

From the Chair

Tel 020 3176 2999

Fax 020 3176 5991

Sharon.grant@londontravelwatch.org.uk

Caroline Pidgeon AM
London Assembly
City Hall
The Queen's Walk
London, SE1 2AA

20 August 2012

Dear Caroline

Business plan and budget bid for 2013-14

Please find attached our business plan and budget bid for 2013-14. We have proposed a budget of £1,103,000 which makes a further £100,000 savings below this year's grant. As you know, we have already restructured the organisation and reduced our budget substantially from £1,443,000 in 2011/12. It is the view of the Board that this budget represents the absolute minimum and we cannot reduce our costs below this level and still deliver the service that the law requires us to provide.

It is important that the Transport Committee is aware of the very fine line that we are now treading in terms of meeting our obligations under the statute. We have a Casework Team of just five (supplemented by an intern on secondment to us from Network Rail) to deal with a rising appeals caseload, much of which is extremely complex. Our Policy & Investigation Team of four, has to handle all our incoming consultations as well as carry out research, over all modes, in relation to short, medium and long term issues of direct concern to transport users in the London area. These staff are already stretched to full capacity and to attempt to make any further reductions would place us in real jeopardy of legal challenge that we were not properly fulfilling the duties the law requires of us.

I must stress too, that, as you know from work we did earlier this year, we are a most efficient organisation. Our costs are much lower than those of Passenger Focus even though we have to represent considerably more passengers, and we compare very well indeed with like organisations from the point of view of our casework handling. Finance and HR roles are now minimally resourced following director level redundancies, and management costs as a low as they can safely go.



Your letter makes reference to the London Assembly Review of 2010. In my letter dated 15 March I pointed out that a budget of circa £1.1m compared extremely favourably with the levels of savings you were hoping to see in scenario 3 of the Review. This is the case because, as is further evident from the workings of the review only lately supplied to us, the aspiration to reduce costs below £1m was based on speculative and inaccurate figures which failed to take into account essential operating costs (such as accommodation, or a supplies and services budget to cover essential operating costs such as insurance, audit, research and communications).

We have achieved these savings without financial support from you as our sponsoring body – unlike, for example Passenger Focus. We met the total costs of our staff restructure and office move from our own resources. However, this means that we no longer have any operating margin as we have used all our cash reserves. Even at this level of funding, this places the organisation at risk should there be additional pressures arising from, for example, a fresh closure hearing, more freedom of information requests, an unpredicted upturn in demand driven by policy proposals or service changes, or indeed legal challenge. We are simply operating as close to the edge as an independent organisation, with the costs associated with being such, can safely be.

I hope you will understand that as Chair, in submitting to you a budget at this level for 2013/14, I am obliged to bring these matters to your attention.

Yours sincerely

A handwritten signature in cursive script that reads "S.M. Grant".

Sharon Grant
Chair



LONDON TRAVELWATCH Business Plan and Budget Bid 2013-14

Introduction

London TravelWatch is the independent, multi-modal watchdog for transport users, with a range of statutory functions. It delivers its statutory responsibilities through its Casework and Policy & Investigation teams and the close integration of these teams adds value to its work. This is because caseworkers have easy access to expert knowledge to help resolve complex transport user appeals and the work of the Policy & Investigation team can be focused on resolving and identifying policy related issues emerging from casework, as well as those arising from a wide range of other sources.

London TravelWatch has built up an extensive knowledge base and unrivalled experience which allows it to analyse complex technical issues, identifying how they will impact on consumers both in the immediate and longer term.

London transport users often have a very different perspective from passengers elsewhere in the country as almost all journeys involve the use of two or more different means of travel. Our unique multi-modal approach allows us to continuously encourage the development of properly integrated transport networks, improving journeys for all.

The past two years have been extremely challenging as we have fundamentally reviewed and restructured the way that we work, streamlining our activities and reducing our staff complement by a third so that we are able to do more with less. We have also moved to much smaller premises to cut costs. These organisational changes have enabled us to substantially reduce our overall operating costs as is necessary in the current economic climate. However these austere times also impact on the consumers we represent and we are pleased that having made these changes we can now once again focus all our attention on what we can achieve for London's transport users who between them make 3.5 billion journeys each year. Our work is more important than ever at a time when there is constant pressure on transport operators to cut-back services to reduce their costs to maintain profits.

This business plan and budget bid sets out the key areas of work we will be undertaking in 2013-14 within the context of our existing strategic priorities. As a result of our review London TravelWatch has had to cut back on much of its programmed work, and we will have regard to the need to prioritise in the face of resource restrictions. We will continue to work with the framework the corporate strategy which we adopted in 2011 and this is reproduced in appendix 1 for information. Our budget bid is attached as appendix 2.

Mission

London TravelWatch is the body established by Parliament to be the official voice of transport users in greater London. It has a statutory role in the appeals and consultations process, and in putting the transport user view on transport issues.

Values

London TravelWatch aims to be:

- Independent – we will operate impartially and not be unduly influenced by outside interests or pressure
- Authentic – we will have an evidence base for all that we do.
- Open – we will share information and accept new ideas.
- Collaborative – we will work with stakeholders.
- Inclusive – we will represent all transport users in our area.

Vision

That London TravelWatch is the acknowledged champion of the travelling public in London, putting their needs at the centre of decision-making about travel in our area.

Strategic objectives

Our work will continue to be directed to achieving the following outcomes for transport users:

- Travel by public transport represents good value for money.
- Easy access to an effective complaints service from all transport operators, backed up by a robust appeals system when it fails.
- A transport system that is well integrated and accessible to all, with convenient interchanges and easy to use ticketing.
- The travelling public are informed and aware of their rights.
- All decisions about transport in London take account of transport users' needs and priorities.

This will all be underpinned by:

- An efficient and responsive organisation.

Priorities for 2013-14

The majority of work that we do is inevitably generated by others as we respond to incoming casework or consultations of various kinds, and we will continue to ensure that our responses are grounded in a solid evidence base. This will be informed by reference to our own statistics, analysis of existing material and our own targeted research as appropriate.

There are a number of forthcoming developments that will have implications for passengers in and around London for many years and it is therefore important that the consumer interest is robustly represented. These will take priority in our work.

2013-14 will see significant activity affecting passengers with the introduction of new payment technologies (for example the 'wave and pay' contactless card will be introduced onto the bus network); the letting and organising of the Thameslink, Great Western, East Coast, South Eastern, Greater Anglia, Essex Thameside and London Overground franchises; and the next stages of the London Underground and Thameslink upgrades.

Therefore, whilst continuing to carry out our day-to-day activities on behalf of the travelling public, we will prioritise certain areas on which we will focus particularly during the coming year. These are set out below within the context of our strategic objectives.

1. Travel by public transport represents good value for money

- Taking forward issues arising from our research on Oyster incomplete journeys by encouraging the Department for Transport (DfT), Transport for London (TfL) and train operators to implement our recommendations, carrying out further research as necessary to ascertain progress against previous recommendations.
- Analysing the implications of fare increases, including how these can impact disproportionately on particular transport users, and continuing to press for value for money in fare levels themselves.
- Closely monitoring transport operators to ensure that during difficult economic times they do not cut costs by informal, unscheduled service cuts or removing frontline staff.
- Scrutinising all aspects of new methods of paying for travel, such as 'wave and pay' contactless payment systems.
- Working with other organisations to encourage transport providers to improve London passengers' perceptions of value for money, especially on national rail commuter services
- Challenging penalty fares and fare evasion prosecutions where they are administered unfairly.

2. Easy access to an effective complaints service from all transport operators, backed up by a robust appeals service

- Closely monitoring the speed and quality of operator responses to appeals and encouraging transport operators to improve their complaints handling and approach to customer care.
- Analysing the appeals and other information that we receive and publicising at an early stage the new problems that passengers are experiencing to encourage operators to take mitigating measures.
- Contributing to consultations to ensure that passenger rights are maintained and enhanced in European law and in national implementation.
- Establishing an evidence base on all of the means and methods which consumers choose to give feedback about their travel experiences which we will use to challenge operators to further improve their complaints service.

3. A transport system that is well integrated and accessible to all, with convenient interchanges and easy to use ticketing

- Promoting good practice at interchanges, particularly with regard to Paddington, London Bridge and other major London stations, as well as better integration between transport modes through clear signage, information and communication in all circumstances.
- Ensuring that transport operators follow good practice during times of service disruption, particularly in situations where passengers are stranded for lengthy periods.
- Holding operators to account when they fail to deliver their promised improvements, including ensuring that the Olympic and Paralympic legacy benefits for London's transport users are maximised.
- Monitoring the impact of operator cutbacks in response to economic and technological changes, and pressures from government to reduce costs.
- Monitoring the impact of the London Underground upgrade programme on passengers, especially where temporary closures are required.
- Researching public attitudes to environmental quality including litter and vehicle cleanliness and working with other organisations to encourage transport operators and providers to improve these.

4. The travelling public are informed and aware of their rights

- Pursuing a programme of stakeholder events that increase engagement with transport users and improve London TravelWatch's evidence base, with a particular focus on areas of potential transport disruption and transport exclusion.
- Continuing to raise the profile of London TravelWatch generally so that transport users better understand how we represent them.
- Ensuring that London transport users are aware of their rights, especially in respect of passenger charters and general consumer law.

5. All decisions about transport in London take account of transport users' needs and priorities

- Maintaining an oversight of major infrastructure works, especially the Tube upgrade and its substantial closures programme, Crossrail works, London Bridge and the implications for London rail terminal capacity of the High Speed 2 proposals.
- Providing input to the process of bidding for new rail franchises and the planning of future routes serving London.
- Ensuring passenger charters represent the best value for the travelling public as new franchises are taken up.
- Continuing to press London Underground to consult on service alterations in the same way that train operators must do.
- As new transport services are developed, anticipate the problems transport users are likely to experience and work with operators to address these.
- To further develop our relationships with partner organisations like Transport for All and the RNIB as well as continuing to work closely with the London Assembly and Passenger Focus.

6. London TravelWatch continues to be an efficient and responsive organisation

In July 2012 London TravelWatch moved to smaller offices, taking advantage of a break clause in the lease to its former premises to reduce its operating costs by sharing premises with the London Pensions Fund Authority (LPFA). This has reduced our accommodation costs by more than half and these will be fixed for the next two years. We will continue to embrace new ways of working, and better sharing and organisation of information, to ensure we deliver our statutory functions with a considerably smaller budget.

Our resources are now less than they were and in deciding whether to respond to consultations we will continue to have regard to this and prioritise matters of primary significance to London's transport users. We will work with key partners to reduce duplication of effort and continue to take advantage of suitable opportunities that arise to stretch our resources so that we can achieve more for transport users. We will also explore with the LPFA whether we could achieve further savings through joint procurement.

Staffing

Staff remain our biggest asset and we will continue to invest in training to ensure that we maintain a skilled and expert workforce, this is particularly important at a time when all staff have had to take on additional responsibilities and learn to work in different ways. Our accreditation under the Investors in People scheme is due for renewal in 2013 and we will work to ensure this is retained.

Our restructure reduced staff numbers by a third (from 23 to 15.6 fte) as well as reconfiguring the way they are deployed. Although we have reduced the overall size of both the Casework and Policy & Investigation teams, a key aim of our restructure was that we should try and maintain these front line services, whilst cutting the cost of back office services. In this we have succeeded and will enter 2013-14 with a streamlined organisation focussed on maintaining high standards of work in the face of growing demands on both teams.

We now have a Casework Team of five (supplemented by an intern on secondment to us from Network Rail) to deal with a rising caseload, much of which is extremely complex. Our Policy & Investigation team of four must handle all incoming consultations as well as carry out research, provide technical advice to Board and staff and find the time to keep up to date with new ticketing and policy initiatives and understand what are the implications for passengers. Both these teams are now stretched to full capacity.

Administrative support is now provided by a small, flexible and multi-skilled team led by the Chief Executive which deals with corporate management, general administration, member support, business planning, governance, strategy, IT and compliance. This helps to free up specialist staff, enabling them to give full attention to the core work of the organisation.

Partnerships and additional resources

We will continue to find ways of making our budget go further by working in partnership with other stakeholders and by seeking additional resources to enable us to do more. Secondments provide a promising model and will be further pursued. Cooperation with other organisations in the commissioning of research is another successful approach that we will develop further.

Where we can undertake joint work with the London Assembly's Transport Committee we will again do so.

Risks

We have a comprehensive risk policy and business continuity plan and regularly update our systems according to changing circumstances. We will continue to implement our knowledge management strategy to mitigate the risk of losing organisational memory when key staff move on. With the level of change we have seen in the past year this is more important than ever and we must support our staff appropriately as they grow into their new roles.

Two ever present risks to the delivery of our business plan remain the same. That an unexpectedly high surge in casework could require the use of temporary staff or the redeployment of other staff away from their planned work, and that we may be called upon to respond to a major policy consultation or to carry out our functions in relation to rail closure proposals which might necessitate the use of temporary staff. With a smaller staff team this risk is significantly higher than it has been in the past and would impact adversely on our ability to meet the performance measures agreed with the Assembly. The need to convene a closure panel could also entail considerable extra work for those Board members who were chosen to be part of it.

We will also have new risks to address in 2013-14. The first is associated with the reduced size and availability of the Chair and Board and how accountable the organisation is able to be to London transport users.

A second is that of challenge if we fail to maintain sufficient resources to fulfil the duties the law requires of us. We think the measures we have put in place are sufficient to mitigate this and will continue to be alert to this risk as we make choices about which work to priorities for transport users.

Reserves

The third new risk to our operations relates to reserves. As a small independent organisation an adequate level of reserves is essential to provide day-to-day working capital and ensure that our core operating activities can continue during periods of unforeseen activity involving exceptional levels of unplanned expenditure.

We used our reserves to fund last year's major restructure and this year have needed to use the savings generated by reducing our staff complement to meet the costs of the office move.

Operating a tight budget with negligible reserves means that the organisation has to exercise very close scrutiny of its cash flow to ensure it has funds remaining to meet expenditure in the long term. This is time consuming and in the longer term we need to be in a position where we do not need to allocate a disproportionate amount of time to managing a small budget.

London TravelWatch will continue to review its reserves policy annually.

JC/20.8.12

Corporate strategy

The strategic priorities that underpin our work are:

- Maintaining an efficient system for handling appeals casework and for responding to consultations.
- Developing an independent evidence base of the views and needs of current and future transport users in London, especially those facing barriers to travel.
- Maintaining awareness of current transport service and future policy issues in our area.
- Continuing to be influential advocates on behalf of the travelling public to policy makers, regulators and operators.
- Building effective partnerships with stakeholders where it is in the interests of travellers to do so.
- Ensuring transport users feel their concerns are represented.
- Continuing to be an efficient and responsive organisation.

We will continue to perform our statutory functions, speaking on behalf of transport users in a way that other stakeholders cannot. We do this by:

- Providing an excellent appeals and casework service.
- Engaging with decision makers and service providers to obtain better outcomes for transport users.
- Responding fully to major consultations from the transport user perspective.
- As resources allow, conducting research either alone or in collaboration with other bodies.

London TravelWatch Budget Submission 2013/14		Appendix 2
		Draft No 3 14/8/12
£K		2013/14 £000
Corporate Plan 13/14		1,203.0
Budget Requirement-pre growth and savings (below)		1,203.0
Unavoidable growth:		
Accommodation costs:		0.0
Chair, Members' & Staff costs-pay:		14.5
Members' costs- non-pay		1.5
Other Staff related costs-non-pay		6.1
Supplies & Services		0.0
Depreciation & Asset Replacement		0.0
Total unavoidable growth		22.1
Projected Savings:		
Accommodation costs		112.1
Chair, Members' & Staff costs-pay		0.0
Members' costs- non-pay		0.0
Other Staff related costs-non-pay		0.0
Supplies & Services		7.6
Depreciation & Asset Replacement		2.4
Total savings		122.1
Application of reserves		0.0
Budget Requirement-after growth and savings		1,103.0
Guideline target		1,103.0
Excess over guideline		0.0