taxpayers' equity			
General reserve		254	224
Total taxpayers' equity		254	224

The Accounting Policies and Notes on pages 56 to 64 form part of these financial statements

Anthony Smith
 Chief Executive and Accounting Officer
 25 June 2019

Statement of Cash Flows for the year ended 31 March 2019

	2018-19 £000	2017-18 £000
	Note	
Cash flows from operating activities		
Net expenditure after interest	(6,115)	(6,065)
(Increase)/Decrease in trade and other receivables	7 186	(453)
Increase/(Decrease) in trade and other payables	9 1,271	(796)
Increase/(Decrease) in provisions	10 35	-
Add : Depreciation	4 14	11
Net cash outflow from operating activities	<u>(4,609)</u>	<u>(7,303)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	6 -	(43)
Net cash outflow from investing activities	<u>-</u>	<u>(43)</u>
Cash flows from financing activities		
Grant in Aid	<u>6,145</u>	<u>6,209</u>
Net financing	<u>6,145</u>	<u>6,209</u>
Net (decrease)/increase in cash and cash equivalents in the period	<u>1,536</u>	<u>(1,137)</u>
Cash and cash equivalents at the beginning of the period	8 <u>897</u>	<u>2,034</u>
Cash and cash equivalents at the end of the period	8 <u>2,433</u>	<u>897</u>

The Accounting Policies and Notes on pages 56 to 64 form part of these financial statements

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

	General Reserve £000
Balance at 1 April 2017	<u>80</u>
Changes in taxpayers' equity for 2017-18	
Retained Deficit	(6,065)
<i>Total recognised income and expense for 2017-18</i>	<u>(6,065)</u>
Grant in Aid received from the DfT	6,209
Balance at 31 March 2018	<u>224</u>
Changes in taxpayers' equity for 2018-19	
Retained Deficit	(6,115)
<i>Total recognised income and expense for 2018-19</i>	<u>(6,115)</u>
Grant in Aid received from the DfT	6,145
Balance at 31 March 2019	<u>254</u>

The Accounting Policies and Notes on pages 56 to 64 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 2018-19 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 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. Estimates are based on knowledge of current facts and circumstances, assumptions concerning past events, and forecast of future events and actions. Key judgements used in the preparation of Transport Focus's accounts relate to the determination of work completed for the recognition of accrued and deferred income.

1.3 Adoption of new and revised standards

A number of new standards became effective for the first time in 2018-19, and have been applied in these financial statements:

- IFRS 9 addresses the classification, measurement and impairment of financial assets. There was no material changes to balances and transactions reported in Transport Focus financial statements given the simple financial instruments held.
- IFRS 15 covers the recognition of revenues from contracts with customers. The new accounting standard introduces a five step approach to determining when income ought to be recognised, the core principle being that income is recognised at the point the goods or services are provided. The majority of Transport Focus's income is generated from short-term contracts that do not span more than one financial year and, as such, any change in income recognition point has no impact on the financial year in which this revenue is

recognised. In determining the impact of the standard we have reviewed each income generating contract and assessed whether there is a change in revenue recognition point as a result of IFRS 15 superseding IAS 18. We have concluded that the overall impact is immaterial. The impact of the immaterial effect has been reflected in current year revenue.

Standards not yet implemented

IFRS 16 has not been applied in 2018-19, as it is applicable for annual reporting periods commencing 1 January 2019 (for bodies that consolidate into the DfT group). Therefore, for Transport Focus, IFRS 16 is expected to be applied in the 2019-20 annual report and accounts.

Transport Focus currently holds two significant operating leases, both relating to occupancy agreements for offices in Manchester and London. The term of the occupancy agreement for the Manchester office is currently for a period of 12 months and the longer term occupancy is uncertain. However, it has been assumed we will remain in occupation for a period of five years, a typical length of a memorandum of terms of occupancy, so we anticipate that a right to use asset and associated liability will need to be recognised for this lease. The estimated impact on the Statement of Financial Position, based upon current operating lease commitments, would have been the creation of a right of use asset with a net book value of £395,000 and a lease liability of £403,000, resulting in a net increase in liabilities of £8,000 at 31 March 2019.

We are required to vacate the London offices no later than the end of September 2021, though occupancy is likely to end by summer 2020. We continue to review whether this lease will require a right of use asset and associated liability or whether the term of the lease term will fall below 12 months and continue to be treated as an operating lease. If a right of use asset and associated liability is recognised for the London lease then, based upon current operating lease commitments to September 2021, the estimated impact on the Statement of Financial Position would have been the creation of a right of use asset with a net book value of £293,000 and a lease liability of £297,000, resulting in a net increase in liabilities of £4,000 at 31 March 2019.

The impact on the Statement of Comprehensive Net Expenditure is not considered to be material.

Transport Focus does not consider that any other new or revised standard or interpretation will have a material impact.

1.4 Income from operating activities

Income from operating activities represents income in respect of both co-funding of expenditure on passenger research projects, and activities which are fully funded by other parties. Income is recognised in line with IFRS 15 where performance obligations have been met. This is either at a point in time where agreed outputs have been delivered or key milestones have been met, or over time where a service

has been provided. The majority of the organisation's income is recognised at a point in time where key milestones have been met.

1.5 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.

1.6 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

1.7 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.

1.8 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. As required by IAS 19, Transport Focus accounts for these contributions as if they related to a defined contribution scheme, by accounting for scheme contributions on an accruals basis. Contributions take the form of payments to the PCSPS of amounts to cover the accruing liabilities of the scheme 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. A full actuarial valuation was carried out as at 31 March 2012 and there is currently a new valuation underway. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>).

1.9 Operating leases

Rental payments due under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease. Where the arrangement includes incentives, such as rent free periods, the related benefits are deferred over the full term of the lease.

1.10 Taxation

Transport Focus has no corporation tax liability because funding is provided mainly through grant in aid from the DfT. Activities which involve funding from other parties are subject to VAT and any irrecoverable VAT is treated as an expense.

2. Analysis of Net Expenditure by Segment

	Passenger Representation £000	Road User Representation £000	2018-19 Total £000	2017-18 Total £000
Gross Expenditure	6,130	2,146	8,276	7,953
Income	1,746	415	2,161	1,888
Net Expenditure	<u>4,384</u>	<u>1,731</u>	<u>6,115</u>	<u>6,065</u>

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

3. Staff costs

Staff costs comprise:

	2018-19			2017-18
	Total	Directly employed staff	Others	Total
	£000	£000	£000	£000
Wages and Salaries	2,641	2,349	292	2,443
Social security costs	251	251	-	237
Other pension costs	461	461	-	418
Total net costs	<u>3,353</u>	<u>3,061</u>	<u>292</u>	<u>3,098</u>

4. Administration costs and other expenditure

	2018-19	2017-18
	£000	£000
Running Costs		
Transport user insight	3,170	3,042
Travel and subsistence, room hire and recruitment	288	321
Printing, postage and office costs	153	136
External services and support	276	323
Information technology support and maintenance	473	491
Board remuneration	124	119
Rent, rates and utilities	342	307
Training and development	31	52
Telecommunication costs	24	25
External audit fee	26	24
Operating lease rentals (excluding rent)	2	4
	<hr/>	<hr/>
	4,909	4,844
Non-cash items		
Depreciation	14	11
Total	<hr/>	<hr/>
	4,923	4,855

5. Income

	2018-19	2017-18
	£000	£000
Income in respect of joint projects	1,137	896
Income in respect of activities fully funded by external parties	1,016	982
Other income	8	10
	<hr/>	<hr/>
	2,161	1,888

6. Property, plant and equipment

	Information Technology and Fittings £000	Total £000
Cost or valuation		
At 1 April 2018	43	43
At 31 March 2019	<u>43</u>	<u>43</u>
Depreciation		
At 1 April 2018	1	1
Charged in year	14	14
At 31 March 2019	<u>15</u>	<u>15</u>
Net book value at 31 March 2019	28	28
Net book value at 31 March 2018	<u>42</u>	<u>42</u>

	Leasehold Improvements £000	Information Technology and Fittings £000	Total £000
Cost or valuation			
At 1 April 2017	94	14	108
Additions	-	43	43
Write down	(94)	(14)	(108)
At 31 March 2018	<u>-</u>	<u>43</u>	<u>43</u>
Depreciation			
At 1 April 2017	89	9	98
Charged in year	5	6	11
Write down	(94)	(14)	(108)
At 31 March 2018	<u>-</u>	<u>1</u>	<u>1</u>
Net book value at 31 March 2018	-	42	42
Net book value at 31 March 2017	<u>5</u>	<u>5</u>	<u>10</u>

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

7. Trade receivables and other current assets

	2018-19	2017-18
	£000	£000
Accounts falling due within one year:		
Trade receivables	410	557
Other receivables	11	11
Prepayments and accrued Income	157	196
	<u>578</u>	<u>764</u>

Other receivables include season ticket loans to 9 staff (2017 -18: 10) totalling £10,798 (2017-18: £11,059).

8. Cash and cash equivalents

	2018-19	2017-18
	£000	£000
Balance at 1 April	897	2,034
Net change in cash and cash equivalent balances	1,536	(1,137)
Balance at 31 March	<u>2,433</u>	<u>897</u>

The bank balance is held with the Government Banking Service.

9. Trade payables and other current liabilities

	2018-19	2017-18
	£000	£000
Amounts falling due within one year		
Other taxation and social security	73	71
Pension contributions payable	51	48
Trade payables	645	11
Other payables	13	15
VAT Liability	148	38
Accruals and deferred income	1,820	1,296
	<u>2,750</u>	<u>1,479</u>

10. Provision for liabilities and charges

	2018-19	2017-18
	£000	£000
Redundancy Cost Provision		
Balance at 1 April	-	-
Provided in the year	35	-
Provisions utilised in the year	-	-
Balance at 31 March	<u>35</u>	<u>-</u>

The provision has been provided for premature exit costs under the Civil Service Compensation Scheme and is expected to be utilised within the next 12 months.

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:

	2018-19 £000	2017-18 £000
Obligations under operating leases comprise:		
Buildings		
Not later than one year	302	265
Later than one year and not later than five years	-	-
Later than five years	-	-
	302	265
Other		
Not later than one year	1	1
Later than one year and not later than five years	-	1
Later than five years	-	-
	1	2

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 was a remote possibility that Transport Focus may be required to contribute to the reinstatement costs when the main lease ends. As the main lease ended during the year this is no longer considered a contingent liability.

There were no other reportable contingent liabilities or contingent assets at 31 March 2019 or 31 March 2018.

13. Related-party transactions

Transport Focus is an executive non-departmental public body sponsored by the DfT and is regarded as a related party. £6,145,000 was received from the DfT in Grant in Aid for the year. In addition further income totalling £532,000 was received in the year for additional research commissioned by the DfT.

£520,000 was invoiced to Highways England for jointly funded research with a balance outstanding at 31 March of £93,000. Transactions totalling £167,000 were undertaken with Network Rail with £51,000 still receivable at 31 March.

£105,000 was received from HS2 Limited for Passenger Panel research and a balance of £6,000 remained outstanding. £40,000 was received from Train Information Services for set up support for the Rail Passenger Ombudsmen Scheme. £28,000 was invoiced to Office of Rail and Road for jointly funded research and £10,000 remained receivable.

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 the date of certification by the Comptroller and Auditor General.

15. Financial instruments

As the main 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. Trade partners are considered to pose minimal credit risk as they will have been risk assessed as part of much larger projects with the DfT. In addition, phasing of invoicing over the life of a project further reduces exposure.

CCS0619377900
978-1-5286-1454-2