



# Transport Focus Annual Report and Accounts

2020-21

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SG/2021/144

# Annual report and accounts 2020-21

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## **Section 1**

### **Chair's introduction**

Many transport users had an extraordinary year. People were urged to travel for essential reasons only to limit the spread of Coronavirus. So commuting stopped for many as working from home became the norm.

The way Transport Focus monitored the user experience and advocated for them was radically altered and had to be adapted to take account of the Covid-19 restrictions. Initially, we ensured that transport users had adequate information and services to be able to travel if they had to, and that passengers didn't lose out from the tickets they had purchased.

The implications for Transport Focus's insight work were significant as all face-to-face contact had to stop. We therefore embarked on an insight programme which measured the experiences of those who had to travel and, as restrictions were lifted over the summer, considered how confidence could be rebuilt to enable people to travel again. What would they need? Others to wear face coverings? Visible cleaning? Adequate space?

As life had changed so much for so many, would it ever get back to 'normal'? There has been uncertainty about whether people will return to full-time office working and commuting - a major part of travel into cities. Such a change would shake the fundamental basis of the transport economy. New products to entice people back onto public transport, when the time is right, might be needed.

The Covid-19 pandemic took place against the backdrop of Rail Reform and the development of a new National Bus Strategy for England which will result in significant changes to those services. We continued to ensure the user will be at the heart of those reforms, improving their experience.

Climate change and the decarbonisation of transport has risen further up governments' agendas. Issues which impact on the consumer include the roll out of electric vehicles and the looming deadline for the ending of the sale of new petrol and diesel vehicles. We initiated our first insight and held a public webinar to discuss this.

The pandemic has made us look even harder at the way we do things, such as gathering data about transport users' views. Our weekly Omnibus Survey and Transport User Communities have enabled us to speedily track views and experiences and feed them back to decision makers. This development will continue.

We also held a number of online events – both Board meetings and webinars - on a variety of topics. These have been well attended and insightful. The organisation has been well equipped to operate virtually with all staff working from home with everyone supporting each other through this challenging time.

## **Section 2**

### **Making a difference for transport users**

The Covid-19 pandemic and its impact on transport and transport users dominated 2020-21 and that is likely to continue for some time. The year was either in a state of lockdown or an easing of it. Our activity varied according to the state each country was in. In the former, people were only travelling for essential reasons with others essentially being 'non-users'. During the latter phase, operators and governments were keen to encourage people to return to public transport so our role became one of finding out what would reassure people to travel.

As always, we aimed to be useful, to inform those making decisions about transport – operators and governments – to help identify what they could do to improve the user experience, particularly in such an unprecedented time.

#### **2.1 Responding to transport users' needs during the pandemic**

We quickly adapted our insight in response to the new circumstances. Our conventional face-to-face survey work stopped due to Covid-19 restrictions. But we developed new insight tools – both quantitative and qualitative – to help us understand the user perspective of those who were travelling. Later, they helped us understand the perspectives of those who were not travelling.

There was an underlying question throughout the year which was not resolved at the end of it: when (and if) life got back to some level of normality, would people want to travel the way they used to? Would they want to work from home more? If so, what would be the implications for the season ticket arrangements?

#### **Quantitative insight**

We established a weekly online Omnibus tracker survey in May. It was completed by 2,000 people and designed to fit the profile of the population of Great Britain. We were able to track

- what travel people were doing, how much and on which modes
- people's satisfaction with public transport
- people's concerns about travel and what would make them feel safer while doing so.

As many as 39 waves of the survey were completed weekly throughout the year, other than during restricted travel between Christmas and Easter when it was fortnightly.

This insight enabled us to track users' reactions to particular changes, such as the easing of lockdowns and students' experience of travelling home for Christmas. Prior to Christmas, for example, we asked about travel intentions using Instagram as a way of communicating more effectively with that group. Only just over a quarter said they were intending to travel, the vast majority by car, split between local day trips around

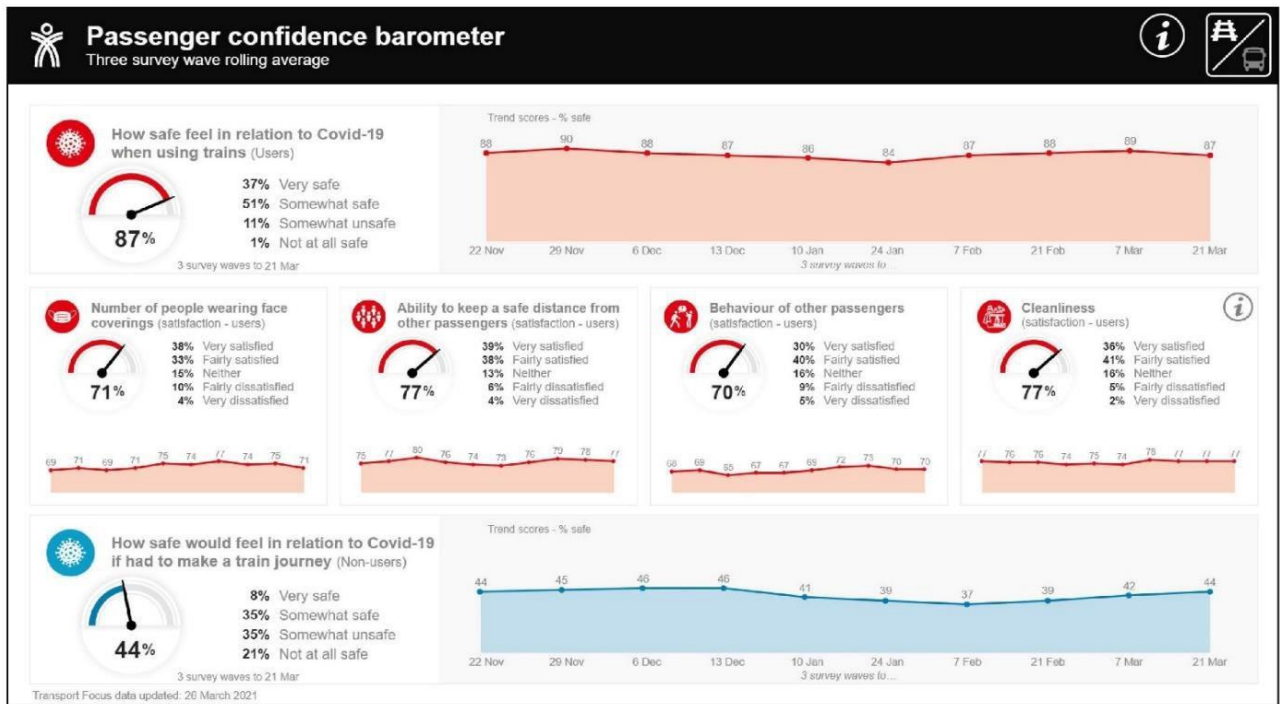
Christmas Day, and longer car trips. This data helped the Government's Christmas Travel Tsar ensure the right resources were in place to help those travelling.

Towards the end of the year, we looked back over 10 months of insight gathered to identify the key lessons for 2021 and the decisions that could help passengers travel with confidence again. The lessons were along two broad themes:

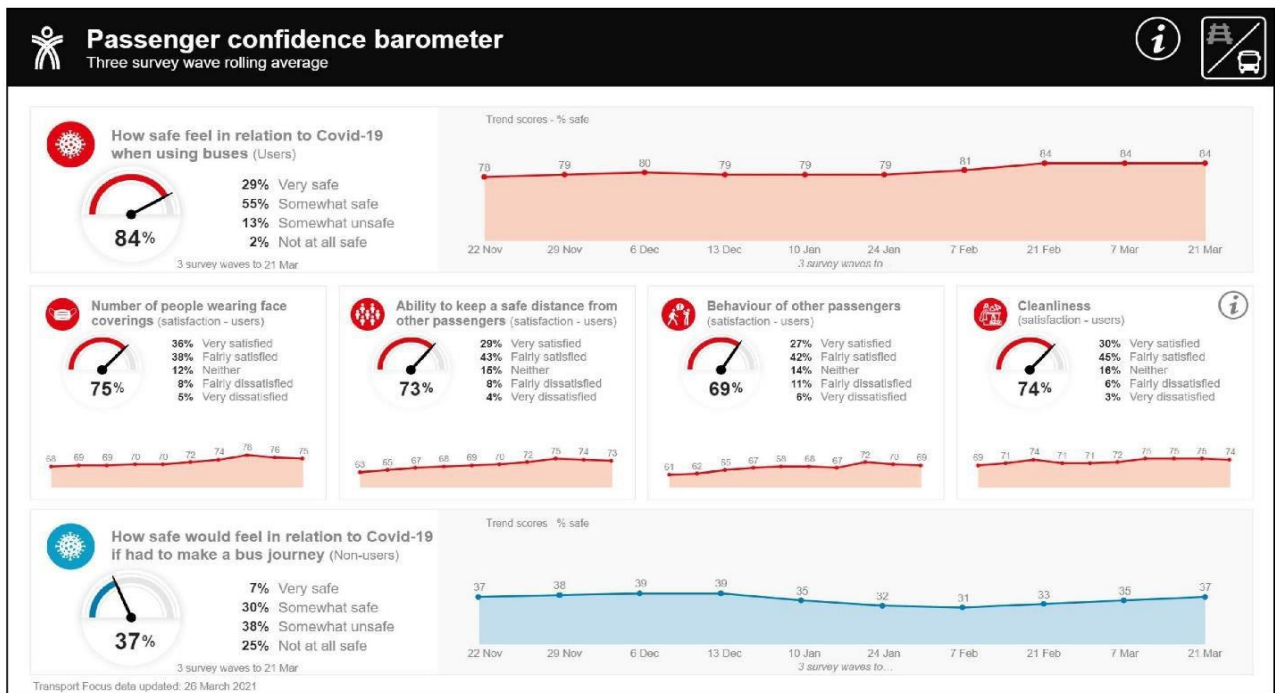
1. Ensuring passengers can make journeys with confidence:
  - Capacity and information to support social distancing
  - Improved cleanliness which should be communicated effectively
  - Drive up compliance with the rules, especially on face coverings.
2. Encouraging passengers to travel when the time is right:
  - More flexible fares for less frequent commutes
  - Offers and promotions to encourage lapsed users to return.

We also developed the passenger confidence barometer to give a visual snapshot of passenger perceptions of travelling safely during the pandemic and to identify trends (see tables 1 and 2).

**Table 1 Passenger confidence barometer – Omnibus rail data**



**Table 2 Passenger confidence barometer – Omnibus bus data**





A particular theme emerged where those who were travelling largely felt a lot safer than those who were not. They were largely more satisfied with what they experienced than those who did not.

Our insight was used by stakeholders:

- **Transport Focus win:** 42 per cent of regular pre-pandemic public transport users say not enough passengers were wearing face coverings. With this insight, GTR launched a campaign with Luton Town Football Club to encourage mask wearing.

### Qualitative insight

To look at specific issues in more depth, we established online transport user communities. These communities consisted of a representative diverse mix of rail and bus users, and then road users in different combinations. This was particularly helpful as, initially, the work focussed on reassurance – understanding what people needed to feel confident travelling. Service providers could tailor their offer and messages accordingly. The research is set out in table 3.

**Table 3 Communities reports**

Date	Topic
<b><i>Rail community</i></b>	
July	Rail community
	Return to travel
	Rail fares and flexible ticketing
August	Leisure and urban travel
	Rail reservations and virus risk
Sept	Website and crowding information
	Recent journeys
Oct	Rail refunds and fee changes
	Role of staff in feeling safe
	Recent restrictions
	Scientific evidence of safety on public transport
	Travelling in the future
Nov	Checking in
<b><i>Bus community</i></b>	
August	Return to bus travel
Sept	How has bus travel changed and returning to school
Sept	Bus congestion and cashless services
Oct	Feeling safe on the bus
<b><i>Rail &amp; bus communities</i></b>	
Sept	Recent bus and rail journeys
Oct	Priorities for the future
Oct	Role of staff in passengers feeling safe
Oct	Recent restrictions and rail and bus travel
Oct	Scientific evidence of safety on public transport

Nov	Travel and ticketing post Covid-19
Nov	Rail and bus priorities
Nov	Test and trace
Feb	Cleanliness on public transport
Jan	Checking in
March	Ventilation on public transport
March	Covid-safe accreditation
<b>Roads community</b>	
Dec	Winter driving
March	Going electric: the drivers' view
<b>General</b>	
Dec	Christmas journeys
Jan	Environment and travel
<b>Other</b>	
	Taxis
	Aviation

This enabled us to look, for example, at the importance of ventilation in helping passengers feel safe on buses and trains and mitigating any lapses in social distancing or cleanliness. Open windows were seen as superior to air conditioning and within users' control, and rail users have a stronger focus on ventilation than bus users.

We also asked passengers to assess the usefulness of the Rail Safety and Standards Board's statistical analysis on safety. They saw it as useful, but insufficient to change travel behaviour. It also indicated the need for more visible signs of cleaning.

We asked the rail and bus communities about their priorities for improvement – such work carried out in normal times would normally focus on punctuality and reliability. For both modes, safety has become a higher priority – cleaning and enforcement of face coverings in particular – although the core issues remain important. The quality of information for planning journeys was seen as important for bus passengers.

The DfT asked us to use our expertise to gather taxi user views about this mode as it prepared new guidance. Almost nine in 10 taxi users who had travelled by taxi felt safe, but they wanted to see the driver wearing a mask, a screen between the driver and passenger, as well as contactless payment, hand sanitiser and open windows.

In the autumn, we explored road user attitudes prior to the second lockdown. It showed drivers thought traffic had returned to pre-pandemic levels with hotspots generally on local roads rather than motorways or major 'A' roads. However, peak-time traffic seemed less, probably due to people working from home.

### **Inspiring public transport users to return**

When the Covid-19 pandemic subsided to lower levels during the summer, our insight helped identify what passengers needed to be able to travel with confidence again.

We hosted a public webinar *Travelling with confidence* involving the transport minister, Baroness Vere, industry experts and an audience of 350. It explored how to help transport users' travel with confidence when the pandemic is over, looking at fares reform and leisure marketing initiatives to bring back demand when the time is right. In addition, it considered expectations for cleaner, less crowded public transport.

In addition to the physical environment of transport, passengers pointed to different types of ticket offerings, particularly flexible season tickets that would attract them back. With the increase in working from home, the conventional season ticket appeared outdated for many. We conducted research to consider how new season tickets could work as well as developed a model for how this might be achieved.

At certain points in the year, some public transport services were scaled back due to the low demand. But to help those who still needed to travel, we urged transport providers to consider their needs in decision making such co-ordinating services with other transport providers, adequate social distancing and providing information on revised timetables.

One example of a reduced service was when Transport for Wales (TfW) reduced services from Cardiff which students were relying on to go to college. They and their parents complained about their long, overcrowded journeys on replacement buses.

**Transport Focus win:** We urged TfW to reinstate a morning peak train from Cardiff, increase capacity on other trains and provide more standby buses. TfW responded positively so improving students' journeys.

In Scotland, Transport Focus joined the Rail Recovery Task Force. It provided an opportunity for Transport Focus to inform this key group about the learnings from our programme of passenger insight on experience of travelling during the pandemic. This helped consider how confidence could be rebuilt to enable people to travel again.

**Transport Focus wins:** As a result of our involvement in the Task Force, over the last twelve months the following has been put in place, informed by our insight:

- changes to timetables, ensuring services are protected for key workers and those making essential journeys
- communications plan, ensuring everyone can travel on Scotland's railway with confidence.

We contributed similar background evidence to the Scottish Parliament's Rural Economy and Connectivity Committee.

Many of our stakeholders appreciated the insight we produced during the pandemic and some of their quotes are set out in the box below.

## Quotes from stakeholders on the usefulness our Covid-19 insight

“Transport Focus work ... has moved forward several fold the provision of passenger and consumer evidence at this most critical of times to help the industry influence it's planning....”

“These are really helpful thank you and combined with our own research and other parties, it really helps with our thinking and planning. Of particular use is the proportion avoiding public transport because they don't feel safe at the moment – this is a key area for us to restore public confidence.”

The “key lessons” document was described as “brilliant”, and the five points should be “blue printed” as a set of indicators for any city region to follow.

“Well done!” “Excellent piece of work.”

“We are sharing these quite widely internally and they are seen as very useful.”

“We are using this to help inform our scenario modelling.”

“The tracker surveys have been really useful in understanding perceptions on travel through the Covid-19 period.”

“I am hugely grateful to you for these updates – they are invaluable.”

We were thanked for the great work and material we're producing and how much it helps authorities and operators as they work through very difficult decisions.

“This report very much echoes our regional view and confirms the sort of activities we believe are essential to encourage patronage to return at a time when social distancing is relaxed or removed.”

## 2.2 Making a difference for rail passengers

When the pandemic hit, the railway suffered a major drop in demand and revenue. In order to keep services running for key workers, governments had to step in and provide funding. A series of ‘emergency agreements’ were signed with operators that transferred day-to-day revenue and cost risks to the state and away from the operator – in effect creating a system of ‘concessions’ whereby operators are paid a management fee to provide services.

While much rail work was as a consequence of Covid-19, other non-Covid-19 work continued.

## **Rail Review and other strategies**

The Department for Transport's (DfT) rail reform process was put on hold for much of 2020 (although Covid-19 resulted in the Government having greater control over the railways). A White Paper is expected to be published early in 2021-22. We have pressed for the passenger view to be heard in decisions being made and will continue to do so, whatever our future role may be.

With our wealth of evidence, we were able input the user priorities into the Wales Transport Strategy consultation, stressing the importance of independent representation of transport users across all modes in Wales.

## **Ticketing**

We anticipate reform to the ticketing system and pressed for changes to reflect new types of working post-pandemic. We had been pressing for such changes.

**Transport Focus win:** In March, TfW announced a package of measures we had been pushing for including a further rollout of the multiflex carnet ticket, making rover and ranger tickets available online and reviewing advance ticket pricing.

TfW were changing their revenue protection function with a new process to tackle ticketless travel. To ensure a clear, fair and robust process for passengers, we pressed for an open and transparent consultation and raised some concerns.

**Transport Focus win:** Following consultation, TfW made changes with reassurance that the appeals process would be independent, they would provide clarity in passenger communications, effective training and support for ticket buying and a periodic review.

## **Rail franchises and contracts**

During the pandemic, some rail contracts continued to be awarded, including one for CrossCountry.

**Transport Focus win:** Our earlier insight showed that passengers on CrossCountry trains were dissatisfied with overcrowding. The new rail contract will provide extra carriages on trains linking Birmingham with Leicester, Nottingham, Cambridge and Stansted Airport – so increasing capacity.

## **2.2 Other work for rail passengers**

As the country went into a lockdown in March 2020, changes were made to train services - often very quickly, resulting in some passengers losing out. We worked to ensure there was minimal negative impact on their experiences.

At the beginning of the pandemic, through the complaints we received, we noticed that passengers were having problems getting refunds for their season tickets. We took up this case on their behalf. We also argued for an extension to Railcards and to Rail Travel Vouchers which could not be used during periods of lockdown.

**Transport Focus win:** Following our intervention, train companies and DfT decided to provide season ticket holders with refunds in instances where they wouldn't normally be provided and to extend the validity of Rail Travel Vouchers.

The administration fees charged for changing Advance tickets became a barrier for passengers wanting to plan ahead with greater confidence.

**Transport Focus win:** We urged the Government to permit refunds and remove administration fees for changing Advance tickets, which they did in certain circumstances.

Making seat reservations, and the ability to change them, were giving rail passengers extra confidence to travel by train particularly in enabling them to socially distance. But we had identified that passengers were finding difficulties in doing so.

**Transport Focus win:** We pressed train companies to improve how passengers could reserve a seat with a flexible or season ticket. LNER, for example, amended their website so passengers would know when a train is fully booked.

### **Rail passenger information**

The need for accurate and reliable information for passengers during Covid-19 has never been more important. We were asked by DfT to carry out two audits of train company websites.

**Transport Focus win:** We identified deficiencies in some train company websites and discussed improvements with them which were subsequently made so improving information available to passengers.

Likewise, we monitored the Transport for Wales Rail (TfWR) website to ensure passenger information was useful during Covid-19.

**Transport Focus wins:** As a result of our feedback TfWR

- improved the clarity and content to benefit passengers travelling during Covid-19
- clarified the backdating of ticket refunds
- gave refunds to passengers with 'multiflex' carnet tickets (normally non-refundable)
- clarified travel messaging around Covid-19 restrictions particularly in border areas, gaining improvements in disruption and engineering works information on website banners and posters
- updated inaccurate information on National Rail Enquiries, ensuring messaging about face coverings is clear that some people are exempt.

### **Rail passenger compensation**

The rate of claims for 30- and 15-minute delays has been poor but started increasing since 2018. We introduced our *Make Delay Pay* campaign in 2019-20 which was put on hold during the pandemic and will be reviewed after the publication of the Rail Review in

2021-22. We were asked by DfT to conduct more research to assess compensation take up levels. Satisfaction with the process had improved but many find claiming isn't worth the effort. Awareness raising of the scheme needs to continue and automatic payments increase.

**Transport Focus win:** Following our campaign there has been a further increase in the take up of Delay Repay compensation since 2018.

### **Rail passenger surveys**

While the National Rail Passenger Survey was curtailed during the pandemic, we conducted research in addition to the Omnibus and transport user communities outlined above.

We looked at the attitudes of younger and older people towards rail travel and their reluctance to use it. Two themes emerged. The first was getting to and from the station. It undermines the freedom of rail for young people and older people who no longer had a car to get there. The second related to wariness of approaching staff for help. This knowledge should help with encouraging those groups back to rail as lockdowns ease.

The Guest Satisfaction Survey for the Caledonian Sleeper, which has set customer satisfaction benchmarks since 2017, was stopped early due to Covid-19, but fieldwork was conducted between September and December 2020.

### **Rail complaints**

For the first half of the year, the number of cases received by Transport Focus from passengers looking for refunds of their season tickets due to Covid-19 was high. Later in the year, we received contacts from passengers unable to get a refund on their Advance tickets. These complaints were not within the scope of the Rail Ombudsman as they had a policy focus connected to the calculation of the refund and the amount the passenger received. As already noted, we took up these policy issues.

As highlighted in section 2.4 above, another issue that affected many people was Railcards. Passengers were unable to travel for most of the year and therefore did not get the benefit of using their Railcard so looked for a refund or an extension of their card's validity. Sadly, this did not happen.

Transport Focus, along with London TravelWatch, supports the principle of access to free, independent dispute resolution and provides advice for passengers on how to complain, considers issues that have a policy implication and monitors the operation of the Rail Ombudsman scheme.

Through our involvement in the Rail Ombudsman Scheme Council, Transport Focus continues to monitor passenger issues and case trends recorded over the year with the Rail Ombudsman. In parallel, in our role with other organisations (Rail Delivery Group, DfT, Office of Rail and Road and the Disabled Persons Transport Advisory Committee) on the Scheme Council, we continue to press for rail passengers on the effectiveness, performance and transparency of the Rail Ombudsman.

The Rail Ombudsman received fewer appeals from passengers in the last year because of the significant reduction in the numbers travelling due to Covid-19. This reduction also generated a fall in the numbers of complaints raised with the rail industry and therefore the volume of cases that fell within the scope of the Rail Ombudsman during this period.

Due to the increase in passenger complaints that did not fall within the scope of the Rail Ombudsman, Transport Focus received a higher number of passenger contacts, particularly between April and September. We resolved 645 appeals and received 823 contacts of which 71 - mainly about Railcards - were not pursued by the passenger. Nineteen were not pursued by Transport Focus. The remaining cases are still open and being worked on.

**Table 4 Breakdown of incoming complaint cases by train operator**

<b>Train operator</b>	<b>Resolved complaints</b>
thetrainline.com	161
Railcards	122
Northern	66
Greater Anglia	43
Great Western Railway	36
Southeastern	20
West Midlands Trains	17
IRCAS	14
South Western Railway	13
TransPennine Express	13
Avanti West Coast	12
London North Eastern Railway	11
ScotRail	11
Penalty Services Limited	10
Merseyrail	9
Nexus	8
Southern	7
Virgin Trains	7
East Midlands Railway	6
Raileasy	6
c2c	5
CrossCountry	4
Govia Thameslink Railway Limited	4
Thameslink	4
Abellio Corporate Travel	3
Caledonian Sleeper	3
Great Northern	3
London Northwestern Railway	3
West Midlands Rail	3



Appeals Service	2
Chiltern Railways	2
Network Rail	2
Omio	2
Rail Delivery Group	2
Transport For Wales Rail Services	2
Tyne and Wear Metro	2
Grand Central Railway	1
Hull Trains	1
National Rail Enquiries	1
Rail Europe	1
Redspottedhanky.com	1
TrainGenius.com	1
Trainpal	1
<b>Grand Total</b>	<b>645</b>

Table 4 shows a high number of complaints from the customers of trainline.com. As trainline is a ticket retailer and not part of the Rail Ombudsman Scheme, all escalated complaints are sent to Transport Focus.

**Table 5 Incoming complaints by reason**

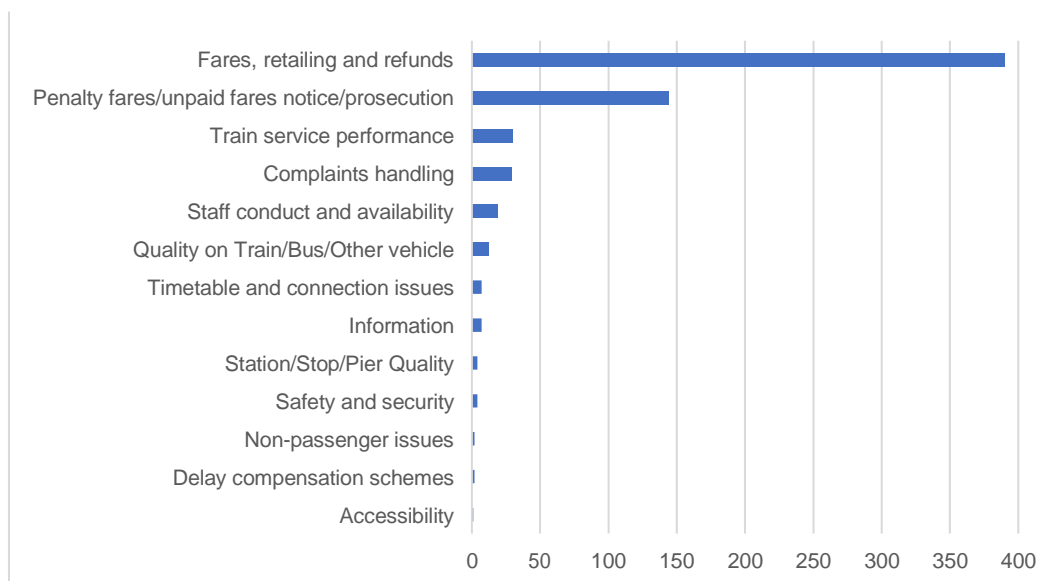


Table 5 highlights the number of complaints received by passengers mostly about the policy on season ticket refunds and, later in the year, refunds for Advance purchase tickets.

The Transport Focus casework function was carried out on our behalf by London TravelWatch from May 2020. It is now delivered through a single team providing a consistent approach to passenger advocacy and reporting of complaint trends.

## 2.3 Making a difference for bus, coach and tram passengers

### National Bus Strategy

This Strategy for England aims to deliver on passengers' priorities that Transport Focus identified from longstanding research such as services running more reliably and providing better value for money. It is, therefore, a significant and most welcome initiative. We look forward to working with key stakeholders to make this Strategy a reality for bus passengers.

**Transport Focus win:** Transport Focus insight on bus passengers and non-users has been incorporated into the National Bus Strategy as key areas for improvement.

We closed our *Give bus a go* campaign early as a result of Covid-19 restrictions. However, there were many ideas and lessons learnt from identifying barriers to bus use in the West Midlands that can be used in other ways, including to inform the implementation of the National Bus Strategy.

### Involvement in decision making at different geographical levels

In Scotland, we contributed to the establishment of the Bus Partnership Fund. We have provided information on how Partnerships can be successful based on our experience in working with Bus Alliances in England.

In Wales, we worked with Transport for Wales (TfW) to establish stakeholder engagement. Four regional forums meeting across Wales and Borders to discuss rail performance and share insight and we continue to guide their development. We ran workshops in each forum on giving people confidence to travel again. Transport Focus chaired the TfW Advisory Panel of senior stakeholders this year. We shared our research and discussed key topics such as accessibility and giving passengers confidence to travel after Covid-19 – providing input to TfW policies.

We provided input to shaping the Wales Transport Strategy consultation and submitted our response from our wealth of evidence, making key points:

- ensure user priorities are at the heart to attract modal shift
- understand barriers and issues from robust evidence gathered across modes
- have independent representation of transport users across modes and across Wales

We continue to advocate for bus passengers in a variety of different groupings around England including Bus Alliances in the West Midlands, West Yorkshire, Liverpool City Region as well as the Bristol City Transport Board, Cambridgeshire and Peterborough Combined Authority Bus Partnership, Mayor for Greater Manchester's Transport Board, Transport for the North's Partnership Board.

Despite the lack of a Bus Passenger Survey during the year to benchmark the passenger experience, the Omnibus and communities insight has been invaluable in helping these bodies provide a service that meets passengers' needs.

**Transport Focus win:** Our insight highlighted that 90 per cent of passengers wanted to see more effective powers for tackling anti-social behaviour (ASB) on buses in the West Midlands. The Region's Mayor and Police Commissioner

subsequently announced tougher ASB powers on buses, at shelters and in bus stations.

As with train services, we assessed the quality of the information available to bus passengers on some operator and transport authority websites. We discussed our findings with them and carried out a second assessment a few weeks later.

**Transport Focus win:** Our initial assessment of bus operator and transport authority websites highlighted some deficiencies in the information available to passengers. Having pointed these out, nearly all the organisations made changes to the information provided, so benefiting bus passengers.

## 2.4 Making a difference for Highways England's road users

### Road user satisfaction

Road use was not impacted by the Covid-19 pandemic in the same way as public transport, although we tracked the changing levels of use through our Omnibus survey.

Along with other satisfaction surveys, our Strategic Roads User Survey was stopped due to Covid-19. This survey restarted in March 2021 using a 'push-to-web' approach for the first time. The first results from the restarted survey will be available in June 2021.

We survey the satisfaction level of logistics and coach businesses with motorways and major 'A' roads, including roadworks, accident handling, driver rest facilities. Just over half of these businesses are satisfied that England's motorways and major 'A' roads meet their needs. This insight will help the DfT and ORR assess Highways England's performance and inform planning for the third Road Investment Strategy.

### Motorway services user survey

We began the survey work for the fourth year of this survey of all 112 motorway service areas (MSAs) in February and March 2020. The interviews were also curtailed due to the first Covid-19 restrictions. The results were therefore reported by sector, operator and visitor-type.

**Transport Focus win:** 93 per cent of the 9800 visitors we spoke to were satisfied with the services – an improvement on last year's 90 per cent and the highest since the survey began – and 64 per cent were very satisfied.

### Roadworks

Roadworks are never going to be popular with drivers who often find the management of them frustrating and information provision poor. We continue to help Highways England understand road users' experiences of roadworks and where improvements can be made. Their internal report *Roadworks a consumer view* responds to some road user 'bug bears' we identified in earlier insight.

**Transport Focus win:** Highways England plans to manage the length of road works to minimise upheaval for users and, also better target communication to provide more advanced warning of road works.

We have been asking M4 drivers of their views and experiences of the smart motorway upgrade roadworks between junctions 3 and 12 so providing feedback for Highways England. We found just 46 per cent were satisfied with their experience.

**Transport Focus win:** However, we found 67 per cent of drivers were aware of the roadworks an increase from 53 per cent in 2019.

### **All-lane running ‘smart’ motorways**

Safety concerns have continued with this type of motorway. Our research shows that most drivers feel safe on them but have concerns about breaking down. We therefore urged Highways England to increase the pace of implementing the Government’s stocktake conclusions, provide more communication about what drivers should do if they breakdown and work with the police to increase compliance with the red ‘X’.

### **Information for road users**

We launched the *Sort my sign* campaign in February 2020 which aimed to drive up satisfaction with signage on Highways England’s roads. The campaign encouraged road users to report signs that needed fixing on Highways England. The second phase was postponed due to the pandemic but is expected to recommence in the summer of 2021.

### **Freight congestion in Kent**

Freight built up in Kent when France closed its border in December. This was very difficult for all involved including the drivers caught up in the wait. We have been exploring with Highways England what lessons can be learned in advance of any future congestion, particularly about the supply of refreshments, toilets and information for lorry drivers who are stuck.

### **Park and ride’s role in reducing congestion**

We worked with Highways England to understand whether park and ride could reduce congestion on their roads. The research found high satisfaction among those drivers who use park and ride, indicating this could be a viable alternative to driving all the way.

### **Sustainable transport and electric vehicles**

Meeting the Government’s 2030 target for phasing out the sale of new petrol and diesel cars will be challenging. It is important to inspire confidence to encourage people to switch to electric vehicles (EVs) and therefore to understand the barriers from the user perspective. We asked a representative group of car users about the barriers they face. More than two thirds of were aware of the 2030 deadline and just over a quarter likely to buy an electric vehicle in the next five years. The reasons against were that EVs were too expensive to purchase or lease as well as anticipated difficulties of charging at home or on a journey.

We presented this research at a webinar *Going electric – the driver view* which was addressed by the minister Rachel Maclean MP and a panel from Office for Zero Emission Vehicles, Nissan, Moto, Highways England, BP Pulse and others.

## 2.5 Disability and diversity

Throughout 2020-21, Transport Focus spoke with rail, and bus operators and providers of Motorway Service Areas to identify any obstacles that Covid-19 had presented to delivering accessible services. This included how face covering rules were being applied and the challenges faced by those who were exempt. Lessons learnt and views on how operators can improve the accessibility of their services in future were also discussed.

Covid-19 has raised safety issues about travel among people with disabilities particularly on public transport. Our insight indicates they may be less likely to travel in future. There is a general perception gap of safety between those who travel by bus or train and those who do not, but it is wider for those with disabilities. So, restoring their confidence will be important. We have been meeting with rail, bus and motorway service operators and DfT to learn about initiatives to overcome barriers and will continue to do so.

Following this work, we hosted a very successful webinar entitled *Accessible transport: unlocking a better normal*. The Minister, Chris Heaton-Harris MP, gave the keynote speech and other industry stakeholders participated in discussions as did nearly 300 other participants. We captured the views of disabled transport users in our Omnibus survey on the impact of Covid-19. This enabled us to compile two summaries on what disabled rail and bus passengers were telling us about their experiences and views on returning to public transport. We shared these with the Government and the transport industry.

We suggested revisions to the *Rail Safety and Standards Board's Key Trains Requirement Document, a good practice guide on train design*. They focused on what improvements could be made to the journey experience for disabled passengers.

**Transport Focus win:** Our suggestions on improving train design for disabled passengers, such as ensuring clear demarcation of wheelchair spaces, were included in the Rail Safety and Standards Board's new good practice guide.

Transport Focus along with London TravelWatch organised a roundtable meeting with key rail industry bodies including representatives from the Disabled Persons Transport Advisory Committee to discuss how rolling stock policy and station improvement works could address some of the issues associated with the Platform Train Interface (the step and gap between train and platform).

Since we launched our report *An Accessible Road Network* in 2018 which identified barriers for disabled road users, Transport Focus has been represented on the Roads for All Forum. The Forum is tasked with taking forward a number of recommendations for making England's motorways and major 'A' roads more accessible, including those from our report.

**Transport Focus win:** We identified that people with disabilities needed to be more aware about what to do to stay safe when a vehicle breaks down. Such advice has been disseminated by Highways England through producing 40,000 leaflets and an award-winning YouTube video.

**Transport Focus win:** Highways England has commissioned AccessAble to undertake accessibility audits of the motorway services across its network, online guides will be produced for each service area, including 360-degree imagery to enable virtual journeys of the site to gain a greater understanding of the layout.

In Wales, we followed up on issues highlighted by a disabled passenger that were raised in the media. We pushed for action and this particular passenger is now part of the accessibility panel, so able to share experiences directly.

## 2.6 Developing our insight and evidence

Covid-19 had an enormous impact on Transport Focus's insight activities during this year. Restrictions on public transport meant that we were unable to capture responses from people as they used bus and rail in the way we did with the National Rail Passenger Survey or the Bus Passenger Survey.

As mentioned above in section 2.2, we started our Omnibus tracker in May 2020 and monitored journeys made, transport used, attitudes to travel and the pandemic. It also measured satisfaction with journeys at the overall level and individual aspects. Reports have been published weekly within a few days of fieldwork with data available on our data hub in the same timeframe.

The hub continues to enable anyone – road users, passengers, transport providers and decision makers – to access data from the Covid-19 tracker and our other large-scale surveys. We continue to improve its functionality in line with users' suggestions and have also improved how we present data in the datahub, including our Barometer which shows changes in perceptions of safety on bus and rail using Omnibus data (see section 2.2).

To complement the Omnibus tracker we recruited communities of people who used rail, bus and road before Covid-19 to enable us to understand more about how people were behaving and why to provide context to the Omnibus data. As has been mentioned above, we asked them how they felt about using transport in the future and how they reacted to initiatives at various points through the pandemic.

We aim to be flexible in our insight methods, to achieve the best results possible. Our principle for the insight we conduct is to find the best balance between the two objectives of being:

- Digital by default, where convenient to the participant, as it is generally quicker and more cost effective.
- Inclusive so that we can understand the views of people whose voices are seldom heard. This includes people with no or limited access to technology, are financially excluded, or with low literacy or communication skills as well as those with disabilities or from ethnic minorities.

It is important that we adapt our methods to get the best results while observing these principles. Covid-19 has presented some challenges to what has been possible. We are reviewing how we can ensure that we are as inclusive as possible in our data

collection, analysis and interpretation and will be publishing how we will do this in the coming months.

We continue to explore and develop different methods of measuring transport users' experiences. In the year when face-to-face interviewing has been impossible, we have used online panels, online focus groups and depth interviews and push-to-web methods (where letters are sent to households asking them to complete an online survey). The push-to-web method was successfully piloted and then introduced as the way of collecting data for the Strategic Roads User Survey replacing face-to-face interviewing at respondents' homes.

We have also used a postal invitation to expand the long-established Transport User Panel, which continues to provide useful and rapid feedback about particular issues of the day. It has boosted the size of the Panel by more than 4,500, so we have over 22,500 transport users providing their views. We have successfully used the Panel to ask for passenger views on future working patterns and flexible ticketing and several times around subjects related to Covid-19.

We have continued our work with artificial intelligence and behavioural change experts to maximise the value and efficiency of our insight work. We have also explored the use of other innovative techniques through the year, such as mobile ethnography, which we hope to use as transport users return to travel.

## **2.7 Ensuring the transport user voice is heard**

Traditionally much of our influence has been achieved through our reputation in the wider world, including the media.

This year we moved into virtual events, to replace our former programme of Board and other special/stakeholder events. As well as livestreaming Board meetings, which proved very popular with stakeholders, we hosted special events on transport use during Covid-19, and electric vehicles. Both attracted around 300 people 'live' and were watched after the event wholly or partially by many more.

In a year where public transport and road use dropped significantly, there was a predictable drop in the volume of media coverage and visitors to our website. However, our stakeholder communications remained well-read and received. The monthly newsletter, *Transport User Voice*, has more than 8400 readers of which almost 5000 are 'active'. Our engagement rate is around 10 per cent.

Transport Focus maintains a 24-hour, 365-day press office. Despite the dearth of transport stories, we still achieved more than 5000 items of media coverage across diverse national and regional broadcast outlets (including BBC, ITV and Sky), national or regional newspapers, trade outlets, and online channels. We have changed our media monitoring provider so the detailed breakdown for the year is not yet available.

In December 2020 we launched our redesigned website. We calculated that we had 210,000 visits from 150,000 users. The number of visits per user increased by more

than six per cent. We expect to see improved results as lockdown eases and the organisation is able to ramp up its output.

Our social media output continued to resonate. We added 800 followers to Twitter and our tweets had an engagement rate of just under three per cent. We got almost two million impressions without having run any consumer campaigns.

We started using LinkedIn more consistently and achieved an average of 1.5 per cent engagement with our posts.

We used paid Instagram advertising to support some insight work on student travel at Christmas (see section 2.2 above), despite having no corporate presence on the platform. As a result we achieved 116,000 impressions and directed more than 1400 people to the survey.

## **2.8 A modern workplace for great people**

The people at Transport Focus are key to securing change for transport users. This year they have responded to helping transport users in a very different world. Staff quickly adapted to working remotely to continue making a difference. This was supported by our cloud-based IT services.

This situation created opportunities for different teams from across the organisation to work together on specific issues. Staff had the opportunity to develop new skills and capabilities to secure change for transport users.

The different working arrangements this year have built on our existing flexible working policies which ensure the organisation retains high quality talent. In addition, our experiences this year are beginning to shape how, when and where we will work in future to ensure we can retain our high calibre staff to deliver our objectives.

Internal communications have always been crucial to Transport Focus's effectiveness. With the entire organisation working from home as a result of Covid-19 from before the start of this financial year, it played an even more critical role.

We ran an ongoing campaign of staff engagement and information sharing throughout the year. The staff attitude survey showed this had been welcomed:

- around 9 in 10 said that they got the information they needed to do their job well
- a similar number said they had a clear sense of the organisation's objectives
- more than 9 in 10 said they had a clear sense of its purpose.

In 2021, we relocated our London office base from Blackfriars to Albany House in St James Park. The office is designed to support flexible working.

### **Diversity and inclusion in Transport Focus**

This year we have committed to sustaining an inclusive working environment and working towards being truly representative of the transport user of Great Britain so we can better support them.



To start this process, we have facilitated staff workshops to bring a common understanding of diversity and inclusion. We asked our staff about their experiences through an independent survey to identify where we need to do better. Although the survey showed that 98 per cent of staff would recommend Transport Focus as a place to work we have more to do to:

- demonstrate clear leadership commitment to diversity and inclusion
- address gaps in experience as those in the 'majority' reported a more positive experience at work than those in under-represented groups
- continue the conversation on this agenda and provide further learning opportunities
- ensure recruitment practices enable us to attract a diverse talent pool.

We'll build on the survey findings and an independent review of our recruitment procedures to make changes which will help make the organisation more inclusive.

Alongside the work with our staff we've also been reviewing our transport user evidence gathering to identify opportunities for us to give more of a voice to those who may be seldom heard. This work will flow into our future planning and insight activities to improve our work to represent all transport users.

## **2.9 Developing and deepening our geographical reach**

Transport Focus places great emphasis on its work in Wales and Scotland. As well as having dedicated stakeholder managers for both nations, the creation and operation of subsidiary companies – Transport Focus Wales Limited and Transport Focus Scotland Limited – provide focus and consistency to our work as well as Board level oversight and effective governance. So, the Boards of both subsidiary companies, made up of executive and non-executive directors, report regularly to the main Transport Focus Board and are subject to the scrutiny of the Transport Focus Audit and Risk Assurance Committee. Transport Focus Wales Limited was trading on 31 March 2021 whereas Transport Focus Scotland Limited remains dormant.

Our work in Wales and Scotland continues to feature as part of our main Board programme. In January, the Board welcomed Ken Skates MS, the Welsh Government Minister for Economy, Transport and North Wales to a meeting at which we discussed the Wales Transport Strategy, and Transport for Wales' community engagement programme.

In February, the Board's attention was on Scotland, with a focus on transport user issues provided by Young Scot and the Poverty Alliance. The Cabinet Secretary for Transport, Infrastructure and Connectivity, Michael Matheson MSP, set out how Scotland's National Transport Strategy would address these issues. Operators and other stakeholders contributed to both meetings. More than 700 stakeholders and members of the public watched the live stream.

We secured funding from Welsh Government to extend our research into Wales, looking at getting people back on buses. It will also look at the new 'fflecsi' integrated responsive

transport services being piloted, to understand the attitudes of users, non-users and perceptions of the place it could have in the overall transport provision in Wales.

Transport Focus signed a Collaboration Agreement with London TravelWatch in February 2020 and the partnership continued to develop during the year. London TravelWatch started to carry out the passenger complaints function on our behalf and they have continued to provide a good service to passengers. Meanwhile, their IT, HR and finance functions of LTW were transferred to Transport Focus. The arrangement has extended the reach and influence of both organisations. The Agreement itself is being kept under review. Transport Focus and London TravelWatch have also integrated their data protection functions.

## **Section 3**

### **Management commentary**

#### **3.1 Performance Report**

##### **Overview**

The annual report and accounts cover the year to 31 March 2021. 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 of 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 Focus<sup>1</sup> 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 policymaking are independent of government.

##### **Business model and organisational structure**

Transport Focus is funded mainly by grant in aid from the DfT and a total of £6,380,000 was received in 2020-21 (2019-20: £5,728,000). 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 insight. In 2020-21 the group generated £914,000 of additional funding (2019-20: £2,238,000).

Transport Focus has two subsidiaries, Transport Focus Wales Limited which is a company registered in Wales (company number 11439946) and Transport Focus Scotland Limited which is a company registered in Scotland (company number SC643794). Both subsidiaries are limited by guarantee having no share capital and Transport Focus is the sole member of each company so will contribute a maximum £1 in the case of either company being wound up. The two subsidiaries were set up to allow the Transport Focus group to broaden its work on behalf of transport users in Wales and Scotland through activities funded by third parties.

Transport Focus Scotland Limited is a dormant company but Transport Focus Wales Limited began trading on 1 October 2019 and its results have been included in the consolidated accounts for the group.

Transport Focus has provided a guarantee under section 479C of the Companies Act to Transport Focus Wales Limited in respect of the financial year ended 31 March 2021. The guarantee has been provided because this allows the subsidiary to be exempt from

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<sup>1</sup> Transport Focus is the operating name of the Passengers' Council, established as a body corporate and non-departmental public body by the Railways Act 2005, as amended.

audit for the year ended 31 March 2021 thereby saving the annual audit fee. The saving increases the funds available for work on behalf of transport users.

## **Objectives**

Our key objectives for the year were:

- Identify, and help implement, what is required to build confidence among users and potential users, to support those who needed to use public transport
- advocate for the consumer by protecting the public transport user and road user interests and helping assess whether changes address consumer priorities, concerns and adoption
- ensure the user voice – and that of the lapsed and potential future user - is central as transport is built back.

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.

Our plan for the next three-year period (2022-2025) is being developed in the 2021-22 business year and will be aligned with the outcomes of the Comprehensive Spending Review and the Williams-Shapps Plan for Rail.

Our work plan for April-September 2020-21 sets out our main objectives for the next six months:

- Help rebuild passenger confidence in using public transport post pandemic guided by their needs, experiences and new ways of living
- Advocate for the user in reforms to rail and bus
- Continue to identify barriers to transport for those with disabilities to help improve their access to it
- Improve the organisation's inclusivity and diversity
- Ensure that the user view is at the heart of decarbonising transport
- Rebuild our insight and adapt it to the new circumstances.

For the year 2021-22 the organisation has agreed funding of £4,749,000 to cover work representing the interests of rail, bus, coach, and tram passengers and a further £1,803,000 to represent users of the Strategic Road Network (SRN). Following the spending review in 2020 grant in aid funding has been agreed with the DfT until 2021-22. A full departmental spending review is expected to be completed in 2021 which will determine future years funding.

## **Partnership working with London TravelWatch**

In February 2020 Transport Focus entered a Collaboration Agreement with London TravelWatch to work more closely together to ensure that, both jointly and individually,

the organisations are making more of a difference for transport users and delivering better value for money for sponsors and funders.

Under the Collaboration Agreement:

- the two organisations have a joint chief executive, and a proportion of the costs for the chief executive are recovered by Transport Focus from London TravelWatch
- London Travel Watch provides rail passenger appeal complaints management and resolution services on behalf of Transport Focus. The resources to deliver these services are offset by the resources utilised by Transport Focus in providing finance, human resource and corporate governance support services to London TravelWatch
- Transport Focus provides finance, human resource and corporate governance support services to London TravelWatch. The resources to deliver these services are offset by the resources utilised by London TravelWatch in providing rail passenger appeal complaints management and resolution services on behalf of Transport Focus
- Transport Focus and London TravelWatch share ICT infrastructure and support costs whilst securing their own data, which has reduced costs whilst improving the resilience of the IT services
- London TravelWatch provides passenger safety and security advice to Transport Focus, and the costs for this service are recovered by London TravelWatch from Transport Focus.

The forecast and actual resources used in delivering the services provided by both organisations under this arrangement by London TravelWatch are slightly greater than those provided by Transport Focus. This small difference is available for Transport Focus to deliver additional value activities to London TravelWatch by providing access to Transport Focus insight data in respect of transport users in London which helps them make more of a difference, as well as access to common IT systems and networks and training.

The arrangement will be subject to an annual review to ensure that it continues to meet the objective that both organisations are making more of a difference for transport users and delivering better value for money for sponsors and funders.

The two organisations remain independent of one another. London TravelWatch is the official watchdog organisation representing the interests of transport users in London and is sponsored and funded by the London Assembly. Transport Focus is the independent watchdog for transport users outside London and is sponsored and funded by the DfT.

The Collaboration Agreement does not create a business group or joint venture for reporting purposes so the organisations publish separate annual reports and financial statements which are subject to independent audit.

## Performance analysis

### Finance

In 2020-21 the organisation received from the DfT grant in aid of £4,760,000 for passenger representation (2019-20: £4,308,000). Further grant in aid of £1,620,000 (2019-20: £1,420,000) was received from the DfT for representing users of the SRN. This year the Transport Focus group has secured funding totalling £914,000 (2019-20: £2,238,000) from third parties for joint and fully funded projects which included £252,000 (2019-20: £438,000) from the DfT.

The group incurred net costs before tax of £5,683,000 in the year to 31 March 2021. Some 27 per cent (2019-20: 39 per cent) of our spending has been invested in insight work on passenger and road user issues which ensures we are able to provide objective evidence to support our campaigns for improvements.

Total taxpayers' equity<sup>2</sup> for the group showed a balance of £1,084,000 (2019-20: £387,000) at the end of the year and the total grant in aid drawn down during the year was £6,380,000 (2019-20: £5,728,000).

In March 2021 we vacated our London offices at Fleetbank House at the request of our landlords as the site is to be redeveloped. A Right of Use asset to the value of £54,000 and a lease liability to the value of £47,000 was written down in the year to reflect the premature termination of the lease. This resulted in recognised net expenditure of £7,000 which passed through the Statement of Comprehensive Net Expenditure in the year. Although we do not propose to make any further rental payments there is a remote possibility that Transport Focus may be required to make payments until the lease ends in August 2021 which has been shown as a contingent liability in Note 13.

### 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 insight, 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 research over the year totalled £1,767,000. The main insight projects this year have been highlighted in the Review of Activities, and the full details of our insight can be found on our website.

### Performance, risks and uncertainties

Transport Focus reports on its performance monthly. 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

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

things, is used to identify whether a project or piece of work will jeopardise the reputation of Transport Focus.

### **Essential contractual arrangements**

The primary contractual arrangements for the organisation are for transport user insight, our outsourced design and print services provider.

### **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 97.8 per cent (2019-20: 98.7 per cent) of invoices within 30 days, and 73.8 per cent (2019-20: 82.9 per cent) within 10 working days. The average time taken to pay a supplier during the year was seven days (2019-20: five days).

### **Health and safety**

It is a legal requirement to provide a safe and healthy environment for our staff and visitors. Our office hubs in London, Manchester and Cardiff 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.

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. However, during the year, with strict travel restrictions in place, our travel has been minimal and we have made almost exclusive use of electronic communication and conferencing facilities and aim to utilise these methods wherever possible in the future.

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

### **Covid-19**

The impact of Covid-19 on Transport Focus in 2020-21 has been to curtail our face to face, transport user evidence gathering in the year. The majority of our work has been completed through online interviews with transport users. The Covid-19 lockdown has meant that we have closed our offices and staff have been working from home. The business disruption from closing the offices has been minimised because our ICT systems are cloud based and designed to support flexible working.

Since the year-end we have focussed our work on the immediate impact of the Covid-19 lockdown on transport users and their priorities for using transport services in future as restrictions are lifted. In addition, we have taken steps to make our offices Covid-19 secure in preparation for when we decide it is safe to reopen them.

## **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 whistleblowing 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.

## **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. The Equality Scheme and Action Plans will be updated during 2021-22.

During the year we began a comprehensive diversity and inclusion programme and all staff and board members have attended initial workshops in the year. We have also begun a review of our insight surveys and processes. This programme will continue in the coming to years to ensure we remain a diverse and inclusive organisation representing all transport users throughout our area.

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.

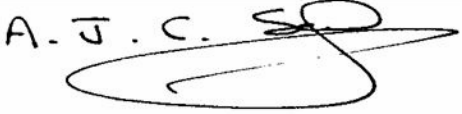
## **Accounts and Audit**

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](http://www.dft.gov.uk).



A. J. C. Smith

**Anthony Smith**  
Chief Executive and Accounting Officer  
5 July 2021

## 3.2 Accountability Report

### Directors' Report

During the year there have been nine non-executive directors 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 section.

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 and Risk Assurance Committee	Statistics Governance Group	Passenger Contact Group	Campaigns Steering Group
J Halliwell (Chair)	9 February 2015	8 August 2021				
I Liu	1 March 2013	31 October 2021	Chair			
A Leathley <sup>1</sup>	1 October 2017	30 September 2021	√		√	
W Powell <sup>2</sup>	1 May 2017	30 April 2021			Chair	
P Mendelsohn <sup>3</sup>	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		√		Chair
T McAuley <sup>3</sup>	1 September 2020	31 August 2024				

<sup>1</sup> Appointed by the London Assembly

<sup>2</sup> Appointed by the Welsh Government

<sup>3</sup> Appointed by Scottish Ministers

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

The Board has four committees. Their primary purposes are:

- The Audit and Risk Assurance Committee supports Transport Focus on all matters relating to corporate governance, risk and financial management (including the Governance Statement), remuneration and to oversee the process

of internal and external audit. This entails providing advice, guidance and support to the Chief Executive in discharging the role of Accounting Officer.

- The Statistics Governance Group ensures the ongoing integrity of statistical insight 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.
- The Campaigns Steering Group was created during 2020-21 with a view to providing greater board-level oversight of campaign management and governance.

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 £28,000 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 section. 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 2.9 days (2019-20: 8.3 days), this equates to 1.1 per cent of total staff time (2019-20: 3.3 per cent). We have had three confirmed cases of Covid 19 during the year resulting in a total of 11 days sick leave. The much lower sick absence in 2020-21 is largely because staff who had had extended periods of sick leave in 2019-20 have returned to work.

#### **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 before tax incurred by the Transport Focus group over the previous five years is summarised in the table below.

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Passenger Representation £000	4,919	4,177	4,384	4,118	4,240
Road User Representation £000	2,147	1,888	1,731	1,474	1,443
<b>Total Net Expenditure £000</b>	<b>7,066</b>	<b>6,065</b>	<b>6,115</b>	<b>5,592</b>	<b>5,683</b>

### **Fees and Charges (audited)**

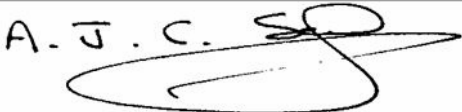
The following information summarises the final report to Transport Focus Management Team for the period to 31 March 2021 and excludes any joint funded activities for the group.

	<b>Full Cost £000</b>	<b>Revenue £000</b>	<b>Operating Surplus/(Deficit) £000</b>
Additional Consumer Representation	492	517	25
Transport User Insight	197	397	200
Net Income	<u>689</u>	<u>914</u>	<u>225</u>

Additional consumer representation activities are delivered through assigning staff to liaise with specific service providers and have been charged to parties other than the DfT. 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 insight activities are managed market research projects to gather and analyse user evidence and have been charged to parties other than the DfT. 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.

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



A. J. C. Smith

**Anthony Smith**

Chief Executive and Accounting Officer

5 July 2021

## Statement of Accounting Officer's responsibilities

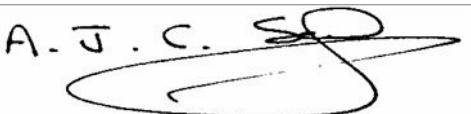
Under paragraph 8(2) schedule 5 of the Railways Act 2005, the Secretary of State for Transport with the approval of the Treasury, has directed Transport Focus to prepare a statement of account for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared 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.

A handwritten signature in black ink, appearing to read 'A. J. C. Smith', enclosed within a thin black rectangular border.

**Anthony Smith**

Chief Executive and Accounting Officer

5 July 2021

## **Governance statement 2020-21**

### **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 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 KPIs 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 and Risk Assurance Committee, which consisted of 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, and to achieve 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 and Risk Assurance Committee.

### **Risk management**

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

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

### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of governance and the system of internal control. My review of effectiveness is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the effectiveness of governance and the system of internal control by the Audit and Risk Assurance Committee and a rolling 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.

### **Board**

The Board received regular updates on progress throughout the year which are discussed at public meetings. The Board met 11 times, including three public board 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](http://www.transportfocus.org.uk)

Board member	Board meeting		
	July 2020	November 2020	March 2021
J Halliwell (Chair)	√	√	√
I Liu	√	√	√
A Leathley	-	√	√
W Powell	√	√	√
P Mendelsohn <sup>1</sup>	√	N/A	N/A
T De Pencier	√	√	√
K Richards	√	√	√
K Denham	√	√	√
R Wilson	√	√	√
T McAuley <sup>2</sup>	-N/A	-	√

<sup>1</sup> P Mendelsohn Board appointment ended 31 August 2020<sup>2</sup> T McAuley Board appointment commenced 1 September 2020.

Details of the Board's remuneration and appointment process are available in the Remuneration and Staff Report section and Board appointment process on page 44.

A review of Board effectiveness was undertaken during the year to ensure the Board remained relevant, appropriate, and functioning effectively, and that Board support was of good quality. No specific actions were identified as part of the review process.

### The Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee met four times during the period to consider:

- the 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 and Risk Assurance Committee provided the Board with regular reports on the Committee's activities and any findings concerning internal control.



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

Board member	April 2020	July 2020	October 2020	January 2021
I Liu	√	√	√	√
A Leathley	√	√	√	√
K Denham	√	√	√	√

### Other aspects of governance arrangements

The Board also maintains three 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 insight activities. It met four times during 2020-21. The Passenger Contact Group oversees the effectiveness of the passenger contact function and met twice. The Campaigns Steering Group provides assurance on the selection and delivery of the workplan campaigns and met three times during the year.

### Internal audit

The Government Internal Audit Agency (GIAA) agrees a rolling programme of audit for each forthcoming year according to the Board's priorities and reports on its work to the Audit and Risk Assurance Committee. 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 GIAA Head of Internal Audit for Transport Focus 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: our project management framework, London TravelWatch integration, operation of key controls during the Covid-19 pandemic and subsidiary operations. 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 and Risk Assurance Committee periodically to ensure the findings are being addressed.

### Covid-19

Transport Focus has followed the government guidance during the Covid-19 pandemic. This has meant staff working from home where they can, ensuring our offices were Covid-secure, minimising travel for work, ensuring user evidence gathering is Covid-secure and all meetings have been by video.

To ensure we could continue to represent transport consumers during the pandemic we quickly put in place working groups to co-ordinate and oversee our

activities. This structure allowed us to quickly adapt our Workplan for 2020-21 and move to capturing user evidence online and adjust our plans in response to transport consumer's immediate priorities.

We also put in place a team to co-ordinate the support activities which allowed staff to work effectively by addressing any emerging needs, including welfare issues.

Our ICT services are cloud based so staff were able to move to secure remote working with minimal disruption and other internal processes were adapted to suit remote working whilst maintaining effective controls which ensured suppliers continued to be paid promptly.

Throughout the period the management team have had weekly meetings to oversee the plans and ensure adequate resources are available.

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

The Chief Executive and Transport Focus's senior managers meet with senior officials from within the DfT 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 and Risk Assurance Committee reports twice yearly to the Board where it summarises risk management activity and provides an in-year opinion. Transport Focus's Head of Board and Governance meets with each risk owner at the end of each quarter to review both risks and controls, and subsequently formally discusses these with me.

During the year the Board and Management Team identified the following three key corporate risks:

- The Covid-19 virus has changed the way we work and communicate which may compromise our ability to represent transport users effectively, carry out our statutory responsibilities and/or be unable to communicate efficiently throughout the organisation.
- There is a risk that Transport Focus is not able to make best use of more modern, efficient and effective, diverse and inclusive methods of gathering evidence and use, in particular the use of artificial intelligence to benefit transport users.
- The business plan has too many, and possibly conflicting, priorities which are not deliverable because of resourcing constraints, both in terms of staff time and having the correct skills available.

They also identified the following corporate opportunities:

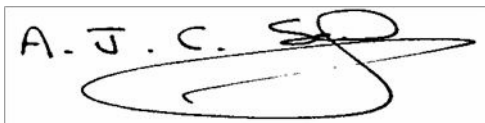
- Covid-19 and transport users, who will think about transport choices differently in the future. Absolute focus on digital/'push to web', along with new ways of working – and joined up working with partners, especially London TravelWatch
- Developing more modern, efficient, and effective, diverse and inclusive methods of gathering evidence and use, in particular the use of artificial intelligence

- And an opportunity to shape Rail Reform outcomes for passengers — and for Transport Focus itself.

### **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 2020-21 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 2021 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.

A handwritten signature in black ink, consisting of the initials 'A.J.C.' followed by a stylized, cursive signature that appears to be 'S.O.' or similar. The signature is written over a horizontal line.

Anthony Smith  
Chief Executive and Accounting  
Officer 5 July 2021

### 3.3 Remuneration and Staff Report for the year ended 31 March 2021

The Audit and Risk Assurance 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 and Risk Assurance Committee have not been involved in decisions relating to their own remuneration. In 2020-21 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 2020-21.

Our simple annual Bonus Scheme continued to operate in 2020-21 with a total allocation of £22,000 for achievements in the year (2019-20: £21,000). 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 and Risk Assurance Committee (ARAC). The Bonus Scheme continues to recognise exceptional performance by staff in delivering exceptional value, or high levels of professionalism or personal commitment in delivering high quality work.

The terms of our approved Bonus Scheme were slightly amended for 2020-21 with all bonuses capped at £250. Bonuses have been paid during the year for individual achievements and 74 per cent of these were paid to junior staff. In addition, with agreement from the ARAC, year-end bonuses of £250 were paid to all staff who achieved their objectives, including members of the executive team, to recognise the way all staff adapted to different ways of working and their contribution to our success in representing transport users over the past year.

## Board Members (audited)

Remuneration paid to the non-executive Board Members for the period to 31 March 2021 is set out below:

Board member	Board fees paid in the period ended		Date of Original Appointment	Date current or most recent appointment ends
	31 March 2021	31 March 2020		
	£000's	£000's		
J Halliwell (Chair)	37	37	9 February 2015	8 August 2021
I Liu	16	16	1 March 2013	31 October 2021
A Leathley <sup>1</sup>	-	-	1 October 2017	30 September 2021
W Powell	13	13	1 May 2017	30 April 2021
P Mendelsohn	5	13	1 September 2012	31 August 2020
T De Pencier	13	13	1 May 2015	30 April 2023
K Richards	13	12	14 August 2018	13 August 2022
K Denham	13	12	14 August 2018	13 August 2022
R Wilson	13	12	14 August 2018	13 August 2022
T McAuley	7	-	1 September 2020	31 August 2024

<sup>1</sup> Arthur Leathley is appointed by the Greater London Assembly who pay his remuneration.

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 <sup>1</sup>		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
A Smith Chief executive	135-140	130-135	-	-	49	44	185-190	175-180
N Holden Corporate services director	75-80	75-80	-	-	22	23	100-105	100-105
D Sidebottom Director	75-80	75-80	-	-	37	29	115-120	105-110

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

	Real increase in pension and [related lump sum] at pension age	Accrued pension and [related lump sum] at pension age as at 31 March 2021	Cash Equivalent Transfer Value		Real increase in Cash Equivalent Transfer Value to nearest £000
			At 31 March 2021	At 31 March 2020	
			£000's	£000's	
A Smith	2.5 - 5	50 – 55	1,062	996	51
N Holden	0 – 2.5	20 – 25	428	397	23
D Sidebottom	0 – 2.5 [0 – 2.5]	30 – 35 [75 – 80]	661	612	25

<sup>1</sup> 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.

<sup>2</sup> 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. A £250 bonus was paid to all staff including members of the executive team. No other performance pay or bonuses were awarded to the executive team in the financial year 2020-21 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.

	2020-21	2019-20
Mid-point of Band of Highest Paid Director's Total Remuneration (£)	137,500	132,500
Median Total Remuneration (£)	48,354	44,268
Ratio	2.8	3.0

Actual staff remuneration, excluding the highest paid director, ranged from £24,818 (2019-20: £23,235) to £87,147 (2019-20: £84,058).

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 for the group comprise:

	2020-21			2019-20
	Total	Directly employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	2,362	2,178	184	2,369
Social security costs	243	243	-	248
Other pension costs	555	555	-	557
<b>Total net costs</b>	<b>3,160</b>	<b>2,976</b>	<b>184</b>	<b>3,174</b>

There were no consultancy or high paid off-payroll appointments in either 2020-21 or 2019-20. 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 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2020-21 employers' contributions of £528,482 (2019-2020: £514,874) were payable to the PCSPS at one of four rates in the range 26.6 to 30.3 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 £34,612 (2019-20: £41,268) were paid to the appointed stakeholder pension provider. 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 £1,007, 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 £5,121.

### Average number of persons employed (audited)

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

	2020-21			2019-20
	Total	Permanent	Others	Total
	Number	Staff	Number	Number
Directly employed	43	40	3	46
Other	-	-	-	-
<b>Total</b>	<b>43</b>	<b>40</b>	<b>3</b>	<b>46</b>

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

### Staff turnover

During the year 2020-21 the staff turnover percentage was 2.3% (2019-20: 11.4%). A total of five staff left in the year (2019-20: 8), three of which were on fixed term contracts which ended in the period, one redundancy and one resignation. The redundancy was provided for in the 2019-20 accounts.

### 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 on 31 March 2021:

	Male	Female	Other	Total
Non-Executive Directors	6	3	-	9
Executive Directors	3	-	-	3
Senior Manager	4	4	-	8
Staff	16	17	-	33
Total	29	24	-	53

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 £72,000 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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Less than £10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	-	1	-	-	-	1
Total number of exit packages	-	1	-	-	-	1
Total cost (£000)	-	41	-	-	-	41
<b>Of the total:</b>						
Transport Focus	-	41	-	-	-	41
Transport Focus Group	-	41	-	-	-	41

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: three 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 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due

course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report). 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 defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6 per cent and 8.05 per 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 his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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 an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8 and 14.75 per cent (depending on the age of the member). 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](http://www.civilservicepensionscheme.org.uk)

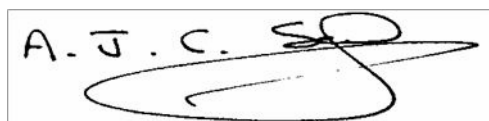
### **Cash Equivalent Transfer Values (CETV)**

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.

A handwritten signature in black ink, appearing to read 'A. J. C. Smith', is enclosed within a thin black rectangular border. The signature is stylized and somewhat cursive.

**Anthony Smith**

Chief Executive and Accounting Officer

5 July 2021

## 3.4 Audit Report

### 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) and its group for the year ended 31 March 2021 under the Railways Act 2005. The financial statements comprise: Group and Parent 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union and interpreted by HM Treasury's Government Reporting Manual.

I have also audited the information in the Management Commentary 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 the group's and of Transport Focus's affairs as at 31 March 2021 and of the group's and the parent's net expenditure after tax for the year then ended;
- 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of Transport Focus in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that Transport Focus's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Transport Focus's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for Transport Focus is adopted in consideration of the requirements set out in HM Treasury's Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### **Other Information**

The other information comprises information included in the annual report, but does not include the parts of the Management Commentary described in that report as having been audited, the financial statements and my auditor's report thereon. The Board and the Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

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

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

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 material misstatements in the Chair's Foreword Report, the 'Making a Difference for Transport Users' section and Management Commentary. 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 Management Commentary to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by HM Treasury’s Government Financial Report Manual are not made; 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.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Board and the Accounting Officer, are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Board and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing Transport Focus’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer anticipates that the services provided by Transport Focus will not continue to be provided in the future.

### **Auditor’s responsibilities for the audit of the financial statements**

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the audited entity’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Transport Focus’s policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the audited Group’s controls relating to the Railways Act 2005.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of

this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.

- obtaining an understanding of Transport Focus's framework of authority as well as other legal and regulatory frameworks that Transport Focus and the Group operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Transport Focus and the Group. The key laws and regulations I considered in this context included the Railways Act 2005 and Managing Public Money;

In addition to the above, my procedures to respond to identified risks included the following:

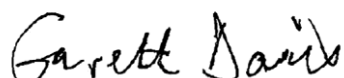
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

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.

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.



**Gareth Davies**  
**Comptroller and Auditor General**

**06 July 2021**

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 2021

	Note	2020-21		2019-20	
		Transport Focus £000	Transport Focus Group £000	Transport Focus £000	Transport Focus Group £000
<b>Expenditure</b>					
Staff costs	3	3,107	3,160	3,122	3,174
Other expenditures	4	3,257	3,286	4,522	4,531
Depreciation	4	141	141	125	125
Write off due to premature termination of lease	4	7	7	-	-
Lease interest	4	3	3	-	-
		<u>6,515</u>	<u>6,597</u>	<u>7,769</u>	<u>7,830</u>
<b>Income</b>					
Income from activities	5	(838)	(914)	(2,164)	(2,238)
<b>Net Expenditure before tax</b>		<u>5,677</u>	<u>5,683</u>	<u>5,605</u>	<u>5,592</u>
Corporation tax payable	6	-	-	-	3
<b>Net Expenditure after tax</b>		<u>5,677</u>	<u>5,683</u>	<u>5,605</u>	<u>5,595</u>

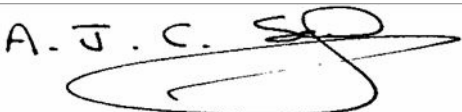
The Accounting Policies and Notes on pages 60 to 70 form part of these financial statements.



## Statement of Financial Position as at 31 March 2021

		2020-21		2019-20	
	Note	Transport Focus £000	Transport Focus Group £000	Transport Focus £000	Transport Focus Group £000
<b>Non-current assets:</b>					
Property, plant and equipment	7	413	413	179	179
<b>Total non-current assets</b>		<b>413</b>	<b>413</b>	<b>179</b>	<b>179</b>
<b>Current Assets</b>					
Trade and other receivables	8	307	294	471	478
Cash and cash equivalents	9	1,842	1,909	1,991	2,037
<b>Total current assets</b>		<b>2,149</b>	<b>2,203</b>	<b>2,462</b>	<b>2,515</b>
		<b>2,562</b>	<b>2,616</b>	<b>2,641</b>	<b>2,694</b>
<b>Total assets</b>					
<b>Current liabilities</b>					
Trade and other payables	10	1,482	1,532	2,214	2,257
Provisions	11	-	-	50	50
<b>Total current liabilities</b>		<b>1,482</b>	<b>1,532</b>	<b>2,264</b>	<b>2,307</b>
		<b>1,080</b>	<b>1,084</b>	<b>377</b>	<b>387</b>
<b>Assets less liabilities</b>					
<b>Taxpayers' equity</b>					
General reserve		1,080	1,084	377	387
<b>Total taxpayers' equity</b>		<b>1,080</b>	<b>1,084</b>	<b>377</b>	<b>387</b>

The Accounting Policies and Notes on pages 60 to 70 form part of these financial statements.



**Anthony Smith**

Chief Executive and Accounting Officer

5 July 2021

## Statement of Cash Flows for the year ended 31 March 2021

		2020-21	Transport	2019-20	Transport
		Transport	Focus	Transport	Focus
		Focus	Group	Focus	Group
	Note	£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Net expenditure after interest and tax		(5,677)	(5,683)	(5,605)	(5,595)
(Increase)/decrease in trade and other receivables	8	164	184	107	100
(Decrease)/increase in trade and other payables	10	(732)	(725)	(536)	(493)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	12	(144)	(144)	(159)	(159)
(Decrease)/increase in provisions	11	(50)	(50)	15	15
Add non cash transactions:					
Depreciation	4	141	141	125	125
Lease interest	4	3	3	-	-
Write off due to premature termination of lease	4	7	7	-	-
<b>Net cash outflow from operating activities</b>		<b>(6,288)</b>	<b>(6,267)</b>	<b>(6,053)</b>	<b>(6,007)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	7	(112)	(112)	(5)	(5)
<b>Net cash outflow from investing activities</b>		<b>(112)</b>	<b>(112)</b>	<b>(5)</b>	<b>(5)</b>
<b>Cash flows from financing activities</b>					
Grant in Aid		6,380	6,380	5,728	5,728
Payment of lease liabilities	12	(129)	(129)	(112)	(112)
<b>Net financing</b>		<b>6,251</b>	<b>6,251</b>	<b>5,616</b>	<b>5,616</b>

**Net (decrease)/increase in cash and cash equivalents in the period**

		<b>(149)</b>	<b>(128)</b>	<b>(442)</b>	<b>(396)</b>
Cash and cash equivalents at the beginning of the period	9	1,991	2,037	2,433	2,433
Cash and cash equivalents at the end of the period	9	1,842	1,909	1,991	2,037

The Accounting Policies and Notes on pages 60 to 70 form part of these financial statements.

**Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021**

	<b>General Reserve £000</b>
<b>Balance as at 1 April 2019</b>	<u>254</u>
<b>Changes in taxpayers' equity for 2019-20</b>	
Retained Deficit	<u>(5,595)</u>
<b>Total recognised income and expense for 2019-20</b>	<u>(5,595)</u>
Grant in Aid received from the DfT	<u>5,728</u>
<b>Balance at 31 March 2020</b>	<u>387</u>
<b>Changes in taxpayers' equity for 2020-21</b>	
Retained Deficit	<u>(5,683)</u>
<b>Total recognised income and expense for 2020 -21</b>	<u>(5,683)</u>
Grant in Aid received from the DfT	<u>6,380</u>
<b>Balance at 31 March 2021</b>	<u>1,084</u>
<b>Of the total:</b>	
Transport Focus	1,080
Transport Focus Group	1,084

The Accounting Policies and Notes on pages 60 to 70 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 2020-21 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

There have been no new accounting standards adopted or revised in the year.

#### 1.4 Income from operating activities

Income from operating activities represents income in respect of both co-funding of expenditure on passenger insight 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
- Right-of use assets – remaining length of the 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 2016 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 Leases**

In accordance with IFRS 16, contracts, or parts of a contract that convey the right to use an asset in exchange for consideration are accounted for as leases which includes operating leases. The group excludes contracts for low-value items, defined as items costing less than £5,000 when new and contracts with a term shorter than twelve months and the related costs are shown in the Statement of Comprehensive Net Expenditure. The definition of a contract is expanded to include intra-UK government agreements where non performance may not be enforceable by law.

At the commencement of a lease, the group recognises a right-of use asset and a lease liability. The lease liability is measured at the payments for the remaining lease term, net of irrecoverable value added tax, discounted either by the rate implicit in the lease or, where this cannot be determined, the incremental cost of borrowing is the rate advised by HM Treasury. As Transport Focus does not typically undertake external borrowing and is instead funded annually by the Department for Transport which draws down its funding from the Exchequer. Transport Focus's incremental borrowing rate is therefore advised by and aligned to the Treasury rate.

The right-of-use asset is measured at the value of the liability, adjusted for: any payments made before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease.

The right-of use asset is subsequently depreciated over the remaining period of the lease and the lease liability is adjusted for the accrual of interest, repayments, reassessments and modifications.

### 1.10 Taxation

The Transport Focus Group has corporation tax liability arising from trading activities by Transport Focus Wales Limited. Transport Focus is not subject to corporation tax 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.

### 1.11 Financial assets

Financial assets held by Transport Focus Group comprise mainly of cash held in bank, trade receivables, prepayments and accrued income. These are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Since these balances are expected to be realised within 12 months of the reporting date there is no material difference between fair value, amortised costs and historical cost.

### 1.12 Financial liabilities

Financial liabilities held by Transport Focus Group comprise mainly of trade payables, accruals and deferred income. Since these balances are expected to be settled within 12 months of the reporting date there is no material difference between fair value, amortised costs and historical cost.

### 1.13 Financial instruments

Any financial instruments are initially measured at fair value. 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.

## 2. Analysis of Net Expenditure before tax by Segment

	<b>Passenger Representation</b>	<b>Road User Representation</b>	<b>2020-21 Total</b>	<b>2019-20 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gross Expenditure	5,070	1,527	6,597	7,830
Income	830	84	914	2,238
Net Expenditure	<u>4,240</u>	<u>1,443</u>	<u>5,683</u>	<u>5,592</u>
<b>Of the total:</b>				
Transport Focus	4,234	1,443	5,677	5,605
Transport Focus Group	4,240	1,443	5,683	5,592

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 for the group comprise:

	2020-21			2019-20
	Total	Directly employed staff	Others	Total
	£000	£000	£000	£000
Wages and Salaries	2,362	2,178	184	2,369
Social security costs	243	243	-	248
Other pension costs	555	555	-	557
<b>Total net costs</b>	<b>3,160</b>	<b>2,976</b>	<b>184</b>	<b>3,174</b>
<b>Of the total:</b>				
Transport Focus	3,107	2,923	184	3,122
Transport Focus Group	3,160	2,976	184	3,174

### 4. Administration costs and other expenditure

	2020-21		2019-20	
	Transport Focus	Transport Focus Group	Transport Focus	Transport Focus Group
	£000	£000	£000	£000
<b>Running Costs</b>				
Transport user insight	1,742	1,767	3,005	3,005
Travel and subsistence, room hire and recruitment	26	26	249	252
Printing, postage and office costs	113	113	188	188
External services and support	275	275	231	232
Information technology support and maintenance	539	540	379	382
Board remuneration	138	138	137	137
Rent, rates and utilities	301	304	252	254
Training and development	72	72	32	32
Telecommunication costs	20	20	21	21
External audit fee	28	28	27	27
Operating lease rentals (excluding rent)	3	3	1	1
	3,257	3,286	4,522	4,531
<b>Non-cash items</b>				
Depreciation	141	141	125	125
Write off due to premature termination of lease	7	7	-	-
Lease interest	3	3	-	-
<b>Total</b>	<b>3,408</b>	<b>3,437</b>	<b>4,647</b>	<b>4,656</b>

Expenditure in the year has been considerably lower than previous year due mainly to the impact on operations of Covid-19 restrictions over the course of the year.

## 5. Income

	2020-21		2019-20	
	Transport Focus	Transport Focus Group	Transport Focus	Transport Focus Group
	£000	£000	£000	£000
Income in respect of joint projects	314	314	702	702
Income in respect of activities fully funded by external parties	524	600	1,454	1,528
Other income	-	-	8	8
	<u>838</u>	<u>914</u>	<u>2,164</u>	<u>2,238</u>

Income in the year has been considerably lower than previous year due mainly to the impact on operations of Covid-19 restrictions over the course of the year.

## 6. Corporation tax payable

	2020-21		2019-20	
	Transport Focus	Transport Focus Group	Transport Focus	Transport Focus Group
	£000	£000	£000	£000
Corporation tax payable	-	-	-	3

The corporation tax payable is in respect of surpluses from trading activities by the subsidiary company Transport Focus Wales Limited.



## 7. Property, plant and equipment (entity and group)

	<b>Buildings - Right of Use</b>	<b>Leasehold Improvements</b>	<b>Information Technology and Fittings</b>	<b>Total</b>
	<b>£000</b>		<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>				
At 1 April 2020	271	-	48	319
Additions	317	100	12	429
Write down	(271)	-	-	(271)
<b>At 31 March 2021</b>	<b>317</b>	<b>100</b>	<b>60</b>	<b>477</b>
<b>Depreciation</b>				
At 1 April 2020	109	-	31	140
Charged in year	122	4	15	141
Write down	(217)	-	-	(217)
<b>At 31 March 2021</b>	<b>14</b>	<b>4</b>	<b>46</b>	<b>64</b>
<b>Net book value at 31 March 2021</b>	<b>303</b>	<b>96</b>	<b>14</b>	<b>413</b>
<b>Net book value at 31 March 2020</b>	<b>162</b>	<b>-</b>	<b>17</b>	<b>179</b>
<b>Of the total:</b>				
Transport Focus	<b>303</b>	<b>96</b>	<b>14</b>	<b>413</b>
Transport Focus Group	<b>303</b>	<b>96</b>	<b>14</b>	<b>413</b>

The Buildings - Right of Use and Leasehold Improvements cost additions and write down in the year relate to moving our London offices to Albany House from Fleetbank House in February 2021.

The derecognition entries for Right of Use Assets under cost and depreciation, having a net effect of £54,000, relate to the early termination of the lease for our London offices at Fleetbank House. These have resulted in overall loss in the Statement of Comprehensive Net Expenditure of £7,000, when combined with the derecognition of the related lease liability in Note 12.

	<b>Buildings - Right of Use</b>	<b>Information Technology and Fittings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>			
At 1 April 2019	-	43	43
Additions	-	5	5
Adjustment for right of use assets	271	-	271
<b>At 31 March 2020</b>	<b>271</b>	<b>48</b>	<b>319</b>
<b>Depreciation</b>			
At 1 April 2019	-	15	15
Charged in year	109	16	125
<b>At 31 March 2020</b>	<b>109</b>	<b>31</b>	<b>140</b>
<b>Net book value at 31 March 2020</b>	<b>162</b>	<b>17</b>	<b>179</b>
<b>Net book value at 31 March 2019</b>	<b>-</b>	<b>28</b>	<b>28</b>
<b>Of the total:</b>			
Transport Focus	<b>162</b>	<b>17</b>	<b>179</b>
Transport Focus Group	<b>162</b>	<b>17</b>	<b>179</b>

The adjustment for the right of use asset is as a result of the adoption of IFRS16 in the year.

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

## 8. Trade receivables and other current assets

	<b>2020-21</b>		<b>2019-20</b>	
	<b>Transport Focus</b>	<b>Transport Focus Group</b>	<b>Transport Focus</b>	<b>Transport Focus Group</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Accounts falling due within one year:</b>				
Trade receivables	196	215	329	396
Intra-group receivables	32	-	60	-
Other receivables	1	1	13	13
Prepayments and accrued Income	78	78	69	69
	<b>307</b>	<b>294</b>	<b>471</b>	<b>478</b>

Other receivables include season ticket loans to 1 staff member (2019-20: 12) totalling £1,098 (2019-20: £12,655).

## 9. Cash and cash equivalents

	2020-21		2019-20	
	Transport Focus	Transport Focus Group	Transport Focus	Transport Focus Group
	£000	£000	£000	£000
Balance at 1 April	1,991	2,037	2,433	2,433
Net change in cash and cash equivalent balances	(149)	(128)	(442)	(396)
Balance at 31 March	1,842	1,909	1,991	2,037

## 10. Trade payables and other current liabilities

	2020-21		2019-20	
	Transport Focus	Transport Focus Group	Transport Focus	Transport Focus Group
	£000	£000	£000	£000
<b>Amounts falling due within one year</b>				
Other taxation and social security	86	86	67	67
Pension contributions payable	69	69	58	58
Trade payables	231	261	445	445
Other payables	3	3	9	9
VAT Liability	16	17	25	44
Corporation tax payable	-	-	-	3
Lease liabilities	303	303	159	159
Accruals and deferred income	774	793	1,451	1,472
	1,482	1,532	2,214	2,257

## 11. Provision for liabilities and charges

	2020-21		2019-20	
	Transport Focus £000	Transport Focus Group £000	Transport Focus £000	Transport Focus Group £000
<b>Redundancy Cost Provision</b>				
Balance at 1 April	50	50	35	35
Provided in the year	-	-	38	38
Provisions utilised in the year	(45)	(45)	(23)	(23)
Provisions written back in the year	(5)	(5)	-	-
Balance at 31 March	-	-	50	50

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

## 12. Lease liabilities

Lease liabilities:	<b>£000's</b>
Balance as at start of year	159
Additional leases recognised under IFRS 16	317
Lease interest	3
Repayment of lease liability	(129)
Write off due to premature termination of lease	(47)
Balance as at end of year	<u>303</u>
Amounts falling due:	<b>£000's</b>
No later than one year	86
Later than one year and not later than five years	217
Later than five years	-
	<u>303</u>

A lease liability has been recognised for our new London offices at Albany House as of February 2021. Although the final lease is still awaiting signature on our behalf by the Department for Transport 'Tenancy At Will' and 'Heads of Terms' agreements, which fall within the expanded definition of a contract, are in place.

## 13. Contingent liabilities disclosed under International Accounting Standard 37

In March 2021 we vacated our London offices at Fleetbank House at the request of our landlords as the site is to be redeveloped. Although we do not propose to make any further rental payments there is a remote possibility that Transport Focus may be required to make payments until the lease ends in August 2021.

There were no other reportable contingent liabilities or contingent assets at 31 March 2021 or 31 March 2020.

#### **14. Related-party transactions**

Transport Focus is an executive non-departmental public body sponsored by the DfT and is regarded as a related party. £6,380,000 was received from the DfT in Grant in Aid for the year. In addition, further income totalling £252,065 was invoiced in the year for additional insight commissioned by the DfT with a balance outstanding of £87,688 on 31 March.

A balance outstanding at 31 March 2020 of £18,648 was received from Highways England for jointly funded insight. Transactions totalling £138,273 were undertaken with Network Rail with £34,551 still receivable at 31 March.

In February 2020 Transport Focus entered a Collaboration Agreement with London TravelWatch to work more closely together to ensure that, both jointly and individually, the organisations are making more of difference for transport users and delivering better value for money for sponsors and funders. The two organisations remain independent of one another. London TravelWatch is the official watchdog organisation representing the interests of transport users in London and is sponsored and funded by the London Assembly. Transport Focus is the independent watchdog for transport users outside London and is sponsored and funded by the Department for Transport. The Collaboration Agreement does not create a business group or joint venture for reporting purposes.

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 train operating companies (TOCs) such as to influence their work with Transport Focus.

#### **15. 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.

#### **16. 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.

#### **17. Subsidiary companies**

Transport Focus has two subsidiaries; Transport Focus Wales Limited which is a company registered in Wales (company number 11439946) and Transport Focus Scotland Limited which is a company registered in Scotland (company number SC643794). Both subsidiaries are limited by guarantee having no share capital and Transport Focus is the sole member of each company so will contribute a maximum £1

in the case of either company being wound up. The two subsidiaries were set up to allow the Transport Focus group to broaden its work on behalf of transport users in Wales and Scotland through activities funded by third parties.

Transport Focus Scotland Limited is a dormant company but Transport Focus Wales Limited began trading on 1 October 2019 and its results have been included in the consolidated accounts for the group.

Transport Focus has provided a guarantee under section 479C of the Companies Act to Transport Focus Wales Limited in respect of the financial year ended 31 March 2021. The guarantee has been provided because this allows the subsidiary to be exempt from audit for the year ended 31 March 2021 thereby saving the annual audit fee. The saving increases the funds available for work on behalf of transport users.

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