



Department  
for Transport

# Tailored Review Transport Focus

Moving Britain Ahead



July 2020

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# 1. Executive summary

Established in 2006 as *Passenger Focus*, Transport Focus is a non-departmental public body (NDPB) which acts as the independent, statutory watchdog representing the interests of Britain's rail passengers, England's bus, coach and tram passengers (outside of London) and users of the Strategic Road Network (SRN) in England. It aims to secure improvements, influence decisions and get the best deal for passengers and road users. It also provides some rail and road research services for the Department when commissioned to do so separately.

This review was conducted by the Governance Division in the Department for Transport (DfT). **Evidence was gathered between October 2018 and June 2019.** The figures and data reflect this timeline.

Transport Focus was previously assessed under the Triennial Review programme in [2014/15](#).

[The Williams Rail Review](#) has looked at the structure of the whole rail industry and the way passenger rail services are delivered. The outcomes of the Williams review have yet to be announced, but it is acknowledged this may cause reforms to industry structures and organisational responsibilities.

## Main Findings

- The review found that the functions of Transport Focus are still required by government. Transport Focus should therefore retain its current functions to represent the interests of transport users, subject to the outcome of the Williams Rail Review.
- In 2016-17 Transport Focus' accounts were qualified for the first time but it has since made improvements to prevent a recurrence of the issue giving rise to the qualification and ensure it complies with Managing Public Money and to better adhere to its Framework Agreement with DfT.
- DfT and Transport Focus should do more to formalise its research relationship and consideration should be given to the development of a Service Level Agreement (SLA). The DfT sponsor should nominate a researcher or analyst to oversee the management of the research relationship with Transport Focus and share insight into departmental evidence needs when commissioning its research. This would also help Transport Focus with its own and wider research work for its user community.
- Transport Focus does a lot of good work, however its role as an independent consumer champion is not always recognised by the wider public. To help to increase public awareness, Transport Focus should ensure it has a strong communications strategy in place linking with the organisation's overall aims and objectives.

- The Framework Agreement between DfT and Transport Focus needs to be updated following the conclusion of this review and subject to the outcome of the Williams Rail Review.

## Conclusion

The review concludes that the functions of Transport Focus, as set out in the Infrastructure Act 2015 and other statutes and statutory instruments, are still required. It continues to meet the '*three tests*' (see page 13) as set out in the Tailored Review guidance and should continue to deliver as a DfT NDPB.

This review makes recommendations to improve performance, governance and value for money. A summary of the recommendations is shown in Table 1.

The review notes that Transport Focus continues to be an efficient and effective organisation and that the recommendations contained in this report will enhance its work.

## Acknowledgement

The review team would like to put on record its gratitude to the directors and staff at Transport Focus for their engagement with the review, for making the time to facilitate and participate in meetings and for responding to requests for information.

Table 1: Table of Recommendations

1.	Transport Focus should build on the work it is already doing and put in place a formal wellbeing strategy for staff, which should include wellbeing practices and sign posting for staff on support mechanisms and helpful organisations.
2.	Transport Focus should continue to deliver its current function, as set out in the Infrastructure Act 2015 and should retain its current form as an NDPB of the DfT subject to the outcome of the Williams Rail Review.
3.	DfT, together with Transport Focus, should update its Framework Documents to reflect the findings of this review; in line with the Department's Framework Document guidance.
4.	The DfT Sponsor Team and Transport Focus should undertake a Relationship Health Check every two years with a view to improving accountability and assurance. The checks are outlined in the DfT Delivery Body Partnership Guide.
5.	Quarterly sponsorship meetings between the Department's Sponsor Team and Transport Focus should include an update on the progress and risks associated with all large projects. These discussions should include top risks and their mitigations.
6.	Transport Focus should ensure full compliance with the arrangements, controls, and procedures set out in the Framework Document between it and DfT, with HMT Managing Public Money, Cabinet Office controls, and Transport Focus's ARARC Terms of Reference.
7a.	Transport Focus's Project Team should ensure its Project Brief include a fully defined stakeholder map and a robust stakeholder engagement plan. All Project Briefs should be reviewed and signed-off and cleared by senior management to ensure any significant risks are addressed.
b.	Transport Focus should develop high level contingency plans to assist decision making on when and whether a project should be rescoped from its original target or baseline.
8a.	DfT and Transport Focus should do more to formalise their research relationship and share best practice. This could include drawing up a Service Level Agreement (SLA) to ensure there is agreement and clarity around roles, responsibilities and ways of working, including quality assurance, for all research projects. This should be co-developed by DfT analysts and Transport Focus and should cover both Transport Focus's core research and DfT commissioned research.
b.	DfT should assign a dedicated researcher or analyst to oversee the management of the research relationship with Transport Focus and to share insight into DfT's evidence needs. This would also assist Transport Focus with its own and wider research work.

9.	Transport Focus should update its complaints handling procedure by removing the names of complaint responders but retain the post titles to ensure a seamless service. The procedure should include an indication of timescales a complainant can expect to receive a reply at each complaint stage and incorporate the referral to the DfT Independent Complaint Assessor and link to their page on Gov.UK <a href="https://www.gov.uk/government/collections/independent-complaints-assessors-for-the-department-for-transport">https://www.gov.uk/government/collections/independent-complaints-assessors-for-the-department-for-transport</a> and an update to the website for 'complaints' to be an option rather than a separate PDF.
10.	Transport Focus should ensure it has a strong communications strategy in place that links with the organisation's overall aims and objectives, including its key messages and narrative.
11.	Transport Focus should consider some of the best practice frameworks available through the Government Communications Service to inform its communications strategy and support its evaluation work. These could include the OASIS campaign planner and the evaluation framework.
12.	Transport Focus and DfT Sponsors should consider options for improving digital capability to assist Transport Focus's online communications and social media presence.
13.	Transport Focus should update its website to ensure it is accessible and easy for visitors to find relevant information. It should also proactively promote its accomplishments throughout its site.
14a.	<p>Transport Focus, through its sponsors, should work with DfT's Public Appointments Team to increase the diversity of its board members, including with regard to gender and ethnicity, in line with Government's 'Public Appointments Diversity Action Plan.'</p> <p>b. Transport Focus should review its recruitment practices to ensure procedures are in place that will assist in increasing the organisation's diversity;</p> <p>c. To assess the appropriateness of updating its diversity data to include all nine protected characteristics from the Equalities Act 2010, whilst maintaining the anonymity of staff in mind and</p> <p>d. Undertake analysis to improve its understanding of the gender pay gap and identify ways to reduce it. This should include an evaluation of how women progress within its organisation.</p>

## 2. Purpose and Scope of the Review

Tailored Reviews provide assurance to government and the public on the continuing need for a public body, its functions and the appropriateness of its form. The Cabinet Office Tailored Review Guidance mandates that Tailored Reviews must be carried out for each public body at least once in the lifetime of a Parliament. Where appropriate, reviews make recommendations to improve the efficiency, effectiveness, and governance arrangements of the bodies under review. It is the responsibility of the organisation and sponsoring Department to ensure recommendations are fully implemented.

The Terms of Reference (ToR) for this review can be found at **Annex A**.

### Process

The review team worked independently of the DfT policy team, sponsor team and Transport Focus.

This review was conducted in line with the principle of proportionality outlined in CO guidance. As such, it was agreed that a challenge panel would not be appropriate given the size of Transport Focus. Instead, an experienced team from the Ministry of Justice was selected to act as a critical friend to provide robust challenge to the analysis and recommendations of this review.

### Evidence base

The review team:

- met with a diverse range of staff from Transport Focus. This included the board Chair and the Chief Executive;
- held two staff workshops in both London and Manchester and attended one of two staff away days;
- attended a private board meeting, a board meeting held in public and a stakeholder reception in Manchester hosted by Transport Focus;
- met with DfT colleagues that work closely with Transport Focus. These included the Sponsor team and teams from roads, rail and bus groups. The review team also collected views from HR Business Partners, Group Communications, Group Finance, Government Legal Department, Group Property, Research, Analysis and Science and members of the Governance Division;
- conducted a stakeholder survey ('*Transport Focus- Stakeholder Engagement Survey*'). The survey was sent to 35 stakeholders which included transport groups and DfT officials, of which 15 responded. The questions asked can be found at **Annex B**;

- additionally, the team made use of several Transport Focus reports and reviews including the Annual Report 2017/18, Performance Report 2017/18 and the Triennial Review of Transport Focus (Passenger Focus) 2014/2015.

The Triennial Review of Transport Focus 2014/2015 made 11 recommendations. These recommendations have been fully implemented.

The conclusions and recommendations made by the review are based on an assessment of this evidence base.

# 3. Introduction

## Historical context

Transport Focus's origins can be traced back to the [1947 Transport Act](#) which set up the Central Transport Consultative Committee (CTCC) and a network of regional Transport Users' Consultative Committees (TUCC) as passenger representative bodies. The original CTCC and the TUCCs were abolished by the [Transport Act 1962](#). In the later years, the [2005 Railways Act](#) eradicated the network of regional committees and the strategic rail authority and transferred the sponsorship of Transport Focus to DfT.

Transport Focus's full history can be found on its [website](#) and is summarised in figure 1.

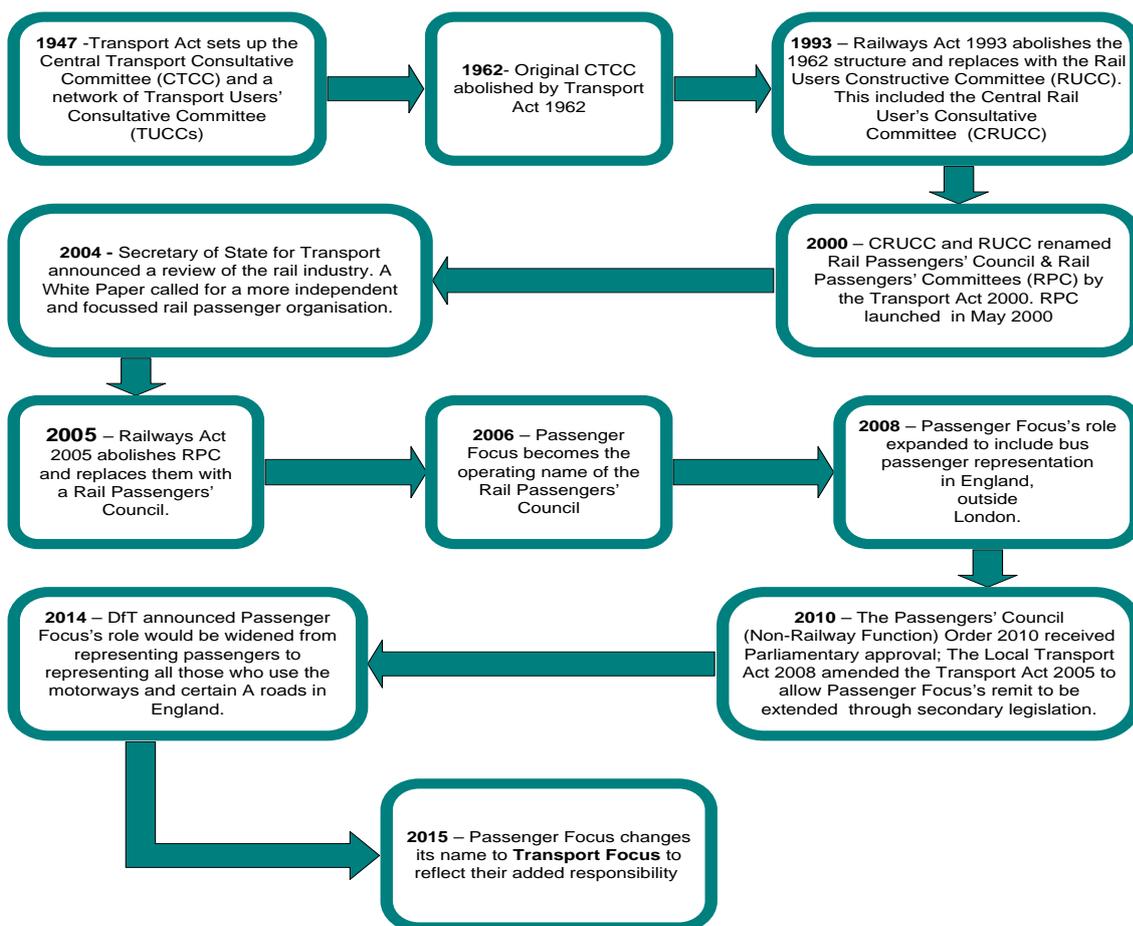


Figure 1 Transport Focus's history - a visual representation

# The Organisation

Transport Focus employs approximately 52 staff predominantly based in London and Manchester, with others working peripatetically. Transport Focus is an executive NDPB and its staff have Public Service contracts of employment but have access to the Civil Service pension arrangements.

Transport Focus is a relatively small body compared to others in the Department for Transport with a core budget of approximately £5million.

It is sponsored and substantially funded by the Department of Transport, however its operations and policy-making are independent of government. Additional funding is generated through working with other organisations in the transport industry to provide consumer representation and transport user research. Much of its research activity is contracted out subject to business need.

Anthony Smith is the Chief Executive (CE) of Transport Focus and has been with the organisation (in its different forms) for over 20 years.

Transport Focus's staff survey (2018) headline results showed that staff were supportive of the CE's open-door policy with staff and over 90% of staff *felt that Transport Focus as a whole is managed well.*

# Organogram

High level organogram showing the structure of Transport Focus

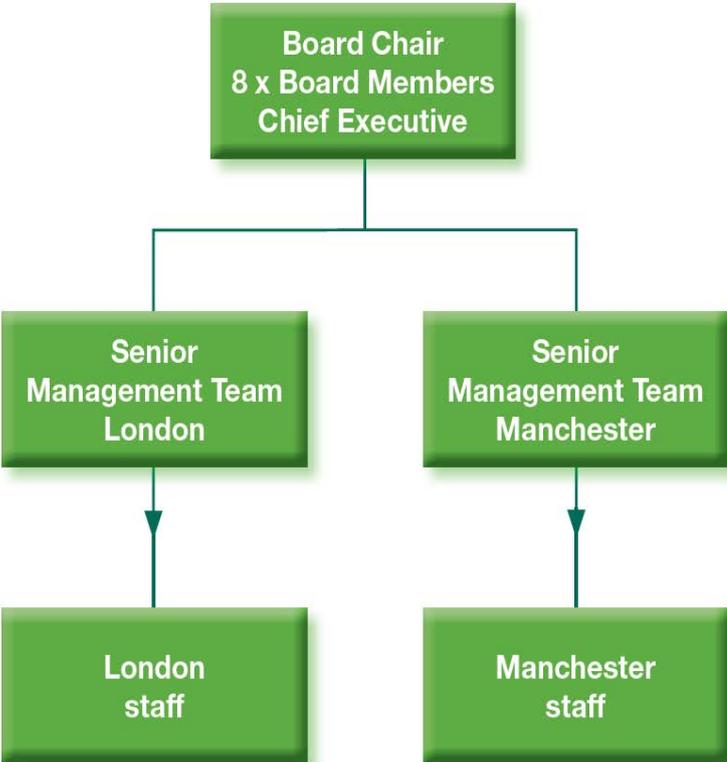


Figure 2 Transport Focus's organogram

## Staff engagement

The review team found trust, open communication, effective teamwork and respect throughout the organisation. There is a positive, willing culture within Transport Focus with regard to its objectives, a feeling of 'One Team' and a willingness to learn more about, and support, each other's areas of expertise.

Staff are of the view that '*Transport Focus is a small organisation where you get to know everybody*', are happy with the '*direct contact with the Chief Executive*', feel that there is 'no hierarchy' and that they are 'making a difference'. However, concerns were raised by staff interviewed around the size of the organisation leading to limited scope for career progression and restricted monetary resources for external training.

Transport Focus' management team is aware of the concerns raised by staff, which are particularly important as a small organisation with low staff turnover. Some of the ways it has attempted to tackle these issues include through '*lunch and learn*' sessions with both internal and external speakers, offering mentoring with Board members, job shadowing with colleagues, and offering flexible working. These initiatives appear to have been welcomed by staff.

From feedback at the staff workshops, and in line with the [government's wellbeing programme](#), the review team found that staff would benefit from official wellbeing guidance. There is currently no signposting with regards to the wellbeing of staff. Though the organisation may have a '*family feel*', avenues should be created for staff who may not feel confident or comfortable talking about issues or concerns about their welfare.

### **Recommendation:**

**Transport Focus should build on the work it is already doing and put in place a formal wellbeing strategy for staff, which should include wellbeing practices and sign posting for staff on support mechanisms and helpful organisations.**

## Location

The [Government's Places for Growth Programme](#) seeks to increase the presence of government and major cultural bodies across the whole of the United Kingdom, rebalancing the Civil Service workforce away from the London and the South East. At present, Transport Focus has offices in both Manchester and London.

Transport Focus requires a London office for effective engagement with its stakeholders, and with DfT Ministers and staff.

The occupancy at Fleetbank House in London expires on 28 September 2023. DfT is working with Transport Focus to relocate its London office to Albany House in advance of this date. The Manchester property occupied by Transport Focus is owned by DfT and will eventually be demolished for High Speed 2, at which time Transport Focus will move to DfT's Manchester Transport Campus or alternative premises.

DfT's Group Property team advised Transport Focus' properties in both London and Manchester are government estate and represent "good value for money".

## 4. Form and Function

The first interest of this review was around Transport Focus' **function**, which can be summarised below:

- The [Railways Act 2005](#) abolished the Rail Passengers' Council and regional Rail Passengers' Committees, replacing them with a single Great Britain-wide organisation called the Rail Passengers' Council with Passenger Focus becoming its operating name in 2006.
- The [Local Transport Act 2008](#) enabled its remit to be extended through secondary legislation with The Passengers' Council (Non-Railway Functions) Order 2010 widening its role to include bus passenger representation outside of London.
- The [Infrastructure Act 2015](#) widened its remit further to cover representing the interests of users of the Strategic Road Network in England. Passenger Focus's name was changed to Transport Focus to reflect its expanded role.

Transport Focus acts as the independent watchdog for transport users by influencing the decisions of service providers, government and regulators. Transport Focus leads advocacy campaigns with evidence generated by in-house research and analysis. It also influences through traditional and social media coverage.

Transport Focus also deals with unresolved complaints from rail passengers that fall outside the scope of the Rail Ombudsman around industry policies and regulations.

Government is committed to preserving the existing legislative framework following EU exit in order to provide certainty to consumers and businesses. Legislation has already been passed that will ensure the Rail Passengers' Rights and Obligations Regulation (PRO) (1371/2007) functions effectively as 'retained EU law' after exit day. However, it is difficult to say what will happen once we have left the EU.

Transport Focus and London Travel Watch have a statutory footing under Statutory Instruments 2010/1504 in terms of the PRO Regulation.

This review recommends that government retains this function subject to the outcome of The Williams Rail Review.

In terms of Transport Focus' **form**, the review concluded that Transport Focus should remain a NDPB, based upon Cabinet Office's three tests and an assessment of alternative delivery models, including options outside of central government, as shown below.

### Cabinet Office's three tests for NDPB for Transport Focus

**Q-** Is this a technical function which needs external expertise to deliver?

**A -** Yes. Transport Focus has many years' experience, particularly in delivering national travel surveys of transport users which provides the Department, transport users and others with valuable information. The survey data helps to inform policy

development and improvement, operational performance as well as rail franchise operators contracts.

**Q-** Is this a function which needs to be, and seen to be, delivered with absolute political impartiality?

**A-** Yes. It is critical to transport users and potential users that the outputs are totally impartial and without any political or departmental interference.

**Q-** Is this a function that needs to be delivered independently of Ministers to establish facts and or figures with integrity?

**A-** Yes. Independence from both political and government influence is critical to Transport Focus. It needs to be, and be seen to be, independent of government and acting in transport users' interests, in order to establish facts and represent them in a coherent manner to transport operators, funders and to government.

### Analysis of alternate delivery models considered

The below are the delivery models the review team considered when we reviewed the function of Transport Focus. The key requirements for Transport Focus are the need to maintain its independence and impartiality. Its value is ensuring passengers have a recognised independent and influential voice at a national level. It is also important to emphasise that any fundamental change to how Transport Focus's function is delivered, would require primary legislation to amend the Transport Act 2005 (as amended). This would take considerable time, dependent on the availability of Parliament and involve transitional costs.

**Bring in house** - Transport Focus is an **independent** watchdog. The functions of Transport Focus should continue to be delivered independently of government. Bringing its functions in house would also involve establishing a team within the Department, which would need to be supported by some form of external advisory panel to provide independent expertise. There is no evidence that doing this would reduce cost, rather just move it, but it is likely to have a negative impact on its independence as perceived by passengers if it was brought in house.

**Delivery by a new executive agency** - It would be necessary to retain at least some administrative overheads to operate as a separate entity or executive agency, so much less scope for reduced expenditure. Additionally, [Cabinet Office's The Approvals Process for the Creation of New Arm's-Length Bodies: Guidance for Departments](#) advises '*It is Government policy that new arm's-length bodies (ALBs) should only be set up as a last resort, when consideration of all other delivery mechanisms have been exhausted, and that approval for setting up a new ALB must be sought formally from Cabinet Office ministers and the Chief Secretary to the Treasury before any decision, or announcement, about any new ALB is made.*'

**Move to local government or voluntary sector** - Local government – Some of Transport Focus' functions were originally carried out by local government. The central and regional committees, Rail Passengers' Council and regional Rail Passengers' Committee were abolished by the Railways Act 2005 and replaced with Transport Focus. Voluntary sector - Concerns were raised around whether a voluntary body would be able to deliver the appeals function (not covered by new rail Ombudsman) sustainably as well as continuity of national rail surveys and other research work.

**Move to private sector** - To ensure public confidence in an independent watchdog, the functions should be delivered by an organisation open to full public scrutiny and accountable to parliament. There would be a greater risk over loss of impartiality especially if its functions were absorbed into an existing body with transport or consumer needs potentially causing confusion.

**Merge with another body** - In theory the functions could be taken on by another Government Department or NDPB. The only plausible option would appear to be the Office of Rail and Road, which regulates the rail industry's health and safety performance, holds Network Rail and High Speed 1 (HS1) to account and makes sure that the rail industry is competitive and fair. It also monitors Highways England ('Roads Investment Strategy'), and has economic regulatory functions in relation to railways in Northern Ireland and for the northern half of the Channel Tunnel, situated in the UK

As previously stated, the rail industry and the way the passenger rail services are delivered is being reviewed through the Williams Rail Review.

**Recommendation:**

**Transport Focus should continue to deliver its current function, as set out in the Railways Act 2005 (as amended) and should retain its current form as an NDPB of the DfT subject to the outcome of the Williams Rail Review.**

# 5. Governance

## Governance Assurance

The review assessed four areas to evaluate Transport Focus' governance:

1. board effectiveness;
2. its Framework Agreement;
3. management assurance; and
4. its Annual Reports and Accounts.

### 1. Board Effectiveness

The review team looked at Transport Focus' Board governance in line with the [UK Corporate Governance Code \(April 2016\)](#), and concluded Transport Focus' Board is run effectively and efficiently. The review team considered evidence gathered from minutes of Board meetings, attended a Board meeting and reviewed Transport Focus' new Board recruitment approach where they used their skills analysis to target and recruit Board members. This was assessed under the principles of the Corporate Governance Code; leadership, effectiveness, accountability, remuneration and relations with stakeholders.

However, under accountability, the review team concluded that additional work is required with regards to following recommended procedures and guidance. See Chapter 6 (Funding and Finance) and Annex D (List of procedures/guidelines not adhered to by Transport Focus regarding the underspend in 2017-18).

Jeff Halliwell, the Non-Executive Chair of the Board, was reappointed by the Secretary of State for Transport as the Chair of Transport Focus on 27 September 2018, to take effect from 9 February 2019 until 8 August 2021. It was noted in his reappointment letter that this was 'a reflection of his excellent and impactful leadership of the Transport Focus Board since 2015.' At the Board Member review in 2017-18, Board members strongly agreed that Mr Halliwell demonstrated effective leadership of the Board. The Chair's appointment is a public appointment. The Public Appointments Governance Code states that 'there is a strong presumption that no individual should serve more than two terms or serve in any one post for more than ten years'. On this basis a new chair for Transport Focus should be expected from autumn 2021.

Transport Focus has a Board of non-executive members, most are appointed by the Secretary of State for Transport (Chair and five members), with additional appointees from the Welsh Government (one member), Scottish Ministers (one member) and one appointee of the London Assembly. Transport Focus is listed on the Public Appointments Order in Council. The appointments made by UK Government and Welsh Government ministers are therefore public appointments, made in line with the

Public Appointments Governance Code and regulated by the independent Commissioner for Public Appointments. The appointments made by Scottish Ministers and the London Assembly also follow the fair and open process set out in the Code, although are not regulated by the Commissioner for Public Appointments. For appointments made by devolved administrations, the terms of appointment are approved by DfT Ministers to ensure that they are uniform for all Board members.

This is a higher number than would be expected of an organisation of this size, however the membership justifiably provides a much broader level of independent input and guidance, enabling Transport Focus to meet its objectives in representing rail and road users. For example, three members were appointed to Transport Focus' Board for a four-year term from 14 August 2018 and brought skills relating to consumer-focussed communications, media and advocacy which help to further support and challenge the Transport Focus executive team.

Transport Focus has three executive directors; the Chief Executive, Corporate Services Director and Transport Director.

The Board hosts private and public meetings as well as members' events.<sup>1</sup> Board papers and minutes are published on the organisation's website. Transport Focus adheres to the Model Publication Scheme<sup>2</sup> and is committed to demonstrating high levels of accountability and transparency.

## 2. Framework Agreement

A [Framework Agreement](#) document between DfT and Transport Focus, updated in November 2017, sets out the purpose, governance arrangements, accountabilities, roles and responsibilities.

The review team evaluated the Framework document and concluded that it would benefit from a further update to include:

- procedures for dealing with complaints from members of the public about Transport Focus in accordance with the Department for Transport's policy 'DfT Charter – Principles for Remediating Complaints'. Its complaints policy and procedure must be clear and accessible to all, including being published on its website;
- the financial management systems and internal controls in place. Transport Focus should take appropriate steps to ensure that appropriate and effective systems of financial management and internal control are in place and continue to operate; and
- a commitment to producing diversity data that covers all nine characteristics included in the Equalities Act 2010 where this does not disclose any individual's identity.

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<sup>1</sup> A Members' event is a private meeting with the Board and selected members of the management team. Sometimes key stakeholders are invited to present to the Group in an informal setting to discuss private matters. (These meetings are not minuted though Transport Focus has records of all agendas and papers.)

<sup>2</sup> The Model Publication Scheme sets out a Public Authority's commitment to make certain classes of information routinely available, such as policies and procedures, minutes of meetings, annual reports and financial information.

## **Recommendation:**

**DfT, together with Transport Focus, should update its Framework documents to reflect the findings of this review; in line with the Department's Framework document guidance.**

### **3. Management Assurance (MA)**

The Department's annual MA exercise is designed to provide its Principal Accounting Officer (PAO) and Permanent Secretary, with a degree of assurance from the central Department (DfTc) and across its Arm's Length Bodies.

The objective for the MA exercise is to enable the central department (DfTc) business units and Arm's Length Bodies (ALB) to assess and provide feedback regarding their compliance with DfT, HMT and Cabinet Office controls and processes by:

- reviewing compliance with internal control frameworks on behalf of DfT's Principal Accounting Officer (PAO)/Permanent Secretary.
- reminding DfTc business units and Arm's Length Bodies to check that all required controls are in place and to adjust where necessary to ensure they are being met.
- providing feedback on controls to the central departments 'Subject Matter Experts' (SME) who have specific responsibilities for particular policies, controls, and operational procedures.
- Requiring DfTc business units and ALBs (working with their DfT Sponsors), to develop action plans for areas with the weakest controls and to monitor and improve.
- providing the evidence base for DfTc business unit Directors and Arm's Length Body Accounting Officers to drive improvements and enable the Principal Accounting Officer to fulfil their responsibilities.

The outcomes of the exercise are presented to the Executive Committee (ExCo) and Group Audit and Risk Assurance Committee (GARAC), and are published in the DfT Annual Report, which is laid before Parliament.

In accordance with the principles of good governance, Transport Focus takes part in the Department's MA exercise. For the 2017/18 MA exercise, Transport Focus reported an overall moderate rating. This was improved in the 2018/19 MA exercise where it scored as substantial. (*See Annex C for Management Assurance Category Ratings*)

Transport Focus also has an Audit, Risk Assurance and Remuneration Committee (ARARC), which provides support on all matters relating to corporate governance, risk, financial management and control, significant HR matters and oversees the process of internal and external audit. The review team recognises that though there was an issue with ARARC's reporting of risks to the Board, Transport Focus has taken steps to address this with the appointment of one of its newer Board members with an audit background to lead the committee.

### **4. Annual Reports of Accounts**

Transport Focus' Annual Report and accounts are presented to Parliament in accordance with the Railways Act 2005.

Annual Reports for 2016/17 and 2017/18 have been approved by the Comptroller and Auditor General, Sir Amyas CE Morse.

## Transport Focus Sponsor Relationship

The review team noted the respectful relationship between the Department's Sponsor Team and Transport Focus. In line with best practice, the review team recommends that both parties should contribute to the completion of a Relationship Health Check as set out in the DfT Delivery Body Partnership Guide to ensure the relationship is based on constructive challenge. This has not been done previously.

The checklist is a self-assessment tool to evaluate the health of a relationship and to identify strengths and weaknesses and is based on Cabinet's Offices' four principles: purpose, assurance, value and engagement.

### **Recommendation:**

**The DfT Sponsor Team and Transport Focus should undertake a Relationship Health Check every two years with a view to improving accountability and assurance. The checks are outlined in the *DfT Delivery Body Partnership Guide*.**

The Sponsor meetings between the DfT and Transport Focus have several standing agenda items:

- actions from the previous meeting;
- finance/budget issues e.g. spend in current year / next year's budget; and
- work plan – update on progress, publications schedule and risk.

To ensure the DfT Sponsor Team is sighted on the budget and projects, the review team recommends Sponsor meetings include an update on those jointly identified as large projects, including identified risks and possible mitigations.

### **Recommendation:**

**Quarterly sponsorship meetings between the Department's Sponsor Team and Transport Focus should include an update on the progress and risks associated with all large projects. These discussions should include top risks and their mitigations.**

# 6. Funding and Finance

## Background

Transport Focus' funding in 2017-2018:

- Grant in aid funding from DfT for passenger representation totalled £4.31 million (£4.90 million 2016-17);
- grant in aid funding from DfT for strategic roads user representations totalled £1.90 million (£2.15 million 2016-17); and
- funding of £1.89 million was secured from third parties for joint and fully funded research projects which contributed £100,000 to Transport Focus' overheads.

## Review findings

The review team found that Transport Focus is managed to a good standard however two areas for improvement in its financial controls were identified (see recommendations in this chapter, below). In financial years 2016/17 and 2017/18, there were two issues that arose.

First, in 2016-17 Transport Focus's accounts were qualified because of its failure to obtain prior approval from the Department and HM Treasury for severance payments beyond contractual terms. This was resolved through the implementation of an action plan and awareness raising in relation to the requirements of [Managing Public Money](#), including:

- introducing a requirement for ARARC to endorse any planned management actions that may result in dismissal of a member of staff;
- ensuring the Department is made aware of any planned actions that may result in dismissal of a member of staff, including potential costs and terms; and
- ensuring any exit terms for staff are reviewed and approved by ARARC to ensure they are compliant with Managing Public Money before being agreed.

Secondly, in 2017-18 Transport Focus had an underspend of £238,000 representing 3.8% of grant in aid. This was due to the late cancellation of two projects: *Passenger Attitudes to Staffing on the Railways* and *Customer Satisfaction and Rolling Stock Quality and Facilities*. Transport Focus advised that delayed discussions with stakeholders led to further delays in revised project plans before year end. Transport Focus stated that *'these decisions were entirely out of its control and as there were no uncertainties on these projects on its end, they were not included on the risk register.'* As a result, the unspent budget was lost to both Transport Focus and to DfT and provided poor value for the taxpayer.

Transport Focus provided a summary of the sequence of meetings and financial reporting for the final four months of 2017/18, which demonstrated some failings in the 2017/18-year end which resulted in the underspend:

- the Sponsor Team and DfT's Group Finance were not made aware of the underspend until it was too late to reallocate the funds;
- Transport Focus' Board was not made aware of the underspend;
- opportunities were missed to identify a potential underspend as a high impact risk, which would have merited '*active, specific and immediate management attention to reduce/control uncertainty.*'
- However, Transport Focus was not sufficiently prepared to deal with, or identify, a possible underspend because:
  - no stakeholder engagement plan with a defined stakeholder map outlining the project's communication strategy with its stakeholders was agreed that could have alerted this would not be delivered;
  - it was not brought to the attention of its own audit committee ARARC, as would have been expected;
  - no project plan incorporating stakeholder engagement activities had been signed off by senior management; and
  - no high level contingency plan had been agreed.

Annex D highlights the procedures and guidelines that are relevant to this situation.

The review team makes the following recommendations:

**Recommendation:**

**Transport Focus should ensure full compliance with the arrangements, controls, and procedures set out in the Framework document between it and DfT, with HMT Managing Public Money, Cabinet Office controls, and Transport Focus's ARARC Terms of Reference.**

**Recommendation:**

**Transport Focus's Project Team should ensure its Project Brief include a fully defined stakeholder map and a robust stakeholder engagement plan. All Project Briefs should be reviewed and signed-off and cleared by senior management to ensure any significant risks are addressed.**

**Transport Focus should develop high level contingency plans to assist decision making on when and whether a project should be rescoped from its original target or baseline.**

# 7. Efficiency and Effectiveness

## Workplan

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

The Government Internal Audit Agency (GIAA) conducted a review of Transport Focus's business planning in June 2018.

The audit concluded that '*the business planning process was well designed and efficiently delivered for 2018/19.*' This review is content with this assessment.

The review team looked at Transport Focus's research, complaint and communication operations for this chapter. With the recommendations we have suggested to be put in place, we conclude Transport Focus is run efficiently and effectively.

## Research

### Background

Transport Focus undertakes a substantial programme of research which informs its role as an independent watchdog and consumer advocate.

Transport Focus spends 30-35% (2017-18) of its budget on research, some of which is commissioned by DfT. All the completed research is published on its website and proactively promoted by Transport Focus on Twitter.

One of Transport Focus's aims, taken from its [making a difference for transport users: the next three years 2017-20](#) is to make Transport Focus a user insight and evidence hub. The below are examples of the primary work that Transport Focus conducts on behalf of transport users, or specifically for the Department:

- National Rail Passenger Survey (NRPS);
- Research to inform franchise specifications;
- National Road Users' Satisfaction Survey (NRUSS);
- Strategic Roads User Survey (SRUS);
- Tram Passenger Survey; and
- Bus Passenger Survey.

Transport Focus' research needs are identified in its annual Insight Plan, which forms part of its annual work plan and is created within the organisation by senior staff

members and the Board. Transport Focus identifies its research needs in response to transport user insight and by identifying gaps in research data. For each transport sector it deals with, Transport Focus typically has both a user satisfaction survey and a '*priority for improvement*' survey. Transport Focus tends to place emphasis on those areas that are key drivers of satisfaction (for example, journey time), particularly if it is an improvement priority or satisfaction is low.

Inevitably, important issues arise during the year that are not anticipated in Transport Focus' work plan. In these cases, Transport Focus may decide to conduct reactive research.

Transport Focus specified that all of its research projects, whether in the work plan or reactive, are governed by its project management processes. A project brief needs to be approved by the management team and, if a project exceeds a specific financial threshold or is deemed to be novel or contentious, it then goes to the Board to gain approval. This process examines the project objectives, priority, costs, resourcing and risks.

## Research Assurance

Transport Focus is currently being reviewed by several different bodies to assure the quality of its research. This Tailored Review is independent of all the other reviews taking place but scoped to ensure that there is no duplication in what is considered. These reviews include;

- **Office for Statistics Regulation (OSR)** has carried out a review of the National Rail Passenger Survey (NRPS), to assess the extent to which the NRPS meets the professional standards set out in the statutory Code of Practice for Official Statistics. This was published January 2020.
- **DfT's Rail Statistics Research and Evaluation team** has reviewed the NRPS in parallel to the OSR to ensure it is still fit for purpose. This sought to: understand the benefits of the NRPS alongside emerging data sources; assess how well it supports Departmental priorities and objectives; evaluate the progress that Transport Focus has made against commitments to improve the survey; and, confirm that it continues to offer good value for money. This is due to be completed early 2020.
- Transport Focus provides **analytic assurance statements** to DfT on research projects and programmes; SRUS, Cycling and pedestrians and coach and logistics.

## Research Findings:

Transport Focus has a particular and valuable role to play in conducting research for its own purposes, and for the DfT and other stakeholders. The review team found that there were inconsistencies in how Transport Focus engages with teams across the Department. For the context of this review, we have separated these into Rail and Road.

## Rail

Transport Focus has made a substantial contribution to the rail research evidence base over many years, particularly in representing the needs and interests of rail passengers.

The NRPS is a source of current and historical evidence about the performance of train operators and the satisfaction levels of rail passengers. Transport Focus has managed the NRPS on behalf of the Department since 2004, sub-contracting the survey through specialist market research agencies. As the major funder of the NRPS, DfT has full access to survey documentation, data and results, and extensive use is made of the survey in DfT.

The existing NRPS contract expires after the completion of Autumn 2020 fieldwork.

Transport Focus has designed and commissioned rail research of high value to the Department and the wider rail industry, including on rail compensation, franchising and disabled passenger journey experiences. These projects, including some managed and designed in partnership with the Department, are clearly scoped in advance, with agreed and detailed terms of reference. Projects are well-managed by insight experts within Transport Focus and for joint projects the relationship between DfT analysts and Transport Focus is collaborative and generally works well.

## Road

Since 2014, Transport Focus has expanded its work on rail to also represent all those who use the Strategic Road Network. Its remit includes motorists, freight and business users, as well as those who walk or cycle on the network.

As well as its independent projects, Transport Focus has undertaken or plans to undertake several projects to support DfT with its future monitoring of the performance of Road Investment Strategy 2 (RIS2). This has necessitated closer working between DfT and Transport Focus than is the case for much of the Transport Focus-led work.

There has not been a formal structure in place for this engagement that is recognised between parties, which has meant that the process has varied between projects and sometimes roles and responsibilities between the organisations have not been clear. Projects have achieved better outcomes where there has been engagement at an early stage, with opportunities for input from analysts and policy colleagues to ensure the scope and quality is appropriate.

In the strategic roads team in DfT, responsibility for engagement with Transport Focus sits across several teams. There would be benefit in clearly allocating roles and responsibilities for the relationship and for particular projects. There could also be benefits in further clarifying the overall framework Transport Focus uses for assuring its analysis, to increase the efficiency with which DfT ensures it has appropriate confidence when relying on its insights.

To support the findings, the review team recommends the following:

### **Recommendation:**

**DfT and Transport Focus should do more to formalise their research relationship and share best practice. This could include drawing up a Service Level Agreement (SLA) to ensure there is agreement and clarity around roles, responsibilities and ways of working, including quality assurance, for all research projects. This should be co-developed by DfT analysts and Transport Focus and should cover both Transport Focus's core research and DfT commissioned research.**

### **Recommendation:**

**DfT should assign a dedicated researcher or analyst to oversee the management of the research relationship with Transport Focus and to share insight into DfT's evidence needs. This would also assist Transport Focus with its own and wider research work.**

## **Complaints**

### **Complaints dealt with by Transport Focus on behalf of travellers:**

Before 2018, Transport Focus dealt with unresolved passenger complaints against train companies. In 2017/18 Transport Focus received 6527 appeal complaints, resolved 6157 and did not pursue 179. Its passenger satisfaction rating was 70 percent, which was its target.

This system changed when the Rail Ombudsman scheme was launched in November 2018. The Rail Ombudsman is an independent body with powers to impose binding decisions on train companies in relation to unresolved passenger complaints. The new scheme provides a clear incentive for all train operators to transform their complaint handling systems. It should also help drive wider efforts to improve rail services so fewer consumers have cause for complaint.

If a complaint falls outside the scope or eligibility criteria of the Rail Ombudsman, a complaint will then be passed to Transport Focus or another organisation that maybe better placed to deal with the complaint (e.g. London TravelWatch).

### **Complaints about Transport Focus:**

As part of this review, the team noted that on Transport Focus's website, the procedure for making a complaint about Transport Focus should be updated. There is a complaint procedure for someone to complain about Transport Focus (handling, their administration of a complaint, etc.), contained in a separate PDF document. The document explains how a complaint would be handled in two stages with named individuals which raises the question of who would deal with a matter in those named individuals absence.

The procedure also excludes an indication of timescale within which Transport Focus would respond to a complaint at either stage of the process. Additionally, the complaints procedure does not include the independent review of a complaint by a DfT Independent Complaint Assessor whose role is to try to resolve the matter, as agreed by DfT Executive Committee, across the Department and its public bodies, before referring a complainant to the Parliamentary Ombudsman.

To improve Transport Focus's complaints handling procedure, the review team recommends:

### **Recommendation:**

**Transport Focus should update its complaints handling procedure by removing the names of complaint responders but retain the post titles to ensure a seamless service. To include an indication of timescales a complainant can expect to receive a reply at each complaint stage and incorporate the referral to the DfT Independent Complaint Assessor and link to their page on Gov.UK <https://www.gov.uk/government/collections/independent-complaints-assessors-for-the-department-for-transport> and an update to the website for 'complaints' to be an option rather than a separate PDF.**

## Communications

### Background

Transport Focus' vision is to *'ensure operators, funders and regulators of transport systems put transport users first'*. Transport Focus insight and other work are promoted in the national print, online and broadcast media, regional media, trade press, and through social media including Twitter and LinkedIn. Some of it is launched with industry-facing events. It is also featured in the chief executive's blog, sent direct to stakeholders, and featured in conference presentations and panel discussions. The 'tracker' surveys are also available via a data hub which allows interested parties to explore the findings in greater depth

DfT's Sponsor Team have encouraged Transport Focus to increase its public presence. In the Transport Focus Stakeholder Engagement Survey (November 2018), conducted by this review team, respondents were asked *'to what extent do you think transport/road users are aware of the role of Transport Focus?'* Almost all respondents indicated that Transport Focus are not known to many passengers, with one stating *'in the bus/tram/coach sphere my sense is that Transport Focus is better known by local authorities and operators than individual passengers.'*

The lack of public awareness of Transport Focus was further evidenced by the [BritainThinks Trust in the Rail Sector April 2019](#) paper. A headline statement read *'There is a lack of clarity about how the system works, who is accountable for what, or where to turn for support.'* It reported *'There is no awareness of Transport Focus as an organisation among our participants.'*

The review team understands that Transport Focus has historically concentrated on business to business (B2B) engagement by working with organisational stakeholders to reach its target audience, rather than business to customer (B2C) engagement, due to its limited resources. The review team is of the view that increased public awareness could improve Transport Focus' impact through targeted digital communication.

An effective communication strategy forges and maintains connections, which would allow Transport Focus to work efficiently toward its goals. This communications strategy should closely reflect the organisation's overall plan, link its vision, core aims and objectives and demonstrate how communications can help deliver its goals. It would also be beneficial for the strategy to include an overarching narrative and set

of key messages. It should also articulate the rationale for focusing on B2B engagement.

### **Recommendation:**

**Transport Focus should ensure it has a strong communications strategy in place that links with the organisation's overall aims and objectives, including its key messages and narrative.**

## Staffing and Support systems

There is a communication team of three at Transport Focus, including head of communications, a senior media officer and a communications assistant. The functions of design, digital communications, internal communications, marketing and publication are delivered by the head of communications and senior media officer. The team also works with contractors within the scope of specific project budgets.

Transport Focus' current senior media officer and head of communications are members of the Government Communications Service (GCS), which is the professional body for people working in communications roles across government. In 2013, a change programme was launched that established GCS as the professional body for all government communicators working in UK government departments, agencies and Arm's Length Bodies.

The review team recognises that Transport Focus' branding is managed to communicate its independence and there is a wealth of experience and tools available across GCS that could support this. These include:

- the OASIS campaign planner that helps to set clear plans for campaigns and objectives; and
- the Evaluation Framework that supports the assessment of performance against objectives.

In the same way that Transport Focus benefits from some of the training, it could further take advantage of other GCS resources.

## Evaluation of activities

Transport Focus reported that it engaged a contractor to interview staff during the drafting process of its Annual Report in 2017/18. This was intended to document the organisation's impact by collating information about where it has achieved 'wins' for passengers and road users.

In the course of this review, Transport Focus stated that *'several elements of Transport Focus' communications work are more oriented towards delivering influence (e.g. thought leadership and opinion formation amongst leading influencers through careful and targeted stakeholder engagement) than on impact in the stricter sense of measures such as audience reach.'*

Transport Focus added that it uses the following tools to gauge its communications impact:

- a small media monitoring contract with Kantar to track its media coverage;
- the communications assistant collates press cuttings twice a week for senior management and the Board; and

- the communications team reviews routine engagement metrics using Google Analytics and the social platforms' native analytics tools.

The review team recognises there is more work Transport Focus can do to evaluate its communications, and to listen to its stakeholders and the public to better understand which messages are landing. It is also important that Transport Focus considers how it can define a clear set of evaluation measures as part of its communications strategy.

GCS advises '*evaluation is a critical function for delivering effective communication activity*' and states that a '*successful evaluation depends entirely on setting meaningful C-SMART objectives. These are SMART objectives (Specific, Measurable, Attainable, Relevant and Time-bound), with an additional C for challenging.*'

The review team recognises that the process of putting these new systems in place may be time consuming initially, but beneficial in the long term as Transport Focus would be better placed to meet organisational and communication objectives. For example, the Transport Focus communications team produces a monthly, external newsletter, Transport User Voice, which is sent to over 9000 people, but which is read by only eight percent. As part of introducing its new evaluation framework, Transport Focus should assess whether a readership of 720 equates to good value for money and achieves project objectives.

#### **Recommendation:**

**Transport Focus should consider some of the best practice frameworks available through the Government Communications Service to inform its communications strategy and support its evaluation work. These could include the OASIS campaign planner and the evaluation framework.**

## Stakeholder engagement

Much of Transport Focus's influence is achieved through stakeholder communication. The review team found that Transport Focus has an excellent relationship with a broad range of stakeholders both within and outside Government.

Transport Focus engages with its stakeholders predominantly via face to face meetings/direct email and its website (this review recommends a website update. See Table 1 on page 6.) It also engages with them through Twitter, mainly from the Transport Focus account (@TransportFocus) and the Chief Executive's account (@AnthonySmithTF). The Head of Communications advised it curates and monitors embedded metrics within the @TransportFocus feed. The organisation currently does not have the staff resources to have a presence on other media platforms, e.g. LinkedIn, nor to fully evaluate its Twitter impact.

The review team recommends that for Transport Focus to fully embrace digital communication it should discuss with the DfT Sponsors the option of recruiting a digital content or social media specialist. If this is agreed, the communications strategy should consider more business to consumer (B2C) focussed communications and how to increase the organisation's public presence.

### **Recommendation:**

**Transport Focus and DfT Sponsors should consider options for improving digital capability to assist Transport Focus's online communications and social media presence.**

## Internal communications

Transport Focus has recently updated its intranet where it shares a wide range of key information. Its communications team edits and posts the information daily as well as producing an internal newsletter '*Interchange*' from the Chief Executive to the staff. Transport Focus's staff have spoken favourably of this.

## Website

At Transport Focus's staff away day in October 2018, one of the items discussed was the organisation's website. Staff are of the view that:

- the language used on the organisation's website was not engaging to a wide audience;
- the website needs to be updated so that people can navigate and find information more easily; and
- the website was not pictorially reflective of the current staff diversity particularly around its balanced gender distribution and a cross section of age represented.

The review team recognises the views raised by staff and recommends a website update. Transport Focus has many achievements including the work it did for rail customers in the summer of 2018. Two of the outputs of this work were:

- playing a significant role in the Blake Jones Review 2018 of the rail industry; and
- the introduction of special compensation beyond the usual; Southern rail passengers can now claim Delay Repay compensation for the 15-minute delays instead of the usual 30 minutes.

Transport Focus's website could do more to actively promote the organisation's achievements, skills, expertise and ambition, positively promote its business and inform the general public about the work it does.

### **Recommendation:**

**Transport Focus should update its website to ensure it is accessible and easy for visitors to find relevant information. It should also proactively promote its accomplishments throughout its site.**

## 8. Diversity

The Department and its Arm's Length Bodies, including Transport Focus, should represent modern Britain in all aspects of diversity. [Why Diversity Matters](#) by McKinsey and Company indicates that '*more diverse companies are better able to win top talent and improve its customer orientation, employee satisfaction and decision making and all that leads to a virtuous circle of interesting returns.*' By promoting greater understanding of the needs and interests of all communities, staff diversity produces more accountable and trusted public services and ultimately better decisions.

The review team found that Transport Focus acknowledges the importance of increasing its diversity. Transport Focus should continue to build on its understanding of the core principles of diversity and inclusion. These include:

- building an inclusive culture driven by senior leaders;
- engaging staff voices and experiences;
- using a clear narrative and effective communications to help people understand what the organisation expects from its people and its leaders; and
- using diverse role models, passionate advocates and case studies to engage people internally and as a tool to attract talented applicants.

### Board Diversity

Diversity should be reflected in an organisation's Board and staff.

The overall diversity of DfT's public appointments is behind the government's ambition that, by 2022, 50% of appointees should be female and 14% of appointments made should be to those from ethnic minority backgrounds. The latest [published data](#) shows that, as at 31 March 2019, of 84 appointees in post, 27% were female and of the eight new appointments and reappointments made in 2018/19, fewer than five were made to those from ethnic minorities.

Transport Focus will need to consider how the diversity of its board contributes towards the government's ambition, and the steps they can take to ensure that appointments to the board draw on talent from across the UK, from a range of different backgrounds.

#### Recommendation:

**Transport Focus, through its sponsors, should work with DfT's Public Appointments Team to increase the diversity of its board members, including with regard to gender and ethnicity, in line with the Government's 'Public Appointments Diversity Action Plan.'**

## Workforce Diversity

In Transport Focus's earlier years, the gender balance tipped in favour of men which was reflective of the transport industry at that time. It has done significant work to balance the staff demographic and women now make up half of Transport Focus's work force.

There is also a varied cross section of ages as shown in Figure 3 and table below:

Figure 3: Age Breakdown of Transport Focus Staff

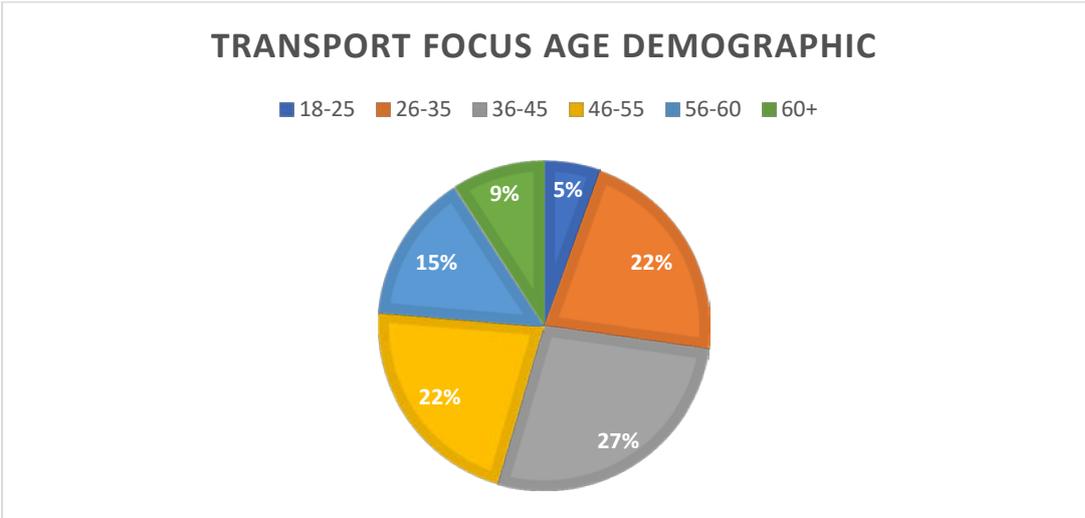


Table 2:

TRANSPORT FOCUS AGE DEMOGRAPHIC	% STAFF REPRESENTED
18-25	5
26-35	22
36-45	27
46-55	22
56-60	15
60+	9

At the staff away-day attended by the review team, there were discussions on how to increase the proportion of ethnic minority staff from its current level of 6%. This figure is not reflective of the cultural and ethnic diversity present in both London and Manchester where the offices are based, or across the country which the organisation seeks to serve.

The review team learned through discussions with management and staff, including observing at the staff away-day, that there is widespread recognition of a need to do more and recommends Transport Focus continues to review its recruitment processes by;

- Recruitment advertising based on skills, ability, and experience, without perhaps an emphasis on an industry sector which may not be the main point of attraction in recruiting suitable candidates;
- taking a light touch look at its brand by making its website more reflective of what the organisation looks like in practice and some case studies about what it is like to work for Transport Focus based on different perspectives;
- using a strap line on its website and for recruitment campaigns that reflects who it is and states its commitment to attracting a diverse workforce, e.g. 'Transport Focus is a diverse and inclusive organisation and welcomes applications from a diverse range of applicants';
- making sure recruitment selection panels are mixed (by gender, age and ethnicity if possible);
- making sure it understands its responsibility to make reasonable adjustments for people with disabilities;
- assessing the need for using a recruitment agency that understands diversity and can field a diverse mix of applicants for roles, or holding diversity discussion with the current provider; and
- training for staff and panels including 'unconscious bias'.

#### **Recommendation:**

**Transport Focus should review its recruitment practices to ensure procedures are in place that will assist in increasing the organisation's diversity**

Additionally, the review team found that Transport Focus does not currently update its HR data system to include all nine protected characteristics from the Equalities Act 2010: age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, and pregnancy and maternity.

#### **Recommendation:**

**Transport Focus should assess the appropriateness of updating its diversity data to include all nine protected characteristics from the Equalities Act 2010, whilst maintaining the anonymity of staff in mind.**

## **Pay Gap**

The review recognises Transport Focus is not required to publish [pay gap data](#) as they employ fewer than 250 staff. As part of this review, the team examined Transport Focus's gender pay gap data. The 2017/18 figure showed that men receiving a 28.2% higher mean hourly wage than women. In the same financial year, the proportion of men that received a bonus was 66.7% compared to 34.8% of women.

When asked for a narrative for this gap in pay, Transport Focus advised the difference in hourly pay is due to Transport Focus having a higher proportion of males in senior roles (because senior roles attract a higher salary). It also advised. "Annual awards are nominated and awarded on merit. The gender split for the 2018/19 annual bonus payments was six female and nine male. We will continue to monitor diversity in all future award nominations and awards"

The review team recommends:

### **Recommendation**

**Transport Focus should undertake analysis to improve its understanding of the gender pay gap and identify ways to reduce it. This should include an evaluation of how women progress within its organisation.**

# Annex A: Tailored Review Terms of Reference

## Objective

The Tailored Review of Transport Focus will provide a robust assessment, challenge to and assurance on the health and effectiveness of the organisation in accordance with [Cabinet Office Guidance](#).

- If the function Transport Focus provides is still relevant to requirements and contributes to the core objectives of the Department for Transport (DfT), and if so;
- That the organisation is well run with good governance and assurance, and strong leadership; and
- That Transport Focus is carrying out its functions effectively and efficiently.

## Context

Transport Focus is the independent, statutory, consumer watchdog for Britain's rail passengers, England's bus, coach and tram passengers (outside of London) and users of the Strategic Road Network in England.

Transport Focus was the subject of a Triennial Review in March 2015.

## Scope of Review

- The review will look at the following areas with a view to making recommendations:
- If the statutory responsibilities and multiple functions that Transport Focus provides to the travelling public, government and other stakeholders remain relevant, and are broadly consistent with the core objectives of the Department for Transport, and if so;
- That the organisation is well run with good governance and assurance, strong leadership and is the best model for delivering its objectives:
- That Transport Focus is carrying out its functions effectively and efficiently, and making a difference for transport users; and
- The extent to which Transport Focus has been able to significantly increase its public impact to influence change for consumers, including:
  - by challenging Government as well as industry, and
  - to embrace innovation, particularly with regards to its collection of data,
  - delivering value for money for the taxpayer,
  - and the scope for further progress in these areas.

- If appropriate, to consider the possible impact of the creation of the Rail Passenger Ombudsman on Transport Focus’s complaint appeals handling function.
- The organisation’s relationship with the Devolved Administrations and other bodies with devolved responsibilities.
- The current geographical location of Transport Focus’s offices and future estates strategy in the context of the Places for Growth programme.
- The Tailored Review will look at Transport Focus staff engagement and diversity, including gender pay, as well as workforce planning and reward strategy.

## Methodology

The review will include:

- Desk research of key documents, including the 2015 Triennial Review report and recommendations and the extent to which these have been implemented;
- Site visits to both London and Manchester offices to speak to staff and stakeholders in order to gain insight into how Transport Focus operates;
- Consultation with DfT Sponsor Team;
- Conduct a challenge panel to review the findings and consider recommendations;
- Work with DfT experts to provide advice on financial, legal and policy aspects to make sure the recommendations are robust and achievable.

It is anticipated that the review will take 3-4 months to complete and the report will be published before the end of the financial year at the latest.

## Deliverables

The following deliverables will be produced:

- Stakeholder map, communications and project plan;
- Call for evidence;
- Tailored Review report for Cabinet Office and DfT Ministers (for publication).

## Roles and Responsibilities

The DfT minister Baroness Sugg to be informed of the commencement of the Tailored Review and the scope of the ‘Terms of Reference’, as minister responsible for departmental administration, and subsequently provide with the final report and recommendations.

The DfT minister Jo Johnson MP to be informed of the commencement of the Tailored Review and the scope of the ‘Terms of Reference’, seek any comments and to subsequently provide approval of the final report and recommendations.

The Minister for the Constitution at Cabinet Office, Chloe Smith will approve the Terms of Reference and the final report.

As this is a tier 3 review Non-Executive Board Member input is not deemed necessary, however the chair or members of Transport Focus are welcome to provide input.

The Senior Responsible Owner (SRO) for the DfT Tailored Review programme is Gavin Gaunt, Director of Assurance, and for this Tailored Review project the SRO is June Bowman, Deputy Director Governance Division.

The review team will be led by;

- Governance Division, Tailored Review Team Leader - Ian Cosnett

And consist of:

- Governance Tailored Review Project Lead – Christine Dadd-Bytyci

Supported by DfT Transport Focus Sponsor:

- Steve Marshall-Camm, Rail Markets Strategy, Rail Group
- Mike Biskup, Sponsorship Manager for Transport Focus

### Challenge Panel

The challenge panel will ensure the review covers all aspects of the defined scope and will robustly challenge the assumptions and conclusions of the review to ensure it results in reasonable and justified conclusions. *(This review was conducted in line with the principle of proportionality outlined in CO guidance and, as such, it was agreed that a challenge panel would not be appropriate given the size of Transport Focus. Instead, an experienced colleague from the Ministry of Justice was selected as a critical friend to provide robust challenge to the analysis and recommendations of this review, in line with CO guidance.)*

The membership of the challenge panel is:

- June Bowman, Head of Governance Division;
- Claire Pitcher, Head of Performance Risk and Assurance, DfT Governance Division, and
- Elliot Brinkworth, Strategic Assurance Lead, Cabinet Office Public Bodies Reform Team.

The Challenge Panel's purpose is to ensure that the review covers all aspects of the defined scope in this ToR and that it comes to reasonable and justifiable conclusions. The Challenge panel will meet once at the end of the review to test findings before the report is finalised.

### Timetable (2018)

- July - Terms of Reference agreed between DfT and CO officials
- September – Terms of Reference – DfT Minister informed of commencement and submission to Minister for the Constitution at Cabinet Office for clearance.
- September to November - carry out review, including desk research and consulting stakeholders
- Late November – challenge panel meets to review findings
- December – finalise report
- Early 2019 – publish report.
- 2019/20 - Implementation Plan

# Annex B: Transport Focus - Stakeholder Engagement Survey

- 1 How do you work with or interact with Transport Focus?
- 2 Is the purpose of Transport Focus clear to you and correct for the future? Please give reason for your answer.
- 3 Given your experience, do you think the current governance structure and arrangements of Transport Focus are effective? Please give the reasons for your answer.
- 4 Do you have suggestions as to how Transport Focus might work with you and other stakeholders and transport users more efficiently? Please give reasons for your answer.
- 5 Do you have suggestions as to how Transport Focus might deliver the same or improved outputs more efficiently? Please give reasons for your answer.
- 6 To what extent do you think transport/road users are aware of the role of Transport Focus?
- 7 How great an impact do you think Transport Focus has had on the lives of transport/road users?
- 8 In your view, are there opportunities to improve the effectiveness of Transport Focus? If so, what are they?
- 9 a) Do you think Transport Focus is making the best use of continually changing technology? Please give the reasons for your answer. b) Do you consider that Transport Focus needs to use social media to promote their services? Please give the reasons for your answer. c) Do you consider that Transport Focus is making the best use of online tools to deliver its services? Please give the reasons for your answer.
- 10 Is there anything you think Transport Focus should be doing, which they are not doing at present, or which they should stop doing?

# Annex C: Management Assurance (MA) category ratings

The Management Assurance reporting key is as follows:

Category rating	Management Assurance opinion	Assigned score
<b>Substantial (colour rated green)</b>  The framework of governance, risk management and control is adequate and effective.	In my opinion, I can answer ‘completely’ to each of the Management Assurance questions in this category.	>9 to 10
<b>Moderate (colour rated yellow)</b>  Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.	In my opinion, some improvements are required before I can answer ‘completely’ to each of the Management Assurance questions in this category.	>6 to 9
<b>Limited (colour rated amber)</b>  There are significant weaknesses in the framework of governance, risk management and control such that it could be, or could become inadequate and ineffective.	In my opinion, I am unable to answer ‘completely’ to some of the Management Assurance questions in this category as there are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.	>3 to 6
<b>Unsatisfactory (colour rated red)</b>  There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective, or is likely to fail.	In my opinion, I am unable to answer ‘completely’ to most of Management Assurance questions in this category as there are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.	3 or less
<b>Not applicable (colour rated grey)</b>	In my opinion this question/category is not applicable to this business unit/organisation.	N/A

# Annex D: Annex D: Procedures/Guidance that Transport Focus needed to have observed:

## **Framework agreement:**

6.3 Ensuring that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if over or underspends are likely, and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely manner.

7.2 Ensuring it receives and reviews regular financial, operational and performance information concerning the management of Transport Focus; is informed in a timely manner about any concerns about the activities of Transport Focus; and provides positive assurance to the Department that appropriate action has been taken on such concerns.

17.1 Transport Focus shall operate, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the strategic and business (work) plans. Transport Focus shall inform the sponsor department of any changes that makes achievement of objectives more or less difficult. It shall report financial and non-financial performance and the key objectives regularly. Transport Focus's performance shall be formally reviewed by the Department as part of the Sponsor Opinion process. The responsible Minister will meet with the Chief and Chief Executive at least once a year.

## **Managing Public Money (MPM):**

1.5.3 Within each Department, there should be adequate delegations, controls and reporting arrangements to provide assurance to the board, the accounting officer and ultimately ministers about what is being achieved, to what standards and with what effect. These arrangements should provide timely and prompt management information to enable plans to be adjusted as necessary. Similarly, ministers should have enough evidence about the impact of their policies to decide whether to continue or modify or end them.

Box 3.1 use internal and external audit to improve its internal controls and performance.

3.8.2 The framework document (or equivalent) agreed between an ALB and its sponsor always provides for the sponsor department to exercise meaningful oversight of the ALB's strategy and performance, pay arrangements and/or major financial transactions, e.g. by monthly returns, standard delegations and exception reporting. The sponsor Department's accounts consolidate those of its ALB so its

accounting officer must be satisfied that the consolidated accounts are accurate and not misleading.

**Transport Focus's ARARC ToR:**

3.6 To advise the Board on all financial matters affecting the achievement of the annual work plan.