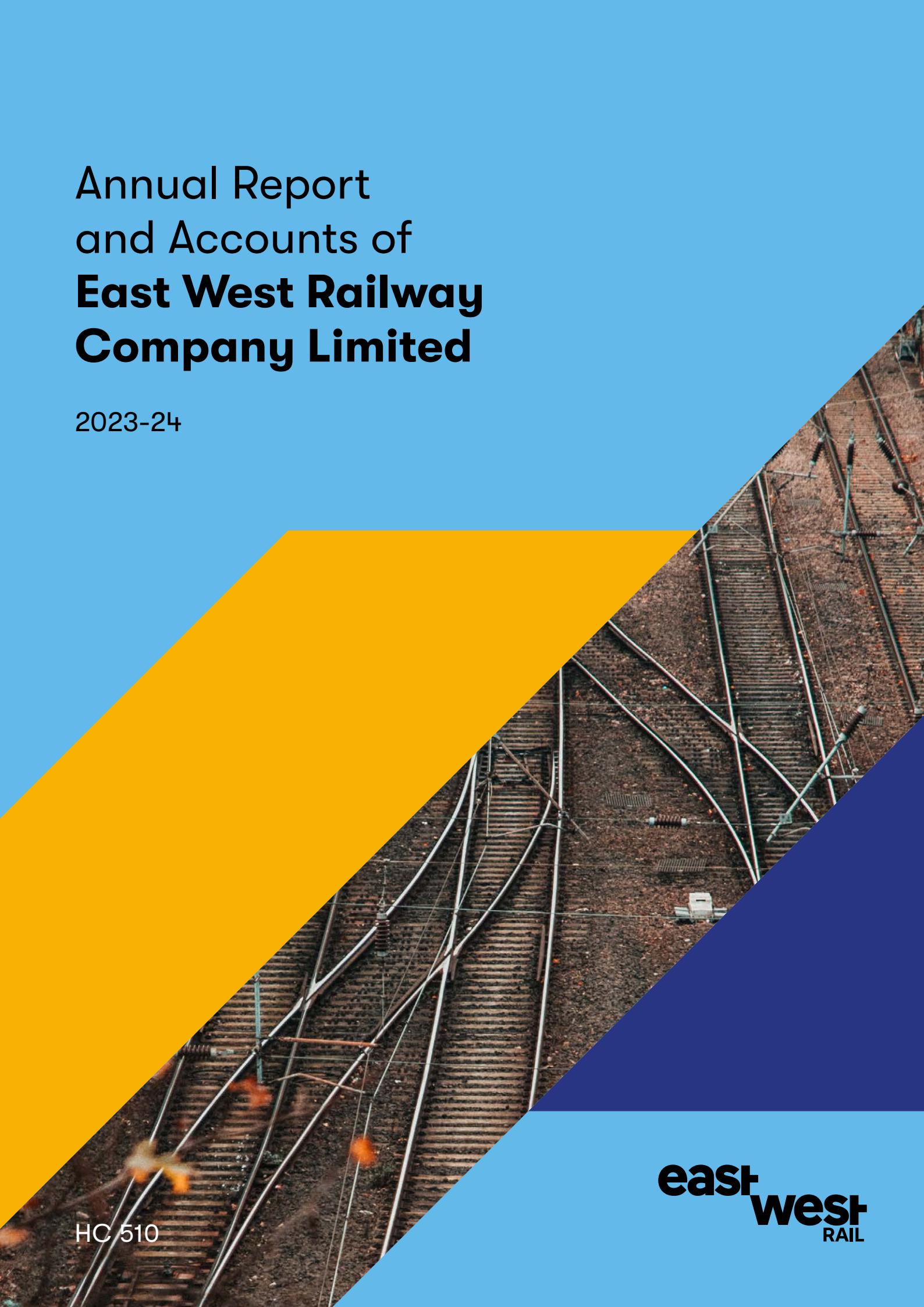


Annual Report and Accounts of **East West Railway Company Limited**

2023-24



HC 510

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East West Railway Company Limited

Annual report and accounts 2023-24

For the period 1 April 2023 to 31 March 2024

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

Ordered by the House of Commons to be printed on 18 December 2024

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01.

Chair's Statement



1.

Chair's Statement



**Welcome to the East West Railway
Company's (EWR Co) Annual Report and
Accounts for the year ended on 31 March
2024.**

The past year has been one of continued momentum and progress for the East West Rail Project (EWR), which will provide much-needed east-west public transport connections for local communities living between Oxford, Milton Keynes, Bedford and Cambridge. This headway was underlined by the announcement in the Spring Budget to accelerate plans for the section of the route between Bletchley and Bedford, known as the Marston Vale Line.

Highlights in 2023-24

A key milestone was the Route Update Announcement (RUA) in May 2023, which confirmed how plans and proposals for the railway have progressed following extensive consultation and technical design work. This announcement was the culmination of years' worth of testing and refining, which included finding ways to mitigate the impact the railway might have on communities

and businesses along the route. This included significant reductions to the number of potential demolitions and a commitment to a 10% biodiversity net gain across the whole EWR route.

We launched the Need to Sell (NTS) Property Scheme, which supports property owners who have a compelling need to sell their property but are unable to do so except at a significant reduction in value due to EWR. We are committed to providing this support early in the planning process.

Important progress has been delivered on the section of the railway between Bicester and Bletchley, known as Connection Stage 1 (CS1). The final section of the 66 kilometres of track in this section was laid in March 2024, connecting Oxford with Bletchley by rail for the first time in 50 years. This section of the route is on time and on budget, with passenger services due to begin from 2025.

Board changes

All of this has taken a great deal of work, and I would like to take this opportunity to thank my colleagues at EWR Co for their continued effort and commitment. I would particularly like to thank Beth West, our interim CEO, who stepped down in May 2024, for the exceptional work she has led over the past two years.

In June 2024, I was pleased to welcome David Hughes as EWR Co's new CEO. David brings a proven track record in delivering major transport programmes, and a real commitment to the promise that EWR offers both for better public transport in local communities but also in unlocking growth in this world-leading region for science and technology.

I am pleased that the following appointments were made to the Board during the year; Sam Turner joined as Chief Financial Officer, Will Gallagher joined as Chief Strategy Officer and Caroline Botwood joined as the Shareholder Nominated Director.

Looking ahead to 2024-25

All of us at EWR Co are looking forward to receiving your feedback on the consultation proposals which began in November 2024. Our team is planning a number of events across the route where colleagues will be on hand to answer any questions people may have about our plans. This consultation – and the introduction of a new CEO – represent the next chapter of reviving rail connections that will unlock significant growth potential that will benefit communities and businesses across the region.

02.

**A message from
our CEO**



2.

A message from our CEO



EWR will provide a once-in-a-generation opportunity to improve people's lives. It will increase access to more jobs, provide more convenient and faster ways to get to work and provide new places that people can call home and build a family.

I am very excited to have joined EWR Co. I have spent my career to date delivering transport connections that both make a real difference to the lives of the communities they serve and boost economic growth as well. EWR epitomises that ethos and it is a real opportunity to improve the quality of life for people living locally with faster and more frequent connections to the places they want to go, and it can also be a huge win for the United Kingdom (UK) economy as a whole.

The FY 2023-24 was pivotal for EWR. New and updated plans for the route were announced and ongoing political support continued, culminating in a funding boost that will accelerate our plans for the section of the railway between Bletchley and Bedford.

Updating plans for the railway

We are still at relatively early stages of planning the design of the railway, with lots still to do between now and when we submit our application for planning consent. We recognise that local communities wanted more clarity and updates on revised plans for the railway, which is why we updated communities on our latest proposals outlined in the RUA in 2023.

As part of our updated plans shared in the RUA, we held a number of community events and conversations to provide opportunities to meet the team and ask direct questions about what the proposals mean for you.

The announcement of the General Election in May 2024 meant that plans to deliver a consultation at the end of June were paused. Following the election, we have been working closely with new Ministers and a consultation commenced in November 2024.

Ongoing support

The benefits that EWR will bring – locally, regionally, nationally and internationally – have continued to be recognised. This was most recently emphasised in the Spring Budget in 2024, which included ongoing commitment to EWR and £240 million of funding to help us accelerate works to allow services from Oxford to Bedford to start running by 2030. Everyone involved in EWR Co should be particularly proud of this ongoing support for the Project.

Oxford to Bletchley passenger services from 2025

The other major milestone of FY 2023-24 was the completion of tracklaying between Oxford and Bletchley. EWR began by rebuilding Bletchley flyover, which was the first phase of the track work started in 2021. Since then, 66 kilometres of new track has been laid and passenger services are expected to start from 2025 as planned.

This construction work has been delivered with care for the environment at its core. Experienced ecologists, engineering designers and construction teams have already helped us create and support thriving wildlife habitats along the route and deliver a 10% increase in biodiversity net gain, and we are committed to these ecosystems' continued success.

Looking forward to next year and beyond

This is an exciting time to be involved in EWR – and for the areas it will serve. Last year, Universal Destination & Experiences announced it is exploring the potential to develop a theme park and resort next to the Marston Vale Line north of Stewartby. The new railway will of course have a key role to play, and the team is in close contact with Universal and Bedford Borough Council to consider the implications of the theme park and resort for the railway.

Our Executive Team has continued to strengthen over the past 12 months, and we will be continuing to enhance this in the next financial year.

I look forward to seeing how EWR continues to progress in the coming years, starting with the public consultation and the introduction of passenger services between Oxford and Bletchley next year. I would also like to take this opportunity to thank my predecessor, Beth West, for the good work she has done over the past two years to get EWR Co ready as we embark on the next phase of EWR.

03.

Strategic Report



3.

Strategic Report

3.1 About East West Railway Company

EWR Co has been set up to develop the East West Rail Project. EWR Co is responsible for planning the section of EWR between Bletchley and Cambridge and for a route-wide integration (Oxford to Cambridge) and beyond. EWR Co is also responsible for overseeing the East West Rail Alliance as it completes delivery of the section between Bicester and Bletchley.

3.2 Achievements during 2023-24

The FY 2023-24 saw us develop our Vision for EWR in more detail, bringing to life “the simple to use, easy to access, getting customers where they need to be” railway service necessary to unlock economic growth. We further embedded the Vision internally with our colleagues and supporting partners.

In May 2023, EWR Co announced and published the Route Update Report together with an Economic and Technical Report which was a major milestone in the planning process covering three key elements: route preferences, route-wide matters and the next steps in the Project. We confirmed our preference to approach into Cambridge through the south and reconfirmed the strategic case for EWR. We also ran a series of community events in the region to share our plans and engage with the communities impacted by EWR.

Following the Spring Budget in 2023, we secured £15m of funding to maximise economic opportunities around new EWR stations. This funding has been used to agree visions and initial focus areas at five new station locations along the route: Bletchley, Bedford (Town Centre and South), Tempsford, Cambourne and on the Marston Vale Line. These focus areas are projects and plans to enable the widest possible benefit, enabling public realm improvements and bringing forward space for jobs and homes.

Throughout the year, we conducted several environmental assessments and worked with local and community stakeholders to understand environmental concerns for the Project.

In February 2024, we moved to our new office, The Quadrant in Milton Keynes as we began to move to the detailed design phase of the programme with our Technical Partners co-located with EWR Co colleagues.

As noted in the Chair’s Statement, the final section of track between Bicester and Bletchley was completed for CS1 in March 2024 in readiness for passenger operations in 2025.

3.3 Measuring performance in FY 2023-24

We manage performance through monthly programme and corporate reporting to the Department for Transport (DfT) and the Board of Directors. We have developed a master integrated schedule against which to baseline our programme reporting.

We also reviewed our governance structure, introducing several sub-groups to help streamline the reporting process and ensure decisions are being made at the appropriate level. This process is ongoing, we seek to ensure that EWR Co is ‘fit for purpose’ as we prepare for the next stage in the programme lifecycle.

3.4 Priorities and plans for FY 2024-25

This financial year will see us continue the development of the Business Case, develop a cost-effective Preliminary Design and engage with the new Government on all aspects of Project development. Our Business Case is aligned with both the Government’s key mission of securing the highest sustained growth in the G7, and aligns with the Transport Secretary’s key priorities, namely driving rail reform, transforming infrastructure, delivering greener transport and a better integrated transport network. We will continue to make the case for this over the next FY.

1. Our purpose at EWR Co is to unlock sustainable economic growth between Oxford and Cambridge, a key Government mission. Therefore, in developing our Business Case, it is critical that we work with Central and Local Government partners, alongside the private sector, to ensure that the construction of EWR fulfils the sustainable growth objectives of the wider community. Over the coming year, we will continue to establish our relationships with stakeholders across the region and, work with the new Government in the delivery of wider benefits through the Local Opportunity Plans and other initiatives. We will ensure that our Business Case is presented in a supportive context, aligning with the Government’s priorities and one that considers business, community and political stakeholder views.
2. We will continue to develop our Preliminary Design in a focused manner. Optimising the design to reduce the cost to both the taxpayer and the customer. EWR Co takes this expectation extremely seriously and is focussed on multiple workstreams to drive down the capital costs of the overall Project, whilst also seeking to drive down the total whole life cost.
3. As a Nationally Significant Infrastructure Project¹, we will be seeking a Development Consent Order (DCO) to achieve planning permission. We will continue to develop content, material and engage on the consenting process for delivering EWR throughout the financial year, carrying out environmental assessments, community engagement and stakeholder engagement with a goal of formally consulting with our stakeholders. We will work with the new Government on their ambition to reform planning regulations.
4. Continuing to support the entry into service of CS1 will be a priority for the next financial year. Although EWR Co’s role is limited as we are not counterparty to any of the delivery agreements currently in

¹ <https://infrastructure.planninginspectorate.gov.uk/wp-content/uploads/2013/04/Advice-note-8.0.pdf>

place, we play an important role in ensuring that the parties have an integrated plan, and that all the parties delivering CS1 are taking the whole picture into account. Our role is also important in ensuring that the transition from CS1 to Connection Stage 2 (CS2) and Connection Stage 3 (CS3) is smooth and well considered and to be the champion for delivering on time and budget. This will involve the continuation of good practice established in CS1, such as; early contractor involvement, the use of tools such as Time Location System, and allowing time in the procurement process for Target Cost Assurance.

5. This financial year will see us outline EWR's Co's Delivery Strategy. It will be the core document that will articulate how we intend to operate through the procurement and delivery phases of the programme lifecycle, as well as how we intend to ensure that we have a holistic and joined up approach to operations and maintenance of the railway in future.
6. Finally, we will continue to ensure we have the right people in place to deliver our objectives as we move into the design and delivery phase of the programme. We will seek to embed our People Strategy and begin to focus on commercial capability and ensuring that our processes and systems are appropriate for a construction programme of this size.

3.5 Key strategic risks facing us

The construction sector is facing significant challenges associated with energy security and the supply chain shortages and agility, which are driving up costs. EWR Co's key strategic risks are related to affordability pressures in the current economic context, as well as ensuring that the wider benefits that EWR unlocks will be delivered. EWR Co keep these risks under careful review and manages them through ongoing programme development activities, communication and engagement with stakeholders and government.

Risks are managed across our organisation from strategic to programme level. Further information on the identification, mitigation, and control of risks that we managed during FY 2023-24 can be found in Section 7.10

3.6 Review of financial performance in 2023-24

Our financial performance in the FY 2023-24 is detailed in the financial statements in section 10.

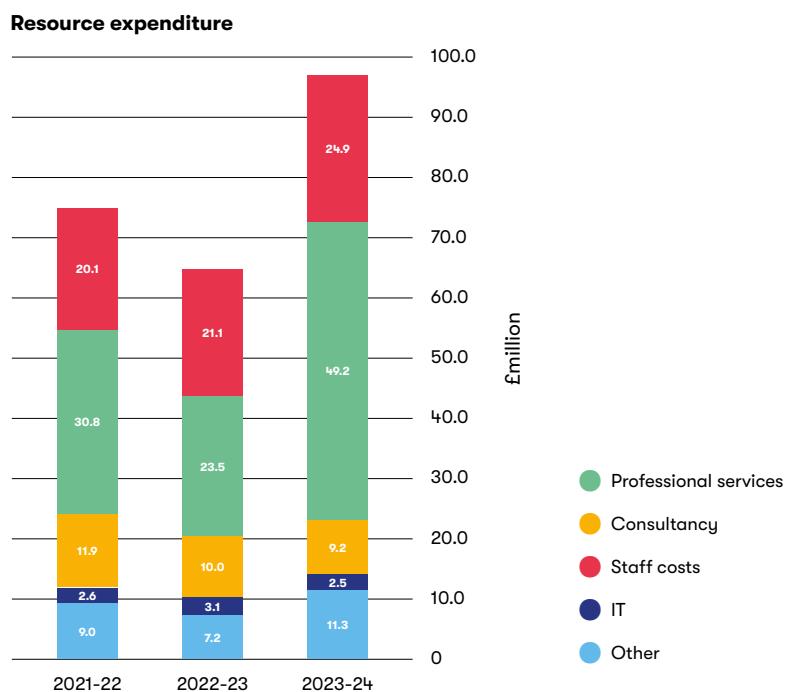
During FY 2023-24, EWR Co was entirely funded by Grant in Aid from the DfT, which is accounted for as a capital contribution via the Reserves in the Statement of Financial Position. No income was generated from any other source.

For the FY 2023-24, EWR Co reported against a resource budget of £95.4m (FY 2022-23: £65.7m) and a capital budget of £7.0m (FY 2022-23: £0.1m)

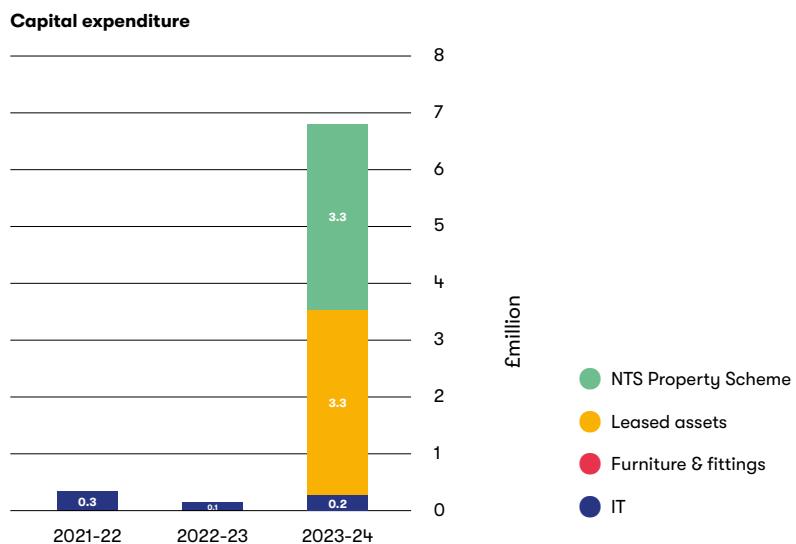
The increase in resource expenditure between the two years is explained by the following:

- EWR Co significantly increased its use of Professional Services from £23.5m to £49.2m. This spend was primarily with EWR Co's Development Phase Partners, the four organisations that EWR Co is working closely with:
 1. Jacobs, our Programme Partner, has provided capacity and specialist capability.
 2. Arcadis, our Commercial Partner, has provided cost and estimating expertise.
 3. Ardent, our Land and Property Partner, helped us by arranging the access and consents needed to carry out studies and surveys.
 4. The Mott McDonald and WSP Joint Venture, our Technical Partner. The focus of the Technical Partner is to aid design. Limited spend was incurred with the Joint Venture in FY 2022-23 but significant spend has been incurred in FY 2023-24 as the Technical Partner began to deliver the design output for the DCO.
- Staff costs increased by £3.8m (from £21.1m to £24.9m), Permanent employees by £5.0m (from £16.9m to £21.9m), Professional Services by £25.7m (from £23.5m to £49.2m) and Consultancy services decreased by £0.8m (from £10.0m to £9.2m) as EWR Co increased in size and maturity. Consultancy costs reduced year on year, with some of this work being completed in house or with the assistance of the Development Phase Partners.

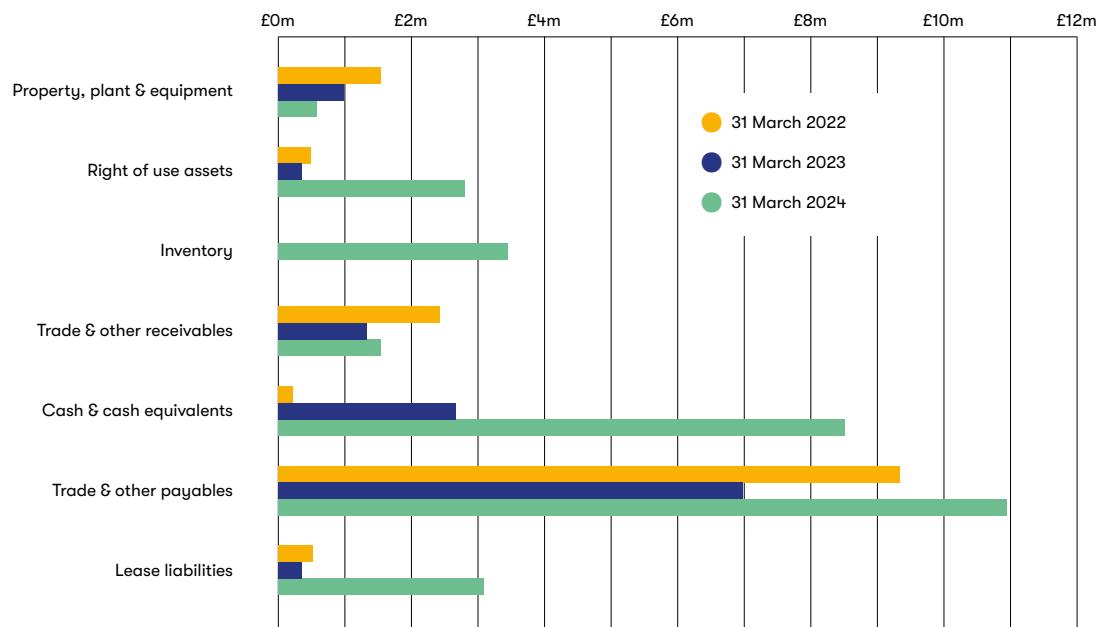
Notes 3 and 4 of the Financial Statements provide a breakdown of expenditure, including the 'Other' costs in the graph below.



The capital spend in FY 2023-24 included IT related expenditure, spend on the NTS Property Scheme, and spend on the Rolling Stock lease where the lease is capitalised in accordance with International Financial Reporting Standard (IFRS) 16 Leases. Further detail on the capital spend is shown in Notes 5, 6 and 8 of the Financial Statements.



Key Statement of Financial Position metrics:



- The amount of VAT that can be recovered from HMRC has increased by 26.9% (from £260k to £330k).
- The amount payable to trade creditors and others has increased by 55.7% (from £7.0m to £10.9m).

EWR Co is 100% funded by the DfT, representing the Secretary of State – EWR Co's sole shareholder. In FY 2023-24 EWR Co received £98m of capital contributions from the DfT. Capital contributions are recorded directly in the reserves (equity) rather than as income.

3.7 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.

Counter Fraud, Anti-Bribery and Anti-Corruption

We are committed to operating in an open and honest way, with policies and procedures in place to promote Counter-Fraud, Anti-Bribery and Anti-Corruption actions. All colleagues are made aware of the policies when joining EWR Co and employees 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 has not received any whistleblowing disclosures.

Community engagement

Listening to and understanding the views of people living and working in the communities EWR will serve is fundamental to the way this new rail connection will be designed, built and operated.

Throughout the development of EWR we have been, and will continue, talking to local communities, representatives and other stakeholders. This continued over the past year, and a number of community drop-in sessions were held in Summer 2023, where residents could find out more about the new EWR proposals, ask questions, understand the next steps in the Project and provide opportunities to meet the EWR Co team face-to-face.

Looking forward, we are committed to keeping communities and landowners informed every step of the way as we commence our consultation in November 2024.

Upon launch of our public consultation, consultation events will be held in community locations across the route. The consultation is an opportunity for us to:

- share plans and options for the railway at regular intervals.
- gather ideas and feedback while those plans and options are still at a formative stage; and
- identify any issues or concerns people have about the Project and identify potential ways to avoid or reduce them.

We use the responses to consultation alongside environmental, economic and technical studies to make sure we are building the right railway for communities across the whole area between Oxford, Milton Keynes, Bedford and Cambridge.

These face-to-face events are in addition to our day-to-day engagement via our correspondence channels, where we listen and respond to ongoing requests, comments, and concerns from communities across the route.

The local community

In June and July 2023, as part of the RUA, we hosted twelve face-to-face public information drop-in events across the route. Nearly 2,500 people attended the events, which provided an opportunity for communities to speak to members of our team about the route update, see illustrated plans, maps and other information, as well as having the chance to talk about next steps.

In November 2023 we launched the Community Conversations workstream to help us not only provide a regular, personable engagement channel but also help us reach unengaged audiences, increase public awareness and understanding of EWR, proactively clarify potential misunderstandings, mitigate confusion and foster deeper understanding.

The pilot series of these saw us deliver nine invitation only events across the route. We invited non-elected representatives from community groups and organisations to talk to us about how we can engage with them and their communities. Using a scribe and interactive activities we were able to create a better picture of how best we can continue to engage with our communities as we head towards statutory consultation, during, and beyond. In total over 150 people attended these events representing over 50 community groups and organisations.

Local representatives

We have delivered quarterly meetings with 15 Local Representatives Groups (LRGs) 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, a combination of 90 in person and online 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. Additional communication between the quarterly meetings is maintained through emails, calls and in person meetings where requested.

People can stay up to date with what is happening in each group by visiting the Community Hub on the EWR website².

Businesses, industry and academia

We have continued to expand our engagement with stakeholders across the business, industry, and academic portfolio through regular meetings and embedding ourselves within the local business networks through multiple events and activities. This has deepened our understanding of how EWR can best help support sustainable economic growth to both the region and the wider UK economy.

² www.eastwestrail.co.uk/community-hub

3.8 Going concern

EWR Co has assessed its ability to operate as a Going Concern against the criteria of ongoing funding and the 'long term' decisions that the DfT has allowed it to make:

1. Funding:

- EWR Co is funded entirely by capital contribution from the DfT.
- Parliament has approved EWR Co's budget for FY 2024-25 as part of the Main Supply Estimates process, thereby providing confidence that the Company is able to continue as a Going Concern through to 31 March 2025.
- EWR Co has been advised by the DfT that it will participate in the multi-year Spending Review that was announced by the Chancellor of the Exchequer on 29 July 2024, which will conclude in Spring 2025.
- The Autumn Budget announced on 30 October 2024 demonstrated continued Government support for the Project.

This supports the view that funding for EWR Co will continue, and therefore provides reasonable confidence that the Company will continue as a Going Concern.

2. Long term decisions that the DfT have approved:

During the period between the 31st March 2024 and the certification date, the DfT has given approval for EWR Co to:

- enter into an office lease for a period of 10 years;
- appoint a permanent Chief Executive Officer; and
- initiate a process to make all Senior Director positions permanent.

These steps, together with support for a timeline covering the period through to the DCO (planning approval to construct) and approval of the Final Business Case (financial approval to proceed), provide management with confidence that it is appropriate to adopt a Going Concern basis for the preparation of these financial statements.

No material uncertainties were identified when undertaking the Going Concern assessment. Consequently, it is considered appropriate to adopt a Going Concern basis for the preparation of these financial statements.

Consequently, it is considered appropriate to adopt a going concern basis for the preparation of the financial statements 2023-24.



David Hughes, CEO

The Strategic Report is signed by David Hughes, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 17 December 2024.

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Sustainability Report



4.

Sustainability Report

4.1 Our Sustainability Definition and Vision

Sustainability is the combination of Social, Environmental and Economic performance. We continue to develop our sustainability strategy and vision which is ‘to provide a transport service which supports our ethos of ‘People, Planet, Prosperity’, and 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. EWR Co’s People Strategy details how we will be an inspirational place to work, filled with vibrant, motivated professionals, supported by our two pillars of Culture and Capability.
- **Planet:** protecting the environment, promoting a circular economy, aiming 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.

4.2 Greener for the Environment

‘Greener for the Environment’ is based on the principle of improving and enhancing the environment where it is practical, value for money and affordable. We want to leave the environment in a measurably better state compared to the pre-development baseline.

This approach has many benefits, including:

- Supporting natural capital by mitigating against climate change and flood risk, improving air and water quality, and improving quality of life.
- Delivering benefits efficiently, for example both achieving an infrastructure goal and increasing resilience.
- Saving time and money by avoiding the risks of costly and lengthy appeals processes due to environmental concerns.
- Being a positive approach that ensures losses of high value natural capital are minimised and mitigated while also providing opportunities to enhance natural capital. This also represents a ‘least regrets’ option as biodiversity loss is hard to reverse.

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

The Environmental Sustainability Strategy which was adopted during the FY 2023-24 sets out our framework for delivering the Greener for the Environment outcome. Central to our approach are our Six Environmental Sustainability Pillars. Each Pillar has an associated Ambition & Definition. These set our environmental aspirations and the legacy we want to leave. These ambitions will help keep us focussed on our Greener for the Environment outcome at every stage of the Project.

Outcome	Pillar	Pillar Ambition and Definition - A railway that...
Greener for the Environment “cleaner greener travel solutions”	Natural Environment	supports a thriving and diverse natural environment - through ensuring the maintenance of healthy ecosystems (wildlife, habitats, soil, land and water resources).
	Carbon	enables operational net zero carbon by 2050 - through robust carbon management, during design and construction, delivering sustained reductions in whole life carbon emissions.
	Climate Resilience	is prepared for a changing climate - through ensuring our design, construction and operation is resilient in the long term.
	Historic Environment & Landscape	responds to its surroundings, protects views and celebrates our heritage - through sensitive integration into the existing landscape valuing our historic environment.
	Circular Economy	supports a circular economy - through minimising waste, promoting materials efficiency and turning waste into a resource.
	People and Community	protects the health and wellbeing of our communities, customers and colleagues - through managing impacts and providing opportunities for cycling, walking and the use of open space.

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 consideration of a wide range of factors, stakeholder engagement and analysis to determine a suitably challenging, yet feasible, target.

To support this, EWR Co have signed up to develop the Five Client Carbon Commitments initiative established by the Construction Leadership Council. The Five Client Carbon Commitments are simple, practical steps that EWR Co can set out to show how we are reducing our carbon emissions during construction. They provide clarity for the construction industry on the phasing out of carbon intensive materials and the end of fossil fuel use.

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 a changing climate. Our design requirements will incorporate this into the Project as a priority.

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 process ensures opportunities to enhance and integrate into the existing landscape are identified and implemented where viable, thus minimising any potential negative impact.

Natural environment

Building on the work done by the East West Rail Alliance, we are committed to delivering a minimum 10% biodiversity net gain across the Project. We will work with local stakeholders to maximise community benefits and secure the enhancements in the long-term. As part of this we are continuing to explore the best way of delivering on this commitment and will be working with key stakeholders across the region to develop our plans.

4.4 Preparing an Environmental Impact Assessment

In preparation for our DCO submission, we are developing a number of environmental reports in line with The Infrastructure Planning (Environmental Impact Assessment) Regulations 2017 and other relevant legislation.

Our consultations will be supported by environmental information, describing the likely environmental effects of the proposals. This process involves identifying potentially significant adverse impacts resulting from the proposals, allowing them to be avoided or minimised where possible, as well as identifying any potential beneficial environmental impacts.

We are working closely with our stakeholders, including local community groups, environmental bodies and local authorities, to identify and understand their needs and expectations. The information we gather through this engagement will be considered in both the design and assessment process.

To support the design and assessment work, we are completing extensive environmental surveys and collecting 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.

In February 2024, EWR Co moved office location from Grafton Mews and is now based in Network Rail's head office, 'The Quadrant'. The percentage of our usage of shared spaces/utilities used in The Quadrant will need to be agreed with Network Rail and updated in FY 2024-25 as part of our reporting commitments as part of GGC.

Carbon emissions

The table below details the carbon emissions associated with our office energy consumption and business travel. It should be noted that emissions from our new office space at The Quadrant in Milton Keynes are not included, and will be agreed with Network Rail and reported in the FY 2024-25.

Scope 2 emissions associated with office electricity are broadly similar to FY 2022-23, however, can be expected to increase when data become available for our Milton Keynes office in The Quadrant.

Scope 3 emissions associated with business travel are slightly lower than FY 2022-23.

			2021-22	2022-23	2023-24
Gross emissions	Scope 1 Direct emissions	tonnes CO ₂ e	-	-	
	Scope 2 Indirect emissions	tonnes CO ₂ e	17.55	21.25	22.86
	Scope 3 Business travel emissions	tonnes CO ₂ e	3.02	15.16	14.11
Related consumption data	Total emissions	tonnes CO₂e	20.57	36.41	36.97
	Estates electricity	kWh	86,454	109,876	110,420
	Electricity usage per person	kWh/FTE	530	526	457
	Private & hire car usage	Road miles	2,214	13,676	19,035
Financial indicators	Rail	km	40,436	155,145	145,264
	Electricity utility costs	£000	14	17	17
	Business travel costs	£000	13	100.257	27.178

Waste data

The data presented below is in accordance with our contract terms with the office landlord at Grafton Mews. EWR Co assumed responsibility for 5.1% of all waste produced at Grafton Mews. In real terms our contribution continued to be minimal due to a shift to more flexible working patterns. All waste is sent for recycling or combustion, creating energy.

Waste Disposal Type	2021-22		2022-23		2023-24	
	Weight (tonnes)	% Total Waste	Weight (tonnes)	% Total Waste	Weight (tonnes)	% Total Waste
Energy (combustion)	1.62	38	1.44	40	1.06	39
Recycling	2.59	62	2.16	60	1.65	61

Water consumption

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

Non-financial indicators	2021-22		2022-23		2023-24	
	Estates water	m ³	662	699	543	
Usage per person		m ³ /FTE	4.06	3.35	2.24	

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.



Figure 1 – Governance Structure

5.2 Board members

Directors who have held office between 1 April 2023 and 31 March 2024, comprised of the following:

Board Member	Role
Neil Sachdev	Non-Executive Chair of the Board
Beth West	Chief Executive Officer
Sam Turner	Chief Financial Officer
Will Gallagher	Chief Strategy Officer
Anne Baldock	Non-Executive Director
Dyan Perry	Non-Executive Director
Simon Murray	Non-Executive Director
Lynette Ryals	Non-Executive Director
Caroline Botwood	Non-Executive Director

Following the end of financial year, the following changes to directorships had occurred:

- Neil Sachdev was reappointed for a second term on 19 April 2024.
- Beth West stepped down as the Chief Executive Officer on 31 May 2024.
- David Hughes was appointed as the Chief Executive Officer on 3 June 2024.
- Dyan Perry's tenure ended on 31 July 2024.
- Simon Murray's tenure was granted a final extension on 1 August 2024 which ended on 31 October 2024.
- Anne Baldock's tenure was extended to 31 January 2026.
- Chris Walton was appointed as a Non-Executive Director on 1 December 2024.

The appointment dates and fees of all Board Directors are set out in sections 8.24 and 8.25 of the People and Remuneration Report.

5.3 Directors' attendance at Board meetings.

Board Member	Attendance ³
Neil Sachdev	13/13
Anne Baldock	11/13
Beth West	13/13
Dyan Perry	9/13
Lynette Ryals	10/13
Simon Murray	13/13
Caroline Botwood	8/8
Will Gallagher	8/8
Sam Turner	6/8

Cavendish Elithorn, the Senior Responsible Owner for EWR Co at the DfT, attended 5 Board meetings in FY 2023-24 as an observer. He held no voting rights.

³ Number of scheduled meetings attended/maximum number of meetings that the Director could have attended.

5.4 Personal data-related incidents

One protected personal data-related incident occurred which required reporting to the Information Commissioner's Office (ICO). The ICO stated that they did not need to take further action due to the steps that EWR Co had implemented. They advised that EWR Co investigate the cause of the incident to mitigate against the incident reoccurring, which was completed.

For the FY 2023-24, there were eight personal data-related incidents that required investigation. These incidents were investigated in accordance with EWR Co's 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 Government 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

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. Procedures are in place to ensure Directors comply with their duties in relation to conflicts of interest. 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.
- Sam Turner, Chief Financial Officer of the Board, is on a secondment contract from Network Rail.

5.7 Political and charitable contributions

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

5.8 Other material issues

The EWR Co Board approved the appointment of Sam Turner as Chief Financial Officer on 19 June 2023 and Will Gallagher as Chief Strategy Officer on 18 July 2023. These respective appointments were approved by HM Treasury on 7 September 2024.

Following the year end, Beth West stepped down as CEO on 31 May 2024, David Hughes joined as CEO on 3 June 2024, Dyan Perry's tenure ended on 31 July 2024 and Simon Murray's tenure ended on 31 October 2024.

Other than those matters disclosed here and under Note 17, there have been no material events that have, or are expected to, affect EWR Co since the end of this reporting period (31 March 2024).

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.

	FY 2022-23	FY 2023-24
Undisputed invoices paid within 5 days	93%	85%
Undisputed invoices paid within 30 days	99%	100%

During the accounting year, we have reviewed the approach on how this data was reported and we concluded, that a new approach was needed to show more realistic results. This has now been applied for FY 2023-24, and undisputed invoices paid within 5 days reported a lower performance.

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 2024 or in the foreseeable future.

5.11 Contingent liabilities

EWR Co did not recognise any contingent liabilities on 31 March 2024.

5.12 Auditor

EWR Co continued to appoint the Comptroller and Auditor General (C&AG) in accordance with the Companies Act 2006 (CA 2006) requirements for an entity to produce audited accounts. The audit work is carried out by the National Audit Office (NAO) on the C&AG's behalf. An audit fee of £81,000 (excluding VAT) was charged, and no non-audit work was carried out by the NAO.



The Directors' Report is signed by David Hughes, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 17 December 2024.

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 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.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of EWR Co and of its income and expenditure, financial position and cash flows for the financial year.

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 (NDPB) of the DfT, EWR Co also requires an Accounting Officer to be appointed. The Permanent Secretary of the DfT has appointed the Chief Executive Officer 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:

- 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.
- Complying with the requirements of the FReM including the relevant accounting and disclosure requirements, where this additional disclosure does not conflict with the CA 2006.
- Stating whether applicable accounting standards as set out in the FReM have been followed and disclosing and explaining any material departures 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 HM Treasury.

The Governance Statement within this document sets out how these responsibilities have been discharged in the FY 2023-24.

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. Since responsibility as Accounting Officer transferred from Beth West to David Hughes on 3 June 2024, David Hughes has considered written assurances from Beth West. 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.



David Hughes, CEO

The Statement of Directors and Accounting Officer's responsibilities is signed by David Hughes, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 17 December 2024.

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 incorporates a governance model 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, EWR Co's governance framework 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 Executive 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 are encouraged to provide constructive challenge, strategic guidance, offer specialist advice, and hold management to account. Further information about the role of the Board is set out in section 7.2.

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 Executive 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. Further information about the role of the Remuneration and Nomination Committee is set out in section 7.5.

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 the 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 monthly and receives appropriate information in relation to staff numbers, financial activity, and organisational performance to support effective decision making.

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 Executive Team to ensure these policies are duly implemented, are transparent and appropriate and reflect the DfT's general pay structure.

EWR Co, as an Arm's Length Body of the Department for Transport is required to, and does comply with H. M. Treasury's 'Guidance for approval of senior pay: Senior pay controls process'. (June 2023), on all forms of recruitment. Following an internal review, EWR Co identified that in 4 instances across the Company, it had breached this guidance where secondments had been incorrectly categorised as consultants. These were a very specific set of circumstances, the wider control process was found to have no identified issues.

Once the Company identified that it had breached the senior pay guidance for FY 2023-24, retrospective approval was sought and secured from HM Treasury.

The Company has now improved its processes introducing a new resource approval panel where all new hires need approval to ensure such a breach does not re occur.

Further information about the role of the Board and its Committees to support the principles outlined above can be found on pages 58-61.

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, and in line with the Matters Reserved for the Board, 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 EWR.
- 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 Non-Executive Directors appointed by the Chair, in conjunction with the DfT
- One Non-Executive Director nominated by the Shareholder (Secretary of State)
- An additional executive director (normally the Chief Financial Officer)

At the financial year end the Board was composed of nine statutory Directors – the Chair, Chief Executive Officer, Chief Strategy Officer, Chief Financial Officer and five Non-Executive Directors.

Names of the Board members, the number of Board meetings held, 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 EWR Co's strategy as approved by the Board.
- 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 Non-Executive Directors should be composed of members that have a balance of skills and experience appropriate to directing EWR Co's business.

The Non-Executive Directors 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. The role of each Committee and the names of the Board Committee members are below. The number of Committee meetings held, and Board Committee members' attendances at those meetings are provided in the table at the end of this section.

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. Its primary focus was on ensuring that EWR Co had adequate remuneration policies in place. The Chair is Lynette Ryals.

Audit and Risk Committee: This Committee considers and monitors EWR Co's arrangements for risk management, governance and internal control. It is also responsible for validating the integrity of EWR Co's financial statements and Annual Report. The Chair in FY 2023-24 was Anne Baldock. Chris Walton was appointed as the Chair in FY 2024-25.

Investment Committee: This Committee considers major expenditure and investment items in accordance with EWR Co's Procurement Policy and corporate delegations of authority. Its primary focus in FY 2023-24 was carrying out procurement activities in accordance with its policies and delegated authorities. The Chair in FY 2023-24 was Simon Murray. Anne Baldock was appointed as the Chair in FY 2024-25.

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. Its primary focus in FY 2023-24 was 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. The Chair in FY 2023-24 was Dyan Perry. Neil Sachdev was appointed as the Chair in FY 2024-25.

Attendance of Committee Members	Investment Committee ⁴	Remuneration and Nomination Committee ⁴	Audit and Risk Committee ⁴	Safety, Health and Environment Committee ⁴
Neil Sachdev	9/10	N/A	N/A	1/3
Anne Baldock	10/10	5/5	4/4	N/A
Beth West	10/10	5/5	N/A	3/3
Dyan Perry	N/A	4/5	3/4	3/3
Lynette Ryals	N/A	5/5	4/4	N/A
Simon Murray	10/10	N/A	4/4	3/3
Caroline Botwood	N/A	1/3	1/2	N/A
Will Gallagher	N/A	N/A	N/A	N/A
Sam Turner	N/A	N/A	N/A	N/A

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 agreed a set of actions which were in the process of being implemented in FY 2023-24. The key actions were as follows:

- As part of future Non-Executive Director recruitment, an individual with finance expertise should be appointed to the Board, and that the Non-Executive Director holding this experience should chair the Audit and Risk Committee.
- Increase Investment Committee to 3 hours to allow sufficient time to consider strategic matters.
- The CEO to provide some clarity on the role of the Board (and shareholder) considering the acceleration of the Project, with a focus on the review of the Framework Document and Development Agreement.

⁴ Number of scheduled meetings attended/maximum number of meetings that the Director could have attended.

- Strategic Risks to be discussed at every Audit and Risk Committee. Any Key risks should then be escalated to the Board.
- The Executive Report should provide clarity around EWR Co's performance against its key objectives.

The EWR Co Board will conduct an external board effectiveness review in FY 2024-25.

7.7 External Audit Activity

The C&AG is appointed as the auditor of EWR Co's financial accounts. EWR Co's financial audit work and their conclusions are described in the Certificate and Report of the Comptroller and Auditor General.

The C&AG also has statutory audit access rights to report to Parliament at his own discretion on how the Company discharges its functions. The Public Accounts Committee frequently draws on these reports to hold inquiries. The Company had one report in the reporting period, Investigation into the East West Rail Project (Oxford – Cambridge), in December 2023. We have accepted the findings identified through NAO's performance audit work and are working with DfT and the NAO to implement any recommendations.

7.8 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 2023-24 alongside their audit opinions:

Review of:	Opinion
Business Continuity & IT Disaster Recovery	Moderate
Payments to supplier review	Substantial
Risk Management	Moderate
New Procurement Procedures	Moderate
Connect Stage Programme Governance	Limited
Health and Safety	Moderate
Workforce Planning Review	Limited
Governance Arrangements	Moderate
Overall	Moderate

The GIAA gave EWR Co an overall Moderate assurance opinion in their annual report for the FY 2023-24. A Moderate assurance is the second highest level of four possible opinions – see table below. This opinion means that some improvements are needed to enhance the effectiveness of the framework of governance, risk management, and control.

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

This opinion represents the sixth successive year in which a Moderate rating has been provided since the company started operations in September 2018. The GIAA did state, however, that in the FY 2023-24 EWR Co annual opinion had shifted towards the lower end of the Moderate assurance scale due to some challenges faced by the Company. These challenges were:

- Resource challenges – As represented by the limited opinion given to the workforce planning audit and the large number of senior staff employed via interim and secondment arrangements.
- CS1 Programme Governance – Overall, GIAA found that governance structures were in place and clearly defined within the CS1 Programme brief. The GIAA report identified additional steps that could be taken to further underpin CS1 Programme Governance.
- Governance Arrangements – This audit received a moderate opinion and reported that EWR Co had an appropriate framework in place in relation to governance.
- Procurement – The auditor highlighted the need for EWR Co to focus on developing the right capacity, capability and commercial assurance to be able to meet the requirements of the upcoming Procurement Act 2023 and the awarding and managing of large-scale contracts.

7.9 Risk management

EWR Co takes an enterprise-wide approach to risk management, considering and managing risk at all levels across the Project. The approach is based on International Organisation for Standardisation (ISO) 31000 and it complies with HM Treasury Guidance, Orange Book Risk Control Framework 2023, and the Cabinet Office Framework for the Management of Risk in Government. EWR Co is committed to implementing a risk strategy which adopts risk management best practice and aims to produce an integrated, transparent, and consistent methodology to deliver EWR Co's objectives.

Risk governance is applied through the existing EWR Co governance structure, shown in Figure 1 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.

EWR Co recognises 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 the Project are key activities which support successful delivery of the planned outcomes. To support this, EWR Co uses specialist risk management tools and resource; and their documented risk management approach, along with the corporate risk appetite, are reviewed and updated on an annual basis as the Project develops.

7.10 Risk assessment in 2023-24

During FY 2023-24 EWR Co's risk management approach has continued to evolve, embedding risk management processes and principles to drive a proactive risk culture and risk management 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 programme and strategic risks. Risk activities are supported by specialist risk management resource and deployment of best practice risk tools and risk assessment techniques as well as organisation-wide training. 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 strategy and Project.

7.11 Identification, mitigation and control of strategic risks

EWR Co uses an Enterprise Risk Management (ERM) Framework to manage risks across the Project including delivery risks, strategic risks, inherent business risks such as business disruption, fraud and bribery, and governance and process compliance.

Strategic risks are reviewed at least quarterly by the Executive team and supported by 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 EWR Co is 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 2024
Change in year



High



Medium



Low



Risk increase



Risk decrease



No risk movement

Risk description	Key response measures
Affordability pressure due to inflation and competing projects impacting on limited public finances.	<ul style="list-style-type: none"> Focus on cost covers approaches to cost avoidance, reduction, management, and control so ensure that EWR Co minimise costs and manages them. Project budgets will be set to deliver in a cost-effective manner and costs will be monitored regularly to track progress. Create a framing section on how cost maturity develops overtime with a risk flight path with known intervention being clearly marked. Design Critical Friend approach to challenge design to optimise and reduce cost. Delivery Strategy will focus on how to achieve the EWR Co's objectives
Failure to secure a DCO for the Project in a timely manner and with a reasonable budget.	<ul style="list-style-type: none"> Ensure that sufficient consultation is carried out and that the outcomes of consultation are adequately documented. Strengthen the relationship with the Planning Inspectorate to understand the minimum submission requirements and resource constraints. Ensure sufficient progress on design is made to support delivery of environmental assessment and land referencing / negotiation activities. Ensure a high standard of Consultation in order to increase public understanding, meet all legal requirements under the Planning Act 2008, and reduce risk of further Consultation or any legal challenges. Put in place a detailed stakeholder engagement plan that maximises opportunity to build understanding and that structures key stakeholder input ahead of formal consultation. Upskill EWR Co 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. DfT and Department for Environment, Food and Rural Affairs to obtain greater clarity on expectations and provision for delivering those expectations. Execution of the Net Zero Carbon Action Plan
EWR is a high-profile Project and could be the target for objection and public hostility at certain locations.	<ul style="list-style-type: none"> Liaise with local stakeholders, e.g. local authorities and landowners. Maintain current work on advocacy and publicising what local sentiment looks like to increase Project popularity. Monitor protester and security threats, and plan response measure accordingly. Engage local authority partners to work collaboratively to manage security risks. Incident management plans and teams, and briefings on managing protester situations. EWR is creating a police log for each event as well as having security team for all organised events. Enhanced training for engagement with communities to be undertaken.

07. Governance Statement

Significant Health, Safety or Environment incident resulting in: injury to employees, suppliers, or those others impacted by EWR Co activities, loss/damage to asset or harm to environment, leading to prosecution or loss of reputation.



Business Disruption: Risk of cyber, or security material breach reducing 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.



EWR benefits and long-term legacy for UK Public Limited Companies within the business case are not realised.



EWR Co as a Special Purpose Vehicle unable to adapt to changes within the Railway Industry:

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 may not have the right capability at the right time due to inability to attract and retain key talent in the organisation.



- Ensuring the application of appropriate standards and expectations through our entire supply chain targeting culture, behaviour, and maturity.
- Ground Investigation Principal Contractor Activities: Health and Safety assessment of Principal Contractor capability and Health, Wellbeing, Safety and Security (HWSS) arrangements for pre-qualification questionnaire and prepare critical HSS minimum criteria for Invitation to Tender.
- Working extensively with EWR Co's Technical Partner Engineering and Survey Management Agent Organisation to embed EWR Co's minimum Health and Safety Management System (HSMS) Construction Design and Management (CDM) related requirements to be implemented and all non-intrusive and intrusive survey activities.
- Development of a risk-based audit and assurance process for all supply chain undertakings and critical interface activities.
- Working with all stakeholders, the rail industry, and pan industry colleagues to develop leading practice and innovation on key and critical business and Health & Safety risks.
- Rigorous assessment and planning for those clear legal and statutory undertaking activities and role of EWR Co in the development, delivery, and operation of the Project.
- Reviewing several technologies to help inform health and safety by design and de-risking construction operations and future management of the asset.
- The Senior Information Risk Officer Maturity Model- Project is being designed to achieve level 3 maturity , which will provide the foundation to achieve ISO 27001 Certification.
- Ensure IT systems and access available to support flexibility and Business Continuity.
- An annual update is made to the Cyber Essential Plus Certification.
- Cyber Learn including Cyber refresher training to all EWR Co employees.
- Annual testing of the Business Continuity Plan.
- An upgrade to EWR Co's IT Disaster Recovery and Technology

- Work with Government Departments and local authorities across the public sector to deliver the wider benefits.
- Work with the relevant local authorities to develop their 'place-based' solutions that will inform the business case for each place.
- Quantify the Project's benefits to the whole UK economy as well as demonstrating how other regions (e.g., the North) will benefit from a project like EWR.
- Work with local authorities' planning teams to scope locally appropriate solutions to maximise 'integration' with the stations and network into their communities, as part of the £15m spend.
- Work with Great British Railways Transition Team (GBR) and Network Rail to ensure that EWR is integrated appropriately into the wider rail network.
- Active engagements with GBR Transition Team and 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.
- The Delivery Strategy is being developed with agility being at its core principles to demonstrate EWR Co added value.
- 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 resourcing strategy and recruitment resources for efficient recruitment, onboarding, induction, and mobilisation of resources.
- Succession planning undertaken at Executive level, alongside talent, capability, succession and vitality programmes across the organisation.
- EWR Co's Capability Plan is ongoing with the Executive to map the maturity of capability within the areas of the organisation.
- Ensure that organisation development activities are aligned and provide support EWR Co's organisational mission, vision, and goals.
- Ensure the Compensation, Benefits and Rewards Policy is maintained, which is fair and transparent as part of overall People Strategy.

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



- Collaboration with DfT, Network Rail, other Arm's Length Bodies and Group Commercial Board.
- Utilise available tools to gain market insight to support EWR Co's understanding of supply chain capability and agility.
- Following the Construction Playbook Guidance as the commercial best practices particularly for supply chain and resilience.
- Ensure the Technical Partner is progressing in a way that keeps optionality around open Modern Method of Construction.
- Understand key Tier 2 (suppliers) business models and cost structure and assessing how critical those are to suppliers to inform the Procurement Packaging Model.
- Development of a Delivery Strategy (and subsequent Commercial/Procurement Strategy) that reflects the external environment, market capabilities and the long-term vision for EWR Co.
- Request supplier (and sub-suppliers) performance and transparency as part of the Contract Terms and Service Level Agreements and act on reviewing performance regularly and accordingly.
- Risk of fraud to be monitored and managed from setting up the procurement strategy and throughout procurement process (including training and fostering the right culture).
- Long term development and sharing of pipeline with the market.
- Active engagement with local authorities as part of the wider benefit realisation strategy.
- Engage with Treasury and DfT Officials and ministers where appropriate to maintain their support to the Project.
- Launch new engagement strategy with local communities to boost support and manage objections.
- Build on positive momentum with local businesses.

There could be a risk of losing Government support for the Project.



7.12 Information assurance and security

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

7.13 Conclusion

EWR Co 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 FY 2023-24 and, in relation to significant Statement of Financial Position events, to the date of signing.

The Governance Statement is signed on behalf of the Board by David Hughes, Chief Executive and Accounting Officer, on 17 December 2024.

08.

People and Remuneration Report



8.

People and Remuneration Report

8.1 Employee engagement

EWR Co published its first People Strategy in FY 2022-23 with the headline of “To be an inspirational place to work, filled with bright, motivated technical experts”. Under the two pillars of the People Strategy, Culture and Capability, we set out our strategic people aims for FY 2023-24. This strategy is underpinned by five principles of:

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

We launched our first staff engagement survey in early 2024, as a series of short questions in a pulse survey format, which will be run periodically. The aim of the frequent pulse survey is to identify and tackle the issues important to our employees in real-time. It will also enable us to raise awareness and celebrate successes. In FY 2024-25, we will run our first in-depth annual employee engagement survey. The aim of our in-depth employee engagement survey will be to gain feedback on all aspects of employee experience from culture, communication, leadership, engagement and development opportunities. We are committed to actioning this survey on an annual basis, alongside our monthly pulse surveys.

One of the principles of the People Strategy is “Development for all,” and in FY 2023-24 we spent £287k on training and education. The continuation of our first comprehensive Senior Leadership Programme, delivered by our Organisational Development team, will continue into FY 2024-25. We have also launched our first Management Development Skills Programme, which continues into this financial year, and which has had great feedback so far. We are also focusing on team development to support the cross-functional teamwork as part of our operating model.

The Company also introduced Personal Development Plans in FY 2023-24, this will help us assess where colleagues wish to focus their development for the year ahead.

During FY 2023-24, 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 quarterly awards via official Schemes help to encourage four behaviours that are at the heart of our Company. These Schemes are detailed in Section 8.5.

There were no formal staff consultations in FY 2023-24.

Staff turnover of permanently employed employees reduced to 20.6% (FY 2022-23: 24.7%). We have developed our exit interview process and have used this information to develop our People Strategy and its strategic aims. We will continue to analyse this rate to understand patterns in reasons for leaving, how our figures compare with similar entities and how the rate varies by different characteristics.

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 continues with EDI training at the management level within the Management Skills Programme. We also trained certain Professional Homes in the guidance for the Public Sector Equality Duty and we undertook an Equality Impact Assessment, delivered by one of our partners. Further training within EDI will take place into FY 2024-25, with a focus on the whole business.

8.3 Staff composition

The statistic below shows the percentage of women in senior leadership and other positions. This is based on the 245 staff (excluding Non-Executive Directors), 250 (including Non-Executive Directors) at EWR Co on 31 March 2024.

The average overall proportion of female employees has improved in FY 2023-24 to 41.5% (FY 2022-23: 38.5%) and 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. 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 2024-25.

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	In Senior leadership	Other grades	Overall
As at 31 March 2024	50%	41.4%	41.5%

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 23.77% (FY 2022-23: 25%), which means women earn 74p (FY 2022-23: 75p) (rounded) for every £1 that men earn when comparing median hourly pay. When comparing mean (average) hourly pay, women's mean hourly pay is 14.31% (FY 2022-23: 16.83%) lower than men's. We could not establish whether there were ethnic or disability pay gaps as the data was not statistically robust.

During FY 2023-24 we launched a Pay Parity Review across the organisation. This will continue during FY 2024-25 and will include further investigation of gender pay gap analysis, and indeed any other pay gaps where possible.

8.5 Recruitment and retention

We leverage technology such as our Applicant Tracking and Pinpoint, to automate administrative tasks and improve candidate communication. Our presence on LinkedIn enhances our employer brand by showcasing vacancies, projects, and case studies. Regular benchmarking ensures competitive employee compensation, aiding attraction, and retention efforts. Using Zinc for human resources onboarding ensures a seamless

joining experience, fostering a supportive work environment. Retention strategies like performance rewards and recognition programs, including our Going the Extra Mile (GEM) Scheme awards and 'Perkbox,' encourage loyalty and reduce turnover. Diversifying recruitment advertising across multiple platforms and social media channels, helps attract diverse talent, enriching our talent pool and fostering inclusivity and innovation. Exit interviews provide us with valuable insights into why employees are leaving. This information can help identify common themes, or issues that may be contributing to turnover. By understanding the reasons employees choose to leave, EWR Co can identify areas for improvement. This may involve addressing specific issues within departments or teams, improving policies and procedures, or making changes to the overall work environment.

8.6 Disability statement

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.

To discover the best solutions, it's important we embrace diversity of thought. That is why we aim to ensure our colleagues feel included, engaged, and valued. Our approach to diversity is simple – a workplace where everyone is welcome, and everyone is encouraged to be themselves without harm to others. It helps fuel our innovation and connects us with the customers and communities we serve.

8.7 Health and safety leadership

The EWR Co Board and Senior Leadership Team are collectively responsible for providing HWSS leadership across EWR Co and promoting HWSS principles. These are described in EWR Co's Health and Safety Policy, referenced in all supporting processes and procedures which form our HSMS. This underpins our Safe and Secure strategy and plan which has been approved by the Safety, Health and Environment Committee in FY 2023-24.

8.8 Health and Safety Management System

The HSMS describes our roles and responsibilities under applicable and specific health and safety legislation, as well as recognised industry practice and supporting standards.

Continued progress was made during the year developing our HSMS in accordance with the ISO 45001:2018 standard and its structure, in readiness for certification, with development of critical process aligned to EWR Co's risk profile.

We have integrated our approach to process management with all other business systems (Quality and Environmental Management), as well as aligning our approach to strategic planning, to ensure a consistent and coordinated approach to system effectiveness throughout the business. The focus of the system integration is to reduce duplication of similar processes, simplify our process architecture seeking efficiencies whenever possible, and to bring to life those processes with appropriate media, briefing and training of our staff.

An ongoing development plan is in place for the further development of the HSMS and supporting procedures for FY 2024-25, reflecting our changing risk profile, population growth and the advance of site-based activities across all environmental, ecological and ground investigation intrusive surveys.

The aim of the forward programme of improvement is also to bring to life the EWR business outcome 'Safe and Secure' and to ensure that our principals, critical business objectives and supporting activities are bought to life within our system and process architecture 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 external engagement events.

EWR Co's physical works during the year have been limited to general site visits by project management teams, non-intrusive ecological and environmental surveys across CS3, and our ongoing assurance of CS1 operations with the EWR Alliance and Network Rail.

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 positive and productive engagement, communication and site performance monitoring as part of our ongoing assurance activities.

The EWR Alliance has continued to organise a highly effective and visible health and safety programme across its high-risk railway construction operations.

In terms of incidents and accidents the EWR Alliance has reported 0 events under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and 0 lost-time injury events in the period. Consequently, the EWR Alliance cumulative AFR and Lost Time LTIFR are 0.103 and 0.103 respectively, against 2023-24 targets of 0.09 and 0.120 respectively. The cumulative Fatality Weighted Index (FWI) rate is 0.107 against a 2023-24 target of 0.049.

We continue to track and monitor all ‘Close-Call’ events and incidents reporting from CS1. Whilst we have seen a proactive raising of ‘Close Call’ events from all areas of the railway construction environment, general site security, welfare, housekeeping and working at height remain areas of focus and attention.

These key risk areas and day to day issues are 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.

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:

- Emergency personnel training for office facilities (first aid and fire) for all EWR offices;
- CDM awareness, specifically our Client and Principal Designer duties, with a general induction for all staff, and more specific training for those with duty holder accountability;
- Health and Safety Induction; and
- Home working assessment and display screen equipment use.

We have taken the opportunity 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.

Critical to this is our cascade arrangements for the HSMS and specific process, provision of appropriate briefing material and publications and our communication of business process requirements.

8.11 Mental health and wellbeing

The mental health and wellbeing of our people and the support that we provide our teams and other stakeholders continues to develop in line with the Occupational Health and Wellbeing (OHW) strategy. The Occupational Health services have provided assistance and support for many and the Employee Assistance Program continues to have a good uptake and utilisation of the services offered, particularly as we return to the office environment.

Building upon the foundation that has been laid over the last year, the Health and Wellbeing strategy has seen the implementation of a number of milestones for EWR Co including;

- A Health and Wellbeing Training plan that forms part of the Line Manager training scheme.
- A Health and Wellbeing hub and branding.
- The development of Health and Wellbeing Key Performance Indicators and wellbeing forming part of the Business Dashboard.
- Forecast of Health and Wellbeing risks as part of the business risk profile.
- Development of Occupational Health in Design.
- Building resilience through practical strategies, training, and management.
- Development of a strategy and plan to manage stress (stress risk assessments, training and awareness).
- Development of OHW Policies and procedures; and
- Engagement and collaboration on OHW issues with our Technical Partners.

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:

- The Health Kiosk.
- Know your numbers clinic with our OH provider.
- Occupational Health Referrals.
- Our Employee Assistance Provision.
- A series of specific and regular webinars addressing topical issues and themes; and
- Mental Health First Aider (MHFA) support network including ‘Tea on Teams’.

We will continue to build upon and further develop our OHW approach moving into the FY 2024-25 with the help of a Health and Wellbeing calendar of events and a dedicated hub. This is being led through a dedicated OHW resource within the EWR Co and will include all partners and suppliers and will be kept under review by our joint Health and Safety Forum.

8.12 Sickness absence data

During FY 2023-24 we changed the way in which employee absences are reported. We now include each full day of absence in employee absence reporting whereas previously this was recorded for two or more days of absence only. This amounted to 102 individuals and 966 days (FY 2022-23: 44 individuals and 537 days). The increase in individuals is largely due to the change in the way absences are reported, whilst the number of days absent was 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 2023-2024, consequently no trade union facility time was undertaken.

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, and are aligned to public sector pay policies from the Government.

8.16 Staff costs and numbers (audited)

All values in £000	Direct employees	Other personnel	Total	2023-24	2022-23	2021-22
				Total	Total	Total
Wages and salaries	17,618	3,051	20,669	17,689	17,963	
Social security costs	2,116	0	2,116	1,733	1,039	
Pension costs	1,968	0	1,968	1,529	925	
Non-Executive Director fees	153	0	153	168	171	
Total staff costs	21,855	3,051	24,906	21,119	20,098	

Average number of people employed (measured as full-time equivalents)	Direct employees	Other personnel	Total	2023-24	2022-23	2021-22
				2023-24	2022-23	2021-22
				237	13.6	250.6
				189.3	20.1	209.4
				118.0	50.0	168.0

*Excludes Non-Executive Directors

8.17 Performance related pay (PRP)

An interim scheme called the GEM scheme, which rewards employees, continued in FY 2023-24. The Scheme was operated quarterly through submissions by the leadership team and reviewed and agreed by the Executive Committee.

The maximum amount of any single award is £2,000 per person per year and is split into strong input (£501-£1000), significant contribution (£1,001-£1,500) and exceptional impact (£1,501-£2,000).

102 nominees received payments in FY 2023-24 with a combined value of £87,500. This compared to 88 nominees receiving payments under the Scheme worth £81,100 in FY 2022-23.

The previous CEO, Beth West, was not eligible for PRP or bonuses.

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 2023, employees who joined EWR Co before 1 April 2023 received a 4.5% pay rise with effect from 1 April 2023. This pay rise was aligned to the Civil Service pay remit guidance. An additional £1,500 fixed non consolidated payment was made to full time staff that met eligibility criteria set out in the pay remit guidance.

During FY 2023-24, we launched an internal parity review of all salaries. We have conducted a review of job titles and job descriptions to ensure consistency across the business and commenced deeper analysis. Where we noted disparities with pay due to gender or levels, adjustments have been made. We will continue this review in FY 2024-25.

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.

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 from the previous financial year in respect of the highest paid director was 4.5%.

The average percentage change in salary from the previous financial year in respect of the employees of the entity taken as a whole was -2.2%. This covers all permanent employees, fixed term contract staff, temporary contract staff and secondees. The figures for FY 2022-23 have been restated to ensure the information has been calculated on a consistent basis.

Total pay and benefits using FTE	2023/24	2022/23 (restated)
Highest paid director/employee (CEO)*	£209,000	£200,000
75th percentile remuneration	£93,712	£96,833
Median remuneration	£70,919	£75,000
25th percentile remuneration	£53,000	£55,020
Lowest paid employee	£27,693	£26,500
Highest pay : Upper quartile remuneration	2.2	2.1
Highest pay : Median pay remuneration	2.9	2.7
Highest pay : Lower quartile pay remuneration	3.9	3.6

Pay component only using FTE	2023/24	2022/23 (restated)
Highest paid director/employee (CEO)*	£209,000	£200,000
75th percentile pay	£93,064	£95,970
Median pay	£70,669	£75,000
25th percentile pay	£53,000	£55,020
Lowest paid employee	£27,693	£26,500
Highest pay : Upper quartile pay	2.2	2.1
Highest pay : Median pay	3.0	2.7
Highest pay : Lower quartile pay	3.9	3.6

* Note disclosure below the table in 8.24 with regard to the CEO's salary.

The average salary in the FY 2023-24 was £77,396 (FY 2022-23: £79,159 (restated)) and the average bonus or performance payment of those paid out was £358 (FY 2022-23: £361 (restated)). The percentage change in bonuses was -1%.

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 £1.96m (FY 2022-23: £1.5m). 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 (audited)

No redundancy packages were paid during FY 2023-24 (FY 2022-23: none).

8.22 Exits (audited)

No exit packages were paid during FY 2023-24 (FY 2022-23: none).

8.23 Directors' remuneration

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

8.24 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, and a defined contribution pension scheme.

No Executive Director received pay related to their performance (a bonus) or any taxable benefits.

Executive Directors' remuneration All figures in £	Salary	Pension payments	Total
* Beth West (the highest paid director): 01/04/2022 – 31/05/2024	2023-24	209,000	25,100
	2022-23	200,000	24,480
Will Gallagher : 18/07/2023 to date	2023-24	189,900	22,204
	2022-23	N/A	N/A
** Sam Turner : 19/06/2023 to date	2023-24	151,114	**
	2022-23	N/A	N/A

* Beth West received an accidental overpayment of £4,000 in FY 2022-23 and this amount was recovered from her salary in FY 2023-24. Her contractual salary is declared above but she received the equivalent of £204,000 in FY 2022-23 and £205,000 in FY 2023-24.

** Sam Turner is on secondment from Network Rail. The figure disclosed covers basic salary, employers NI, employers pension, healthcare and allowance contribution and VAT. EWR is not provided with a breakdown of these costs but is invoiced a single amount. The amount invoiced, and therefore the amount paid and reported above, also includes VAT. EWR Co is unable to recover VAT on the cost of seconded staff.

8.25 Non-Executive Director Fees (audited)

All figures in £	Appointment date	Resignation date	Fees 2023-24	Fees 2022-23	Principal position held elsewhere at 31 March 2024
Neil Sachdev (Chair)	19/04/2021 reappointed 19/04/2024	-	75,000	75,000	Non-Executive Director
Anne Baldock	01/02/2019	-	19,200	19,200	Non-Executive Director
Dyan Perry	01/02/2019 extended to 31/07/2024	-	19,200	19,200	Non-Executive Director
Simon Murray	01/02/2019 extended to 31/10/2024	-	19,200	19,200	Non-Executive Director
Lynette Ryals	01/11/2020 reappointed 31/10/2023	-	20,000	20,000	Chief Executive Officer at MK:U Ltd
Caroline Botwood	18/9/2023	-			Civil Servant

Levels of remuneration for the Non-Executive Directors (except the Shareholder Nominated Director) are intended to reflect the time commitment and responsibilities of the role. The shareholder-nominated Director, who is normally a civil servant, is not paid by EWR Co or the Government for her role as a member of the Board. Caroline Botwood was appointed as the Shareholder Nominated Director on 18 September 2023.

Lynette Ryals was reappointed on 31 October 2023. 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. Simon Murray and Dyan Perry's terms of appointment were extended on 31 January 2024 until 31 July 2024. Simon Murray received a final extension until 31 October 2024. They each received a fee of £19,200 per annum which includes chairing a Committee.

8.26 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 as of 31st March 2024 earning £245 per day or greater.

Table 1	31 March 2024	31 March 2023	31 March 2022	31 March 2021
Number of existing engagements	8	18	28	56
Of which:				
Less than 1 year	4	12	19	47
Between 1 and 2 years at the reporting date	2	4	8	4
Between 2 and 3 years at the reporting date	2	2	1	5
Between 3 and 4 years at the reporting date	0			
More than 4 years at the reporting date	0			
Total engagement at the reporting date	8	18	28	56

All off-payroll workers engaged at any point between 1st April 2023 – 31st March 2024 earning £245 per day or greater.

Table 2	2023-24	2022-23	2021-22	2020-21*
Number of off-payroll workers engaged between 1st April 2023 – 31 March 2024	16	51	118	64
Of which:				
Number not subject to off-payroll legislation	15	51	93	64
Number subject to off-payroll legislation and determined in scope of IR35	1	-	-	-
Number subject to off-payroll legislation and determined as out of scope of IR35	0	-	-	-
Number of engagements reassessed for compliance or assurance purposes during the year	0	-	25	-
Of which: Number of engagements that saw a change in IR35 status following reassessment	0	-	-	-
Total engagements during the reporting period	16	51	118	64

Off-payroll engagements of board members and/or, senior officials with significant financial responsibility between 1st April – 31st March 2024.

Table 3	2023/24 Q4	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	1	-	-	-
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	5	6	6	6
Total engagements during the reporting period	6	6	6	6

The People and Transformation Director was hired as a temporary employee in November 2022, pending the role being advertised on a permanent basis. The temporary member of staff was a member of the Executive Team throughout FY 2023-24. This role was advertised for permanent recruitment in January 2024.



The People and Remuneration Report is signed by David Hughes, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 17 December 2024.

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. In FY 2023-24 one loss was reported. In FY 2022-23 no losses were reported.

Special payments include extra-contractual, special severance, ex gratia and compensation payments. In the FY 2023-24, three special payments were made. In FY 2022-23 no special payments were reported.

Further detail can be found in Note 16 of the Notes to the Financial Statements.

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.

In FY 2023-24, there was one instance of a remote contingent liability related to a staff employment issue which the Company is in the process of defending. There were no remote contingent liabilities in FY 2022-23.

Contingent liabilities for which the probability of crystallisation is rated as greater than remote are disclosed in Note 14 to the Financial Statements.

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

In FY 2023-24 EWR Co reviewed how effectively it had delivered the Government Functional Standards. It found that significant steps had been taken to embed the requirements of the Functional Standards, but further work was required as gaps existed. Actions plans for those elements of the Functional Standards which were yet to be delivered, were agreed. Progress meetings have been scheduled in FY 2024-25 to review performance against these action plans.

9.5 Independent Auditor's Report to the members of East West Railway Company Limited and The Houses of Parliament

Opinion on financial statements

I have audited the financial statements of East West Railway Company Limited for the year ended 31 March 2024.

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

- Statement of Financial Position as at 31 March 2024;
- 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 the 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 the East West Railway Company Limited's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the 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 the 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 the 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 the 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 Strategic and Directors' 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 the 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
- 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 the East West Railway Company Limited from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- preparing the Annual Report, which includes the People and Remuneration Report, in accordance with the Companies Act 2006; and
- assessing the 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 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 the East West Railway Company Limited's accounting policies, key performance indicators and performance incentives.
- inquired of management, the East West Railway Company Limited's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the 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 the East West Railway Company Limited's controls relating to the East West Railway Company Limited's compliance with the Companies Act 2006 and Managing Public Money;

- inquired of management, the 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 the 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the East West Railway Company Limited's framework of authority and other legal and regulatory frameworks in which the 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 the 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;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including 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 sufficient appropriate audit evidence 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.



Michael Main (Senior Statutory Auditor)

17 December 2024

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 2024



10.

Financial Statements for the year ending 31 March 2024

Statement of comprehensive net expenditure

All values in £000s	Note	Year ended 31 March 2024	Year ended 31 March 2023
Expenditure			
Staff costs	3	24,906	21,119
Other expenditure	4	71,421	43,859
Depreciation and amortisation	4	900	840
Total Expenditure for the year		97,227	65,818
Finance and other non-cash costs	4	(55)	19
Net Expenditure for the year		97,172	65,837
Comprehensive net expenditure for the year		97,172	65,837

The Notes on pages 103 to 122 form part of these financial statements.

Statement of financial position

All values in £000s	Note	As at 31 March 2024	As at 31 March 2023
Non-current assets			
Property, plant and equipment	5	550	967
Right of use assets	6	3,420	280
Inventory	8	3,282	-
Total non-current assets		7,252	1,247
Current assets			
Trade and other receivables	9	1,568	1,296
Cash and cash equivalents		8,474	2,663
Total current assets		10,042	3,959
Total assets		17,294	5,206
Current liabilities			
Trade and other payables	10	(10,881)	(6,990)
Provision	11	(4,203)	-
Lease liabilities	7	(1,087)	(197)
Total current liabilities		(16,171)	(7,187)
Non-current liabilities			
Lease liabilities	7	(2,380)	(104)
Total net assets/ (liabilities)		(1,257)	(2,085)
Taxpayers' equity			
General reserve		(1,257)	(2,085)
		(1,257)	(2,085)

The Notes on pages 103 to 122 form part of these financial statements.



Signed by David Hughes
 Chief Executive Officer & Accounting Officer
 17 December 2024
 Registered company: 11072935

Statement of cash flows

All values in £000s	Note	Year ended 31 March 2024	Year ended 31 March 2023
Cash flows from operating activities			
Net Expenditure for the year		(97,172)	(65,837)
Adjustments for non cash items			
Provision recognition		2,626	-
Other		843	842*
Adjustments for:			
(Increase) / decrease in trade and other receivables	9	(272)	1,103
Increase / (decrease) in trade and other payables	10	3,891	(2,324)
Use of provisions		(897)	-
Purchase of inventory	8	(808)	-
Net cash outflow from operating activities		(91,789)	(66,216)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(203)	(121)
Net cash outflow from investing activities		(203)	(121)
Cash flows from financing activities			
Capital contribution from Shareholder		98,000	69,000
Repayment of borrowings and leasing liabilities	7	(200)	(213)
Lease interest - MK Grafton Mews	7	3	17
Net cash inflow from financing activities		97,803	68,804
Net increase / (decrease) in cash and cash equivalents		5,811	2,467
Cash and cash equivalents at the beginning of the year		2,663	196
Cash and cash equivalents at the end of the year		8,474	2,663

*Presentation of non-cash items for FY 2022-23 has been simplified by aggregating £842k of immaterial non-cash costs.

The Notes on pages 103 to 122 form part of these financial statements.

Statement of changes in taxpayers' equity

All values in £000s	General Reserve
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	<u>(2,085)</u>
Changes in Taxpayers' equity for 2023-24	
Net operating cost for the year	(97,172)
Capital contribution from Shareholder	98,000
Balance at 31 March 2024	<u>(1,257)</u>

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

The Notes on pages 103 to 122 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 below.

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 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 The Quadrant, Elder Gate, Milton Keynes, United Kingdom, MK9 1EN.

These financial statements cover the 12 months to 31 March 2024.

Note 1 – Statement of material 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 IFRS and the International Financial Reporting Interpretations Committee's (IFRIC) interpretations, and with the requirements of the CA 2006 applicable to companies reporting under IFRS. As a 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 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 3.8 of the Strategic Report.

C) Measurement convention

These accounts have been prepared under the historical cost convention on a Going Concern basis, except where specific departures, including fair value are described. Historical cost is a measure in which the value of an asset on the Statement of Financial Position 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. The basis for the Going Concern can be reviewed in Section 3.8 of the Strategic Report.

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 Statement of Financial Position 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) Inventories

EWR Co launched a NTS Property Scheme during FY 2023-24. The NTS Property Scheme allows EWR Co to purchase property which is not directly required for construction. This property is classified in the EWR Co accounts as Inventory, as it is held for resale at the end of the Project. Property from the NTS Property Scheme is recognised as Inventory at the point that a property is accepted onto the scheme.

Inventory should be held in the account at the lower of cost and net realisable value.

Property purchased in year: In this first year of operating the NTS Property Scheme only two properties were purchased, and they were both purchased in the second half of the financial year. The value of these properties at the financial year-end were assumed to equal the market value they were purchased for. Any difference between market value at the time of purchase and market value at the financial year end is considered immaterial to these accounts.

Property accepted on to the NTS Property Scheme which is yet to be purchased: Three properties were accepted on to the NTS Property Scheme in FY 2023-24 which had not completed the conveyancing process by the year end. A market value was estimated for these properties; they were recognised in Inventory and a provision was raised.

H) 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 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.

I) Cash and cash equivalents

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

J) 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.

K) 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 SoCNE 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.

i) Obligations to purchase land and property: recognition and measurement

In FY 2023-24 EWR Co launched a NTS Property Scheme. This Scheme is described on page 9 of the Annual Report and is also referred to within the Inventory section of the Accounting Policies in Section G of Note 1.

EWR Co recognises acceptance on to the NTS Property Scheme as a constructive obligating event i.e. the point that a provision would need to be raised under IAS 37. The provision is raised against Inventory and within the Inventory Note this is classified as 'Inventory yet to complete'.

The size of this provision is based on the estimate of property value identified during the NTS Property Scheme application process.

ii) Legal claims: classification

Legal claims are classified as contingent liabilities or provisions, valued, and presentation as current or non-current provisions based on legal and other professional advice.

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 Parliamentary Accountability and Auditors 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.

L) Employee benefits

Wages and salaries include 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 GEM Scheme) are awarded and paid quarterly in arrears. Employee's performance for the final quarter to 31 March 2024 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 2024 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 employees 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.

M) Corporation Tax

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

N) 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 noncurrent assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

O) Related party transactions

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

P) Critical judgements and sources of estimation uncertainty

The company applies the following significant estimation techniques:

- The recognition and valuation of accrued liabilities for work done by its professional service contractors is based on EWR Co's best estimates of the work done at the change to Statement of Financial Position date. The value of work done is certified, invoiced and paid only when all issues regarding the valuation of work done have been resolved to EWR Co's satisfaction. Accruals are based on EWR Co's view of application for payment and other information provided by the contractors leading up to certification. When accruing, the Company takes a view on cost of work done, applications for payment, and any disputed costs in measuring the value of works performed at the year-end date.
- As described in Point G above, EWR Co operates a NTS Property Scheme where property is purchased and held for resale at the end of the Project. In FY 2023-24 the first two properties were purchased under this Scheme. The Company has estimated that there was no material change in price between the date of purchase and the balance sheet date. This estimate is based on the property being purchased in the second half of the year, near to the year end.
- The narrative below Note 7 – Lease Liabilities details how the Rolling Stock lease, which was entered into in April 2022, was deemed to have been rendered onerous as set out in IAS 37.
- Note 17 – Events after the reporting date explains how the partial novation of the Rolling Stock Lease Agreement, signed in August 2024, required the accounts to be adjusted as it introduced new information which challenged a judgement that had been made at the end of the financial year.

Note 2 – Statement of expenditure by operating segment

EWR Co was restructured in FY 2023-24 and is now organised as a single operating segment for financial reporting purposes. This single segment includes all expenditure, assets and liabilities of the Company.

As the restructure resulted in a change in reporting to the Board, the prior year operating segments are restated as a single segment that includes all expenditure, assets and liabilities of the Company in FY 2022-23.

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.

All values in £000s	Staff costs comprise:		2023-24 Total	2022-23 Total
	Direct employees	Other personnel		
Wages and salaries	17,618	3,051	20,669	17,689
Social security costs	2,116	-	2,116	1,733
Pension costs	1,968	-	1,968	1,529
Non-Executive Director fees	153	-	153	168
Total staff costs	21,855	3,051	24,906	21,119

Other personnel costs include costs for contractors and secondees.

Staff seconded from other entities, 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 employees, are included under Professional services in Note 4.

Non-Executive Director fees do not include employer's pension contributions.

The key management personnel in FY 2023-24 were the Chief Executive Officer, the Chief Financial Officer and the Chief Strategy Officer. In FY 2022-23 the key management personnel 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

All values in £000s	Note	2023-24	2022-23
Non-staff expenditure includes:			
Professional services		49,230	23,484
Consultancy		9,199	10,027
Communications and publicity		2,921	2,964
IT/Comms technology		2,504	3,146
Legal costs		1,801	1,187
Licence & agent fees		517	820
Recruitment fees		399	504
Training & education		297	354
Accommodation and office services		720	457
Insurance		232	200
External audit fee - excluding VAT		81	77
External audit fee - irrecoverable VAT		16	15
Internal audit fee		152	79
Travel & subsistence		140	161
Rolling Stock costs		897	-
Provision - Rolling Stock	9	1,669	-
Provision for Legal		60	-
Other costs		586	384
		71,421	43,859
Depreciation			
Depreciation of tangible assets	5	614	698
Depreciation of right of use assets	6	286	142
		900	840
Other non-cash costs			
Lease interest	7	38	17
Adjustment of MK Grafton Mews Lease liability		(97)	
Loss on disposal of fixed assets		6	-
Other (non-cash) costs		(2)	2
		(55)	19
Total other expenditure		72,266	44,718

Note 5 – Property, plant and equipment

All values in £000s

	Office fit-out	Information technology	Total
Year ended 31 March 2023			
Cost or valuation			
At 1 April 2023			
Additions	10	193	203
Disposals	-	(14)	(14)
At 31 March 2024	1,720	1,125	2,845
Depreciation			
At 1 April 2023			
Charged in year	412	202	614
Disposals	-	(8)	(8)
At 31 March 2024	1,388	907	2,295
Net book value at 31 March 2024	332	218	550
Year ended 31 March 2023			
Cost or valuation			
At 1 April 2022			
Additions	-	121	121
Disposals	-	(84)	(84)
At 31 March 2023	1,710	946	2,656
Depreciation			
At 1 April 2022			
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

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

Note 6 – Rights of use assets

All values in £000s	Rolling Stock	MK Grafton Mews	Total
Year ended 31 March 2024			
Cost or valuation			
At 1 April 2023			
	-	732	732
Additions	3,266	-	3,266
Adjustment - MK Grafton Mews	-	160	160
At 31 March 2024	3,266	892	4,158
Depreciation			
At 1 April 2023	-	452	452
Charged in year	-	286	286
At 31 March 2024	-	738	738
Net book value at 31 March 2024	3,266	154	3,420
Year ended 31 March 2023			
At 1 April 2022	-	732	732
At 31 March 2022	-	732	732
Depreciation			
At 1 April 2022	-	309	309
Charged in year	-	143	143
At 31 March 2023	-	452	452
Net book value at 31 March 2023	-	280	280
Net book value at 31 March 2022	-	423	423

Rolling Stock disclosure to be found in Note 7 - Lease liabilities

Note 7 – Lease liabilities

All values in £000s	Rolling Stock	MK Grafton Mews	As at 31 March 2024	As at 31 March 2023
Amounts falling due				
Not later than one year	1,027	167	1,194	200
Later than one year and not later than five years	2,418	–	2,418	104
	3,445	167	3,612	304
Less: Unaccrued interest	144	1	145	3
Balance at year end	3,301	166	3,467	301
Of which:				
Current	921	166	1,087	197
Non-current	2,380	–	2,380	104
	3,301	166	3,467	301
Amounts recognised in expenditure				
Depreciation	–	286	286	142
Interest expense	35	3	38	17
	35	289	324	159
Cash flows				
Interest expense	–	3	3	17
Repayments of principle	–	197	197	196
	–	200	200	213

Rolling Stock Lease

In April 2022, EWR Co, at the direction of the DfT, entered into a Rolling Stock Lease Agreement with West Midland Trains (WMT). The lease agreement required six units (twelve vehicles) to be made ‘available for use’ on the 10 December 2023. The intention was for EWR Co to immediately transfer the units to the Train Operating Company for track testing and to operate the initial service.

Although WMT were able to make the vehicles available on 10 December 2023, EWR Co was unable to receive them as the track was not ready for testing. WMT agreed to hold on to the units, until the Train Operating Company were ready to receive them, as long as EWR met the payment obligations stated in the lease agreement.

With effect from 10 December 2023, the lease agreement was recognised as an onerous contract, in accordance with IAS 37. A provision was raised to cover the period that EWR Co expected the onerous contract to exist. Note 11 provides further detail of this provision. During the onerous lease period

between 10 December 2023 and the end of the FY 2023-24, £718,790 (including VAT) of lease payments were made from operating expenditure. A Rolling Stock maintenance contract was also rendered onerous and the rolling stock provision was increased to reflect this. £178,183 (including VAT) was released during FY 2023-24 to meet in year contractual commitments.

At the FY 2023-24, it was understood that the units would be delivered in September 2024, and the accounts were initially prepared on this basis. On the 2 August 2024 a partial novation of the lease agreement was signed. The partial novation determined that 2 units (4 vehicles) would be delivered on 5 August 2024 and the remaining 4 units (8 vehicles) would be delivered on the 10 December 2024. This is detailed in Note 17 – Events after the reporting date.

The accounts have been prepared using the delivery dates stated in the partial novation:

- Note 6 – Rights of use assets, shows the IFRS 16 value of these leases at a 31 March 2024 value; and
- Note 11 – Provisions, shows how much of the Rolling Stock provision was utilised during FY 2023-24, as well as the size of this provision at the year end.

Future Lease agreement:

During FY 2023-24 EWR Co was in negotiation with Network Rail regarding a lease of office space in The Quadrant, in Milton Keynes. A 10-year lease for office space was entered into in the first quarter of FY 2024-25.

Note 8 – Inventory

All values in £000s	As at 31 March 2024	As at 31 March 2023
Inventories purchased and held in the year		
Inventory	808	-
Inventory yet to complete	2,474	-
	3,282	-

As detailed in Section G of Note 1 - Statement of material accounting policies, Inventory relates to property which was bought via the NTS Property Scheme. EWR Co's intention is to sell this property at the end of construction.

The 'Inventory yet to complete' figure reflects those properties that have been accepted on to the NTS Property Scheme but are yet to be purchased. This figure can be also identified in the Provisions Note 11.

Note 9 – Trade receivables and other current assets

All values in £000s	As at 31 March 2024	As at 31 March 2023
Amounts falling due within one year		
VAT receivable	330	260
Prepayments	1,233	987
Staff travel loans	5	4
Other receivables	-	45
	1,568	1,296

Note 10 – Trade payables and other current liabilities

All values in £000s	As at 31 March 2024	As at 31 March 2023
Amounts falling due within one year:		
Trade payables	(217)	(94)
Staff costs accrual	(1,155)	(869)
Accruals	(9,509)	(6,027)
	(10,881)	(6,990)

Note 11 - Provision

All values in £000s	As at 31 March 2024	As at 31 March 2023
Amounts falling due within one year:		
Provision - Rolling Stock	(1,669)	-
Provision for Legal	(60)	-
Provision for NTS - yet to complete	(2,474)	-
	(4,203)	-

Rolling Stock provision

The disclosure in Note 7 – Lease Liabilities, details that a provision was created for Rolling Stock to reflect the cost that was anticipated between the 10 December 2023 when the Rolling Stock Lease Agreement was rendered onerous through to when the Rolling Stock was to be delivered. During FY 2023-24, £718,790 (including VAT) was released from this provision to meet lease commitments.

A Rolling Stock maintenance contract was also rendered onerous and the rolling stock provision was increased to reflect this. £178,183 (including VAT) was released during FY 2023-24 to meet in year contractual commitments.

The Rolling Stock provision of £1,669k stated in the table on page 118, reflects lease costs of £1,337,573 (including VAT) and maintenance costs of £331,576 (including VAT) anticipated in FY 2024-25.

NTS Property Scheme provision

The Provision for the NTS Property Scheme reflects those properties that have been accepted on to the Scheme but are yet to be purchased. This figure can be also identified in the Inventory Note 8.

Note 12 - Financial Instruments

EWR 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 13 - Financial and Capital commitments

The Company confirms that there were none to disclose as of 31 March 2024.

Note 14 - Contingent liabilities

The Company confirms that there were none to disclose as of 31 March 2024.

Note 15 - Related-party transactions

The Company is a NDPB 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.

All values in £000s	2023-24	2022-23
Transactions between the Company and DfT		
Capital contribution received from DfT	98,000	69,000
Amounts paid to DfT	26	127
Amounts included in Payables at the end of year	-	26

Other than their remuneration disclosed in Sections 8.22 and 8.23 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 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 Non-Executive Director for Network Rail's Property Supervisory Committee.

All values in £000s	2023-24	2022-23
Transactions between the Company and Network Rail Limited		
Amounts paid to Network Rail	1,118	1,042
Amounts included in Payables at the end of year	-	285

Note 16 - Losses and special payments

Managing public money requires EWR Co to provide a statement showing losses and special payments by value and by type where they exceed £300,000 in total and those that, individually, exceed £300,000.

EWR Co incurred one instance of a loss which met this definition. The three special payments which took place during FY 2023-24 were below the £300,000 threshold.

Fruitless Payment (a form of loss):

The disclosure in Note 7 Lease Liabilities explains that EWR Co entered into a Rolling Stock Lease Agreement, in April 2022, with West Midland Trains (WMT) for 6 units (12 vehicles). This disclosure explains that EWR Co was unable to receive the trains on the agreed date rendering the agreement onerous as described in IAS 37. EWR Co was required to make payments to WMT for these units, as set out in the Agreement, even though it did not receive any benefit from the use of the units.

The payments that have been made under the Rolling Stock Lease Agreement also meets the definition of a 'fruitless payments' as defined in H.M. Treasury's Managing Public Money guidance: "a payment which cannot be avoided because the recipient is entitled to it even though nothing of use will be received in return."

A total fruitless payment of £896,973 was incurred in FY 2023-24; £718,790 of lease payments inclusive of VAT and £178,183 of maintenance costs inclusive of VAT.

This fruitless payment is expected to continue into FY 2024-25 with lease payments of £1,337,573 (including VAT) and maintenance costs of £331,576 (including VAT).

Note 17 – Events after the reporting date

Two events occurred between 31 March 2024 and the date the financial statements were authorised for issue which met the definition of a non adjusting event under IAS 10.

- (i) *partial novation of the Rolling Stock Lease Agreement which had been signed in April 2022.*

As described in Note 7 Lease Liabilities, EWR Co entered into a Rolling Stock lease agreement with West Midland Trains (WMT) in April 2022 to lease 6 units (12 vehicles). These units were to be delivered on 10 December 2023, to be passed on immediately to the Train Operating Company, who would test the track and run the initial service. The Train Operating Company subsequently advised that they would be unable to receive the units on this date as the track was not ready for testing. WMT agreed to hold on to the units on the condition that EWR Co made payments in accordance with the signed lease. Provisional agreement was reached for the units to be delivered in September 2024.

On 2 August 2024 EWR Co, WMT and the Train Operating Company signed a partial novation of the initial lease agreement which required certain elements of this lease agreement to be transferred from EWR Co to the Train Operating Company. The partial novation included new delivery dates for the 6 units. 2 units were to be delivered on 5 August 2024 and the remaining 4 units were to be delivered 10 December 2024.

Under IAS 10 Events After the Reporting Period, the signing of the partial novation is considered to be a non-adjusting event as it is an event that has taken place after the end of the reporting period.

The partial novation does, however, introduces new information which improves a judgement that had been made at the end of the financial year. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, requires the accounts to be adjusted in line with the improved information. The accounts have therefore been prepared on the basis that 2 units were delivered on 5 August 2024 and 4 units were delivered on 10 December 2024.

- (ii) *Announcement of a review of EWR Co's organisational structure.*

David Hughes joined EWR Co as its CEO on 3 June 2024. One of the commitments that he made upon his arrival was to review EWR Co's organisational structure and capability to ensure it was set up for long term success.

Following a period of review, EWR Co announced an organisational restructure on 24 September 2024. This organisational restructure is expected to result in a 10-15% headcount reduction.

The proposed organisational structure seeks to; simplify the organisation, provide clear accountability, use existing skills and capability in the best way and to create and drive efficiency.

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.

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