

Annual Report and Accounts of **East West Railway Company Limited**

2022-23

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East West Railway Company Limited

Annual report and accounts 2022-2023
For the period 1 April 2022 to 31 March 2023

Presented to the House of Commons pursuant to Section 7
of the Government Resources and Accounts Act 2000.

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01.

**Chair's
Statement**

1.

Chair's Statement



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Welcome to the East West Railway Company's (EWR Co) Annual Report and Accounts for the year ended 31 March 2023 – the fourth full year of EWR Co's operation.

Over the past year, the East West Rail Project (EWR) has continued to grow in strength and support under the new leadership of Beth West as Chief Executive Officer (CEO). When Beth joined at the start of the current financial year, she was tasked with putting EWR Co on the right path to accomplish our aim of improving connections between businesses and communities between Oxford and Cambridge quicker than previous rail projects and at good value for the taxpayer. Over the past 12 months this has brought a renewed energy and sense of pace to EWR Co, and accelerated progress.

The Government has been continuing its push for the UK passenger rail industry to move to a simplified model with delivery of quality services for passengers at its centre. In the Spring Budget the Government set out its plans to grow the economy and pledged to provide an update on EWR by the end of May 2023. Despite significant headwinds, the ongoing impact of the Russia-Ukraine war,

energy insecurity, supply chain disruption and historic levels of inflation the EWR Co team has continued to work hard to move EWR forward to bring a vital piece of infrastructure for the United Kingdom's (UK) growth.

EWR Co is working closely with our Department for Transport (DfT) colleagues and local leaders and is making strong advances towards its strategic goals and unlocking the combined potential of Oxford, Milton Keynes, Bedford, and Cambridge as well as communities along the proposed line of route.

I would like to recognise and thank the contribution made by EWR Co. employees. I recognise the pressures the cost of living can have on our employees, and we will continue to ensure we remain competitive in salaries to hire and retain the highest calibre of individuals and instilling working practices which support agile working whilst encouraging cross-function collaboration.

Highlights in 2022-23

It's an honour to see first-hand the progress that has been made over the past year to develop EWR and keep it on time and in budget. This has included:

- **Economic and Technical Review and support for EWR to Cambridge**

In the year 2021-22, the Government challenged us to assess the potential economic benefits of EWR and identify areas for possible savings to the taxpayer. EWR Co completed a detailed economic analysis of EWR during the financial year (FY) 2022-23 which demonstrates the compelling, strategic case for improved public transport across the full Oxford to Cambridge region, which, at a macro-economic level, significantly outweighs the cost of delivery. I am pleased to confirm that this case, summarised in the Economic and Technical Report which was published alongside the Route Update Report in May 2023 secured Government backing for EWR in full. I am confident that only EWR can deliver the connectivity that is needed to realise the region's economic potential.

- **Reinstating in-person engagement with our local communities**

Following the removal of all Covid-19 restrictions on social interaction, we were able to restart face-to-face local community events in 2022. Over the summer of 2022 the team met with nearly 1,500 local people along the route at a series of community drop-in events, alongside Local Representative Group meetings and wider stakeholder engagement. We also re-engaged with the business community and local leaders, including 50 different stakeholders within business, industry and academia. We remain very aware of the needs and challenges of our local communities and the management at EWR Co are determined to remain engaged, where possible, for mutually beneficial outcomes. We do know and understand the impact of disruption such infrastructure projects can cause and remain determined to keep these under control.

- **Advancing Connection Stage one (CS1)**

Construction for the brand new station at Winslow is taking shape and is due to be completed by the end of 2023. Plans are already underway for the use of the station with the team working closely with Buckinghamshire County Council to make sure that both active travel and integration with other transport links are considered for the station and surrounding community. Tracks have now been laid for half of CS1 of EWR. We agreed that the DfT would take the lead in appointing the Train Operating Company to run trains from Oxford to Milton Keynes, while we focus on integrating across infrastructure and ensuring connectivity all the way to Cambridge.

More information on EWR Co's achievements in 2022-23 is available on pages 20-21.

Board changes

The Corporate Services Director, James Norman resigned from the EWR Co Board in April 2022 and the shareholder nominated Non-Executive Director, Joanna Whittington, resigned in November 2022. I would like to sincerely thank them for their commitment and contribution to the success that EWR Co is today.

Looking ahead to 2023-24

Following the update from the Chancellor of the Exchequer (Chancellor) citing EWR's role to support further growth in life sciences and other high-productivity sectors across the region, which in turn will support¹ the UK's position as a science superpower, we announced the preferred route for EWR. This route travels from Bletchley to Bedford and onto Cambridge via the Cambridge Biomedical Campus. It connects existing communities and centres of economic activity, as well as building new stations with the opportunity for growth. It connects local residents with more job opportunities, as well as making it easier for businesses to expand, and people to visit family and friends. Alongside the Route Update Report published in May 2023 we published a number of key documents, including the Economic and Technical Report, and the Consultation Feedback Report. We also published our Need to Sell Property Scheme, to enable eligible owners to apply for their property to be bought by EWR Co at its unaffected market value.

Stakeholder meetings and a series of local community events are currently underway with many more planned, as we seek views from communities along the preferred route. The feedback to date has been generally positive with a broad spectrum of cross-county support for the project.

The year ahead will be another crucial one for EWR Co as we progress towards statutory consultation, including undertaking significant environmental assessments and Technical Assurance.

Over the next 12 months, our Executive Team will continue to strengthen which will reinforce our core principles of simpler for all customers, cheaper for the taxpayer, greener for the environment, quicker than industry norms and being safe and secure. In partnership with our Senior Leadership Team, I will be looking to continue strengthening the leadership of the business and we will work with the Government to ensure we have the agility needed to achieve results.

¹ [Spring Budget 2023 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)



02.

**A message from
our CEO**

2.

A message from our CEO



“

Reflecting on my first year as CEO I am immensely proud of what the team has achieved despite some challenging times. As those around me know, I'm passionate about infrastructure, its ability to drive positive change and create more opportunities for people to live fulfilling lives. I believe, more than ever, that EWR is a once in a generation opportunity and I am dedicated to achieving our aims.

Company Purpose, Vision and Mission

Following the conclusions of the Economic and Technical Review, which confirms the strategic importance of EWR Co as an enabler of sustainable economic growth, I have worked with the Senior Leadership Team to update the Purpose, Vision and Mission of EWR Co. In Section 3, we explain in more detail the purpose of EWR Co: *Connecting lives. Unlocking the future*, and how it is underpinned by our Vision to make everyday journeys easy, bringing people and places together.

Updated organisational structure and EWR Co people

Over the past year we have gone through a transformation of our organisation, shaking up the way EWR Co operates to deliver on our renewed Purpose, Vision and Mission. I am a firm believer that just having the right skills in an organisation is not enough, leveraging those skills through the way people work together is just as important. Our new model is founded on channelling our collective strengths in project focused teams to encourage greater collaboration and foster deeper understanding, powering our work to realise our Vision.

In reshaping the organisation into a simple matrix structure, we have gained flexibility whilst continuing to develop our professional capabilities. Every EWR Co employee is part of one of seven professional communities, each led by a member of the Senior Leadership Team, created for continuous learning and development opportunities so our people can be the best they can be.

I would like to personally thank our dedicated and hard-working colleagues, as well as our extended team of partner organisations, whom it is an honour to be leading and working alongside. There is a lot of enthusiasm for the changes and I'm confident

with this new structure in place and increasingly empowered teams we will go from strength to strength. In short, the new structure represents a modern and fit-for-purpose operating model that will help us achieve our purpose.

Looking ahead, as a nation we are at the beginning of a modal shift in how we move around our local neighbourhoods and the country. Public transport, trains in particular, will be crucial in this change and contribute to moving towards our collective goal to be a zero net carbon United Kingdom. I'm optimistic for the future and confident that EWR Co can deliver growth for the whole of the UK through fast and reliable connectivity for local communities whilst delivering value for the taxpayer.

In November 2022, we received renewed Government backing for EWR. Following the year ended 31 March 2023, we reached a significant milestone in May 2023 when we published a set of recommendations for the route through Bedford and onto Cambridge with two new stations planned. This was the culmination of an enormous amount of work by so many people, to whom I offer my heartfelt thanks. There is now a period of intense work to move towards a Development Consent Order (DCO).

For my part, I will continue to put in place the strategic, operational and organisational pillars for the solid foundations we need to successfully continue towards DCO and beyond to a faster and more sustainable public transport connection between Oxford, Milton Keynes, Bedford and Cambridge. I'm excited about the next steps for EWR Co and look forward to the year ahead.



03.

Strategic Report

3.

Strategic Report

3.1 About East West Railway Company

In 2018 the DfT created EWR Co to develop the East West Rail project. Our job at EWR Co is to bring fresh thinking to the next stages of the Project. EWR Co is responsible for planning the section of EWR between Bletchley and Cambridge and taking a route-wide look all the way from Oxford to Cambridge and beyond. EWR Co is also responsible for overseeing the East West Rail Alliance as it continues to deliver work between Bicester and Bletchley.

Following significant work to test and refine the strategic case for EWR over the past year, we have also updated the Purpose, Vision and Mission of EWR Co. This update is rooted in the pivotal role that EWR plays in helping to unlock the economic opportunity in the Oxford-Cambridge region, which could be worth over £100 billion² in additional value every year by 2050.



3.2 How the Project will be delivered and the Structure of EWR Co

To deliver on our Purpose, Vision and Mission, and to build on the success of EWR so far, we have also updated the internal structure of EWR Co in the past year, to bring a real focus on project delivery whilst drawing from the unique combination of expertise we have built, that ranges from customer experience specialists, to economic development managers, to transport modellers, railway engineers and constructions experts. We have created specific professional homes to grow and develop our capability in particular areas – for example programme management and engineering. All employees of EWR Co are a member of a professional home but are then deployed into projects and programmes – which is how the overall EWR programme will be delivered.

² [Partnering for Prosperity: A new deal for the Cambridge-Milton Keynes-Oxford Arc \(nic.org.uk\)](https://www.nic.org.uk)

The overall structure breaks down into seven clearly defined Programmes:

- **Secure the Investment** – to develop the business case for EWR, set the strategic direction of the programme, and to manage our external relationships.
- **Define the Solution** – to develop an integrated design for EWR, so that it is a cost-effective, reliable, railway that enables sustainable economic growth.
- **Secure the Right to Build** – to deliver the consultation and consenting processes required to enable the construction of EWR, particularly the DCO.
- **Prepare the Organisation** – to plan and execute the organisational development of EWR Co to prepare for future stages of the project, recognising that capabilities required at each stage of the project life-cycle will change.
- **CS1 Entry Into Service** – to oversee the delivery of CS1 Entry Into Service, reporting on the progress made both in constructing the infrastructure and in mobilising the operations.
- **Operate the Business** – to provide the core corporate services to enable EWR Co to operate, for example financial accounting, legal services, human resources and IT support.
- **Asset Owner** – to act as the guardian of the future railway, providing the necessary assurance and compliance activities to ensure the railway can ultimately be brought into use.

The Senior Leadership Team is responsible for leading each of these programmes, as well as overseeing the development of professional homes.

3.3 Achievements during 2022-23

The FY 2022-23 saw change in the political landscape, as well as a desire to put increased focus on local leadership of growth in the Oxford-Cambridge area.

Early in the financial year EWR Co saw the arrival of its new CEO, Beth West. Beth instigated a strategy to set priorities by quarter allowing the business to remain focused on moving EWR forward whilst also maintaining the ability to adapt its programme to new priorities as they arose.

EWR Co has been able to make significant progress during FY 2022-23 achieving both clarity on key decisions for CS1 and Connection Stage 2 and 3 (CS2 and CS3) and establishing a set of strategic goals that form the basis and building blocks to drive forward the delivery of EWR.

Some of the key achievements were:

- **Secured Government backing for the full EWR scheme and made a recommendation on the route from Bedford to Cambridge.** The review of both the case for and scope of EWR - Economic and Technical review - was completed, and the non-statutory consultation feedback was considered, which enabled a clear set of recommendations on CS2 and CS3, and secured Government backing.
- **Consolidated support and advocacy for EWR with businesses and local leaders within the region.** We made significant progress with the business community and local leaders. We received significant endorsements from the public and private sector, including significant employers from across the region. We supported the East West Main Line Partnership to publish a pamphlet of how EWR benefits businesses in the area, complete with a set of business endorsements.
- **Refreshed EWR Co's Purpose, Vision and Mission, and restructured the business.** This created a much stronger focus for the business going forward, and created a structure that is more project driven, as well as making the most of cross-functional working.
- **Confirmed approach to delivering train operations on CS1 with the DfT.** We agreed that the DfT would lead on putting in place contractual arrangements with an existing operator in the area, while EWR Co would fulfil our function in integrating the reporting across infrastructure, rolling stock and operations to identify risks to timely and effective Entry into Service.

3.4 Measuring performance 2022-23

We manage performance through programme and corporate reporting to the DfT and the Board of Directors.

Given the focus on quarterly priorities, we primarily reported against these priorities at both a corporate level and for the CS2 and CS3 programme.

We also mobilised a new reporting regime and management forum to track performance more effectively across the CS1 programme specifically. This included developing a new integrated baseline, beyond the infrastructure programme, and mobilising the CS1 Integration Board which brings together the key delivery partners for CS1.

In preparation for moving to the next phase of the EWR programme, we set up a project to develop an integrated digital reporting platform, which will underpin our ability to measure performance in 2023-24.

3.5 Priorities and plans for 2023-24

This financial year will see us proceed at pace with the development of the business case, design and the consenting process for the railway. Our ambition is to try to outperform benchmark timescales for these activities, and to drive down the cost of the entire scheme as we proceed which will be a key priority for 2023-24. We announced the preferred route in May 2023, and will launch a statutory consultation in the first half of 2024. To achieve this, we will need to mobilise a multi-functional design team from both EWR Co and our partners, enact our Technical Assurance, as well as continue to conduct significant environmental assessments. Throughout this period, we will work closely with local leaders and residents, taking a new approach to engagement so that our work is directly shaped by the communities we serve.

In the FY 2023-24 we will also develop our vision for EWR in more detail, bringing to life the simple to use, easy to access, 'on time' railway service necessary to unlock sustainable economic growth, that is affordable for the taxpayer. This will require us to go beyond the status quo, and we will work with both the DfT and the wider rail industry to agree our integrated approach and identify where we can be a trailblazer contributing to the wider rail reform agenda.

We will develop our Delivery Strategy for EWR, which will set out the capability we need to design, deliver and bring into use the railway, unlocking the innovation we need to do this in both an accelerated and lower cost way. The Delivery Strategy will capture the role of EWR Co and the shape of our supply chain, and we intend to seek approval to begin procuring that supply chain by the end of the financial year.

We will continue to grow the capability of EWR Co over the FY 2023-24. We have introduced a new People Strategy to develop our team and will soon embark on a period of Strategic Workforce Planning for the years ahead. We will strengthen the leadership of the business with a more focused Executive team, as well as a broader Senior Leadership Team, and we will reach agreement with the DfT on a new Framework Document, to ensure we have the agile governance relationship we need to achieve results.

3.6 Key strategic risks facing us

The construction sector is facing significant challenges to its supply chain such as shortages of supply and agility of response which is also driving up costs. Two of our strategic risks are, therefore, affordability pressures in the current economic context, as well as ensuring that the wider benefits that EWR unlocks will be delivered. We keep these risks under careful review and manage them through ongoing programme development activities, communication and engagement with stakeholders and government.

Risks are managed across our organisation from strategic to project level. Further information on the identification, mitigation and control of risks that we managed during FY 2022-23 can be found in Section 7.10.

3.7 Review of financial performance in 2022-23

Our financial performance in the FY 2022-23 is detailed in the financial statements in Section 10.

During FY 2022-23, EWR Co was entirely funded by grant in aid, or capital contributions, from the DfT. No income was generated from any other source. At the beginning of the FY 2022-23 EWR Co was allocated a combined resource and capital budget of £98.3m. During the year £28.4m was identified as not required and returned to the DfT, to reflect the nature of work being done in this period. The EWR Co budget was revised downwards at the Supplementary Estimate stage to a combined resource and capital budget of £69.9m. EWR Co incurred a combined resource and capital expenditure total of £66.0m (FY 2021-22: £74.7m):

- The overall reduction in expenditure is largely due to £7.3m reduced spend on professional services, going from £30.8m in FY 2021-22 to £23.5m in FY 2022-23. We engage professional services for short term specialist support in the implementation of policies and programmes. This allows EWR Co to maintain flexibility over its staff mix.
- Resource expenditure was £65.8m, reduced by £8.6m compared with £74.4m in FY 2021-22. This is broken down in the graph on page 24.
- Consultancy was also down by £1.9m from £11.9m in FY 2021-22 to £10.0m in FY 2022-23. EWR Co use consultancy services to advise on, but not implement, policy and programme development.
- EWR Co's use of professional services continued to increase during 2022-23. This is particularly the case with regard to our Development Phase Partners that were announced in 2020-21. These are the four organisations that EWR Co is working closely with to aid its development; Arcadis, Ardent, Jacobs and MWJV (Mott McDonald and WSP Joint Venture). Our Programme Partner, Jacobs, has provided capacity and specialist capability. Jacobs has also supplied engineering and systems assurance support to augment the capabilities of our in-house engineering team. Our Commercial Partner, Arcadis, has provided cost and estimating expertise. Our Land and Property Partner, Ardent, helped us by arranging the access and consents needed to carry out studies and surveys. A Joint Venture of Mott McDonald and WSP, joined EWR Co towards the end of 2022-23, as the Technical Partner.

Notes 3 and 4 of the Financial Statements provide a breakdown of expenditure, including the ‘Other’ costs in the graph below.

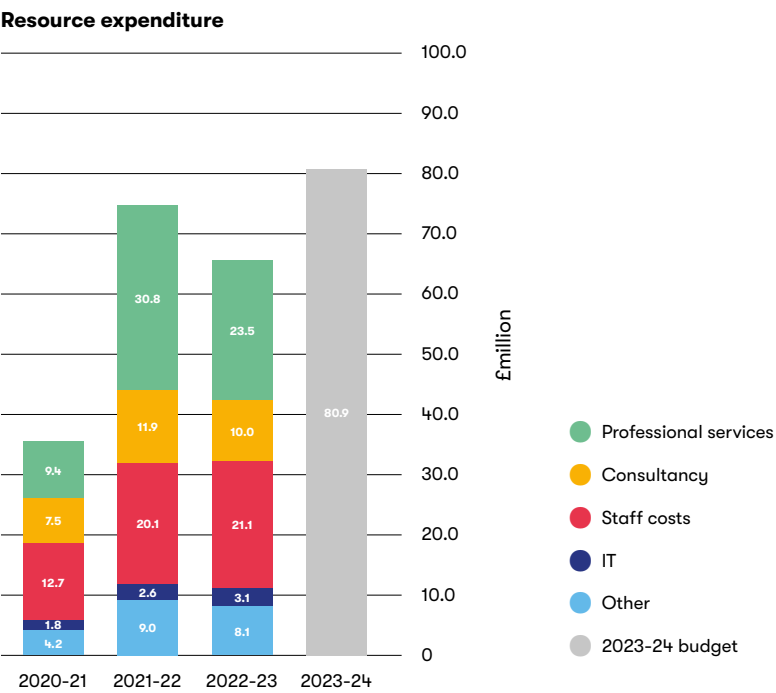


Figure 1 – Trend analysis of resource expenditure

Capital expenditure was £0.1m, down by £0.2m compared with £0.3m in FY 2021-22. This was due to reduced spend on IT assets (also as shown in Note 5 to the Financial Statements):

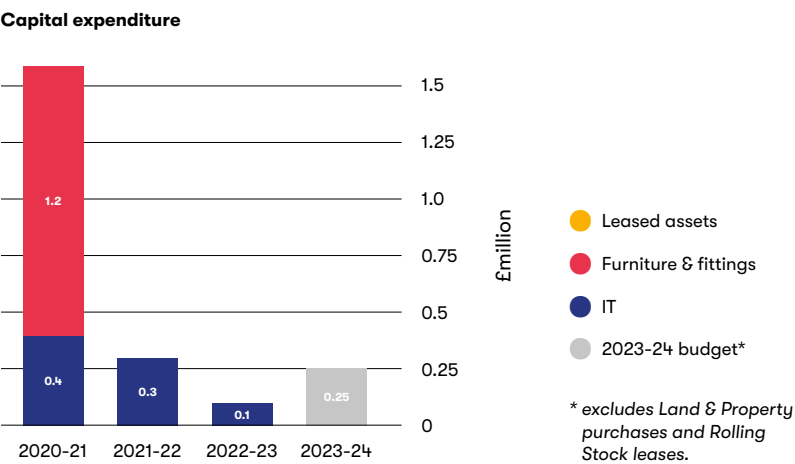


Figure 2 – Trend analysis of capital expenditure

Key Statement of Financial Position metrics:

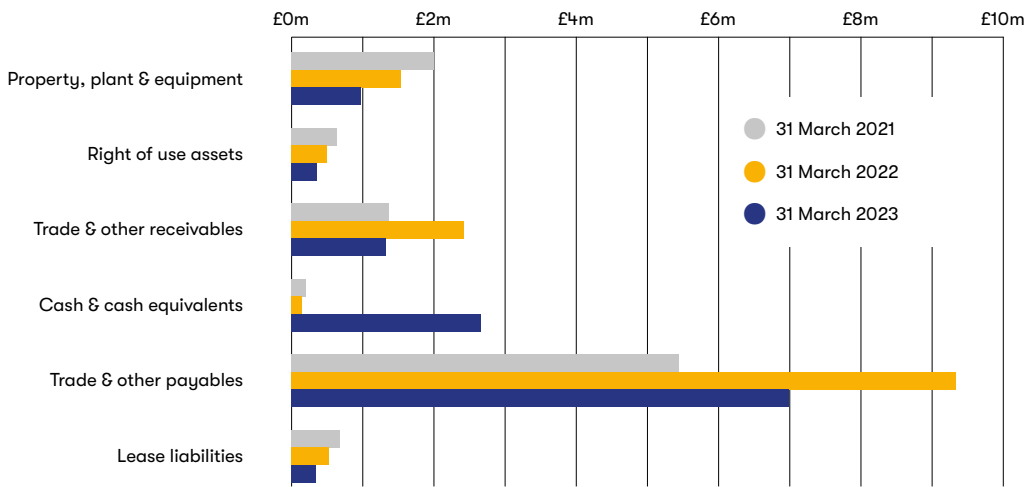


Figure 3 – Trend analysis of balance sheet categories. The values shown are as at 31 March of the years indicated.

- The amount of VAT that can be recovered from HMRC has decreased by 52%.
- The amount payable to trade creditors and others has decreased by 25% and creditor days, restated to exclude accruals, has reduced from 1.7 days to 0.8 days because suppliers are billing EWR Co sooner and we are settling the bills more promptly.

HM Treasury’s framework for Government spending splits transactions into four high level budgets, of which EWR Co has been allocated budgets for three out of the four categories. Our budget allocation at the end of the financial year can be found in the DfT’s section of the Supplementary Estimates, which are approved by Parliament³. The table below shows how EWR Co performed against the budgets in FY 2022-23.

All figures in £m				
Budget category ⁴	Budget	Outturn	Underspend	Reasons for underspend
Resource DEL	69.8	65.7	4.1	Delays to procuring a key supplier
Resource AME	0.0	-	0.0	
Capital DEL	0.1	0.1	0.0	
Total expenditure	69.9	65.8	4.1	
Grant in Aid	75.0	69.0	6.0	

3 HC 1152 – Central Government Supply Estimates 2022-23: [HC 1133 – Central Government Supply Estimates 2022-23 – Supplementary Estimates – February 2023 \(publishing.service.gov.uk\)](#)

4 Definitions for these budget categories can be found in the DfT’s Annual Report & Account: [Annual Report and Accounts 2022–23 \(publishing.service.gov.uk\)](#)

3.8 Non-financial information

Human rights

We know that empathy and consideration need to be shown to all parties within our supply chain, respecting and protecting human rights. As an employer, we must ensure no one is exploited. We have policies in place to ensure compliance with legislation, in order to protect all those who work for, or with, EWR Co and those in the communities where we operate. We refuse to do business with any individual, company or organisation that fails to uphold the standards and principles of basic human rights, or which give EWR Co cause for concern. We have adopted procedures which aim to ensure modern slavery does not occur in our business or supply chains, and expect the organisations with whom we do business with to adopt and enforce policies to comply and support all applicable laws and legislation, including the Modern Slavery Act 2015. As we move to larger contracts, we shall continue to review what is best practice in monitoring our supply chain to ensure that everyone working on EWR is treated with the utmost respect.

Anti-corruption and anti-bribery

We are committed to operating in an open and honest way, with policies and procedures in place to promote anti-corruption and anti-bribery. All colleagues are made aware of the policies when joining EWR Co and team members also complete mandatory online training annually. Our Speak Up Whistleblowing Policy makes it clear that any individual raising an issue internally or externally will not be at risk of losing their job or suffer any form of retribution or harassment as a result. During this period, EWR Co received and thoroughly investigated one whistleblowing disclosure.

Community engagement

We are building a railway to connect people and businesses in the communities between Oxford, Milton Keynes, Bedford and Cambridge. The railway will open up new journeys, cut travel times, ease congestion on local roads and bring more jobs within easy reach of people living locally. Listening and talking to those people whom EWR will serve to understand their views is fundamental to how we design, build and operate the new railway. Under the leadership of our new CEO, Beth West, we have doubled down on our commitment to actively engaging with the community which we are part of, building relationships with our stakeholders and the wider community.

As we moved out of Covid-19 restrictions we were able to step up our commitment to being approachable and provide people with opportunities to meet with us in person as well as continuing with online engagement. In addition, via our correspondence channels we listen and respond to ongoing requests, comments, and concerns from communities across the route on a daily basis.

The local community

In spring 2022 we contacted over 450 homeowners and residents in the area north of Bedford station to offer one-to-one meetings. A total of 45 meetings took place.

Between May and October 2022, we hosted ten face-to-face public information drop-in events across the route. Nearly 1,500 people attended the events, which provided an opportunity for communities to speak to members of our team about all aspects of the project, see illustrated plans, maps and other information, as well as having the chance to talk about next steps. These events also helped us to better understand people's aspirations and concerns about our proposals.

Local representatives

We have delivered quarterly meetings with 15 Local Representatives Groups (LRG) spanning the whole route. The groups include county, town and parish councillors, and representatives from EWR Co. Since the LRGs were launched in February 2022, over 65 meetings have taken place. These are open forums for discussion, with presentations on key topics from subject matter experts from across EWR Co and offer another way for communities to connect with our team through their locally elected representatives.

People can stay up to date with what's happening in each group by visiting the Community Hub on the EWR website.⁵

Businesses, industry and academia

Since the close of the 2021 non-statutory consultation, we have met with nearly 50 different stakeholders within business, industry and academia. This has helped us grow our understanding of the challenges they face and learn how EWR could best support their organisations and their wider industries.

Political stakeholders, statutory bodies and local authorities

We have met with 17 MPs and elected members and officers representing 13 local authorities across the route. This engagement has included site visits where our team members walked parts of the route to hear first-hand from local MPs and councillors. These meetings were arranged to gain a more in-depth understanding of the views of the communities they represent and to discuss any queries raised on behalf of their constituents.

We have also met with six statutory bodies consisting of the Environment Agency, National Highways, Natural England, Historic England, the Royal Society for The Protection of Birds and the Bedfordshire Local Nature Partnership, totalling 53 meetings altogether.

⁵ <https://communityhub.eastwestrail.co.uk/>

3.9 Going concern

EWR is part of the government's rail agenda and is in accordance with the aims of the DfT. The DfT, our sponsor, funds the project entirely.

The Senior Responsible Owner for East West Rail at DfT, Cavendish Elithorn, wrote to EWR Co's CEO on 11 February 2022 confirming that HM Treasury and DfT had agreed to fund EWR Co throughout the next Spending Review period (2022–2025).

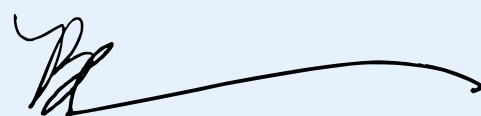
EWR Co was granted permission by the DfT in FY 2020-21 to sign a range of commercially binding contracts extending into future years.

Parliament has approved EWR Co's budget for FY 2023-24 as part of the Main Supply Estimates process.

In May 2023, the DfT supported EWR Co in making an announcement about the route. The announcement informed the public how EWR Co's proposals had developed since the second non-statutory public consultation in 2021, and what the preferred plans were, going forward, for certain sections of the railway.

Throughout 2022-23 and in the months that have followed, the EWR project has received a number of supportive comments from Government including those made by the Chancellor of the Exchequer and the Secretary of State for Transport.

Consequently, it is considered appropriate to adopt a going concern basis for the preparation of the financial statements 2022-23.



Beth West, CEO

The Strategic Report is signed by Beth West, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 21 November 2023.



04.

Sustainability Report

4. Sustainability Report

4.1 Our Sustainability Definition

Sustainability within EWR aligns with the internationally accepted definition, that is, the optimisation of combined Social, Environmental and Economic performance. Our easy-to-remember strapline ‘people, planet, prosperity’, aims to demonstrate our commitment to delivering an environmentally sound and equitable railway whilst corroborating our commitment to our ‘cheaper for the taxpayer’ outcome.

- **People:** improving people’s lives by collaborating with local communities, providing public green space and looking after our colleagues’ welfare, by providing inclusive, safe, secure and healthy workplaces. Creating an inspirational place to work, filled with vibrant, motivated professional experts, supported by our two pillars of Culture and Capability.
- **Planet:** protecting the environment, promoting a circular economy, aims to deliver a net zero carbon railway, enhancing biodiversity and adapting for climate change using best practice methods and adopting innovative techniques.
- **Prosperity:** optimising investment to increase prosperity, by fostering inclusive local economic growth, education and skills opportunities and improved community wellbeing, to deliver local and national benefits.

Our Sustainability Vision

Our sustainability vision is ‘to provide a transport service which supports our ethos of ‘People, Planet, Prosperity’.

This supports EWR Co’s Purpose, Vision and Mission and is underpinned by four of our outcomes: greener for the environment, simpler for all customers, safe and secure and cheaper for the taxpayer. Three



4.2 Greener for the environment

We want to achieve the highest environmental standards and this is why we have made ‘Greener for the Environment’ one of our five measurable outcomes. We are committed to protecting the environment through the prevention of pollution, compliance with legal, industry and government objectives and continually improving our environmental performance.

It’s critical that the railway is designed, constructed, operated and maintained in an environmentally responsible way, which manages and mitigates negative environmental impacts, is climate resilient and realises opportunities for improvement.

Our colleagues, partners and supply chain are engaged and committed to ensure protecting the environment is at the centre of everything we do. We have enhanced our procurement process, in line with the requirements of International Organisation for Standardisation (ISO) 20400 – Sustainable Procurement. The strengthened system will ensure environmental, social, health and wellbeing, safety and inclusion requirements are considered from the outset, leading to the use of more sustainable products and services.

Our environmental sustainability vision ‘to provide and promote cleaner, greener travel solutions’, leads the overarching direction for our design.

Management Framework Policy

Commitments to sustainable practices are made in our Management Framework Policy available separately on the EWR Co website. The environmental sustainability, social value and inclusion strategies outline how we will deliver against these pledges.

4.3 Environmental sustainability strategy

We have implemented our Environmental Sustainability Strategy detailed in the table below, which covers six key environmental pillars and their associated strategic objectives. They provide clarity for further development of our interim objectives, metrics, measures and KPIs and are being progressed via implementation plans.

Our design requirements will ensure we are environmentally sustainable by design.

ES Vision: To provide and promote cleaner, greener travel solutions		
ES Strategy Pillar	Strategic Objective	Goal (operational network)
Biodiversity and the natural environment	Protect and enhance biodiversity through the maintenance of healthy ecosystems (wildlife habitats, soil, land and water resources).	Maintain a minimum of 10% biodiversity net gain.
		Existing habitats within the corridor enhanced and more connected.
Carbon	We minimise our carbon footprint, through advancing low carbon design, construction and operation, to be a net zero carbon railway.	Pending decision on traction power.
Circular economy	Implement circular economy principles to optimise resource value, minimise impact and preserve resources.	Materials reused or recycled on decommissioning / renewal.
		Secondary or recycled materials used wherever possible.
Climate resilience	Consider current and future climate change impacts to maintain the value of assets throughout the project lifecycle and ensure business and service functionality.	Zero non-hazardous waste to landfill.
		No increase in flooding caused by railway design or activities.
Community impact	Be a good neighbour by avoiding significant impacts on health and quality of life and contributing to the wellbeing of our communities.	Railway design is resilient now, and in the future, over the lifetime of the programme taking account of the effects of climate change.
		No EWR related environmental complaints.
Cultural heritage and landscape enhancement	Enhance the quality of landscapes and townscapes, whilst protecting internationally and nationally designated heritage assets.	No 'Category A - Significant environmental incidents'.
		Improved public access to green space across the region.
		No direct (physical) negative impact and minimise indirect impacts on designated heritage or landscape assets.

The Board will be updating the Environmental Sustainability Strategy during the FY 2023-24.

Carbon

We are developing a plan to deliver a net zero carbon outcome that aligns with the DfT’s requirements and industry standards. Defining what net zero carbon entails for an infrastructure project is not straightforward and will require a large amount of decisions, stakeholder engagement and analysis to determine a suitably challenging, yet feasible, target.

Driving down carbon is central to everything we do and our carbon data and net zero carbon target will be externally verified and following industry recognised principles.

Circular economy

Our design process incorporates ‘sustainable by design’ and outlines circular economy considerations and requirements. This will drive optimisation of materials and resources and minimise volumes of waste produced.

Climate resilience

We are committed to ensuring the new railway is resilient to climate change. Our design requirements place this among our top priorities.

Community impact and landscape

We continue to engage with our stakeholders ensuring their expectations and concerns are considered throughout design, build and operation.

Our design requirements ensure opportunities to enhance and integrate into the existing landscape are identified and implemented where viable, thus minimising any potential negative impact.

Natural environment

We are committed to delivering a minimum 10% biodiversity net gain throughout the entirety of the project. We will work with local stakeholders to maximise community benefits and secure the enhancements in the long-term.

4.4 Preparing an Environmental Impact Assessment

In readiness for our DCO we are progressing the methodology and approach to an Environmental Impact Assessment (EIA), in line with the Planning Act 2008. We are working closely with our stakeholders, including local community groups, environmental bodies and local authorities, to identify and understand their needs and expectations. We have completed non-statutory consultations and our next step is statutory consultation, following the announcement of our proposed route.

We are completing extensive environmental surveys and collecting additional baseline information, working with local interest groups, records centres and archives. The survey work includes a range of activities which allow us to understand environmental impacts which can be avoided, reduced or mitigated through the design process.

We are liaising with our partners at East West Rail Alliance to monitor performance, share best practice, discuss lessons and identify where there is a need to establish an assurance role.

4.5 Estates and facilities reporting

Our estates and business travel processes are managed in a sustainable way, utilising the principles of the Greening Government Commitments (GGC). The GGC set out high level targets for central government entities to deliver reductions in operational consumption and waste, standards for transparent reporting on sustainable procurement and key sustainability areas including biodiversity and climate change adaptation.

Company data for the years 2020-22 was impacted by the Covid-19 pandemic, with homeworking significantly reducing office use and business

travel. Department for Energy Security and Net Zero⁶ has developed a formula which enables home-working datasets to be collated and appropriate targets determined, this will be reported in FY 2023-24.

Carbon emissions

The table below details tonnes CO₂e emissions associated with our office energy consumption, powered by the Milton Keynes combined heating and power system, and corporate travel.

Scope 2 emissions (electricity use) have substantially increased for the second year. This is attributed to colleagues returning to an office working environment post the Covid-19 pandemic. However, energy use per person has reduced.

Scope 3 emissions have increased fivefold. This reflects an upturn in colleagues travelling to attend in-person meetings with external stakeholders and attendance at overseas conferences, such as InnoTrans.

During FY23-24 EWR Co will review how increased in-person meetings and therefore increased travel relates to performance and establish a strategy to optimise performance whilst maximising colleague wellness.

			2020-21	2021-22	2022-23
Gross emissions	Scope 1 Direct emissions	tonnes CO ₂ e	-	-	-
	Scope 2 Indirect emissions	tonnes CO ₂ e	8.42	17.55	21.25
	Scope 3 Business travel emissions	tonnes CO ₂ e	1.84	3.02	15.16
	Total emissions	tonnes CO ₂ e	10.26	20.57	36.412
Related consumption data	Estates electricity	kWh	36,113	86,454	109,876
	Electricity usage per person	kWh/FTE	36.11	530	526
	Private & hire car usage	Road miles	3,260	2,214	13,676
	Rail	km	-	40,436	155,145
Financial indicators	Electricity utility costs	£000	4	14	17
	Business travel costs	£000	13	13	100.257

⁶ Department for Business, Energy and Industrial Strategy was dissolved on 7 February 2023 to form three different departments; Department for Energy Security and Net Zero, Department for Science, Innovation and Technology, and Department for Business and Trade.

Waste data

Our corporate waste data was collated for the first time during FY 2021-22. The data presented below is in accordance with our contract terms with the office landlord. EWR Co assumes responsibility for 5.1% of all waste produced at the business park. In real terms our contribution continues to be minimal due to a shift to more flexible working patterns. All waste is sent for recycling or combustion, creating energy.

2021-22			2022-23	
Waste Disposal Type	Weight (tonnes)	% Total Waste	Weight (tonnes)	% Total Waste
Energy (combustion)	1.62	38	1.44	40
Recycling	2.59	62	2.16	60

Water consumption

The table below shows water consumption at our office in Milton Keynes. Our estimated use is based on 5.1% of the estate water volume, as stated in the lease.

			2020-21	2021-22	2022-23
Non-financial indicators	Estates water	m³	0.767	662	699
	Usage per person	m³/FTE	0.008	4.06	3.35



05.

**Directors'
Report**

5.

Directors' Report

5.1 The Board and its Committees

The Board sets EWR Co’s strategic direction and oversees the management of performance and risk, financial management, planning, and overall governance. It’s supported by the Investment Committee, the Audit and Risk Committee, the Remuneration and Nomination Committee, and the Safety, Health and Environment Committee. The attendance of the Board Directors at these Committees is set out in Section 7.5 of the Governance Statement.

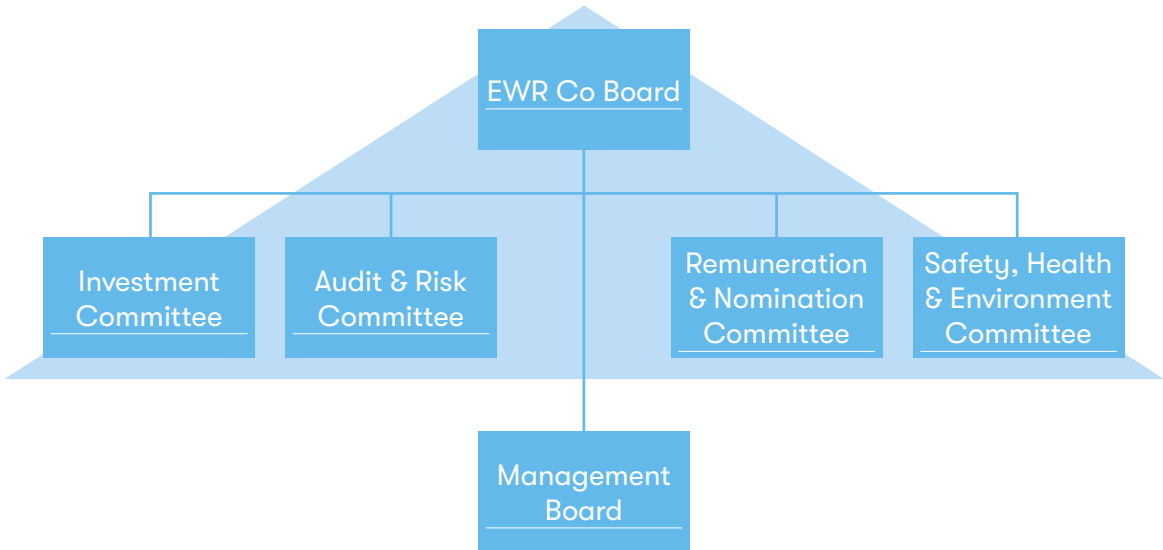


Figure 4 – Governance Structure

5.2 Board members

As at 31 March 2023, the Board was comprised of the following members:

Neil Sachdev Non-Executive Chair of the Board Appointed on 19 April 2021 Investment Committee Safety, Health and Environment Committee	
Beth West Chief Executive Officer Appointed on 1 April 2022 Remuneration and Nomination Committee Investment Committee Safety, Health and Environment Committee	
Anne Baldock Non-Executive Director Re-appointed 1 February 2022 Audit and Risk Committee Chair Remuneration and Nomination Committee Investment Committee Senior Independent Director	Dyan Perry OBE Non-Executive Director Re-appointed on 1 February 2022 Safety, Health and Environment Committee Chair Remuneration and Nomination Committee Audit and Risk Committee
Simon Murray Non-Executive Director Re-appointed on 1 February 2022 Investment Committee Chair Audit and Risk Committee Safety, Health and Environment Committee	Lynette Ryals Non-Executive Director Appointed on 1 November 2020 Remuneration and Nomination Committee Chair Audit and Risk Committee

During the financial year, James Norman resigned as the Corporate Services Director on 29 April 2022 and Joanna Whittington resigned as the shareholder nominated Non-Executive Director on 30 November 2022. Following the year end, Samantha Turner was appointed to the Board as Chief Financial Officer , William Gallagher was appointed to the Board as Chief Strategy Officer and Caroline Botwood was appointed to the Board as the shareholder nominated Non-Executive Director (NED).

The fees of all Board Directors are set out in sections 8.23 and 8.24 of the People and Remuneration Report.

5.3 Directors’ attendance at Board

	May 2022	July 2022	Sept 2022	Oct 2022	Nov 2022	Jan 2023	March 2023
Neil Sachdev							
Anne Baldock							
Beth West							
Dyan Perry OBE							
Simon Murray							
James Norman	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Lynette Ryals							
Joanna Whittington						n/a	n/a

= attended = unable to attend
Cavendish Elithorn, the Senior Responsible Owner for EWR Co at the DfT, attended five of the EWR Co Board meetings in FY 2022-23 as an observer. He held no voting rights.

5.4 Personal data-related incidents

No protected personal data-related incidents have arisen which have required reporting to the Information Commissioner’s Office.
For the FY 2022-23, there were four personal data-related incidents that required investigation. These incidents were investigated in accordance with internal policy and clear steps were taken to remediate these incidents, with post investigation lessons learned activities undertaken to mitigate against reoccurrence of similar incidents.

5.5 Remuneration Report and Governance Statement

The Remuneration Report (Section 8) and Governance Statement (Section 7) are required under the Financial Reporting Manual (“FreM”) and form part of the Directors’ Report. The Governance Statement addresses EWR Co’s risk and control framework.

5.6 Conflicts of interest

Procedures are in place to ensure Directors comply with their duties in relation to conflicts of interest. The Board of Directors are obliged to provide details of any direct or indirect interests that conflict with or may conflict with EWR Co’s interests. These are recorded on a register of interests and updated as required. At the start of every Board and Committee meeting, the Chair asks for any interests to be declared.

At the date of this report, the following key potential conflicts of interest have been declared:

- Neil Sachdev, non-executive chair of the Board, is non-executive director of Network Rail’s Property Supervisory Committee.

5.7 Political and charitable contributions

During the year, EWR Co made no charitable or political donations.

5.8 Other material issues

Beth West joined as CEO of EWR Co on 1 April 2022. The Corporate Services Director, James Norman, resigned from EWR Co on 29 April 2022 and the Shareholder nominated NED, Joanna Whittington, resigned on 30 November 2022.

Following the year end, Samantha Turner joined as Chief Financial Officer, William Gallagher joined as Chief Strategy Officer and Caroline Botwood joined as the Shareholder nominated NED.

Other than those matters, there have been no material events that have, or are expected to, affect EWR Co since the end of this reporting period (31 March 2023).

5.9 Paying suppliers

Government policy on prompt payment is that in-scope organisations, such as EWR Co, should pay 80% of all undisputed invoices within 5 days, with the remaining undisputed invoices paid within 30 days.

	2020-21	2021-22	2022-23
Undisputed invoices paid within 5 days	90%	94%	93%
Undisputed invoices paid within 30 days	99%	98%	99%

5.10 Dividends

EWR Co does not generate a profit and receives all its funding from its Shareholder. No dividends will be distributed for the year ending 31 March 2023 or in the foreseeable future.

5.11 Contingent liabilities

EWR Co did not recognise any contingent liabilities on 31 March 2023.

5.12 Auditor

EWR Co continued to appoint the Comptroller and Auditor General (C&AG) in accordance with the Companies Act 2006 (CA 2006). The audit work is carried out by the National Audit Office (NAO) on the C&AG’s behalf. An audit fee of £77,000 (excluding VAT) was charged, and no non-audit work was carried out by the NAO.



The Directors’ Report is signed by Beth West, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 21 November 2023.



06.

Statement of Directors' and Accounting Officer's Responsibilities

6.

Statement of Directors' and Accounting Officer's Responsibilities

6.1 Directors' responsibilities under the CA 2006

Company law requires the Directors to prepare financial statements for each financial year.

Directors are required to follow the principles of the CA 2006 and International Financial Reporting Standards (IFRS). In line with the framework Document, they are also required to make additional disclosures under HM Treasury's FreM where this would improve understanding.

Under company law, Directors must not approve the financial statements unless they are satisfied that they are prepared on an accrual basis. They must give a true and fair view of EWR Co's state of affairs, and of EWR Co's surplus or deficit, application of resources, changes in equity and cash flows for that period.

In preparing financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards as set under IFRS have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that EWR Co will continue in operation.

The Directors are responsible for keeping proper accounting records that disclose at any time, and with reasonable accuracy, the financial position of EWR Co, and enable them to ensure that the financial statements comply with the CA 2006 and the IFRS. They are also responsible for safeguarding EWR Co's assets and for taking reasonable steps to prevent and detect fraud and other irregularities.

6.2 Accounting Officer's responsibilities

Under the Railways Act 1993 (and subsequent amendments), the Secretary of State for Transport has directed EWR Co to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. As a non-departmental public body of the DfT, EWR Co also requires an Accounting Officer to be appointed. The DfT has appointed the Chief Executive as Accounting Officer (AO) of EWR Co.

The AO shares, on an individual basis, many of the Directors' responsibilities listed above, as well as being accountable to Parliament for:

- Complying with the requirements of the Government Financial Reporting Manual including the relevant accounting and disclosure requirements, where this additional disclosure does not conflict with the Companies Act.
- Stating whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclosing and explaining any material departures in the accounts
- Safeguarding the public funds which have been allocated.
- Ensuring propriety and regularity in the handling of those public funds.
- The day-to-day operations and management of EWR Co.
- Satisfying themselves that the Annual Report and accounts are fair and balanced.
- Applying suitable accounting policies on a consistent basis
- Taking responsibility for the judgements used in the accounts.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for safeguarding EWR Co's assets, are set out in Managing Public Money published by the HM Treasury.

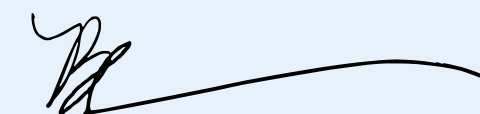
The Governance Statement within this document sets out how these responsibilities have been discharged in the FY 2022-23.

The Accounting Officer is responsible for signing the financial statements, supported by the Board and the Audit and Risk Committee. They are also responsible for ensuring that proper records are kept, and that the accounts are properly prepared and presented in accordance with CA 2006. The Accounting Officer also signs the Strategic Report, the Directors' Report, and the People and Remuneration Report, on behalf of the Board following Board approval.

Statement by the Accounting Officer:

I am able to confirm that, as far as the Directors and I are aware, there is no relevant audit information of which the auditors are unaware. The Directors and I have taken all the steps that ought to have been taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

I am able to confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable. I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that they are fair, balanced and understandable.



Beth West, CEO

The Statement of Directors and Accounting Officer's responsibilities is signed by Beth West, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 21 November 2023.



07.

Governance Statement

7.

Governance Statement

7.1 Structure and principles

Effective decision making is a critical success factor for EWR Co and the delivery of the Project. Operating in a highly complex stakeholder and regulatory environment, we work within a layered governance hierarchy as expected by Tier 1 Major Programmes within the UK.

These governance arrangements cover two major areas:

- **Programmatic governance:** referring to decision-making and monitoring of activities related to the delivery of EWR.
- **Corporate governance:** referring to decision-making and monitoring of other activities associated with the general running of the organisation.

EWR Co has adopted a governance policy which seeks to fulfil the requirements set out in the Framework Document established between EWR Co and the DfT. This policy has, where possible, been aligned with the Corporate Governance in Central Government Departments: Code of Good Practice.

To address corporate governance matters more explicitly, the Company's governance policy and supporting terms of reference seek to address the five principles outlined below:

Board leadership and company purpose

The terms of reference and composition of the Board have been established to promote the long-term sustainable success of EWR Co, generating value for the shareholder and contributing to wider society. The Board is tasked with establishing EWR Co's purpose, values and strategy, and does this through engaging closely with the Senior Leadership Team and other stakeholders.

Division of responsibilities

Appropriate divisions of responsibilities have been applied when establishing the Board and its Committees outlined in section 5.1. The Chair leads the Board and is responsible for its overall effectiveness in directing EWR Co. The Board and Committee compositions have been constituted in line with recommendations from the Code, reflected within appropriate terms of references, which are kept under annual review. Non-Executive Directors (NEDs) are encouraged to provide constructive challenge, strategic guidance, offer specialist advice, and hold management to account.

Composition, succession and evaluation

EWR Co Board appointments have, and will continue to be, subject to a formal, rigorous and transparent procedure. The Remuneration and Nomination Committee is charged with oversight of succession planning for both the Board and the Senior Leadership Team. Succession plans are based on merit and objective criteria promoting diversity. The Board is also subject to annual evaluation to consider composition, diversity and how effectively members work together to achieve objectives.

Audit, risk and internal control

Formal and transparent policies are in place across EWR Co to ensure an independent and effective discharge of internal and external audit activities that satisfy the integrity of financial and narrative statements. EWR Co is supported by the NAO and Government Internal Audit Agency (GIAA) to execute these duties.

Controls and policies appropriate to the size and level of maturity of EWR Co are implemented to manage risk in a proportionate manner that enables EWR Co to achieve its long-term strategic objectives.

During the period, the Board met every two months and receives appropriate information in relation to staff numbers, financial activity, and organisational performance to support effective decision making. During FY23-24, the Board will meet monthly.

Remuneration

EWR Co's remuneration policies and practices are designed to promote long-term sustainable success. EWR Co's Remuneration and Nomination Committee sets the overall remuneration policies for the company and is empowered to provide an independent challenge to the Senior Leadership Team to ensure these policies are duly implemented and are transparent and appropriate.

7.2 The Board

The EWR Co Board is specifically responsible under the terms of the Framework Document agreed between EWR Co and the Secretary of State for:

- Holding the Company's executive management team to account for the effective and efficient operation of EWR Co, and in particular its business plans.
- Establishing and taking forward EWR Co's strategic aims and objectives for delivery of the EWR project.
- Ensuring that the Secretary of State is kept informed of any changes which are likely to impact on EWR Co's strategic direction or on the attainability of its targets, and determining the steps needed to deal with such changes.

- Ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the DfT, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board considers guidance issued by the DfT.
- Ensuring that the Board receives and reviews regular financial information concerning the management of EWR Co; is informed in a timely manner about any concerns about the activities of EWR Co; and provides positive assurance to the DfT that appropriate action has been taken on such concerns.
- Demonstrating high standards of corporate governance always, including by using the independent Audit and Risk Committee to help the Board to address key financial and other risks.
- Appointing the Chief Executive in consultation with the Secretary of State and setting performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and utilisation of public resources.

Our aim, in accordance with the provisions of the Framework Document, is to create a Board composed of the following:

- Chair
- CEO
- Three to four NEDs appointed by the Chair, in conjunction with the DfT
- One NED nominated by the Shareholder (Secretary of State)

An additional executive director (normally the Chief Finance Officer)

At the financial year end the Board was composed of six statutory Directors – the Chair, CEO and four NEDs. Following the year end, an additional NED nominated by the Shareholder, a Chief Finance Officer and Chief Strategy Officer have been appointed.

Names of the Board members, dates of the Board meetings held during FY 2022-23, and Board members' attendances at those meetings are provided in Section 5.3.

Standing items at Board meetings typically included:

- Health and safety performance
- Review of previous minutes and actions
- Committee updates
- Forward planning
- CEO and Executive update (incorporating risk and financial reporting)
- Projects and Programme updates

7.3 The Chair

Neil Sachdev has been the Chair of the Board since 19 April 2021.

Communications between the Board and the Secretary of State normally take place through the Chair, who is responsible for ensuring that policies and actions support the Secretary of State's (and where relevant, other ministers) wider strategic policies and that EWR Co's affairs are conducted with probity.

The Chair has the following specific leadership responsibilities under the terms of the Framework Document:

- Formulating the Board's strategy.
- Ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or the DfT.
- Promoting the efficient and effective use of staff and other resources.
- Delivering high standards of regularity and probity.
- Representing the views of the Board to the public.
- Reporting annually on performance including that of the Board, supported by feedback, including peer review, to the Secretary of State or as delegated, and to share this with the DfT.

7.4 Non-Executive Directors

The Framework Document states that the NEDs should be composed of members that have a balance of skills and experience appropriate to directing the EWR Co's business.

The NEDs presented on Section 5.2 bring valuable skills from the rail, legal, engineering and finance sectors, and collectively have considerable experience in delivering and operating major infrastructure projects.

7.5 Board committees

As noted in Section 5.1, four Board Committees have been established:

Remuneration and Nomination Committee

This Committee sets the remuneration policies and reviews and advises on EWR Co's remuneration arrangements for staff and senior executives. The Chair is Lynette Ryals. The other Board members on the Committee are Anne Baldock, Dyan Perry and Beth West. Joanna Whittington was also a Committee member prior to her resignation. It met five times during FY 2022-23, with a primary focus on ensuring that EWR Co had adequate remuneration policies in place. A member of the DfT's shareholder team attends the Committee as an observer. Dyan Perry was unable to attend the meeting on the 7 July 2022 meeting and Joanna Whittington was unable to attend the meetings scheduled on 7 April 2022, 10 May 2022 and 7 July 2022.

Audit and Risk Committee

This Committee considers and monitors EWR Co's arrangements for risk management, governance and internal control. It's also responsible for validating the integrity of EWR Co's financial statements and Annual Report. The Chair is Anne Baldock. The other Board members on the Committee are Dyan Perry, Simon Murray and Lynette Ryals. Joanna Whittington and James Norman were both members of the Committee prior to their resignation. The Committee met five times during FY 2022-23 with a primary focus on maintaining EWR Co's risk and internal control processes. Dyan Perry was unable to attend the meeting on 19 May 2022 and 4 July 2022, and Joanna Whittington was unable to attend the meetings on 19 May 2022.

Investment Committee

This Committee considers major expenditure and investment items in accordance with EWR Co's Procurement Policy and corporate delegations of authority. The Chair is Simon Murray. The other Board members of the Committee are Anne Baldock, Neil Sachdev and Beth West. James Norman was a member of the Committee prior to their resignation. The Committee met eight times during FY 2022-23, with a primary focus on ensuring that EWR Co was carrying out procurement activity in accordance with its policies and delegated authorities. James Norman was unable to attend the meeting on 14 April 2022, Neil Sachdev was unable to attend the meeting on 16 June 2022 and Beth West was unable to attend the meeting on 16 February 2023.

Safety, Health and Environment Committee

This Committee is responsible for ensuring EWR Co maintains a safe, healthy and secure working environment across the organisation and complies with relevant statutory requirements. The Chair is Dyan Perry. The other Board members on the Committee are Simon Murray, Neil Sachdev and Beth West. This Committee met four times during FY 2022-23, with a primary focus on ensuring that EWR Co were implementing policies and procedures in line with the health and safety plan and considering EWR Co's potential impact on the environment. Neil Sachdev was unable to attend the meetings on 29 June 2022 and 27 February 2023.

7.6 Board evaluation

The Chair oversees and reviews the work of the Board and its members to ensure they are working effectively. An internal board effectiveness review was conducted in respect of the FY 2022-23 by written questionnaire. The Board have agreed a set of actions to implement during the 2023-24 period and will also conduct an external board effectiveness review in 2023-24.

7.7 Internal audit activity

The Board receives independent assurance from the internal audit work carried out by the GIAA. The table below shows the audits undertaken by the GIAA in FY 2022-23 alongside their audit opinions:

Review of:	Opinion
Land Survey Payments	Moderate
EWR Co Procurement processes	Moderate
Programme Management Governance Review	Moderate
Cyber Security Governance Review	Moderate
Onboarding of new staff	Limited
Overall	Moderate

Opinion classifications:	
Substantial	The framework of governance, risk management and control is adequate and effective
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective
Unsatisfactory	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 addition, the GIAA undertook a follow-up review of the ‘Key Financial Controls’ audit, which they had completed in the FY 2021-22. The outcome of this review was positive and the GIAA no longer provides an audit opinion to this type of ‘follow up’ activity.

The GIAA audit gave an overall Moderate assurance opinion in their annual report for the FY 2022-23. A Moderate assurance is the second highest level of four possible opinions.

The opinion means that some improvements are needed to enhance the effectiveness of the framework of governance, risk management, and control. The GIAA concluded that governance arrangements in the organisation are adequate and proportionate. The GIAA made recommendations to strengthen programme and project governance arrangements, controls and organisation structure in light with the renewed confidence and focus from the Government on delivering EWR as an enabler of sustainable economic growth. The GIAA noted there was a strong engagement from EWR Co throughout the year in scheduling and completing the internal audits and reviews and implementing actions and recommendations.

The GIAA has worked with the Audit and Risk Committee to agree a plan of Internal Audit work for FY 2023-24 which addresses the risks and challenges the Company faces.

7.8 Risk management

EWR Co takes an enterprise-wide approach to risk management, considering and managing risk at all levels across the business. The approach is based on ISO 31000 and aligned to HM Treasury Guidance, Orange Book Risk Control Framework, and the Cabinet Office Framework for the Management of Risk in Government. We are committed to implementing a risk management strategy which adopts risk management best practice and aims to produce an integrated, visible and consistent methodology to deliver EWR strategic goals and objectives.

Risk governance is applied through the existing EWR Co governance structure, shown on page 43, and risk is a standing agenda item at all associated meetings. The EWR Co Board has overall responsibility for risk management on EWR and is responsible for setting EWR Co’s risk appetite.

We know the importance of managing risk in such a complex and uncertain political environment, with a high level of third party and stakeholder interface, engagement and interaction. Understanding and managing the emerging risks to EWR is a key activity supporting successful delivery of planned outcomes. To support this, EWR Co uses specialist risk management tools and resource, and our documented risk management approach, along with the corporate risk appetite, is reviewed and updated on an annual basis as the project context develops.

7.9 Risk assessment FY 2022-23



During FY 2022-23 our risk management approach has continued to evolve, embedding risk management processes and principles to drive a proactive risk management culture across the business. Cross-business risk activities are in place supporting the capture and ongoing management of risk across all areas of the business including strategic risks. Risk activities are supported by specialist risk management resource and deployment of best practice risk tools and risk assessment techniques. EWR Co uses a 5x5 scoring method for impact and likelihood to determine the level of risk as set out in the Risk Management Framework. This provides a high, medium and low risk rating which ensures we assess our risks in a consistent way, and focus resources on the most significant risks to the organisation. This method is in operation across the project as well as at a strategic level.

7.10 Identification, mitigation and control of strategic risks

We use our Enterprise Risk Management (ERM) Framework to manage risks across the business including delivery risks, strategic risks, inherent business risks such as business disruption, fraud and bribery, governance and process compliance.

Strategic risks are reviewed at least quarterly by the Senior Leadership Team and supported by six-monthly horizon scan and deep dive activities. These risks are reported to the Audit and Risk Committee quarterly, in addition to an annual or six-monthly deep dive.

The table below sets out the strategic risks we are managing throughout the year, key response measures to manage them, their assessment and risk movement as at year end.

Key			
Risk assessment at the end of March 2023	 High	 Medium	 Low
Risk movement (within the quarter to end of March 2023)	Risk increase	Risk decrease	No risk movement

Risk description	Key response measures
Affordability pressure due to inflation and competing projects (external causes) impacting on public finances. 	EWR Strategic Goals will focus on reducing costs of the railway materially in order to reduce affordability risk. Project budgets will be set to deliver in a cost-effective manner and costs will be monitored regularly to track progress. The Delivery Strategy will focus on how to achieve the EWR Co's strategic goals.
Failure to secure the DCO for the project, either because EWR Co fails to provide sufficient evidence of adequacy of consultation and a robust and evidence-based case for the project, or because environmental impacts have not been adequately mitigated in line with environmental legislation. 	Ensure that sufficient consultation is carried out and that the outcomes of consultation are adequately documented. Strengthen the relationship with Planning Inspectorate to understand minimum submission requirements and resource constraints. Ensure sufficient progress on design is made to support delivery of environment and land activities. Upskill EWR workforce to understand DCO and associated environment criticalities. Ensure that all the processes for, and requirements of, the DCO application process are followed. Ensure thorough assurance and approval processes are in place for all deliverables. Engage with Government, e.g. the DfT and Department for Environment, Food and Rural Affairs to obtain greater clarity on expectations and provision for delivering those expectations. Engagement with supply chain through cross-sector collaboration and Rail Safety and Standards Board Infrastructure Carbon Working Group. Execution of the Net Zero Carbon Action Plan.
EWR is a controversial high-profile project and could be the target for objection and public hostility at certain locations. 	Environmental media campaign and liaison with local stakeholders, e.g. local authorities and landowners. Monitor protester and security threats, and plan response measure accordingly. Incident management plans and teams, and briefings on managing protester situations. Enhanced training for engagement with communities to be undertaken.
Business Disruption:	SIRO Maturity Model Project is being designed to achieve level 3 out of 5, which will provide the foundation to achieve ISO 27001 Certification. Project plan details mitigation activities.
There is a risk that Cyber or Security Material Breach will reduce the ability of EWR Co to function effectively. This would lead to significant disruption and delay to short- medium term milestones, reputational damage and additional costs. 	Ensure IT systems and access available to support flexibility and business continuity - Ongoing action as part of IT process. Establish routine review of Business Continuity Disaster Recovery (annual update). Cyber Essential Plus Certification (annual update). Implementing Cyber Learning, including cyber refresher training to all EWR Co staff. Annual testing of EWR Co's Business Continuity Plan.

EWR Co level of agility required to railway industry uncertain-structural change.

There is a risk that EWR Co as a Special Purpose Vehicle for delivering EWR is unable to deliver the overall programme objectives in light of the potential changes within the railway industry.



Loss of or change in key people. There is a risk that EWR Co may not have the right capability at the right time due to inability to attract and retain key talent in the organisation.



Uncertainty around the support for EWR from an incoming Government: If there is a change in Government following the next General Election, there is a risk of losing government support to the project due to conflicting investment priorities.



Supply chain capability, agility and capacity: Disruption to global supply chains, increases in the costs of energy and other external factors are already increasing the prices of specialist skills and key materials and might in future impact on their supply and agility.



Active engagements with GBR Transition Team and the DfT to agree the long-term vision for EWR as a programme and therefore the appropriate role for EWR Co within the wider industry reforms.

Establish a clear narrative about EWR Co as a good testbed for the wider reform happening in the Rail Industry - with particularly focus on Asset Management and Maintenance from CS1 onwards.

Demonstrating the value EWR Co have in its local focus and its ability to drive the realisation of the wider benefits.

Quarterly business plan review process to right-size planning and resourcing.

Ensure clear strategies for resourcing and recruitment policies are implemented for fast and slick recruitment, onboarding, induction and mobilisation of resources, supporting the overall Delivery Strategy.

Succession planning undertaken at Senior Leadership Team level, alongside talent, capability, succession and vitality programmes across the organisation.

Ensure that organisation development activities are joined up and provide support EWR new Ways of Working and to meet EWR Co's Purpose, Vision and Mission.

Develop Pay and Reward Strategy, including fair and transparent motivation/bonus system, as part of overall People Strategy.

Active engagement with local authorities as part of the wider Benefit Realisation Strategy.

Launch new engagement strategy with local communities to boost support and manage objections.

Build on positive momentum with local businesses and potential champions for the project.

Long term development and sharing of pipeline with the market (e.g. a 12-18 month look ahead).

Collaboration with the DfT and other arm's-length bodies (in particular HS2 and National Highways) and Group Commercial Board where appropriate.

Development and monitoring of procurement pipeline.

Development of a Delivery Strategy (and subsequent Commercial/Procurement Strategy) that reflects the external environment, market capabilities and the long-term vision for EWR.

Work with the Technical Partner to understand how design could be best optimised and who is the supply chain to deliver (modular types, early warning).

Understand Tier 2 and below (suppliers) business models and cost structure.

7.11 Information assurance and security

We remain appropriately registered with the Information Commissioner's Office with regards to Data Protection.

7.12 Conclusion

EWRC has continued to mature as an organisation, adapting as programme requirements have changed. As Accounting Officer, I am confident that there is a sound system of internal control that supports the achievement of the Company's current policies, aims and objectives. In arriving at my conclusion, I have considered the annual audit opinion of the Head of Internal Audit and the management letter of the NAO. This report is for the financial year 2022-23 and, in relation to significant balance sheet events, to the date of signing.



The Governance Statement is signed on behalf of the Board by Beth West, Chief Executive and Accounting Officer, on 21 November 2023.



08.

**People and
Remuneration
Report**

8.

People and Remuneration Report

Our people – an engaging place to work

8.1 Employee engagement

EWR Co has revised its People Strategy with the headline of “To be an inspirational place to work, filled with bright, motivated technical experts”. This strategy is underpinned by five principles which have set our strategic people aims for FY 2023-24:

- A positive employee experience
- Equality, diversity and inclusion
- Strong performance management
- Fair and transparent pay and reward
- Development for all

The motivation and engagement of our colleagues is a key driver in helping us achieve our organisational Purpose, Vision and Mission. Although we did not run a staff engagement survey in FY 2022-23. We are committed during FY 2023-24 to launching an annual cycle of engagement surveys which will enable us to put into place a clear action plan tackling the issues important to our people.

Our people are empowered to set objectives directly linked to our strategic goals, and during 2023 we will be launching a new process for performance management and development planning.

One of our principles of the People Strategy is “Development for all”, and in FY 2022-23 we spent £354,118 on training and education, equating to £1,871 per employee. We launched our first comprehensive Senior Leadership Programme, which will continue during FY 2023-24, and we will also launch our first Management Development Skills Programme. We are also focusing on team development to support the cross-functional team-working as part of our operating model.

We empowered our employees to come together to look at the culture and behaviours which EWR Co wishes to foster, and we have further developed our internal communications to be the hub for this. On-the-spot and annual awards help to encourage the four behaviours that are at the heart of our Company.

There were no formal staff consultations in 2022-23.

Staff turnover of permanently employed employees increased to 24.7% (FY 2021-22:14%). We have developed our exit interview process and have used this information to develop our People Strategy and its strategic aims. We will be undertaking more analysis of this rate during FY 2022-23 to understand how it compares with similar entities and how the rate varies by different characteristics.

Our people – an inclusive place to work

8.2 Equality, diversity and inclusion

One of the key principles of our People Strategy is Equality, Diversity and Inclusion (EDI). We shall ensure that they underpin everything people-related across the organisation, in particular:

- Creating an engaging and inclusive environment where people and customers are treated fairly, with respect and without bias.
- Empowering people to contribute openly, share their opinions and ideas, and to grow and develop.
- Embracing diverse cultures, behaviours and mindsets.
- To bring this to life, managers are expected to lead from the top and should:
 - Engage: Recognise individual uniqueness, be inclusive.
 - Empower: Share; give people appropriate freedoms, not limitations.
 - Encourage: Inspire bravery and create a safety net.
 - Enable: Remove barriers and honour appropriate efforts.
 - Embrace: Demonstrate empathy and humility.

EWR Co. piloted EDI training for 12 employees, based on these five principles. In FY 2023-24, the training will be mandatory for all managers.

In FY 2022-23 we delivered the following:

- EWR Co's Accessibility Advisory Panel was launched in November 2022. The pioneering panel aims to ensure the varying needs of disabled people are fully met by EWR Co. Following the end of the financial year, the panel met for the first time.
- Developed EWR's Customer Experience Inclusion Outcomes, as well as embedding inclusion across the wider set of customer outcomes.
- Examined the enterprise model across the whole piece, as inclusion is a transversal service, touching any number of other services. Ensured that inclusion has been considered in all areas of the design and eventual operation of EWR.
- Engaged across the business to raise awareness of diverse inclusion requirements, and to feed into requirements such as station design and rolling stock design.

- Completed an equality impact assessment during the development of EWR's Need to Sell Property Scheme and recommended improvements to ensure an inclusive, accessible and considerate approach will be implemented during the FY 2023-24.
- Overseeing delivery of social value commitments secured in contracts with scheme development partners, and promoting social value and inclusion in EWR Co's future procurement activities.
- Appointed a research partner with an inclusion focus, to ensure that inclusion is considered at every stage of EWR Co's customer research programme.
- Carried out an exclusion audit of Bletchley Station for discussion with the EWR Alliance on an action plan to maximise inclusion.
- Created the Inclusion and Social Value Professional Home as part of the new Ways of Working.
- Received a Clear Assured Bronze Standard Award. This is awarded to businesses that have shown that diversity and inclusion are reflected across all policies and processes. It also marks a move beyond compliance towards a cultural shift where diversity and inclusion is well on the way to becoming embedded in the day to day experiences of colleagues.

8.3 Staff composition

The table below shows the percentage of women in senior leadership and other positions. This is based on the 212 staff (excluding Non-Executive Directors) at EWR Co on 31 March 2023.

The average overall proportion of female employees in FY 2022-23 is 38.5%, which remains stable from 42% in the previous year. While this stems, in part, from the historic lack of diversity in the transport sector, the ratio of female to male staff at EWR Co is better than the industry average. However, we are committed to working towards improving this figure across all levels of the organisation.

Our analysis revealed that a significant proportion of employees had not shared equality data and hence we are unable to provide accurate data in relation to our employees from ethnic minorities and employees with disabilities, therefore we will be working to understand why this is the case and encouraging more people to share this with our People and Culture Team during FY 2023-24.

The following should be noted:

- Staff composition covers the following categories of EWR Co employees: pay-rolled, agency, secondees.
- Senior leadership comprises the EWR Co. Board of Directors and the Executive Team.

Proportion of women	Senior leadership	Other grades	Overall
As at 31 March 2023	46.2%	38.3%	38.5%

8.4 Pay gap

We want to offer transparency to our staff and the wider public and to hold ourselves to account for eliminating gaps where these have been identified. The median gender pay gap is 25%, which means women earn 75p for every £1 that men earn when comparing median hourly pay. When comparing mean (average) hourly pay, women’s mean hourly pay is 16.83% lower than men’s. We could not establish whether there were ethnic or disability pay gaps as the populations were not statistically robust. During FY 2023-24 we are carrying out a Pay Parity Review across the organisation, which will include further investigation of Gender Pay Gap, and indeed any other pay gaps where possible.

Paying our employees fairly and equitably relative to their role, skills, experience, and performance is central to our reward strategy. We review and challenge job evaluation and reward structures on an ongoing basis to ensure that colleagues are paid fairly, and so we are confident that our gender pay gap does not reflect an equal pay disparity.

8.5 Recruitment and retention

We review and improve job descriptions to attract talent from all genders, ethnicities and abilities, especially those that are under-represented. We run educational, supporting and promotional events to improve understanding of equality representation, as well as the actions listed in Section 8.2 above.

8.6 Disability statement

To discover the best solutions, it’s important we embrace diversity of thought. That’s why we aim to ensure our colleagues feel included, engaged, and valued. Inclusiveness is not a buzzword, but a way of being. Our approach to diversity is simple – a workplace where everyone is welcome, and everyone is encouraged to be themselves. It helps fuel our innovation and connects us with the customers and communities we serve.

We know the obligation we have towards all our employees, and the community at large, to ensure that people with disabilities are given equal opportunities to enter employment, and progress within the organisation. We are certified as Disability Confident Committed. As part of this commitment, we ensure that:

- Our recruitment process is inclusive and accessible.
- We offer interviews to all disabled people who meet the minimum criteria for the job.
- We anticipate and provide reasonable adjustments as required.
- We support any existing employee who acquires a disability or long-term health condition, enabling people to stay in work.
- We run activities that will make a difference for disabled people.

Our people – a safe place to work

8.7 Health and safety leadership

The EWR Co Board and Senior Leadership Team are collectively responsible for providing health, wellbeing, safety and security (HWSS) leadership across EWR Co and promoting HWSS principles. These are described in the EWR Co’s Health and Safety Policy, approved by the Board and are referenced in all supporting processes and procedures which form our Health and Safety Management System.

8.8 Health and Safety Management System (HSMS)

The HSMS underpins and describes our roles and responsibilities under applicable and specific, health and safety legislation, as well as recognised industry practice and supporting standards. Continued good progress was made during the year developing our HSMS in accordance with the ISO 45001:2018 standard with development of critical process aligned to EWR Co's risk profile.

We have integrated our approach to certification of all other business systems (Quality and Environmental Management) to ensure a consistent and coordinated approach to system effectiveness throughout the business and a unified certification approach which is being taken forward into the FY 2023-24. The focus of the system's integration is to reduce duplication of similar processes, simplify our process architecture, and to bring to life those processes with appropriate media, briefing and training of our staff.

An ongoing improvement action plan is in place for the further development of the HSMS and supporting procedures for 2023. The aim of the forward programme of improvement is to bring to life the EWR business outcome 'Safe and Secure' and to ensure that the critical elements and themes of this outcome are brought to life within our systems, processes, through innovation, and through our people, partners and suppliers.

8.9 Health and safety performance

EWR Co's core business activities, CS2 and CS3 business operations have not experienced any lost-time or reportable employee or supply-chain related accidents or safety-related incidents to date. The Lost Time Injury Frequency Rate (LTIFR) and Accident Frequency Rate (AFR) remains at zero for core, CS2 and CS3 activities across our office-based operations, site survey activities and public engagement events.

EWR Co's physical works during the year were mostly limited to site visits across all connection states, including assurance of CS1 operations with the EWR Alliance and Network Rail, and non-intrusive survey works for CS2 and CS3 design activities.

Network Rail, through the EWR Alliance and CS1 activities, is responsible for the health and safety management of all physical capital delivery works being delivered between Bicester and Bletchley for CS1. We maintain an oversight role for these operations, supporting performance improvement via the owner organisation and EWR Alliance, with ongoing engagement, communication and site performance monitoring as part of our ongoing assurance activities.

The EWR Alliance reported zero reportable events under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and zero lost-time injury events in the period. Consequently, the EWR Alliance cumulative AFR and Lost Time LTIFR are both at zero, against 2022/2023 targets of 0.09 and 0.120 respectively. The cumulative Fatality Weighted Index (FWI) rate is 0.001 against a 2022-2023 target of 0.049.

We continue to track and monitor all events and incidents reporting from CS1, and whilst we have seen a positive and proactive increase in the raising of 'Close Call' events from all areas of the railway construction environment, the management of buried services and utilities remains an area of focus for us with four incident events occurring in the period. Proactively, this key risk area is a continual area of focus for the EWR Alliance in the monthly 'stand-up' events, health and safety communications and briefings, as well as through activity planning and toolbox talk moments.

8.10 Health, Wellbeing and Safety Training

We launched a series of training events during the period addressing improvement of competence within EWR Co. Key activity areas included:

- Senior Executive Health & Safety Leadership;
- Emergency personnel training for office facilities (first aid & fire);
- Construction Design & Management (CDM) awareness;
- Health & Safety Induction; and
- Home working assessment and display screen equipment use.

We have taken the opportunity through our new Ways of Working and organisational change, to overhaul and review our approach to health and safety training across all business areas. With a focus on addressing key business risks, individual needs analysis, addressing specific competencies required for key roles, and the identification of key training interventions moving forwards.

8.11 Mental health and wellbeing

Critical to the performance of EWR Co is our attention to the wellbeing of our people and the support that we provide our teams and other stakeholders in terms of their mental health and overall wellbeing, especially important in terms of our hybrid working in both the office workplace and home environments.

With the engagement of our Occupational Health Provider, we have increased the profile of health and wellbeing in the period through the provision of various networks, increased communications and promotion, training, and general support networks and systems. This has included

- A series of specific and regular webinars and lunch and learn sessions addressing topical issues and themes;
- Publication of a newsletter promoting key issues and addressing feedback from all staff;
- Improved promotion of our Employee Assistance Programme (EAP) and Mental Health First Aider (MHFA) support network;
- Regular personal health consultation sessions at our Grafton Mews office;
- Training to line management of wellbeing awareness; and
- ‘Tea on Teams’ and ‘Deskercise’ (personal fitness at home) drop-in sessions.

To provide improved focus moving forward, a strategy on occupational health and wellbeing (OHWB) was prepared and will be developed in FY 2023-24. This will include all partners and suppliers and be kept under review by our Joint Health and Safety Forum.

8.12 Sickness absence data

Employee absences are recorded when staff are sick for two or more days concurrently. This amounted to 44 individuals and 537 days (FY 2021-22: 28 individuals and 295 days). The year-on-year increase in individuals is mainly due to the 41% increase in permanently employed staff, whilst the volatility in days absent is mainly due to long-term conditions impacting a small number of colleagues. We will continue to monitor our sickness absence data to identify any trends and proactively address them.

8.13 Trade union representation

None of the permanent staff were trade union representatives during FY 2022-23, consequently no trade union facility time was undertaken.

Paying our people

8.14 Procedures for developing policy and determining remuneration

The Remuneration and Nomination Committee is required under the Framework Document to comply with HM Treasury guidance relating to staff pay and terms. Chief Secretary to the Treasury approval is required in relation to any remuneration packages above the senior pay approval threshold of £150,000 or any performance related pay arrangements that exceed the threshold of £17,500.

In deciding its policy, the Committee assesses where to position EWR Co in respect of remuneration matters relative to other companies and the requirements of the Company’s business and operations.

Section 7.5 provides further information about the Remuneration and Nomination Committee.

8.15 Statement of Remuneration Policy

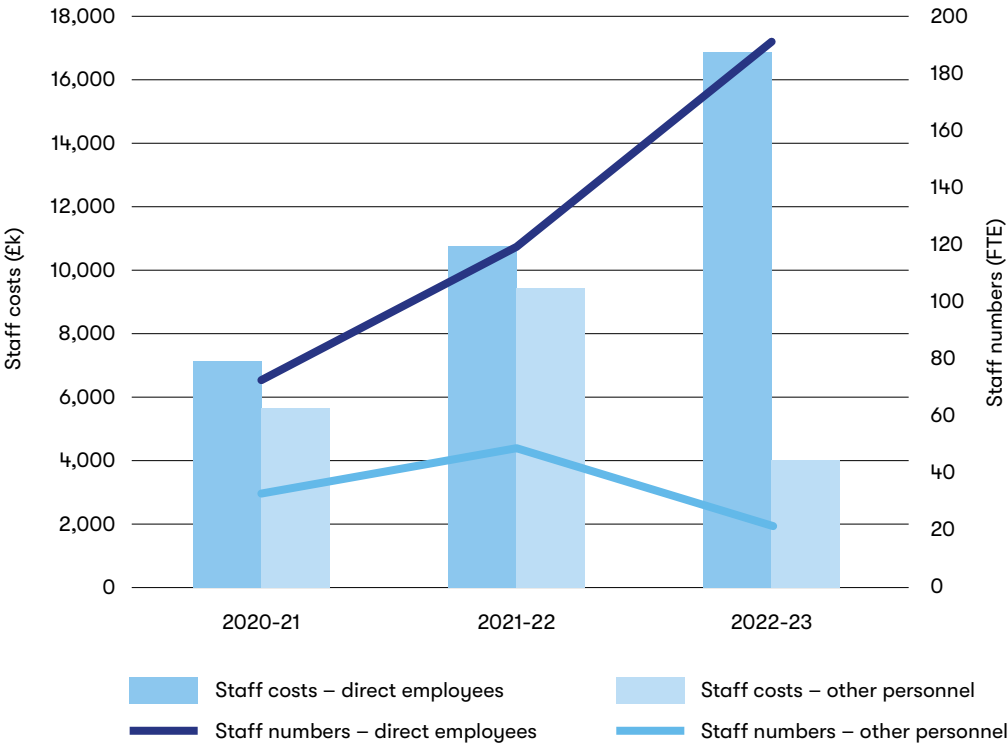
The Remuneration Policy is to:

- Provide a compensation package to attract, motivate and retain high quality employees to deliver the mission and strategy of EWR Co.
- Reward sustainable business performance and demonstration of EWR Co’s values and behaviours.
- Ensure levels of compensation are competitive and appropriately benchmarked against other organisations.

8.16 Staff costs and numbers (audited)

All values in £000			2022-23	2021-22
	Direct employees	Other personnel	Total	Total
Wages and salaries	13,476	4,213	17,689	17,963
Social security costs	1,733	-	1,733	1,039
Pension costs	1,529	-	1,529	925
Non-executive director fees	168	-	168	171
Total staff costs	16,906	4,213	21,119	20,098

Average number of people employed (measured as full-time equivalents)	Direct employees	Other personnel	Total
2022-23	189.3	20.1	209.4
2021-22	118.0	50.0	168.0



8.17 Performance related pay (PRP)

An interim scheme called Going the Extra Mile (GEM), which rewards employees (including non-Board Directors), continued in FY 2022-23. The scheme was operated quarterly through submissions by the leadership team and validated by the Senior Leadership Team.

The maximum amount of any single award is £2,000 per person per year and is split into strong input (£501-£1,000), significant contribution (£1,001-£1,500) and exceptional impact (£1,501-£2,000).

79 nominees received payments under the scheme worth £81,350 of payments which was within an allocated budget of £160,000 for the year.

The current CEO, Beth West, is not eligible for PRP. No PRP was paid to the previous CEO, Simon Blanchflower, in FY 2021-22.

8.18 Pay review

EWR Co is required to apply the Government’s approach to public sector pay policy, to ensure that pay awards are fair to public sector workers and to the taxpayer. In 2022, employees who joined EWR Co before 1 April 2022 received a 2% pay rise with effect from 1 April 2022. This pay rise was aligned to the Civil Service pay remit guidance. For FY 2023-24, we have sought and obtained a 4.5% pay increase as per the Civil Service recommendation.

During FY 2023-24, we will also be carrying out an internal parity review of all salaries, ensuring that we take into consideration any identifiable pay gaps.

8.19 Fair pay disclosures (audited)

We are required to disclose the relationship between the remuneration of the highest-paid director/employee in our organisation and the lower quartile, median and upper quartile remuneration of our workforce, which includes ‘Other personnel’ in the disclosures below.

The removal of the headcount cap during FY 2021-22 allowed EWR Co to fill roles that tended to be lower-paid and also to replace consultants with less expensive permanent employees. These factors reduced the ratios year-on-year in the table below. These ratios will fluctuate reflecting changes in the skills and experience mix required as the project matures.

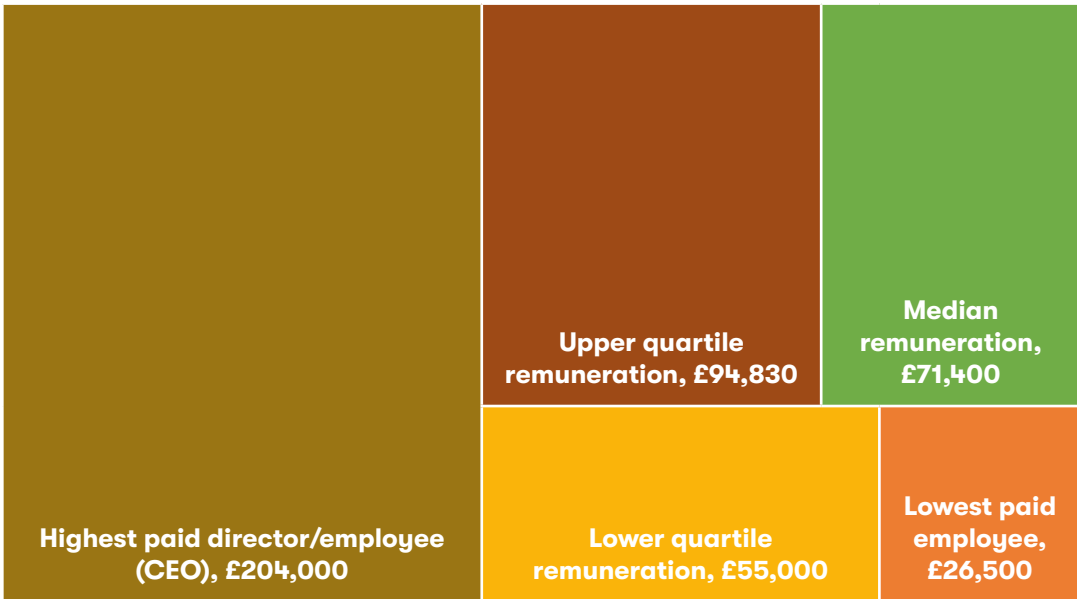
The percentage change in salary, allowances and performance pay from the previous financial year in respect of the highest paid director was -9.1%.

The average percentage change in salary, allowances and performance pay from the previous financial year in respect of the employees of the entity taken as a whole was -21.0%.

	2022-23	2021-22
Highest paid director (CEO)	£204,000	£224,400
Upper quartile remuneration	£94,830	£96,000
Median remuneration	£71,400	£75,000
Lower quartile remuneration	£55,000	£57,000
Lowest paid employee	£26,500	£27,540
Ratio of highest pay to upper quartile pay	2.2	2.3
Ratio of highest pay to median pay	2.9	3.0
Ratio of highest pay to lower quartile pay	3.7	3.9

An annualised figure of staff in post at year-end has been used to better reflect contractual salary. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It excludes employer pension contributions and severance payments.

The diagram below shows how the pay at each threshold compares to the highest paid director.



There was a reduction to the salary, allowances, performance pay and bonuses payable to the highest paid director (the CEO) during the year, compared to the prior year.

The average salary and allowances in the year was £71,189 (FY 2021-22: £72,700) and the average bonus or performance payment was £1,030 (FY 2021-22: £1,079).

8.20 Pension entitlements

Employees of EWR Co are eligible to participate in a defined contribution pension scheme, in which the Company matches the employee’s contribution on a 2:1 basis, up to a maximum employer contribution of 12%. The pension scheme is managed on the Company’s behalf by Royal London. Employer’s contributions for the year were £1.5m (FY 2021-22: £0.9m). Monthly payments, totalling this amount, were made throughout the financial year.

Staff on secondment from the DfT and other government departments and agencies are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The scheme is an unfunded defined benefit scheme and liability rests with their employer, not EWR Co.

Staff on secondment from other commercial entities are covered by the provisions of that entity’s scheme, where applicable, and liability rests with the seconding company and not EWR Co.

8.21 Redundancy payments (audited)

No exit packages were agreed during FY 2022-23 (FY 2021-22: none).

8.22 Directors’ remuneration

The Remuneration and Nomination Committee meets at least three times a year (every two to four months).

No Director is involved in deciding his or her own individual remuneration.

Levels of remuneration for the non-governmental NED is intended to reflect the time commitment and responsibilities of the role. The shareholder-nominated or governmental Directors are not paid by EWR Co. The NED nominated by the Shareholder resigned on 30 November 2022 and the process to fill the vacancy was completed following the year end.

8.23 Executive Directors (audited)

The Executive Directors’ remuneration has been designed to promote the long-term success of EWR Co. Their respective earnings consisted of a base salary, a defined contribution pension scheme, and an incentive bonus. The bonus links corporate and individual performance with an appropriate focus on delivery targets, and the balance between short and long-term elements.

Executive Directors’ remuneration		Salary	Pension payments	Total
All figures in £				
Beth West (the highest paid director) 01/04/2022 – to date	2022-23:	204,000	24,480	228,480
	2021-22:	n/a	n/a	n/a
James Norman 22/07/2021 – 29/04/2022	2022-23:	12,333	1,480	13,813
	2021-22:	148,000	17,760	165,760

No Executive Director received pay related to their performance or any taxable benefits.

8.24 Non-Executive Director Fees (audited)

All figures in £	Appointment date	Resignation date	Fees 2022-23	Fees 2021-22	Principal position held elsewhere at 31 March 2023
Rob Brighthouse	03/12/2018	18/04/2021	-	2,354	n/a
Neil Sachdev (Chair)	19/04/2021	-	75,000	71,635	NED
Anne Baldock	26/02/2019*	-	19,200	19,867	NED
Dyan Perry OBE	26/02/2019*	-	19,200	19,867	CEO at HS1 Ltd
Simon Murray	26/02/2019*	-	19,200	19,867	NED
Lynette Ryals	01/11/2020	-	20,000	20,000	CEO at MK:U Ltd
Joanna Whittington	01/10/2020	30/11/2022	-	-	Civil Servant

*Also re-appointed on 01/02/2022

Fees are payable to all NEDs, with the exception of the NED nominated by the Shareholder (Secretary of State), who is normally a Civil Servant. Joanna Whittington was the shareholder nominated NED from 1 October 2020 to 30 November 2022 and received a salary from the government department that employs her.

The level of remuneration paid by EWR Co to the non-governmental NEDs reflects the time commitment and responsibilities of the role.

Simon Murray, Dyan Perry and Anne Baldock were re-appointed on 1 February 2022 and accepted new terms of appointment. They each receive a fee of £19,200 per annum which includes chairing a Committee. Under the previous terms of appointment, they each received a fee of £15,000 per annum plus an additional £5,000 pa for chairing a Committee. Lynette Ryals remained on the previous terms of appointment and received a fee of £15,000 per annum plus an additional £5,000 pa for chairing a Committee. The Chair is paid £75,000 per annum for 2 days per week.

8.25 Off-payroll appointees

As part of the review of tax arrangements of public sector appointees published by the Chief Secretary to HM Treasury in 2012, public bodies were asked to report on their off-payroll engagements. Data on these appointments are set out below. We ensure compliance with the off-payroll (IR35) working rules by hiring consultants through agencies.

Off-payroll engagements earning £245 per day or greater at the reporting date

Table 1	31 March 2023	31 March 2022	31 March 2021
Number of existing engagements at the reporting date	18	28	56
Of which:			
Less than 1 year at the reporting date	12	19	47
Between 1 and 2 years at the reporting date	4	8	4
Between 2 and 3 years at the reporting date	2	1	5

Off-payroll workers engaged at any point earning £245 per day or greater during the reporting period

Table 2	2022-23	2021-22	2020-21*
Number of off-payroll workers engaged during the financial year	51	118	64
Of which:			
Number not subject to off-payroll legislation	51	93	64
Number subject to off-payroll legislation and determined in scope of IR35	-	-	-
Number subject to off-payroll legislation and determined as out of scope of IR35	-	-	-
Number of engagements reassessed for compliance or assurance purposes during the year	-	25	-
Of which: Number of engagements that saw a change in IR35 status following reassessment	-	-	-

Off-payroll engagements of board members and/or, senior officials with significant financial responsibility during the reporting period

Table 3	2022-23	2021-22	2020-21
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility during the financial year	-	-	-
Total number of individuals, including off-payroll engagements, that have been deemed board members, and/or senior officials with significant financial responsibility, during the financial year	6	6	6



The People and Remuneration Report is signed by Beth West, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 21 November 2023.



09.

**Parliamentary
accountability
and auditor's
report**

9.

Parliamentary accountability and auditor's report

9.1 Losses and special payments (audited)

Losses may relate to cash and store losses, book-keeping losses, losses arising from a failure to make adequate charge for the use of public property or services, fruitless payments, claims abandoned and fraud. Special payments include extra-contractual, special severance, ex gratia and compensation payments. EWR Co did not incur any losses or special payments as of 31 March 2022 or 31 March 2023 that need to be disclosed.

9.2 Remote contingent liabilities (audited)

Remote contingent liabilities are potential obligations where the likelihood of a transfer of economic benefit in settlement is judged remote. As a result, they do not meet the IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) criteria for disclosure in the annual accounts but are presented here for transparency purposes.

EWR Co did not expose itself to any remote contingent liabilities as of 31 March 2022 or 31 March 2023.

Contingent liabilities for which the probability of crystallisation is rated as greater than remote are disclosed in Note 11 to the Financial Statements, which also shows that EWR Co did not enter into any contingent liabilities as of 31 March 2022 or 31 March 2023.

9.3 Regularity of expenditure (audited)

All expenditure has complied with the regularity of expenditure requirements set out in HMT guidance.

9.4 Government Functional Standards (audited)

EWR Co will develop its plans to comply with HMT Functional Standards in 2023-24.

9.5 Independent Auditor's Report to the members of East West Railway Company Limited

Opinion on financial statements

I have audited the financial statements of East West Railway Company Limited for the year ended 31 March 2023.

The financial statements comprise East West Railway Company Limited's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of East West Railway Company Limited's affairs as at 31 March 2023 and its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of East West Railway Company Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that East West Railway Company Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the People and Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of East West Railway Company Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

- the financial statements and the parts of the People and Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- a corporate governance statement has not been prepared by the parent company; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within East West Railway Company Limited from whom the auditor determines it necessary to obtain audit evidence;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the People and Remuneration Report, in accordance with the Companies Act 2006; and
- assessing East West Railway Company Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of East West Railway Company Limited's accounting policies, key performance indicators and performance incentives.
- inquired of management, East West Railway Company Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to East West Railway Company Limited's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including East West Railway Company Limited's controls relating to East West Railway Company Limited's compliance with the Companies Act 2006 and Managing Public Money;

- inquired of management, East West Railway Company Limited's head of internal audit and those charged with governance whether:
- they were aware of any instances of non-compliance with laws and regulations; and
- they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within East West Railway Company Limited for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of East West Railway Company Limited's framework of authority and other legal and regulatory frameworks in which East West Railway Company Limited operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of East West Railway Company Limited. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Other auditor's responsibilities

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

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

Sarah Che (Senior Statutory Auditor)

22 November 2023

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



10.

Financial Statements

for the year ending
31 March 2023

10.

Financial Statements for the year ending 31 March 2023

Statement of comprehensive net expenditure

<i>All values in £000s</i>	Note	Year ended 31 March 2023	Year ended 31 March 2022
Expenditure			
Staff costs	3	21,119	20,098
Other expenditure	4	43,859	53,463
Depreciation and amortisation	4	840	847
Total Expenditure for the year		65,818	74,408
Finance and other non-cash costs	4	19	12
Net Expenditure for the year		65,837	74,420
Comprehensive net expenditure for the year		65,837	74,420

The Notes on pages 103 to 117 form part of these financial statements.

Statement of financial position

<i>All values in £000s</i>	Note	31 March 2023	31 March 2022
Non-current assets			
Property, plant and equipment	5	967	1,544
Right of use assets	6.1	280	423
Total non-current assets		1,247	1,967
Current assets			
Trade and other receivables	7	1,296	2,399
Cash and cash equivalents		2,663	196
Total current assets		3,959	2,595
Total assets		5,206	4,562
Current liabilities			
Trade and other payables	8	6,990	9,314
Lease liabilities	6.2	197	173
Total current liabilities		7,187	9,487
Non-current liabilities			
Lease liabilities	6.2	104	323
Total net assets/ (liabilities)		(2,085)	(5,248)
Taxpayers' equity			
General reserve		(2,085)	(5,248)

The Notes on pages 103 to 117 form part of these financial statements.



Signed by Best West
Chief Executive Officer & Accounting Officer
21 November 2023
Registered company: 11072935

Statement of cash flows

<i>All values in £000s</i>	Note	Year ended 31 March 2023	Year ended 31 March 2022
Cash flows from operating activities			
Net Expenditure for the year		(65,837)	(74,420)
Adjustments for:			
(Increase) / decrease in trade and other receivables	7	1,103	(1,047)
Increase / (decrease) in trade and other payables	8	(2,324)	3,901
Depreciation	4	840	847
Loss on disposal of fixed assets	4	-	2
Other (non-cash) costs	4	2	4
Net cash outflow from operating activities		(66,216)	(70,713)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(121)	(311)
Net cash outflow from investing activities		(121)	(311)
Cash flows from financing activities			
Capital contribution from Shareholder		69,000	71,150
Repayment of borrowings and leasing liabilities		(213)	(177)
Lease interest		17	6
Net cash inflow from financing activities		68,804	70,979
Net increase / (decrease) in cash and cash equivalents		2,467	(45)
Cash and cash equivalents at the beginning of the year		196	241
Cash and cash equivalents at the end of the year		2,663	196

The Notes on pages 103 to 117 form part of these financial statements.

Statement of changes in taxpayers’ equity

All values in £000s	General Reserve
Balance at 31 March 2021	(1,978)
Changes in Taxpayers' equity for 2021-22	
Net operating cost for the year	(74,420)
Capital contribution from Shareholder	71,150
Balance at 31 March 2022	(5,248)
Changes in Taxpayers' equity for 2022-23	
Net operating cost for the year	(65,837)
Capital contribution from Shareholder	69,000
Balance at 31 March 2023	(2,085)

The General Reserve serves as the chief operating fund. There are currently no other reserves for the Company.

The Notes on pages 103 to 117 form part of these financial statements.

Notes to the financial statements

Notes to the financial statements provide additional information required by statute and accounting standards to explain a particular feature of the financial statements. The Notes which follow will also provide explanations and additional disclosure to assist readers’ understanding and interpretation of the financial statements and expand upon the accounting policies in Note 1.

General information

East West Railway Company Limited (the Company) is a private company limited by shares (company registration number 11072935), domiciled in the United Kingdom and registered in England and Wales under the CA 2006. The Secretary of State for Transport is the registered holder of the single ordinary share, fully paid. The ultimate controlling party is considered to be the Secretary of State for Transport.

The Company’s principal activities are to develop proposals, design and build a railway network between Oxford and Cambridge. The Company’s registered office and principal place of business is One Grafton Mews, Midsummer Boulevard, Milton Keynes, MK9 1FB.

These financial statements cover the 12 months to 31 March 2023.

Note 1: Statement of significant accounting policies

This Note sets out the accounting policies that determine the recognition and valuation of material assets, liabilities, income and expenditure. Disclosures of critical judgements, accounting estimates and sources of estimation uncertainty are presented within each accounting policy note.

A) Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards and the International Financial Reporting Interpretations Committee’s (IFRIC) interpretations, and with the requirements of the CA 2006 applicable to companies reporting under IFRSs. As a Non-Departmental Public Body (NDPB) and as specified in the Framework Document with the DfT, the Company also adopts the interpretations of IFRS and additional disclosure requirements contained in the Government FReM, where these are compatible with the requirements of the CA Act 2006.

Where this framework permits a choice of policy, the accounting policy judged to be most appropriate to the particular circumstances of the Company for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Company are described below and have been applied consistently in dealing with matters considered material to the accounts.

B) Going concern

Directors are content in their view that the Company is a going concern. The basis for this can be reviewed in Section 3.9 of the Strategic Report.

C) Measurement convention

These accounts have been prepared under the historical cost convention, except where specific departures, including fair value are described. Historical cost is a measure in which the value of an asset on the balance sheet is recorded at its original cost when acquired by the company. In subsequent periods, that recorded cost is not updated for any increase in prices, although it may be for falls in value.

D) Estimation techniques used and changes in accounting estimates

The recognition and valuation of accrued expenditure, where specific information is not available, is based on the Company’s best estimate of the cost. For consultant expenditure, this is based on the Company’s knowledge of time worked and rates agreed in advance. Where invoices differ from the estimates made, the difference is credited back to the relevant service.

E) Financing

The Company is funded by capital contributions from the DfT, representing the Secretary of State as its sole controlling party. In line with IAS 1, since these contributions are made by the Secretary of State in their capacity as an owner, capital contributions from the Shareholder are presented directly in reserves (equity) rather than as income.

Funding from the DfT is recognised when the cash is received.

F) Property, plant and equipment

Recognition:

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the economic benefit, including service potential, associated with the item will flow to the Company and the cost of the item can be measured reliably. Assets are held as assets under construction until the point at which the asset is brought into service.

A capitalisation threshold of £1,000 is applied to all asset classes. Expenditure below this value is charged as an expense in the Statement of comprehensive net expenditure (SoCNE).

Property, plant and equipment is based on the identification of single assets with a threshold value greater than £1,000.

Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as incurred.

Measurement:

Property, plant and equipment, including assets under construction are valued in accordance with IAS 16 Property, Plant and Equipment and initially measured at cost, comprising:

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the same manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located where an obligation to dismantle or remove the asset arises from its acquisition or usage.

Assets are thereafter carried in the balance sheet using the following measurement basis: all property, plant and equipment are valued on the basis of depreciated historic cost as an approximation of fair value.

Impairment:

Property, plant and equipment are monitored throughout the year as to whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised in the SoCNE.

Where an impairment loss is subsequently reversed, the reversal is credited in the SoCNE, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation:

Depreciation is provided on all non-current assets, apart from assets under construction, from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its useful economic life (UEL); see below. Assets that are under construction are not depreciated until such time as they are available for their intended use.

Asset class	Depreciation method	Depreciation rate
Computer equipment	Straight line	36 months
Fixtures and fittings	Straight line	The remaining term of the lease at the point that the assets came into use, or 36 months as appropriate
Right of use (leases)	Straight line	Term of lease

The Company reviews and updates the remaining UEL of all its assets each year. This is the period for which the asset provides economic benefits that will flow to the Company from its use.

Disposals:

When scrapping or disposing of a property, plant and equipment asset, the carrying amount is written off to the SoCNE and a loss (or gain) is recognised and reported net of any disposal proceeds.

G) Leases

Scope and classification:

In accordance with IFRS 16, contracts, or parts of a contract that convey the right to use an asset in exchange for consideration are accounted for as leases. The Company also applies the standard to arrangements with other government departments which share accommodation. Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease.

The Company excludes contracts for low-value items, defined as items costing less than £1,000 when new, provided they are not highly dependent on or integrated with other items; and contracts with a term shorter than twelve months (comprising the non-cancellable period together with any extension options that the Company is reasonably certain to exercise and any termination options that the Company is reasonably certain not to exercise).

Initial recognition:

At the commencement of a lease (or the IFRS 16 transition date, if later), the Company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the payments, net of value added tax, for the remaining lease term (as defined above), discounted either by the rate implicit in the lease, or, where this cannot be determined, the Companies incremental cost of borrowing. The payments included in the liability are those that are fixed or in-substance fixed, excluding changes arising, for example, from future rent reviews or changes in an index. The Company does not undertake external borrowing and is instead funded annually by the DfT which draws down its funding from the Exchequer. The Company’s incremental borrowing rate is therefore advised by and aligned to HM Treasury’s rate.

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

Subsequent measurement:

The asset is subsequently measured using the fair value model. The Company considers that the cost model is a reasonable proxy for leases of land and property with regular rent reviews. The Company has no other leases other a lease for land and property.

The liability is adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments and modifications are measured by re-discounting the revised cash flows; the impact is reflected in the liability and either in the asset valuation or expenditure as follows:

Scenario	Discount rate	Asset or expenditure
Reassessment		
The Company becomes or ceases to be reasonably certain to exercise an extension or termination option, due to a significant event or change in circumstances	Revised	Asset*
The non-cancellable period changes	Revised	Asset*
The amount payable under a residual value guarantee changes	Original	Asset*
There is a movement in an index or rate that will alter the cash flows (except for floating-rate arrangements)	Original	Asset* (with an adjustment to any revaluation surplus where a change in the liability has already been reflected in the value of the asset)
There is a change in the variable lease payments, that was not included in the measurement of the lease payments during the period in which the triggering event occurred.	Original	Expenditure
Modification		
Other leased assets are included, priced on a standalone basis	New	Asset (this is presented as the creation of new right-of-use assets and lease liabilities, discounted by a new rate)
The scope is decreased	Revised	Asset and Expenditure (the asset is remeasured proportionate to the reduction in scope; any difference between the change in the value of the asset and liability is recognised as a gain or loss)
The lease term is increased	Revised	Asset*
The consideration is changed	Revised	Asset*

* Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and any change in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or for those shorter than twelve months are expensed.

H) Cash and cash equivalents

Cash and cash equivalents comprise bank balances held with the Government Banking Service.

I) Financial liabilities

Financial liabilities are any contractual obligations to deliver cash or other financial assets to a third-party including trade and other payables (current and non-current). The Company values liabilities initially at fair

value: the transaction value is considered to be the fair value at the date of recognition. Thereafter, where the time value of money is considered to be material, they are held at amortised cost using the effective interest rate to discount cash flows. Derecognition (i.e. removal from the financial statements) occurs when the liability has been settled.

J) Provisions and contingent liabilities

The Company recognises provisions when it has a legal or constructive obligation arising from a past event, the transfer of economic benefits is probable, and a reasonable estimate can be made. Provisions are charged to the Statement of Comprehensive Net Expenditure unless they relate to capital projects. In which case, the provision is added to the assets carrying amount. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the rates set by HM Treasury. When the discount is unwound, the adjustment is recognised as an interest expense. If the amount of a present obligation cannot be estimated reliably, the obligation is disclosed as a contingent liability.

The Company discloses potential future obligations arising from past obligating events as contingent liabilities, where their existence remains uncertain pending the outcome of future events outside of its control. Contingent liabilities whose likelihood is other than remote are disclosed in Note 11 as required by IAS 37. Remote contingent liabilities are disclosed in the Accountability Report to ensure that Parliament remains aware of all arrangements that may require funding. These include guarantees, indemnities and letters of comfort reported to Parliament in accordance with Managing Public Money. Where the time value of money is material, contingent liabilities are stated at discounted amounts.

K) Employee benefits

Wages and salaries includes gross salaries, performance pay or bonuses, overtime, recruitment and retention allowances, ex-gratia payments and any other taxable allowances or payments, as well as costs relating to agency, temporary and contract staff engaged by the company on a contract to undertake a project or task.

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

Performance-related bonuses

Performance related bonuses (via the GEMS scheme) are awarded and paid quarterly in arrears. Employee's performance for the final quarter to 31 March are assessed after the year end and any awards made for bonus payments are accrued in these accounts. This is aligned to accounting standard IAS 19 *Employee Benefits*.

Holiday pay

Employees of the Company have different holiday leave year end dates based upon their date of employment. As leave is used during the year at different times compared to a straight-line accrual, at 31 March 2023 there is an element of leave that is owed either by the company to employees or owed by employees to the company. The cost of leave earned but not taken by employees is recognised in the financial statements.

Pensions

The Company's staff may participate in a Stakeholder (defined contribution) pension scheme, which became operational in April 2021.

Seconded staff may be members of a scheme operated by their host organisation. The Company's responsibility for seconded staff's pension contributions is limited to the periodic recharge by the host organisation for the cost of the seconded staff's time. As a consequence of these arrangements, pension liabilities do not rest with the Company for seconded staff.

L) Corporation Tax

The Company is registered for Corporation Tax. By using the tax rates that have been enacted or substantively enacted at the balance-sheet date, the Company has not incurred any tax liability during this reporting period.

M) Value Added Tax

Many of the activities of the Company are non-business in nature and, for this reason, outside the scope of VAT. The Company is eligible under section 41 (3) of the VAT Act 1994 to recover input VAT which is recovered under an annual HM Treasury Direction. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

N) Related party transactions

The Company is an Executive NDPB sponsored by the DfT, which accordingly is a related party.

O) Critical judgements and sources of estimation uncertainty

There are no critical judgements required or sources of estimation uncertainty. The main area of estimation at year end is in making accruals for expenses, which are mostly goods received and not invoiced.

Note 2: Statement of expenditure by operating segment

During the year 2022-23, the Company was structured in five directorates and these are set out as the operating segments below, in addition to HM Treasury budget classifications. Further information about these segments can be found in Section 3.7 of the Strategic Report; the smaller cross-cutting functions are consolidated into Corporate Services.

Year ended 31 March 2023			
<i>All values in £000s</i>	Capital expenditure	Resource expenditure	Total
Delivery	-	22,730	22,730
Corporate Services	121	15,414	15,535
Strategy	-	12,990	12,990
Engineering	-	11,113	11,113
Customer Services	-	2,750	2,750
Depreciation only	-	840	840
Total net expenditure	121	65,837	65,958
Analysed as to:			
Programme Costs	121	65,666	65,787
Administration Costs	-	171	171
Total net expenditure	121	65,837	65,958
Year ended 31 Mar 2022			
<i>All values in £000</i>	Capital expenditure	Resource expenditure	Total
Delivery	-	36,672	36,672
Corporate Services	311	12,861	13,172
Strategy	-	12,969	12,969
Engineering	-	8,487	8,487
Customer Services	-	2,584	2,584
Depreciation only	-	847	847
Total net expenditure	311	74,420	74,731
Analysed as to:			
Programme Costs	311	74,249	74,560
Administrations Costs	-	171	171
Total net expenditure	311	74,420	74,731

The Board considers capital spending and liabilities by monitoring outturn against the budgetary control totals; for example, PPE additions score against the capital. As a consequence, the Company did not report asset and liability balances on an IFRS-basis to the Board.

Note 3: Staff costs

Information on staff numbers, exit packages and other relevant disclosures, is included in the People and Remuneration Report in section 8.

Staff costs comprise:				
<i>All values in £000s</i>	Direct employees	Other personnel	2022-23 Total	2021-22 Total
Wages and salaries	13,476	4,213	17,689	17,963
Social security costs	1,733	-	1,733	1,039
Pension costs	1,529	-	1,529	925
Non-executive director fees	168	-	168	171
Total staff costs	16,906	4,213	21,119	20,098

Other personnel costs include costs for contractors and secondees.

Staff seconded from other Government bodies, together with contract and agency personnel, are shown under 'Other personnel'. The costs of EWR Co's Development Phase Partners, which are working alongside EWR Co staff, are included under Professional services in Note 4.

Non-executive director fees include employer's pension contributions.

The key management personnel in FY 2022-23 was the Chief Executive Officer and in FY 2021-22 were the Chief Executive Officer and Corporate Services Director. Full details of their remuneration are included within the People and Remuneration Report in Section 8.

Note 4: Other expenditure

<i>All values in £000s</i>	Note	2022-23	2021-22
Non-staff expenditure includes:			
Professional services		23,484	30,796
Consultancy		10,027	11,937
Communications and publicity		2,964	3,110
IT/Comms technology		3,146	2,627
Legal costs		1,187	1,941
Licence and agent fees		820	1,011
Recruitment fees		504	477
Training and education		354	376
Accommodation and office services		457	254
Insurance		200	177
External audit fee - excluding VAT		77	72
External audit fee - irrecoverable VAT		15	14
Internal audit fee		79	48
Travel & subsistence		161	24
Other costs		384	599
		43,859	53,463
Depreciation			
Depreciation of tangible assets	5	698	704
Depreciation of right of use assets	6.1	142	143
		840	847
Other non-cash costs			
Lease interest	6.2	17	6
Loss on disposal of fixed assets	5	-	2
Other (non-cash) costs		2	4
		19	12
Total other expenditure		44,718	54,322

The external audit fee for 2021-22 has been restated to exclude £14,000 of VAT, which is separately disclosed.

Note 5: Property, plant and equipment

All values in £000s

Year ended 31 March 2023	Fixtures and fittings	Information technology	Total
Cost or valuation			
At 1 April 2022	1,710	909	2,619
Additions	-	121	121
Disposals	-	(84)	(84)
At 31 March 2023	1,710	946	2,656
Depreciation			
At 1 April 2022	573	502	1,075
Charged in year	403	295	698
Disposals	-	(84)	(84)
At 31 March 2023	976	713	1,689
Net book value at 31 March 2023	734	233	967
Year ended 31 March 2022			
Cost or valuation			
At 1 April 2021	1,710	605	2,315
Additions	4	307	311
Disposals	(4)	(3)	(7)
At 31 March 2022	1,710	909	2,619
Depreciation			
At 1 April 2021	172	204	376
Charged in year	403	301	704
Disposals	(2)	(3)	(5)
At 31 March 2022	573	502	1,075
Net book value at 31 March 2022	1,137	407	1,544

The Company owns all of its property, plant and equipment.

Note 6.1: Right of use assets

All of the right of use asset balance comprises office accommodation.

All values in £000s

Year ended 31 March 2023	Total
Cost or valuation	
At 1 April 2022	732
At 31 March 2023	732
Depreciation	
At 1 April 2022	309
Charged in year	143
At 31 March 2023	452
Net book value at 31 March 2023	280
Year ended 31 March 2022	Total
Cost or valuation	
At 1 April 2021	732
At 31 March 2022	732
Depreciation	
At 1 April 2021	166
Charged in year	143
At 31 March 2022	309
Net book value at 31 March 2022	423

Note 6.2: Lease liabilities

<i>All values in £000s</i>	As at 31 March 2023	As at 31 March 2022
Amounts falling due		
Not later than one year	200	177
Later than one year and not later than five years	104	328
	304	505
Less: Unaccrued interest	(3)	(9)
Balance at year end	301	496
Of which:		
Current	197	173
Non-current	104	323
	301	496
Amounts recognised in expenditure		
Depreciation	142	142
Interest expense	17	6
	159	148

During the year EWR Co entered into an agreement with West Midlands Trains Limited to sub lease 6 two-car trains. No financial cost arises from this agreement until the trains are delivered and are available to EWR Co to use. This is expected to happen in December 2023.

Note 7: Trade receivables and other current assets

<i>All values in £000s</i>	As at 31 March 2023	As at 31 March 2022
Amounts falling due within one year		
VAT receivable	260	1,736
Prepayments	987	655
Staff travel loans	4	8
Other receivables	45	-
	1,296	2,399

Note 8: Trade payables and other current liabilities

<i>All values in £000s</i>	As at 31 March 2023	As at 31 March 2022
Amounts falling due within one year:		
Trade payables	94	242
Staff costs accrual	869	1,463
Accruals	6,027	7,609
	6,990	9,314

Note 9: Financial Instruments

EW R Co has no borrowings and is funded by capital contribution from the DfT. The Company aims to maintain minimal holdings of cash appropriate to its short-term needs.

Note 10: Financial commitments

The Company confirms that there were none to disclose as of 31 March 2022 or 31 March 2023.

Note 11: Contingent liabilities

The Company confirms that there were none to disclose as of 31 March 2022 or 31 March 2023.

Note 12: Related-party transactions

The Company is an Executive Non-Departmental Public Body sponsored by the DfT, which is a related party. All of the transactions with the DfT are carried out on an arm's-length basis.

<i>All values in £000s</i>	Year ended 31 March 2023	Year ended 31 March 2022
Transactions between the Company and DfT		
Capital contribution received from DfT	69,000	75,150
Amounts paid to DfT	127	188
Amounts included in Payables at the end of year	26	-

Other than their remuneration disclosed in Sections 8.23 and 8.24 of the People and Remuneration Report, none of the Board members or key management staff has undertaken any material transactions with the Company or its related parties during the year or the prior year, except for Neil Sachdev and Rob Brighthouse as disclosed below, and no one has a financial interest in the activities of the Company such as to influence their work with the Company.

Relationship: The Company's Chair, Neil Sachdev, is also a NED for Network Rail's Property Supervisory Committee. The Company's former Chair, Rob Brighthouse, was a NED for Network Rail.

<i>All values in £000s</i>	Year ended 31 March 2023	Year ended 31 March 2022
Transactions between the Company and Network Rail		
Amounts paid to Network Rail	1,042	367
Amounts included in Payables at the end of year	285	622

These amounts relate to staff seconded from Network Rail to EWR Co.

Note 13: Post balance sheet events

There have been no events between 31 March 2023 and the date the financial statements were authorised for issue requiring an adjustment to the financial statements.

These financial statements are laid before the Houses of Parliament. The Accounting Officer has authorised these financial statements to be issued on the same day as the signature of the Independent Auditors' Report.

