

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

2020-21



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East West Railway Company Limited

Annual report and accounts 2020-2021
For the period 1 April 2020 to 31 March 2021

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

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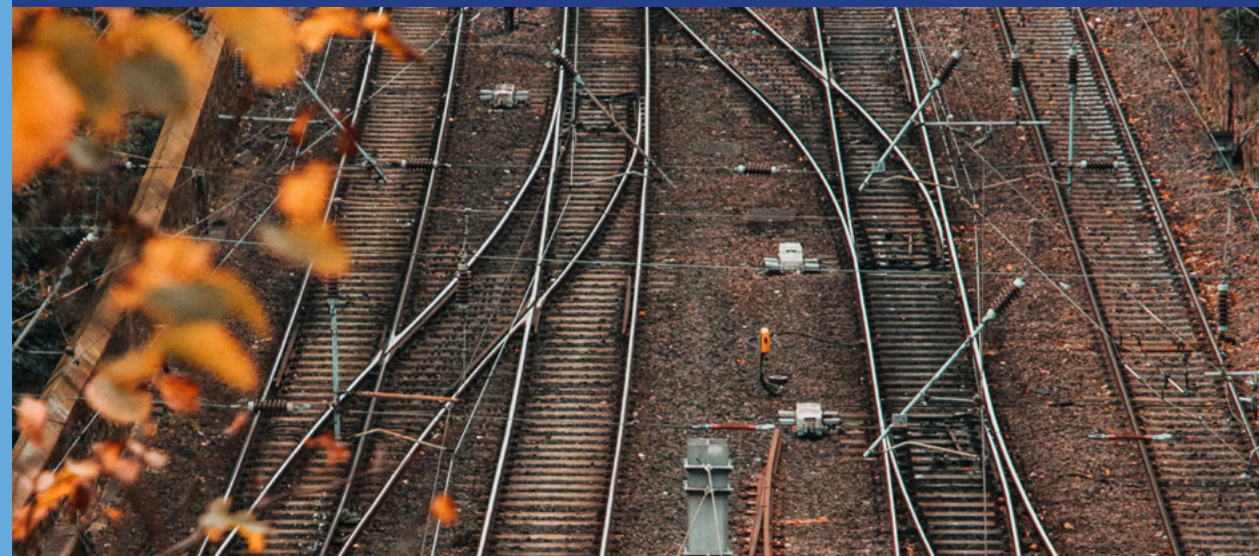
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01. Welcome from the Chairman



01.

Chair's Statement

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I would like to welcome you to the East West Railway Company (EWR Co) Annual Report and Accounts for the year 2020-21 – the second full year of the Company's operation.

The past year has seen considerable change for all of us – including our staff, supply chains, stakeholders and communities across the Oxford-Cambridge Arc. This has included significant developments for EWR Co, which has continued to deliver at pace while adapting to new ways of working.

This reporting year was also the final year of Rob Brighouse's ground-breaking leadership as Chair of EWR Co. Rob was asked by the Secretary of State for Transport in 2017 to set up EWR Co with an ambitious challenge to accelerate delivery of rail infrastructure and passenger services between Oxford and Cambridge, and it was a privilege for me to be appointed Chair in April 2021 to build on the extraordinary legacy and vision that Rob and the team have built.

The work I have seen since joining the organisation – from the careful and thoughtful design work that enabled the team to present a range of proposals for East West Rail to communities all along the route in our 2021 consultation, to the way the team has focused on early, accessible and ongoing meaningful engagement with communities and their representatives – has given me every reason to believe that we can bring a lasting, innovative and positive legacy to the Oxford Cambridge Arc.

Rob and our team of non-executive directors have built the foundations of a diverse, people-focused culture at EWR Co, leading

the team from a small start-up to a thriving company of 143 people. Under their watch, development of the customer strategy and vision made real progress, and a new way of working with our Development Phase Partners that prioritises delivering social value local to communities along the East West Rail route took shape.

This culture is ingrained in EWR Co. It was immediately evident to me when I joined that there is a genuine commitment among the team to put customers and the welfare of communities at the heart of decision making – alongside promises to bring real innovation to the rail sector.

More than that, East West Rail promises to contribute to a net gain in the biodiversity of the local environment while stimulating the economy right across the Oxford Cambridge Arc, bringing regeneration and enabling businesses to achieve their ambitions of locating and growing in the region.

In the year ahead, I'm looking forward to working with the team to progress discussions with interested companies on an ambitious and innovative new Enterprise partnership model for operating and managing the assets of the railway: a whole-system approach with outcomes for customers at its core. This new approach – a departure from traditional rail models – has the potential to bring significant, lasting benefits for the community, the economy, the taxpayer, and the environment.

EWR Co will be working collaboratively with Network Rail and the emerging Great British Railways transition team, to deliver the more customer-focused and cost-effective railway that is at the heart of the Williams-Shapps Plan for rail.

We have some big announcements over the coming months, notably on our interim rolling stock solution, our Environment and Sustainability strategy – which will feature our net zero carbon target and trajectory – and how the extensive feedback we received during our 2021 consultation has fed into further design work to shape proposals along the route.

I'll be working with the Secretary of State and our colleagues at the Department for Transport as we further develop our design and engineering proposals following the comments, feedback and insights submitted during the public consultation. This work will lead to a decision on the preferred route alignment for the section of new railway connecting Bedford and Cambridge.



At every step of the way we will continue to engage with and listen to the communities we serve.

This will be a transformational year for East West Rail – and I am delighted to be on board.

A handwritten signature in black ink, reading 'Neil Sachdev' with a stylized flourish at the end.

Neil Sachdev MBE



02. CEO Review



02.

CEO Review

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Like most of the world, we started the 2020-21 reporting year in new and uncertain circumstances. The restrictions imposed to halt the spread of COVID-19 have changed some important ways we operate at EWR Co, including how we work with our communities, colleagues, Government and other stakeholders, and I'm immensely proud of what the team has achieved when faced with the challenges over the past year.

Most industries were asked serious questions in 2020-21 about the future, particularly around the acceleration of changes to where and how people work and travel. The rail industry is no different – it has experienced significant changes including how passengers use the service and changes in patterns of demand. The latest data suggest that the demand for rail travel is set to continue increasing until it reaches pre-COVID levels. However, the pattern of demand seems likely to change, with softer peak hours but greater demand for leisure travel. This is something the industry – and we at EWR Co – will continue to monitor as we anticipate demand for our services.

As a Company, there were a number of major milestones we met in 2020-21. One of the most important was the Government's commitment in the November 2020 Spending Review to invest £760 million to deliver the infrastructure on East West Rail between Bicester and Bletchley. This financial commitment means we can build on work already started by the East West Rail Alliance to enable the start of services on Connection Stage 1 between Oxford and Milton Keynes by 2025.

Alongside this announcement was confirmation of a new phased approach to delivering the East West Rail project through three Connection Stages, relating to a full journey – not just the building of infrastructure:

- Connection Stage One (CS1):
Oxford to Bletchley and Milton Keynes
- Connection Stage Two (CS2):
Oxford to Bedford
- Connection Stage Three (CS3):
Oxford to Cambridge

This approach will help us deliver the best value for taxpayers, minimise disruption for local communities and increase reliability of services.

To find out more about the different connection stages, please follow this link: <https://eastwestrail.co.uk/the-project/project-overview>.

In parallel, work continued on developing concepts and options for infrastructure developments on the remaining sections of the route between Bletchley and Cambridge, in preparation for our second non-statutory consultation which launched on 31 March 2021. The consultation also asked questions about railway operations and customer experience, giving valuable insight that puts customers and communities at the heart of decision making.

Throughout the year we focused on embedding our customer vision and strengthening our core capabilities for programme controls, procurement, contract management and financial management. This critical foundation work improves our resilience as an organisation and will help ensure we can meet our ambition to accelerate the delivery of East West Rail. As part of this work, we finalised and launched procurements for a comprehensive set of Development Phase Partners. These partners will support us as we prepare our application for a Development Consent Order.

In an exciting new era for EWR Co, 2020-21 has also seen us move our head office from Whitehall to the EWR route in Milton Keynes, bringing us closer to our future customers and the communities we serve.

Financially, EWR Co spent marginally less than its allocated budget during 2020-21.

The Total Budget, including capital and depreciation, was £38.3m. This included a £0.9m uplift to cover additional work investigating sustainable ways of powering our trains. Outturn was within 3% of this budget and I must give my thanks to the whole team for this impressive result.

In April 2021 we welcomed our new Chair, Nilesch (Neil) Sachdev, whose insight and strong commercial acumen will be invaluable to the organisation as we start a new phase in our development. I would also like to take the opportunity to express my thanks and admiration for our founding Chair, Rob Brighouse, for all his skill and hard work preparing the ground and leading us to this point.

We have ambitious plans for the year ahead as we define and deliver our commitments to create a safe and secure railway that is cheaper for the taxpayer, better for the customer, greener for the environment and delivered more quickly than previous projects.



Simon Blanchflower



03. Strategic Report



03. Strategic Report

3.1 Status of the East West Railway Company Limited (EWR Co)

EWR Co is a limited company with a single share in issue. This share is owned by the Secretary of State for Transport. EWR Co is also an arm's-length body of the Department for Transport (DfT).

3.2 Purpose

In 2018, EWR Co was created by the UK Government as a non-departmental public body with limited company status. EWR Co was created to shake up the way major projects are delivered, to move away from traditional operating models and to be bold in our approach to socio-economic development and infrastructure delivery for the Oxford to Cambridge Arc. In March 2021, EWR Co refreshed its purpose statement. Where our previous statement focused on our role in driving industry change, we recognised that the EWR Scheme also has a significant role in enabling development across the Oxford-Cambridge Arc. Our new purpose

is therefore centred around the people and communities we will serve. We exist:

“

To increase prosperity and improve wellbeing for communities in the Oxford-Cambridge Arc, by transforming their everyday journeys.

East West Rail (EWR) will act as a catalyst for development and prosperity and EWR Co is working closely with colleagues from the Department for Levelling Up, Housing and Communities and other key stakeholders from across the Oxford to Cambridge Arc to ensure that these benefits are maximised.

To deliver a railway that increases prosperity, improves well-being and transforms everyday journeys we will be driven by a set of desired outcomes for East West Rail.

These outcomes will steer our decision making, guide our design and inspire our people to achieve the ambition that we have set.

We will deliver a railway that is:



Safe and secure



Better for the Customer



Cheaper for the Taxpayer



Greener for the Environment



Delivered Quicker than Before

These outcomes will guide EWR Co through the lifetime of the East West Rail project and will be the basis on which we measure success in future years.

3.3 How the project will be delivered

EWRCo acts as the integrator for the entire Project. As the single point of accountability, we leverage our ability to blend thinking and represent different stakeholder requirements across the three connection stages. This integrated approach to delivering the journey is, in essence, EWRCo's unique offering.

To deliver the Project, EWRCo has adopted a forward-looking approach that makes sure everything needed to deliver our purpose and outcomes is considered every step of the way, right across the whole organisation. All decisions are measured and assessed based on their impact across all our desired outcomes. This is what we refer to as the Enterprise Approach and it enables us to integrate everything we need to deliver East West Rail.

Our connection stages are delivered through a set of standard and structured phases. These phases are known as our Enterprise Lifecycle. They allow EWRCo to plan for and make sure the necessary capabilities are in place ahead of time to support each connection stage for every phase of its delivery and operation.

We consider three elements of the railway to be inextricably linked and the integration between them is key. Making sure that these elements are connected and work in harmony to help achieve our outcomes and deliver against our company purpose is critical to the success of the enterprise approach.

These three elements are:

1. The organisation needed to deliver our outcomes – EWRCo, our current partners, and our future partners.

2. The railway solution needed to deliver these outcomes – the technology and physical materials we need to achieve our outcomes.
3. The environment within which the Enterprise exists, that is needed to deliver the outcomes – everybody that interacts with EWRCo currently and in the future, e.g. government departments, our customers, our partners, the communities we serve, regulatory bodies, and the EWRCo team.

3.4 Delivery Model

The organisation is structured around five Directorates and a small set of professional service functions that represent groups of coherent capabilities and support the achievement of EWRCo's objectives.

The five core Directorates encompass:

1 - Strategy and Sponsorship: Owns the definition and delivery of the Company's strategy, to deliver the objectives established by the Strategic Sponsor (DfT) and the needs of our future customers. This team acts as the Single Controlling Mind to ensure the Company is innovative and competitive in its approach, and provides a clear focal point for all sponsorship, industry change, and stakeholder engagement, ranging from government to local stakeholders.

2 - Corporate Services: Manages the Company's finances and associated financial planning, management, accounting and control processes, as well as procurement and IT activity. It provides the oversight and financial guidance necessary to help protect value for money in programme delivery and operations management.

3 - Engineering: Owns the development and maintenance of appropriate engineering standards. This includes: establishing asset management strategies; monitoring design compliance, and approving designs through a review and assurance process. It has responsibility across all engineering disciplines, as well as systems engineering and technical requirements management.

4 - Programme Delivery: Assumes all delivery obligations for EWRCo, ensuring consistency of delivery, ongoing learning of delivery lessons, and continuous improvement encompassing:

Connection Stage 1 (CS1 – Oxford to Milton Keynes): Oversees and assures the work delivered by Network Rail through the EWRCo Alliance (who are taking forward the construction of this section) to time, cost and quality requirements. It reports to the DfT on the progress, adherence to safety, technical and construction standards, and the manner in which the Alliance is meeting good industry practice on safety and infrastructure delivery.

Connection Stage 2 (CS2 – Oxford to Bedford): Leads and manages the delivery of this section including the development of the Project design, Development Consent Order (DCO), and managing processes for private sector involvement. It is responsible for ensuring that the Company meets or exceeds industry good practice on safety and infrastructure delivery.

Connection Stage 3 (CS3 – Oxford to Cambridge): Leads and manages the delivery of this section including the development of the Project design, DCO, and managing processes for private sector involvement. It is responsible for ensuring the Company meets or exceeds industry good practice on safety and infrastructure delivery.

5 - Customer Services: Is responsible for ensuring the customer is at the forefront of decision-making and driving industry leading customer experience through front-line teams. It owns the integrated operations strategy for the Network and Train Operations and is responsible for setting out how the Company will meet industry good practice. It will develop the operational concept, entry into service plans, the development of the operational contract and the ongoing role of the Company during the operational phase of the project.

The organisation is further supported by the following professional services functions:

Health, Safety, Security and Quality: Establishes the health and safety (H&S) systems and processes for the organisation that meet or exceed regulatory requirements and industry best practice. This includes setting standards for physical security and providing and overseeing the quality management system for the business. This function delivers training on H&S practices, managing reporting on the H&S performance of the Company and its suppliers as a key input into the Company's governance mechanisms.

People and Culture: Establishes and implements HR strategies and policies. Recruits, develops and supports staff retention through organisational and geographic change, and puts in place the mechanisms for managing the performance of our people.

General Counsel & Company Secretary: Provides legal advice and ensures EWRCo is compliant with all relevant legal and regulatory requirements while delivering its mission.

3.5 Achievements during 2020-21

Despite the challenges posed by the global COVID-19 pandemic – which transformed the way EWR Co works with colleagues, partners, suppliers, stakeholders and communities – the Company continued to deliver at pace, maintaining the momentum gained from a very busy and successful 2019-20. A strong and agile response to COVID-19 has meant that there was minimal impact to the EWR Programme or EWR Co as an organisation throughout 2020-21. EWR Co effectively monitored impact on the Business through its quarterly Business Plan Addendums.

2020-21 represented an important pivot point for EWR Co, as the focus transferred from the development of the Company to the establishment of robust foundations for the EWR programme.

Our 2020-21 Business Plan incorporated recent lessons learned from major UK infrastructure projects to drive focus on the activities that will position us effectively for long-term success, and assist in achieving our strategic objectives.

The following activities – all of which are key to the development of the Project for its future success – have been completed this year:

- Established EWR Co as the single responsible organisation for delivering EWR
- Launched the new delivery model covering the whole journey between Oxford and Cambridge
- Secured approvals and funding for Connection Stage 1 (CS1) and a senior leader was selected and jointly appointed by EWR Co and Network Rail to lead the Joint Sponsor Team in the oversight of CS1

- Shortlisted route alignment options under consideration and prepared for a second non-statutory public consultation on CS2 and CS3
- Established our new office in Milton Keynes and enabled virtual working
- Finalised and launched procurements for a set of Development Phase Partners (DPPs) to support EWR Co through to the achievement of a successful DCO and the start of the delivery phase of CS2 and CS3
- Strengthened our One Team approach with the DfT
- Embedded its customer vision into ways of working (e.g. further developed and embedded its customer vision into its strategy, business plan and operational thinking)
- Strengthened core capabilities for programme controls, commercial procurement, contract management and financial management as part of preparations for 2021-22 which will be a year of significant organisational growth.

3.6 Plans for 2021-22

The year ahead is a critical one for EWR Co. It is likely to be a year of challenges, but it will also present significant opportunities and see organisational growth.

The Spending Review (SR) due to take place in the summer and autumn of 2021 will determine the availability and timing of funds to progress the development and delivery of CS2 and CS3 and introduce the full Oxford-Cambridge service. The SR will have a material impact on our forward plan for the remainder of this year, and the years ahead – it is pivotal to our ability to fulfil our strategic aims.

The SR will take place in the context of the Government's commitment to 'build back better' in the wake of the pandemic. EWR is well positioned, given its prominence in the

National Infrastructure Strategy, but our success in the spending review may also be linked to the Government's priorities for the Oxford Cambridge Arc. The Arc itself is well positioned in terms of the UK's aspirations to be an international science and technology superpower, as well as its need for new homes.

In June 2021 we concluded our second non-statutory consultation, this was an opportunity for us to continue our engagement with communities and stakeholders across the Arc to take account of their views and feedback to support our preparations for statutory consultation during 2022.

This year will also see a step change in the development of the East West Rail project, particularly with the appointment of four development phase partners. The team working on EWR Co will treble in size as a consequence, and we will need to mobilise the capability, as well as the systems, processes and controls to sustain this growth, and manage these contracts. We will also need to sustain our values and behaviours through this growth, alongside the adjustment to a post-pandemic hybrid working environment.

By doing so, our capacity to make progress will be significantly augmented and enhanced. In order to grow like this and meet our ambitions, we will need to secure government approvals on a timely basis, which is being achieved via open and honest conversations with the DfT.

As we ramp up delivery of CS1 and consult on various options to lock down the scope of CS2 and CS3, we are likely to see much more public engagement in the coming year than before. We will need to maintain our positive engagement with communities,

even in a more challenging context, and be ready for a significantly increased volume of activity and media attention.

This financial year is also important as we lock in and execute our strategy for overseeing and delivering CS2 and CS3, in terms of the relationships we intend to have with private sector partners in the years ahead.

3.7 Summary of strategic /corporate risks

Risks are managed across the EWR Co business from corporate to project level. The top corporate risks that may affect EWR Co's ability to deliver against its outcomes and plans include: the potential for change to the current business model; availability of funding and budget to efficiently manage the programme delivery and the ability to build confidence with external stakeholders associated to key decisions. These risks remain under careful review and management, through ongoing programme development activities, communication and engagement with stakeholders and government.

During 2020-21, funding and stakeholder risks have remained as key risks to the business through the preparation for non-statutory consultation and the 2020 Spending Review. The emergent risks associated with COVID-19 at the end of 2019-20 have been integrated into the overarching organisational and risk management framework during 2020-21. Corporate and strategic risks will evolve as the business and the Project continue to develop. Risks associated with availability and continuity of resources, and changes to requirement or outputs, are currently assumed to be emergent areas of risk at the end of 2020-2021.

Further information on the identification, mitigation and control of risks can be found in Section 7.9.

3.8 Measuring performance in 2020-21

The Company's primary source of performance management is through its monthly programme and corporate reporting, supporting a regular review of progress by EWR Co Management Board, EWR Co Board and DfT against all programme and business plan milestones, addressing:

- CS1 (Oxford to Milton Keynes)
- CS2 (Oxford to Bedford)
- CS3 (Oxford to Cambridge)
- System Wide (Whole project)
- Corporate (EWR Co development)
- Business Plan (FY20-21 consolidated critical milestones)

During 2020-21 we have strengthened and matured the process for reporting the Company's performance against its corporate and programme milestones consolidating reporting data from each business function as well as each Connection Stage.

As highlighted in section 3.5, the Company strengthened its One Team relationship with the DfT during 2020-21, and information and reporting continues to flow up to both our Client Board and Shareholder Board.

The Company continued to receive strategic steer through its quarterly Programme Board, bringing together a range of stakeholders. It is chaired by our Chief Executive, with representatives from local authorities; Department for Levelling Up, Housing and Communities; Network Rail; HM Treasury, and the Infrastructure and Projects Authority.

In 2020-21, the Company underwent two gateway reviews from the Infrastructure and Projects Authority regarding the delivery of CS1. In December 2020, we secured an amber rating from an Assurance of Action Plan review, enabling Network Rail to enter into a Target Cost Contract with the EWR Alliance to deliver CS1.

During Q3 and Q4 of 2020-21, the Company carried out and completed an Organisational Readiness Change programme ahead of commencing our DPP contracts. This change programme centred around the capabilities we would need to develop to successfully onboard the commercial, programme, technical and land and property partners. EWR Co's capabilities were independently tested and considered to have developed successfully to award the DPP Contracts in 2021-22.

As in previous years, the EWR Co agreed a Corporate Scorecard with the DfT EWR Shareholder Board. This scorecard contains a range of Key Performance Indicators (KPIs) against which the Company's performance was assessed during 2020-21. These KPIs, and our performance in year, are summarised below:

a. Programme metrics and milestones

Adherence to programme and business plan milestones from the 2020-21 Business Plan, milestones are achieved within 30 days of due date.

FY20-21 Score: 48% (2019-20: 30%)

Explanation:

EWR Co delayed its non-statutory consultation from December 2020 to March 2021. Consequently, there was

slippage of related milestones outside of the 30 day original milestone due dates. For example, the scheduled design freeze which commenced in January 2021 rather than September 2020.

The CS1 Full Business Case (FBC) was signed off by Government following an Assurance of Action Plan Review in December 2020, which resulted in a delay in signing the CS1 Target Cost contract.

Milestones related to the completion of the EWR Co Enterprise Model Commercial Strategy were carried over into 2021-22.

b. Corporate objectives

FY20-21 Score: 80% (2019-20: 80%)

Explanation: This is formed from the following five objectives:

- Finance forecast accuracy – 97%
- Public correspondence – 80%
- Vacancies – 50%
- Relationship between EWR Co and DfT – 80%
- Diversity – 90%

Financial forecast accuracy for the year's corporate expenditure was within 3% of the Period/Month 7 forecast, EWR Co responded to 80% of public correspondence within 5 working days (excluding freedom of information requests).

The lowest score was achieved against vacancies, where the objective was to achieve actual total headcount (including: staff on permanent and fixed-term contracts, and secondees) within 5% of the business plan target at each quarter end review. This objective was missed in Q2 and Q3 but was achieved in Q1 and Q4. The Diversity Metric improved between 2019-20 and 2020-21. Through the financial year the Company has developed and implemented a Diversity and Inclusion Plan, with 90% of its milestones achieved by March 2021.

c. Corporate milestones

FY20-21 Score: 53% (2019-20: 50%)

Explanation:

- The EWR Co People Strategy was completed in October 2020, upon its

- approval by the EWR Shareholder Board.
- At the end of 2020-21, 97% of staff had completed Performance and Development Plans. This was achieved against a target of 95%. In 2020-21 EWR Co implemented a new online performance and development plan, which helped improve the way the EWR Co team tracked and monitored its objectives.
- The formalisation of the Development Agreement moved into 2021-22 due to ongoing legal discussions between EWR Co and the DfT.
- The 2021-22 Business Planning Process was completed in March 2021 rather than January 2021. This allowed for the implementation of improved Business Planning methods.

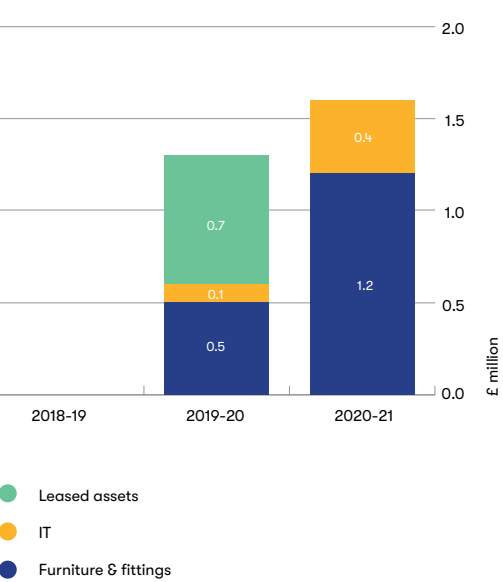


3.9 Review of financial performance in 2020-21

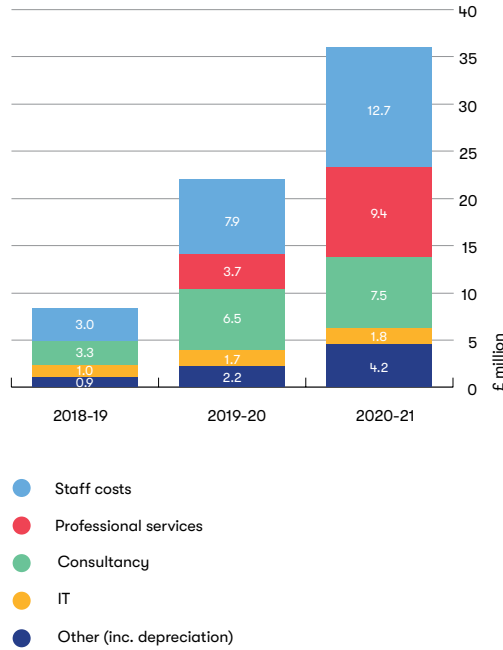
EWR Co’s financial performance for the year ending 31 March 2021 is detailed in the financial statements on pages 86 to 110. During 2020-21 EWR Co was entirely funded by capital contributions from the DfT. No income was generated from any other source. In this financial year EWR Co incurred a combined capital and resource expenditure total of £37.3m* (2019-20: £23.3m).

- Capital expenditure in 2020-21 was £1.6m, which comprised the purchase of £1.2m of assets to fit-out of our new office, and the purchase of £0.4m of IT assets (as shown in Note 5 to the Financial Statements).
- Resource expenditure was £35.6m in 2020-21 compared with £22.0m in 2019-20 and £8.2m in 2019-20. The year-on-year increase is mainly due to increasing use of professional services, rising from £3.7m in 2019-20 to £9.4m in 2020-21; and staff costs growing in line with rising headcount, from £7.9m to £12.7m.

Capital expenditure



Resource expenditure



* The slight difference between this value and the resource and capital values is caused by a rounding difference.

3.10 Non-financial information

a. Human rights

EWR Co is aware that empathy and consideration needs to be shown to all parties within our supply chain, respecting and protecting human rights. As an employer, we know we must ensure no one is exploited. We have formally adopted policies relating to existing legislation, to protect all those who work for or with EWR Co and those in the communities in which 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. EWR Co has adopted procedures which seek to ensure modern slavery does not occur in our business or supply chains, and expects the organisations with whom the Company does business to adopt and enforce policies to comply and support:

- The United Nations Universal Declaration of Human Rights
- The Modern Slavery Act 2015
- The International Labour Organisation's standards regarding child labour and minimum age
- National legal requirements regarding wages and working hours.

b. Anti-corruption and anti-bribery

EWR Co is committed to operating in an open and honest way, with policies and procedures in place to promote anti-corruption and anti-bribery behaviour. All staff are made aware of the policies when joining EWR Co. Our 'speak-up' policy makes it clear that any individual raising an issue internally or externally will not be at

risk of losing their job or suffering any form of retribution or harassment as a result. During this period no formal cases were raised.

c. Community engagement

In building the railway, we seek to work closely with the communities we serve. In doing this, we are mindful of the impact our operations can have on local people and their environment – we will listen to people's concerns and act on them wherever and whenever we can.

EWR Co will engage with our communities to understand how we can help them to improve their wellbeing. We will proportionately address community needs as part of our project work, giving consideration to disruption and noise, and always keep the communities affected by our projects regularly updated and informed.

3.11 Going concern

The development and delivery of EWR as part of the Government's rail agenda is in accordance with the aims of the DfT as our sponsor and is funded entirely by the DfT. In November 2020, following a Government-wide Spending Review, the level of resources available for EWR Co for 2021-22 to fund its planned expenditure was confirmed, together with commitments to make resources available in subsequent periods. As is the case for all capital projects funded by central government, future funding allocations for the period after 2022 are expected to be confirmed in forthcoming Spending Reviews. Parliament has approved EWR Co's budget for 2021-22 as part of the Main Supply Estimates process. EWR Co

was granted permission by the DfT to sign a range of commercially binding contracts extending into future years.

Ministers have expressed support for this project regularly, for example, the Secretary of State for Transport announced an investment package in January 2021 that included £760 million for the delivery of the next phase of East West Rail – reconnecting rail services between Bicester and Bletchley. Consequently, it is considered appropriate to adopt a going concern basis for the preparation of the financial statements for 2020-21.

The Strategic Report is signed by Simon Blanchflower, Chief Executive and Accounting Officer, on behalf of the EWR CO Board, on 14 October 2021.



Simon Blanchflower



04. Sustainability Report



04.

Sustainability Report

4.1 Our vision

East West Rail will be a new, environmentally sustainable way to travel across the region. We know how important it is that the railway is constructed, operated and maintained in an environmentally responsible way that minimises negative environmental impacts and realises opportunities for improvement.

Our Environmental Sustainability vision is therefore: to be a leader within the linear transport sector in environmental sustainability across the whole lifecycle.



4.2 Our ‘Greener for the Environment’ outcome

Embedding our Greener for the Environment outcome into the Enterprise Strategy means that the success of the project is directly related to environmental performance. In order to develop this, we have put into practice an Environmental Sustainability Strategy that covers six key environmental pillars and their associated strategic objectives, as shown below.

Pillars	Strategic objectives
Biodiversity and the natural environment	Protect and enhance biodiversity through the maintenance of healthy ecosystems (wildlife habitats, soil, land and water resources)
Carbon	We minimise our carbon footprint, through advancing low carbon design, construction and operation, to be a net zero carbon railway
Climate resilience	Consider current and future climate change impacts to maintain the value of assets throughout the project lifecycle and ensure business and service functionality
Cultural heritage and landscape enhancement	Enhance the quality of landscapes and townscape, whilst protecting internationally and nationally designated heritage assets
Circular economy	Implement circular economy principles to optimise resource value, minimise impact and preserve resources
Community impact	Be a good neighbour by avoiding significant impacts on health and quality of life, and contributing to the wellbeing of our communities

These pillars are backed up with five environmental sustainability enablers, which we are embedding across the project.

Enablers	
Good governance	Implement appropriate governance processes (including definition of roles and responsibilities) to ensure environmental sustainability is embedded across the full scope of our activities. Where appropriate, incorporate management systems, verification, and wider processes to ensure the environmental sustainability performance of our activities is monitored, reported on, and reviewed to drive continual improvement.
Continual stakeholder engagement	Continual engagement with relevant stakeholders and customers to ensure the Strategy reflects actual views and can deliver in line with expectations in managing those views. In addition, stakeholder and customer engagement should explore opportunities to exceed expectations, where appropriate.
Standards and targets	Set standards and targets that reflect our vision, align with our strategic objectives, and provide guidance to ensure their effective implementation across the project lifecycle.
Funding	Ensure appropriate human and financial resources are incorporated into our funding processes, planning and implementation to ensure our ambitions can be delivered in time with the required quality. Incorporate lifecycle costs of interventions and measures and account for them in the business case.
Innovation and technology	Ensure appropriate processes and tools are used to continually drive innovation and adopt the latest technologies and methods to efficiently and effectively deliver on our ambitions and continually improve our performance.

We’re listening to, and working closely with, local community groups, environmental bodies and local highway and planning authorities to help us achieve our Greener for the Environment outcome. Our staff, partners and supply chain have embraced this approach to make sure caring for the environment is at the centre of everything we do. We will measure our progress against each aspect of the Greener for the Environment outcome using a suite of metrics, which are currently under development.

4.3 Net zero carbon railway

We aim to become a net zero carbon railway while making sure biodiversity is left in a better state than we found it. We are looking at ways to advance low carbon design and renewable energy to power our trains in the long-term. We are committed to protecting our environment through the prevention of pollution, not just by meeting all our compliance obligations, but continuously improving our environmental performance.

We are currently developing the carbon baseline for the Project, which will enable us to set targets in line with the national net zero carbon obligation. We recognise that carbon reductions need to happen urgently, so we will be embedding targets into our procurement documents in order to ensure that our value chain is aligned with our net zero carbon ambition. Our specifications will be based on carbon outcomes, which enables our value chain to provide low carbon innovations.

Our focus at this stage is to adopt approaches that enable us to embed carbon reduction in the design process, thus ensuring that low carbon is a consideration in all the decisions we make. This helps us to understand, evaluate and ultimately reduce the carbon associated with constructing and operating East West Rail. We commit to having all of our carbon data externally verified and to follow recognised principles for any offsets we require.

4.4 Building towards environmental assessment

To prepare for the DCO application, we are progressing an Environmental Impact Assessment (EIA) Scoping Report, which will define the scope and method to be used for the EIA for the project. The report process will build on existing engagement activities with statutory consultees, with whom we have maintained regular engagement over the past year, on a number of key issues.

We are continuing our focus on collecting baseline information, through working with local interest groups, records centres and archives, as well as through extensive environmental survey work. This survey work has seen us undertake a range of survey activities, including early non-intrusive geophysical heritage surveys and various ecological survey techniques.

4.5 Estates and facilities reporting

As well as designing and building a greener form of transport, EWR Co recognises that its own estate and business travel should be managed in an equally sustainable manner. There are government drivers in the form of the Greening Government Commitments (GGC), which provide the structure and standard of sustainability performance to be achieved. The GGC set out high level targets for central government entities to make reductions in operational consumption and waste, as well as standards for transparent reporting on sustainable procurement and key sustainability areas including biodiversity, climate change adaptation, sustainable food and catering and sustainable construction.

2020-21 was the first year that we were within the scope of mandatory GGC reporting. Ordinarily, this scope would have been used to set the baseline for all future reporting and target setting, but the onset of the pandemic and extensive home working has meant that office use and opportunities for business travel have been curtailed significantly. The following data does not include an actual or estimated measure for home working. We will work with DfT to identify suitable targets. EWR Co’s sustainability performance metrics are set out below.

a. Greenhouse gas emissions

The table below details energy consumption at our offices including corporate travel.

			2020-21
Gross emissions	Scope 1 Direct emissions	tonnes CO ₂ e	-
	Scope 2 Indirect emissions	tonnes CO ₂ e	8.42
	Scope 3 Business travel emissions	tonnes CO ₂ e	1.84
	Total emissions	tonnes CO ₂ e	10.26
Related consumption data	Estates electricity	kWh	36,113
	Electricity usage per person	kWh/FTE	36.11
	Private & hire car usage	Road miles	3,260
Financial indicators	Electricity utility costs	£000	4
	Business travel costs	£000	13

b. Water consumption

The table below shows water consumption at our offices. All our offices are in multi-tenanted buildings. Charges are based on a percentage of the overall building water costs, as per the lease for each building.

Non-financial indicators	2020-21		
	Estates water	m³	0.767
	Usage per person	m³/FTE	0.008
	Emissions from water consumption	tonnes CO ₂ e	<0.001

c. Paper and waste consumption

This information was not collected during 2020-21. The limited opportunity for office use during the pandemic meant paper consumption in the office was extremely low. Waste was generated from the transfer to, and initial set up of, the new office in Milton Keynes.

d.Biodiversity action planning

Not applicable as EWR Co does not own its office building.

e. Climate change adaptation

EWR Co occupies a tenanted office and thus abides by the landlord’s arrangements for climate adaptation.

f. Rural proofing

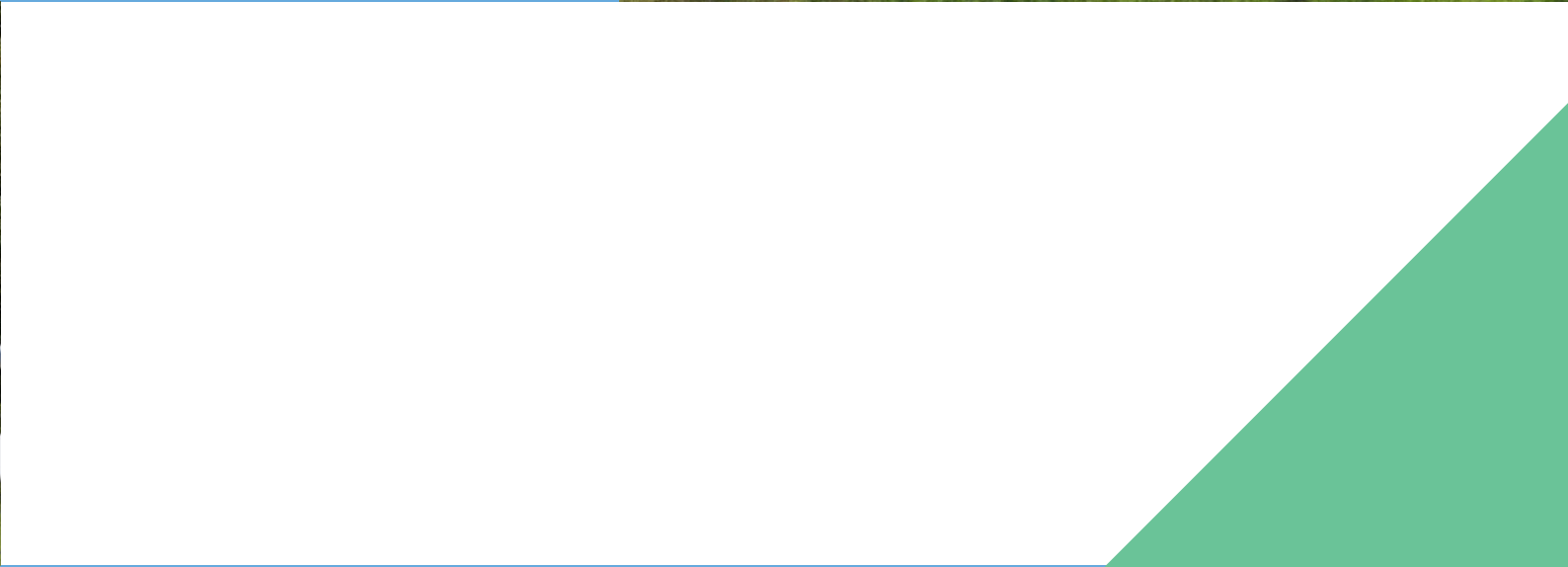
Not applicable as EWR Co does not decide where any office buildings are built.

g. Sustainable construction

Not applicable as EWR Co does not own any of the office buildings and as such has no major refurbishments planned.

As our construction activities commence, we will review the scope of our environmental sustainability reporting. Options for more comprehensive reporting of project data will be considered and kept under review.





05. Directors report



05. Directors report

5.1 Background

EWR Co became operational on 10 September 2018.

On 31 March 2021 the Board was comprised of the following members:

- Rob Brighthouse (Chair)
- Simon Blanchflower (CEO)
- Anne Baldock (NED)
- Dyan Crowther (NED)
- Simon Murray (NED)
- Lynette Ryals (NED)
- Joanna Whittington (NED)

Lynette Ryals and Joanna Whittington were appointed to the Board on 1 October 2020. All other Board Directors had served throughout the year. The fees and tenures of all Board Directors are set out in Section 8.23 of the Remuneration and Staff Report. The Board sets EWR Co’s strategic direction and oversees the management of performance and risk, financial management, planning, and overall governance. It is supported by the Investment Committee, the Audit and

Risk Committee, the Remuneration and Nomination Committee, and the Safety, Health and Environment Committee. The attendance of the Board Directors at these Committees is set out in Section 7.5 of the Governance Statement.

5.2 Directors’ attendance at Board

	28 Apr 2020	9 July 2020	26 Aug 2020	28 Oct 2020	16 Dec 2020	4 Mar 2021
Rob Brighthouse	●	●	●	●	●	●
Simon Blanchflower	●	●	●	●	●	●
Dyan Crowther	●	●	●	●	●	●
Anne Baldock	●	●	●	●	●	●
Simon Murray	●	●	●	●	●	●
Lynette Ryals	N/A	N/A	N/A	N/A	●	●
Joanna Whittington	N/A	N/A	N/A	●	●	●

● Attended ● Unable to attend

Cavendish Elithorn, Director of Major Rail Projects at DfT, attended all but one of the EWR Co Board meetings in 2020-21 as an observer. He held no voting rights.

5.3 Conflicts of interest

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

5.4 Personal data-related incidents

No protected personal data-related incidents have arisen which have required reporting to the Information Commissioner’s Office.

5.5 Remuneration report and Governance Statement

The Remuneration Report (Section 8, pages 66 to 77) and Governance Statement (Section 7, pages 54 to 65) are required under the FReM and form part of the Directors’ Report. The Governance Statement addresses EWR Co’s risk and control framework.

5.6 Impact of COVID-19

On 16 March 2020, the Prime Minister made a statement advising all office workers to work from home. EWR Co's management team acted upon this advice and, on 17 March 2020, instructed staff to follow the Prime Minister's direction. Staff remained working from home from this date through to and after 31 March 2021.

Our move to home working was relatively seamless. Prior to COVID-19 emerging as an issue, the team was already working exclusively from laptops, using cloud-based IT systems and communicating via EWR Co issued mobile phones rather than landlines. The whole company was able to move to a home working environment and continued to deliver work as agreed with no changes to programme or targets. The move to home working did require a number of changes around working practices, particularly around virtual meetings, but EWR Co has not been significantly impacted and has seen some positives arise from the experience.

At the beginning of 2020-21 our main suppliers were consultants and technical partners. These companies quickly developed effective working from home practices, ensuring they continued to meet the deadlines and standards that were required. This level of delivery continued throughout the year.

Having the entire company work from home, as a consequence of COVID-19, has presented some challenges to EWR Co, the three main ones being:

- Non-statutory consultation
- Procuring a Programme Partner
- Recruiting and onboarding staff.

a. Non-statutory consultation

In March 2021 EWR Co launched its second non-statutory consultation. The consultation was designed to ask people for their views on developing plans for East West Rail, focusing on two particularly key themes:

- Customer experience and railway operations
- Our infrastructure proposals – such as route alignments, stations and level crossings.

This consultation followed the 2019 consultation, which was focused on five broad route options between Bedford and Cambridge.

Ongoing COVID-19 restrictions relating to people gathering meant we were unable to hold face-to-face events as part of the consultation. It was important to us that everyone had an opportunity to give their views, and we therefore launched a major suite of tools and activities to encourage participation. This included:

Sending a summary of the consultation report to around 270,000 addresses along the proposed EWR route:

- Using a wide range of outlets to publicise the consultation, including paid-for advertising and editorial in local print, online and broadcast media, advertisements on social media, and out-of-home advertisements in key locations
- Launching seven geographically tailored virtual consultation rooms, which aimed to mimic face-to-face events
- Hosting 18 public webinars and 16 live chat events

- Hosting 32 online meetings with interested organisations
- Hosting 64 online meetings with local MPs, local authorities, councillors and parishes
- Launching an online order form which allowed people to easily order key consultation documents for free
- Widely publicising a freepost and telephone number people could use to contact us offline.

While the COVID-19 restrictions made the consultation more challenging in the planning stages, the innovations introduced produced a high level of engagement and participation among local residents and their representatives, ultimately producing a high response rate for the consultation.

b. Procuring a Programme Partner

EWR Co identified, as part of its project plan, the need to augment its permanent in-house team with an arrangement where specialist management and technical capabilities could be called upon for periods of assistance, as activities required. To deliver this arrangement EWR Co recognised the need to procure a Programme Partner for a three-year period. Our view is that after three years, the statutory process will largely be complete and the EWR Co organisation and operating model would have matured sufficiently to embrace the capabilities initially to be provided by the Programme Partner. The contract value was estimated at £18m-£27m (subject to volume) and is a zero value contract (i.e. no guaranteed value of work to the supplier).

COVID-19 created a number of challenges to how a procurement exercise of this size could be completed:

- The market engagement exercise was made more difficult by a lack of face-to-face interaction with potential suppliers

- A team culture was harder to develop and maintain as the team could not meet in person
- At the evaluation stage, behavioural assessments could not be completed in the normal environment, which is in person, with the key people present and over a number of days
- Interviews could not be held in person with the bidders' proposed key people.

These challenges were successfully addressed by:

- Developing new ways to undertake market engagement
 - Virtually sharing information with bidders e.g. PIN notices
 - Interaction via a supplier questionnaire
 - Sharing a video webinar about EWR Co and the procurement
 - Keeping the communication channel open with the market via Delta messaging service and answering supplier questions/queries and providing information where appropriate
- Maximising the benefits of Microsoft Teams software to allow the EWR Co procurement team to keep in touch and to ensure effective communication was maintained throughout the process
- Undertaking behavioural assessments via Teams with set criteria, as stated in the invitation to tender (ITT)
- Training sessions were undertaken with EWR Co evaluators that gave them clear guidelines of the assessment criteria within the ITT document; helped them understand what to expect and how to evaluate behaviours of bidders virtually, and what to look out for
- Interviews were conducted via Teams.

COVID-19 did not restrict this procurement project, but it did require the procurement team to develop new ways to work remotely.

c. Recruiting and onboarding staff

We became operational in September 2018 and the recruitment of new roles has increased as the project has grown. This is reflected in permanent staff levels which went from an average of 51 at the end of 2019-20 to an average of 72 at the end of 2020-21. The recruitment of permanent staff has been completed whilst COVID-19 restrictions have been in place.

In terms of recruiting and onboarding staff, COVID-19 restrictions have presented two specific challenges:

- Not being able to interview staff in person
- Ensuring new staff have the appropriate equipment and guidance to be able to start work.

To address the first point, face-to-face interviews were replaced with virtual interviews via Microsoft Teams. These virtual interviews allowed an effective, competitive interview process to be completed but provided challenges in gauging each candidate’s true personality.

With regards to the second point, on-boarding has proven to be a little more difficult, as not being able to interact with new starters in person on their first day has impacted on how EWR Co is able to communicate its culture. We have adapted to this situation by ensuring that all equipment an individual requires to work from home is provided prior to the start date, and that each team fully engages with new starters to help them feel welcome and to ensure they know what they need to do. We have also developed an on-boarding

micro-site to help new starters understand our vision value, policies and procedures. Feedback from new starters confirms that that the on-boarding process was well run.

5.7 Impact of EU Exit

The UK’s exit from the EU had no impact on EWR Co during 2020-21, either in a positive or negative way.

5.8 Other material issues

There have been no material events that have or are expected to affect EWR Co since the end of this report period.

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.

	2019-20	2020-21
Undisputed invoices paid within 5 days	61%	90%
Undisputed invoices paid within 30 days	97%	99%

We experienced payment issues in 2019-20 following the implementation of our new finance system on 1 April 2019.

5.10 Dividends

EWR Co does not generate a profit and receives all its funding from its shareholder; therefore, no dividends will be distributed for the year ending 31 March 2021 or in the foreseeable future.

5.11 Political and charitable contributions

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

5.12 Contingent liabilities

EWR Co did not recognise any contingent liabilities on 31 March 2021.

5.13 Auditor

EWR Co appointed the Comptroller and Auditor General (National Audit Office) during the year under the Companies Act 2006. An audit fee of £65,000 (excluding VAT) was charged, and no non-audit work was carried out by the NAO.

The Directors Report is signed by Simon Blanchflower, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 14 October 2021.



Simon Blanchflower



06. Statement of Directors' and Accounting Officer's responsibilities



06.

Statement of Directors’ and
Accounting Officer’s responsibilities

6.1 Directors’ responsibilities under the Companies Act

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

Directors are required to follow the principles of the Companies Act 2006 and International Financial Reporting Standards (IFRS), and in line with the framework document, make additional disclosures under HM Treasury’s Financial Reporting Manual (FReM) where this would improve understanding.

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

In preparing financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently

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

The Directors are responsible for keeping proper accounting records that disclose at any time, and with reasonable accuracy, the financial position of EWR Co, and enable them to ensure that the financial statements comply with the Companies Act 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

As a Non-Departmental Public Body of the Department for Transport (DfT), EWR Co also requires an Accounting Officer to be appointed. The Permanent Secretary of the DfT appointed Simon Blanchflower as the Accounting Officer for EWR Co. He 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
- Taking responsibility for the judgements used in the accounts

The Accounting Officer is required to ensure that EWR Co as a whole is run on the basis of the governance, decision-making, and financial management standards set out in HM Treasury’s Managing Public Money.

The Governance Statement within this document sets out how these responsibilities have been discharged in the year 2020-21.

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

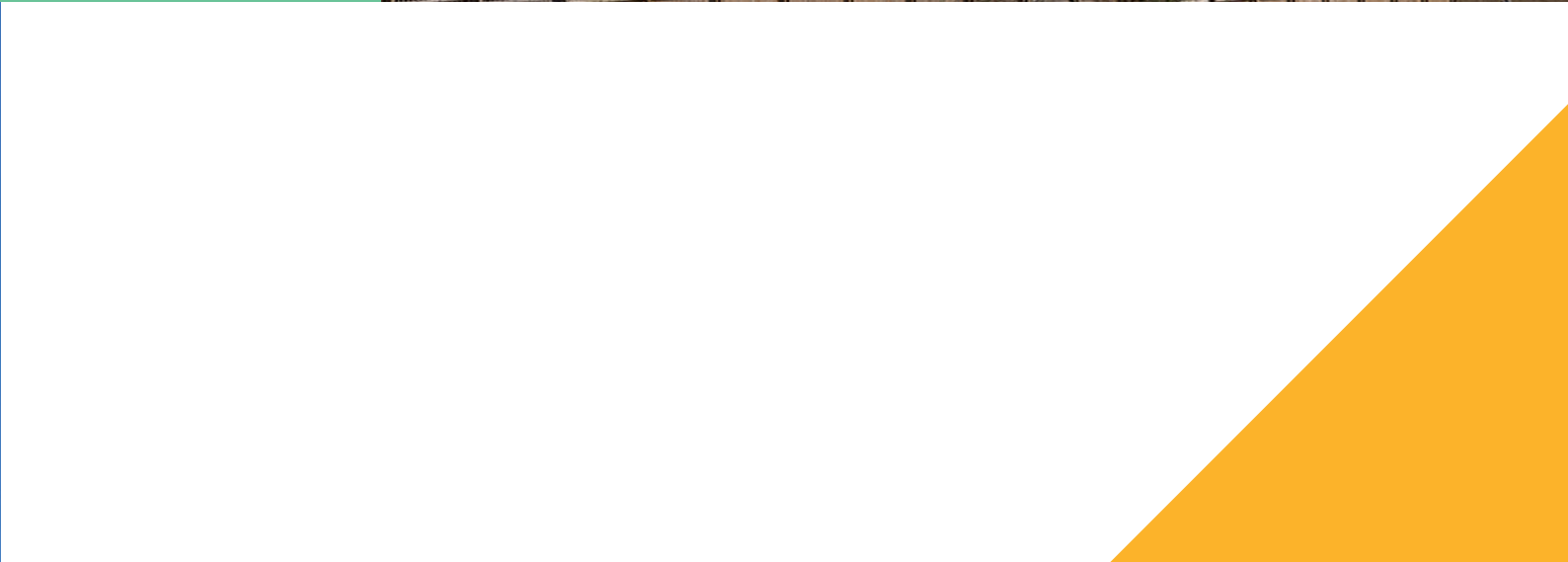
“I am able to confirm that, as far as the Directors and I are aware, there is no relevant audit information of which the auditors are unaware. The Directors and I have taken all the steps that ought to have been taken to make ourselves aware of any relevant audit information and to establish that the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

The Statement of Directors and Accounting Officer’s responsibilities is signed by Simon Blanchflower, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 14 October 2021.



Simon Blanchflower



07. Governance Statement



07.

Governance Statement

7.1 Development of the Company

The Company was established in November 2017, though remained dormant until 10 September 2018.

Although recognised as dormant during this period it remained subject to all relevant Companies Act requirements for management and control. The Company became operational on 10 September 2018.

A brief establishment timeline for the Company is outlined below:

- **December 2016** – The Secretary of State for Transport announces the creation of a new Company to oversee and accelerate the delivery of the programme as part of his speech on Rail Reform
- **Easter 2017 onwards** – Shadow Company is involved in western section and central section activities
- **November 2017** – The DfT Board Investment and Commercial Committee (BICC) endorses the business case to create the Company under the condition to approve later detailed delegations and governance, and authorises the mobilisation of the Company, under the umbrella of DfT

- **November 2017** – onwards – Company mobilisation
- **March 2018** – Capability development and testing
- **September 2018** – Framework document agreed and the Company became operational
- **December 2018** – Appointment of Simon Blanchflower as CEO
- **March 2019** – Company Target Operating Model (TOM) established
- **January 2020** – Central Section announcement of Route Option E
- **December 2020** – First Board effectiveness review undertaken

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 all 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

During 2019-20 EWR Co adopted its governance policy which sought to fulfil the requirements set out in the Framework Agreement established between EWR Co and DfT. This policy has, where possible, been aligned with the ‘Corporate Governance in Central Government Departments: Code of Good Practice’.

To address corporate governance matters more explicitly, the Company’s governance policy and supporting Terms of Reference seek to address the five principles outlined below:

Board leadership and company purpose:

The Company Board was established in September 2018 and fully constituted with Non-Executive Directors (NEDs) in January 2019. The terms of reference and composition for the Board have been established to promote the long-term sustainable success of EWR Co, generating value for shareholders 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 management team and other stakeholders.

Division of responsibilities: Appropriate divisions of responsibilities have been applied when establishing the Company Board and its committees. The Chairman 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. NEDs are encouraged to provide constructive challenge, strategic guidance, offer specialist advice, and hold management to account.

Composition, succession and evaluation:

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

Audit, risk and internal control: Formal and transparent policies are in place across EWR Co to ensure an independent and effective discharge of internal and external audit activities that satisfy the integrity of financial and narrative statements. EWR Co is supported by the National Audit Office and Government Internal Audit Agency to execute these duties.

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



The Board meets every two months 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 management team to ensure these policies are duly implemented and are transparent and appropriate.

7.2 The Board

The Company's Board is specifically responsible under the terms of the Framework Document drawn up and agreed between the Company and the Secretary of State for:

- Holding the Company's Executive management team to account for the effective and efficient operation of EWR Co, and in particular its business plans from year to year.
- Establishing and taking forward EWR Co's strategic aims and objectives for delivery of the EWR project.
- Ensuring that the Secretary of State is kept informed of any changes which are likely to impact on EWR Co's strategic direction or on the attainability of its targets, and determining the steps needed to deal with such changes.
- Ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated

authority agreed with 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 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 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 use and utilisation of public resources.

Our aim, in accordance with the provisions of the Framework Document, is to create a Board composed of at least seven members, including:

- Chair
- CEO
- Three NEDs appointed by the Chair, in conjunction with the DfT
- One NED nominated by the Shareholder (Secretary of State)
- Director of Corporate Services.

At year end the Board was composed of seven statutory Directors– the Chair, CEO and five NEDs. The Director of Corporate Services has joined the Board in 2021-22.

Names of the Board members, dates of the Board meetings held during 2020-21, and Board members' attendances at those meetings are provided in Section 5.2. Standing items at Board meetings typically included:

- Health and Safety performance
- Review of previous minutes and actions
- Committee updates
- Forward planning
- CEO update (incorporating risk and financial reporting)
- Financial performance.

7.3 The Chair

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

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

- Formulating the Board's strategy
- Ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or 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 DfT.

Rob Brighouse was the Chair until 18 April 2021 and therefore was in post for the entire reporting period. Neil Sachdev took over as Chair with effect from 19 April 2021.

7.4 Non-Executive Directors

The Framework Document states that EWR Co's NEDs should collectively possess "broad business and commercial skills and experience from the rail and other relevant industry sectors."

The NEDs 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

Four Board Sub-Committees have been established:

Remuneration and Nomination

Committee: This committee sets the remuneration policies and reviews and advises on EWR Co's remuneration arrangements for staff and senior executives. The Chair is Lynette Ryals. The other Board members on the committee are Anne Baldock, Dyan Crowther, Joanne Whittington and Simon Blanchflower. An official from DfT attended committee meetings as an observer with no voting rights. Rob Brighouse was a member and Chair of this committee until 1 November 2020. It met four times during 2020-21, with a primary focus on ensuring that EWR Co had adequate remuneration policies in place. There were two absences; Anne Baldock and Joanne Whittington were unable to attend the December 2020 meeting.

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 its Annual Report. The Chair is Anne Baldock. The other Board members on the committee are Dyan Crowther, Simon Murray, Joanne Whittington and Lynette Ryals. Simon Blanchflower, the Chief Executive Officer, was a member of this committee until 8 October 2020. The committee met four times during 2020-21 with a primary focus on establishing EWR Co's risk and internal control processes. Dyan Crowther was unable to attend the January 2021 meeting.

Investment Committee: This committee considers major expenditure and investment items in accordance with EWR Co's procurement policy and corporate delegations of authority. The Chair is Simon Murray. On 31 March 2021 the other Board members on the sub-committee were Anne Baldock, Rob Brighouse, Lynette Ryals and Simon Blanchflower. Lynette Ryals became a member on 1 November 2020.

The committee met nine times during the year ending 31 March 2021, with a primary focus on ensuring that EWR Co was carrying out procurement activity in accordance with its policies and delegated authorities. Two absences were noted during the year; Anne Baldock was unable to attend the September meeting and Lynette Ryals was unable to attend the February meeting

Safety, Health and Environment

Committee: This committee is responsible for ensuring EWR Co maintains a safe, healthy and secure working environment across the organisation and complies with relevant statutory requirements. The Chair is Dyan Crowther. On 31 March 2021 the other Board members on the sub-committee were Simon Murray, Rob Brighouse and Simon Blanchflower. This committee met twice during 2020-21, with a primary focus on ensuring that EWR Co had an established Health and Safety function in place. Each meeting was fully attended.

7.6 Board Evaluation

The Chair oversees and reviews the work of the Board and its members to ensure they are working effectively. An external Board effectiveness was conducted in December 2020, which concluded that the Board is in a good position. It has made a strong start and is focused on putting the right things in place. A review of the actions resulting from the report will be undertaken in 2021-22.

7.7 Internal Audit activity

The Board received independent assurance from internal audit work undertaken during the year by the Government Internal Audit Agency (GIAA). The table below shows the audits undertaken by GIAA in 2020-21 alongside their audit opinions.

Audit	Opinion
Cyber security	Moderate
Risk management	Moderate
HR and payroll	Moderate
GDPR compliance	Limited
Contract management	Limited
Overall	Moderate

The Head of Internal Audit gave an overall moderate assurance opinion in their annual report for the 2020-21 financial year. A moderate assurance is the second highest level of four possible opinions.

The Head of Internal Audit opinion means that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management, and control. GIAA made recommendations to enhance internal controls in each of the review areas which have been or are in the processes of being implemented. EWR Co will work to address these issues in line with the timescales agreed with the GIAA. GIAA has worked with EWR Co’s Audit and Risk Committee to agree a plan of Internal Audit work for 2021-22 which addresses the risks and challenges the Company faces.

7.8 Risk Management

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

We recognise we are managing risk in a complex and changing environment, with a high level of third party and stakeholder interface, engagement and interaction. Understanding and managing the emerging

risks to the Project is key activity supporting successful delivery of planned outcomes. To support this, EWR Co deploys specialist risk management tools and resource; and its documented risk management approach, along with the corporate risk appetite, is reviewed and updated on an annual basis as the business and project context develops.

During 2020-21 our risk management approach has continued to evolve, with the embedding of risk management processes and principles to drive a proactive risk culture and risk management across the business. Cross-business risk activities supporting the capture and ongoing management of risk across all areas of the business including Strategic and Corporate risk, supported by specialist risk management resource and deployment of best practice risk tools and risk assessment techniques

7.9 Strategic risks

EWR Co uses its Enterprise Risk Management (ERM) Framework to integrate and monitor risks across the business including its delivery risks, strategic risks, inherent business risks such as business disruption, fraud and bribery, governance and process compliance. Risk identification and management is supported through regular review cycles and reporting at all levels of the business.

Corporate and strategic risks are reviewed at least quarterly by the senior management team and supported by six-monthly horizon scan and deep dive activities. Risks are reported to the Audit and Risk Committee quarterly, in addition to an annual or 6 monthly deep-dive. EWR Co’s main corporate and strategic level risks are listed below:



Risk	Mitigation & Control
Funding for the Project may be constrained or delayed due to affordability and competing priorities impacting the ability to efficiently manage the programme	Continued communication with Sponsor and Government including HMT on EWR funding package; demonstrate delivery level challenge and strategic level alignment with government priorities; ongoing business case work for EWR including quantification of wider economic benefits.
Budgetary uplifts required to deliver the business plan may not be realised at the end of Q1 FY21-22 due to DfT budgetary restrictions	Ongoing discussion with DfT on programme implications; demonstrate delivery against plans; re-planning and re-prioritising works should budgets require.
EWR Co may not be able to build confidence with external stakeholders to support timely delivery of key decisions and outcomes	Ongoing regular engagement with Ministers and DfT; sustained communications; capture of appropriate supporting information documentation and assurance around decisions.
EWR Co's model is discontinued or changed. This could be due to difficulty in demonstrating benefits or a change in Government or Ministers or transport policy	EWR response to the Williams-Shapps Reform Paper; demonstrate delivery level challenge and strategic level alignment with government priorities; updated Corporate Plan; development of EWR Prospectus that sets EWR Co unique purpose for next c.15 years; regular briefings with Ministers.
External expectations on the Project may deviate from or not align with the EWR Environmental Policy	Engagement with the Government to agree position; engagement with statutory and other stakeholders in relation to EWR policy.
Contractual models for the Delivery Phase and Enterprise Partners may not be accepted	Ongoing engagement and working with DfT, IPA, HMT and Cabinet Office; legal advice on options for development; undertake market engagement.

7.10 Information assurance and security

Significant developments were introduced to maintain the security and integrity of our information assets during 2020-21.

EWR Co's Information Asset Owner's Forum reviews information assets on a quarterly basis. Whilst the year delivered significant growth in the volume of information assets, security and integrity was delivered in line with the approved risk appetite from the Audit and Risk Committee.

Continuity throughout COVID-19 was ensured through the cloud environment, mature design, and strong role-based security structure. This approach additionally supported the secure growth of EWR Co's processes and scope into our DCO.


EWR Co sought external assurance including alignment with PAS 1192-5, and introduction of a new Information Strategy. We retained Cyber Essentials Plus certification following an external audit, and the Government Internal Audit Agency (GIAA) reviewed our Cyber Security. All items arising from the GIAA review were acted upon and delivered within 2020-21.

A refreshed risk appetite was prepared for Audit and Risk Committee approval, this will set the focus for 2021-22 and align EWR Co's on-going commitments to securing information assets.

7.11 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 policies, aims and objectives. In arriving at my conclusion, I have taken into account the annual audit opinion of the Head of Internal Audit, the report of audit and risk committee and the management letter of the NAO. This report is for the 2020-21 financial year and, in relation to significant balance sheet events, to the date of signing.

The Governance Statement is signed on behalf of the Board



Simon Blanchflower – EWR Co Chief Executive and Accounting Officer

Signed on 14 October 2021

08. People and Remuneration Report



08.

People and Remuneration Report

8.1 Directors’ remuneration

Our people - an engaging place to work

EWR Co has a number of people-focused programmes to drive motivation and engagement of our people. Our people are empowered to set stretching objectives that support our performance and review them regularly, which is connected to our bonus system. Our people take part in a career development programme where a new mentoring programme plays an instrumental role. Our people have access to internal and external learning and development programmes.

8.2 Employee consultations

Employees were consulted about the relocation of EWR Co’s main office from London to Milton Keynes between November 2019 and February 2020. There were no further consultations in 2020-21.

Our people – an inclusive place to work

8.3 Equality, diversity and inclusion

EWR Co is committed to the principles of diversity and equal opportunity for all.

- Our commitment is to:**
- Create an engaging and inclusive environment where people and customers are treated fairly, with respect and without bias
 - Empower people to contribute openly, share their opinions and ideas, and to grow and develop
 - Embrace diverse cultures, behaviours and mindsets.

- To bring this to life our managers are expected to lead from the top and should:**
- Engage: Recognise individual uniqueness, be inclusive
 - Empower: Share; give freedoms, not limitations
 - Encourage: Inspire bravery and create a safety net
 - Enable: Remove barriers and honour efforts
 - Embrace: Demonstrate empathy and humility

- In 2020-21 EWR Co delivered the following:**
- Oxford Female Leadership programme for our female colleagues
 - Promotion of equality, diversity and inclusion calendar
 - Employee Assistance Programme
 - Rewards and Recognition programme
 - Career development programme
 - Behavioural assessments for the leadership team

- We have seen solid results from the Great Place to Work survey that we undertook in November 2020 which reflect quite a high level of engagement and inclusion:**
- 84% of people are willing to give extra to get the job done
 - 93% of people believe that our company actively promotes mental and physical health among its employees
 - 88% of people trust that people care about each other here
 - 86% of people are certain that they are treated fairly regardless of their gender
 - 84% of people think that they are offered training or development to further themselves professionally.

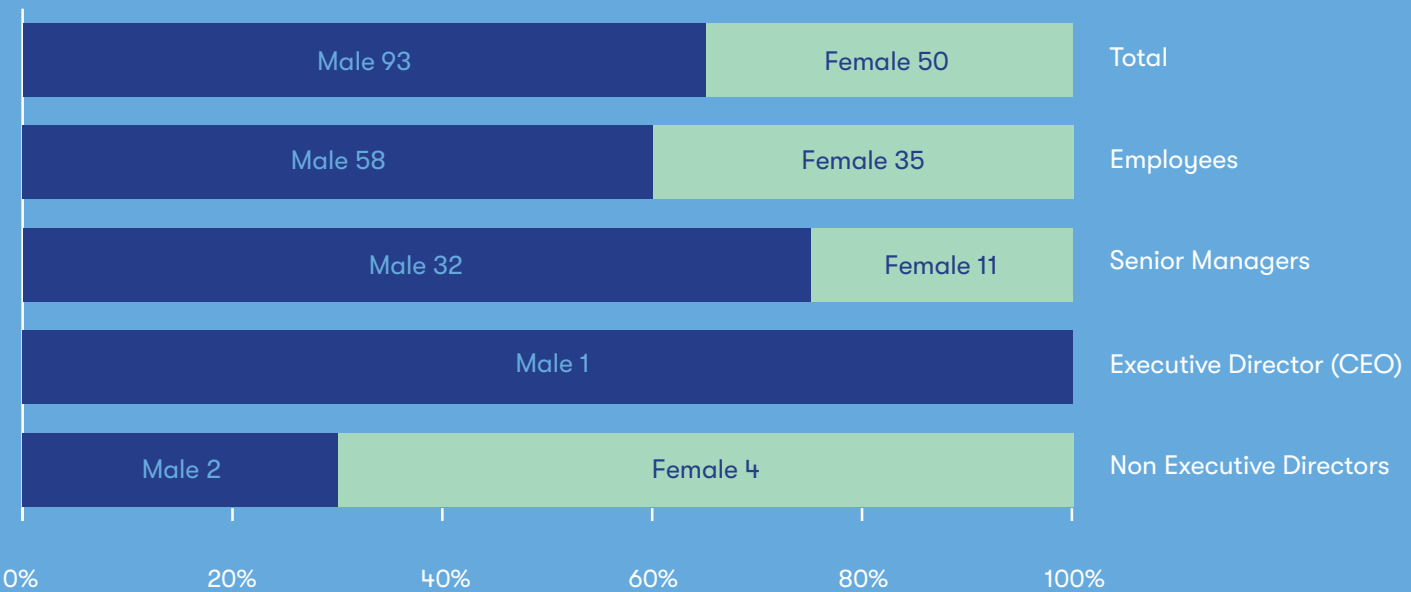
8.4 Staff composition

As noted in Sections 1.16 and 1.17, EWR Co is fully committed to the principles of diversity and equal opportunity.

The average overall proportion of female employees in 2019-20: 34% (2019-20 is 32%). While this stems, in part, from the historic lack of diversity in the transport sector, the ratio of female to male staff at EWR Co is better than the industry average. However, there is still more work to do and therefore we are undertaking several steps to improve it not only in our organisation but for the wider industry, such as:

- Apprenticeship programmes
- Graduate programmes
- STEM focused working placements for schools’ students
- Development of a bespoke inclusion training iCare for EWR and for the railway industry to bring insights and the importance of inclusion to life and make it part of the leadership DNA.

The 143 staff at EWR Co on 31 March 2021 comprised:



The following should be noted:

- Staff composition covers the following categories of EWR Co staff: pay-rolled, agency, secondee, and NEDs
- Executive Directors are members of EWR Co’s Board
- Senior managers are those people who are in a senior team leader or Director role who are not required to attend Board meetings
- Employees are all other employees not identified as either Directors or senior managers

8.5 Disability statement

EWR Co recognises that it has clear obligations towards all its employees and the community at large to ensure that people with disabilities are afforded 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 an interview to disabled people who meet the minimum criteria for the job
- We anticipate and provide reasonable adjustments as required
- We support any existing employee who acquires a disability or long-term health condition, enabling people to stay in work
- We run activities that will make a difference for disabled people

Our people – an inclusive place to work

8.6 Health and safety leadership

EWR Co's Board and senior leadership team are collectively responsible for providing health and safety leadership across the company and promoting company health and safety principles: these are described in the company Health and Safety Policy, approved by the Board. The Board Safety, Health and Environment (SHE) Committee is chaired by a NED and provides strategic oversight of health and safety management in EWR Co. Section 7.5 provides further information about the SHE Committee.

8.7 Health and Safety Management System (HSMS)

The HSMS underpins and describes EWR Co's roles and responsibilities as a duty holder under general, and railway-specific, health and safety legislation. Good progress was made during the year developing our HSMS in accordance with the ISO 45001:2018 standard. Successful certification to ISO 45001 is a key Business Plan 2021-22 objective and is anticipated during Q4, 2021.

8.8 Health and safety performance

We are pleased to report that there have been no lost-time or reportable employee or supply-chain related accidents or safety-related incidents to date in connection with EWR Co's business activities.

EWR Co's physical works during the year were mostly limited to site visits and non-intrusive survey works for CS2 and CS3 design activities.

Network Rail, through the EWR Alliance, is responsible for the health and safety management of all physical capital delivery works being delivered between Bicester and Bletchley for CS1.

The EWR Alliance reported one RIDDOR reportable event and one lost-time injury in the year. The EWR Alliance also reported one RIDDOR Dangerous Occurrence event as the result of the raised grab arm of a heavy goods vehicle touching live 33kV overhead power cables. Fortunately, no injuries occurred.

Since 31 March 2021, EWR Co has developed 'safe and secure' outcomes and measures such as health and safety systems development, training and a forum. These, and other, activities will contribute towards our ISO 45001 certification in late 2021.

8.9 Health and safety – COVID-19 response

Following government advice, EWR Co employees have continued to work from home throughout the year. EWR Co's office is certificated as 'COVID-19 Secure' in accordance with government guidelines and it has been made available for individual employee use upon request, dependent upon the prevailing restrictions. All employees have been subject to individual home working assessments as part of our strategy of ensuring suitable home working arrangements are in place for everyone.

8.10 Mental health and wellbeing

EWR Co has implemented a solid set of actions to ensure that employee welfare is robustly addressed – regular, informal, interactive weekly and periodic verbal and written communications supplement day-to-day team and line management interactions. Pulse surveys have been deployed to monitor employee wellbeing and provided feedback. Over a dozen mental health first aiders have been trained within the business. These activities have been reflected in Great Place to Work survey results – 93% of people said that EWR Co actively promotes mental and physical health among its employees.

8.11 Sickness absence data

Employee absences were recorded when staff were sick for two or more days concurrently. This amounted to 15 individuals and 71 days (2019-20: 14 and 231 respectively).

8.12 Trade union representation

None of the permanent staff were trade union representatives during 2020-21, consequently no trade union facility time was undertaken.

Paying our people

8.13 Procedures for developing policy and determining remuneration

The Remuneration and Nomination Committee is required under its framework document to comply with Cabinet Office rules relating to the level of Director and staff remuneration. The shareholder's consent is required for any increase in excess of the level specified in the Cabinet Office rules.

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.

8.14 Statement of remuneration policy

The remuneration policy is to:

- Provide a compensation package to attract, motivate and retain high quality employees in furtherance of the mission and strategy of EWR Co
- Assess remuneration relative to other arm’s length bodies and other organisations (including in the private sector) engaged in functions or operations of similar size and complexity

- Set the performance targets to incentivise and reward sustainable business performance while not encouraging inappropriate business risks to be taken.

EWR Co ensures that the levels of compensation are appropriately benchmarked against external organisations.

8.15 Staff costs and numbers (audited)

	Permanently employed staff £k	Other staff £k	2020-21 Total £k	2019-20 Total £k
Wages and salaries	5,747	5,568	11,315	6,978
Social security costs	644	-	644	430
Other pensions costs	532	-	532	300
Chair and NED’s fees	186	-	186	147
Total staff costs recognised in the financial statements	7,109	5,568	12,677	7,855
Average number of people employed (measured as full-time equivalents)	71	34	105	73

8.16 Performance related pay

All staff are eligible for a performance related payment (PRP). EWR Co generally pays PRP rewards for a financial year after that year’s Annual Report and Accounts has been audited and published.

EWR Co paid a total of £156k in PRP rewards in 2020-21 relating to performance in 2019-20. EWR Co will not make any PRP rewards in 2021-22 relating to performance in 2020-21. The decision not to pay was made by the remuneration committee in exercise of the powers given to them and was informed by the company’s performance against its corporate scorecard and the current economic climate.

The CEO is eligible for a PRP of up to 10%. No PRP was paid to the CEO in 2020-21.

8.17 Pay review

EWR Co made no pay award for 2020-21.

8.18 Fair pay disclosures (audited)

Public sector reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisation’s workforce.

2020-21 was only EWR Co’s second complete year of operation. In this period, to enable the company to grow, permission was given by DfT to undertake limited recruitment to a number of posts. The roles that were recruited to were predominantly specialist in nature, which led to an increase in the median pay.

	2020-21	2019-20 re-stated
Chief Executive (highest paid Executive Director)	£224,400	£224,400
Maximum remuneration in rest of EWR Co’s workforce	£212,400	£192,247
Minimum remuneration in rest of EWR Co’s workforce	£27,540	£27,540
Median remuneration of EWR Co’s workforce	£90,000	£75,000
Median ratio	2.5	3.0

The 2019-20 values have been re-stated as non-executive directors should be excluded from this disclosure.

An annualised figure of staff in post at year-end has been used to better reflect contractual salary. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

8.19 Pension entitlements

Employees of EWR Co are eligible to participate in a defined contribution pension scheme, in which the Company matches the employee contributions rate on a 2:1 basis to a maximum of 6%, which means the maximum employer contribution is 12%. EWR Co's pension scheme is managed on the Company's behalf by Royal London. For the year ending 31 March 2021, employer's contributions for the year were £0.5m (2019-20: £0.3m). Monthly payments, totalling this amount, were made throughout the financial year.

Staff on secondment from 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.

8.20 Redundancy payments (audited)

There were no exit packages agreed in year.

Paying our Directors

8.21 Directors' remuneration

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

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

Levels of remuneration for the non-governmental NED reflect the time commitment and responsibilities of the role. The shareholder-nominated or governmental Directors are not paid by EWR Co. The NED nominated by the shareholder has been in post since 1 October 2020; more information in Section 8.23 below.

8.22 Executive Directors (audited)

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

EWR Co had one Executive Director throughout 2019-20 and 2020-21 – Simon Blanchflower (Chief Executive).

All figures in £.		Salary	Performance related pay (bonus)	Taxable benefits	Pension payments	Total
Simon Blanchflower CEO from 03/12/2018	2020-21:	224,400	-	-	-	224,400
	2019-20:	224,400	-	-	-	224,400

8.23 Non-Executive Director Fees (audited)

	Appointment date	Departure date	Fees 2020-21 £	Fees 2019-20 £	Principal position held elsewhere at 31/03/21
Rob Brighouse (Chair)	03/12/18	18/04/21	100,000	100,000	N/A
Anne Baldock	01/02/19	-	20,000	20,000	NED
Diane Crowther	01/02/19	-	20,000	20,000	CEO at HS1
Simon Murray	01/02/19	-	20,000	20,000	NED
Lynette Ryals	01/11/20	-	8,333	-	CEO at MK:U
Joanna Whittington	01/10/20	-	-	-	Civil Servant
Tom Cooper	11/10/18	11/10/19	-	-	N/A

Fees are payable to all NEDs, with the exception of the NED nominated by the Shareholder (Secretary of State). The shareholder-nominated NED is normally a civil servant who receives a salary from the Government department that employs them. Tom Cooper (from UK Government Investments) was the shareholder-nominated NED until his term in office ended in October 2019. His replacement, Joanne Whittington (from the Department for Business, Energy and Industrial Strategy), was appointed with effect from October 2020.

The level of remuneration paid by EWR Co to the non-governmental NEDs reflects the time commitment and responsibilities of the role. They received a fee of £15,000 pa plus an additional £5,000 pa for chairing a sub-committee. The outgoing Chair, Rob Brighouse, received £100,000 pa for 1.5 days per week. As noted in the Chair's Statement in Section 1, and in Section 7.3, Neil Sachdev replaced Rob as Chair on 19 April 2021. Neil will be paid £75,000 pa for 2 days per week.

Our partners

8.24 Consultants

EWR Co uses consultancy services on a day-to-day basis. Consultancy is the provision of objective advice relating to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives. Such advice is provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions.

Total expenditure made to external consultants during the financial year amounted to £7,626k (2019-20: £6,507k).

8.25 Off-payroll appointees

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

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

Table 1	31 March 2021	31 March 2020
Number of existing engagements at the reporting date	56	10
Of which:		
less than 1 year at the reporting date	47	3
between 1 and 2 years at the reporting date	4	7
between 2 and 3 years at the reporting date	5	-

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

Table 2	2020-21	2019-20
Number of off-payroll workers engaged in the reporting period	64	10
Of which:		
Number not subject to off-payroll legislation	-	-
Number subject to off-payroll legislation and determined in scope of IR35	64	10
Number subject to off-payroll legislation and determined as out of scope of IR35	-	-
Number of engagements reassessed for compliance or assurance purposes during the year	-	-
Of which: Number of engagements that saw a change in IR35 status following reassessment	-	-

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

Table 3	2020-21	2019-20
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility during the financial year	-	-
Total no. of individuals that have been deemed board members, and/or, senior officials with significant financial responsibility, during the financial year. This figure includes both on-payroll and off-payroll engagements.	6	6

The People and Remuneration Report is signed by Simon Blanchflower, Chief Executive and Accounting Officer, on behalf of the EWR Co Board, on 14 October 2021.


Simon Blanchflower



09. Parliamentary accountability and auditor's report

09.

Parliamentary accountability and auditor's report

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 frauds. Special payments include extra-contractual, special severance, ex gratia and compensation payments.

EWR Co did not incur any losses or special payments during 2019-20 or 2020-21.

Remote contingent liabilities (audited)

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

EWR Co did not expose itself to any remote contingent liabilities during 2019-20 or 2020-21.

Contingent liabilities for which the probability of crystallisation is rated as greater than remote are disclosed in Note 11 in the Annual Accounts, which also shows that EWR Co did not enter into any contingent liabilities during 2019-20 or 2020-21.

Independent Auditor's Report To The Members Of East West Railway Company Limited

Opinion on financial statements

I have audited the financial statements of East West Railway Company Limited for the year ended 31 March 2021 which comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity, and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Internal Financial Reporting Standard in conformity with the requirements of the Companies Act 2006.

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 opinion

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

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of 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 information included in the Annual Report but does not include the parts of the of the Remuneration Report described in that report as having been audited, 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. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

- In my opinion, based on the work undertaken in the course of the audit:
- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
 - the information given in the Strategic and 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 Directors’ 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.

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:
- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
 - internal controls as directors determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
 - 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 intend 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 applicable law and International Standards on Auditing (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.
- I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.
- My procedures included the following:
- Inquiring of management, 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 policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the East West Railway Company Limited’s controls relating to he Companies Act 2006 and Managing Public Money.
 - discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and off-ledger trial balance adjustments; and
 - obtaining an understanding of East West

Railway Company Limited's framework of authority as well as other legal and regulatory frameworks that the East West Railway Company Limited operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the East West Railway Company Limited. The key laws and regulations I considered in this context included the Companies Act 2006, East West Railway Company Framework Documents, Managing Public Money, employment law and tax legislation.

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

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

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

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

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

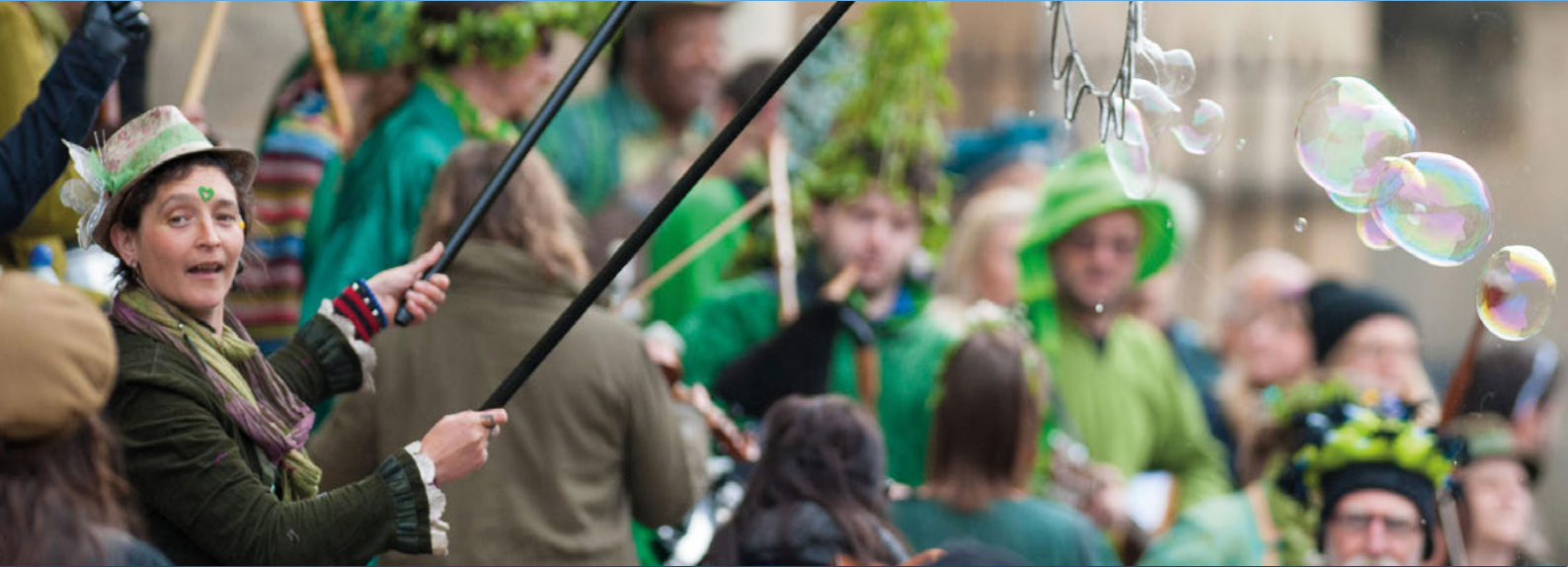
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Stephen Young (Senior Statutory Auditor)
15 October 2021

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 2021

10. Financial Statements for the year ending 31 March 2021

Statement of comprehensive net expenditure

All values in £000	Note	2020-21	2019-20
Expenditure			
Staff Costs	3	12,677	7,855
Other expenditure	4	22,496	14,065
Depreciation	4	452	80
Total Expenditure for the year		35,625	22,000
Finance expense	4	11	2
Net expenditure for the year		35,636	22,002
Comprehensive net expenditure for the year		35,636	22,002

The Notes on pages 94 to 110 form part of these financial statements.

Statement of financial position

All values in £000	Note	31 March 2021	31 March 2020
Non-current assets			
Property, plant and equipment	5	1,939	609
Right of use assets	6.1	566	708
Total non-current assets		2,505	1,317
Current assets			
Trade and other receivables	7	1,352	367
Cash and cash equivalents		241	1,083
Total current assets		1,593	1,450
Total assets		4,098	2,767
Current liabilities			
Trade and other payables	8	5,413	5,215
Lease liabilities	6.2	162	143
Total current liabilities		5,575	5,358
Non-current liabilities			
Lease liabilities	6.2	501	601
Total net assets / (liabilities)		(1,978)	(3,192)
Taxpayers' equity			
General reserve		(1,978)	(3,192)

The Notes on pages 94 to 110 form part of these financial statements.

Signed by Simon Blanchflower, Chief Executive Officer & Accounting Officer, on 14 October 2021. Company registration number: 11072935



Statement of cash flows

All values in £000	Note	2020-21	2019-20
Cash flows from operating activities			
Net expenditure for the year	SOCNE	(35,636)	(22,002)
(Increase) / decrease in trade and other receivables	7	(985)	(305)
Increase / (decrease) in trade and other payables	8	198	1,943
Depreciation	4	452	80
Net cash outflow from operating activities		(35,971)	(20,284)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,640)	(575)
Net cash outflow from investing activities		(1,640)	(575)
Cash flows from financing activities			
Capital Contribution from the Shareholder (DfT)	SOCTE	36,850	21,930
Proceeds from borrowings and leasing liabilities		-	30
Repayment of borrowings and leasing liabilities		(92)	(20)
Lease interest	6.2	11	2
Net cash inflow from financing activities		36,769	21,942
Net increase / (decrease) in cash and cash equivalents		(842)	1,083
Cash and cash equivalents at the beginning of the year		1,083	-
Cash and cash equivalents at the end of the year		241	1,083

The Notes on pages 94 to 110 form part of these financial statements.

Statement of changes in taxpayers' equity

All values in £000	General Fund
Balance at 31 March 2019	(3,120)
Net operating cost for the year	(22,002)
Capital Contribution from the Shareholder (DfT)	21,930
Balance at 31 March 2020	(3,192)
Net operating cost for the year	(35,636)
Capital Contribution from the Shareholder (DfT)	36,850
Balance at 31 March 2021	(1,978)

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

The Notes on pages 94 to 110 form part of these financial statements.



Notes to the financial statements

Notes to the financial statements

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

General information

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

The Company's principal activities are to develop proposals, design, build and operate a railway network between Oxford and Cambridge.

The Company's registered office, since 8 July 2021, and principal place of business is One Grafton Mews, Midsummer Boulevard, Milton Keynes, MK9 1FB.

These financial statements cover the 12 months to 31 March 2021.

Note 1: Statement of significant accounting policies

This Note sets out the accounting policies that determine the recognition and valuation of material assets, liabilities,

income and expenditure. Disclosures of critical judgements, accounting estimates and sources of estimation uncertainty are presented within each accounting policy note.

A) Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard's (IFRSs) and the International Financial Reporting Interpretations Committee's (IFRIC) interpretations, and with the requirements of the Companies Act 2006 applicable to companies reporting under IFRSs. As a Non-Departmental Public Body (NDPB) and as specified in the framework agreement with DfT, the Company also adopts the interpretations of IFRS and additional disclosure requirements contained in the Government Financial Reporting Manual (FReM) for 2020-21, where these are compatible with the requirements of the Companies Act.

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 3.11 of the Strategic Report.

C) Measurement convention

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

D) Estimation techniques used and changes in accounting estimates

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

E) Financing

The Company is funded by capital contributions from the DfT, representing the Secretary of State as its sole controlling party. In line with IAS 1, since these contributions are made by the Secretary of State in their capacity as an owner, capital

contributions from the Shareholder are presented directly in reserves (equity) rather than as income.

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

F) Property, plant and equipment

Recognition:

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the useful economic life (UEL), 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 Changes in Net Expenditure (SoCNE).

Property, plant and equipment is based on the identification of single assets with a threshold value greater than £1,000. Where an item includes material components with a significantly different UEL, those components are capitalised separately and depreciated over their specific UEL. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as incurred.

Measurement:

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

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

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

Impairment:

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

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

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

Depreciation:

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

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

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

Disposals:

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

G) Leases

Scope and classification:

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

The Company excludes contracts for low-value items, defined as items costing less than £5,000 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 the fair value model for leases of items other than land and property, and for leases of land and property with regular rent reviews. For other leases, the asset is carried at a revalued amount.

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 shown in the table on the next page.

Lease expenditure:

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

shorter than twelve months are expensed.

H) Cash and cash equivalents

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

I) Financial liabilities

Financial liabilities are any contractual obligations to deliver cash or other financial assets to a third party including trade and other payables (current and non-current). The Company values liabilities initially at fair value: the transaction value is considered to be the fair value at the date of recognition. Thereafter, where the time value of money is considered to be material, they are held at amortised cost using the effective interest rate to discount cash flows. Derecognition (i.e. removal from the financial statements) occurs when the liability has been settled.

J) Provisions and contingent liabilities

The Company recognises provisions when it has a legal or constructive obligation arising from a past event, the transfer of economic benefits is probable, and a reasonable estimate can be made. Provisions are charged to the Statement of Comprehensive Net Expenditure unless they relate to capital projects. In which case, the provision is added to the assets carrying amount. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the rates set by HM Treasury. When the discount

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 (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.

is unwound, the adjustment is recognised as an interest expense. If the amount of a present obligation cannot be estimated reliably, the obligation is disclosed as a contingent liability.

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

K) Employee benefits

Wages and salaries includes gross salaries, performance pay or bonuses, overtime, recruitment and retention allowances, ex-gratia payments and any other taxable allowances or payments, as well as costs relating to agency, temporary and contract staff engaged by the company on a contract to undertake a project or task. Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

Performance-related bonuses

At the year end, each employee’s performance has not been formally

assessed and consequently the pay increases and bonus payments for the year to 31 March are not yet known. However, the work has been completed and therefore a liability is created. The value of the bonuses to be paid is estimated and accrued based on all information that is available including: Company performance forecasts, previous employee performances and performance related pay scheme details. 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 there is an element of leave that is owed either by the company to employees or owed by employees to the company. The cost of leave earned but not taken by employees is recognised in the financial statements.

Pensions

The Company’s staff may participate in a Stakeholder (defined contribution) pension scheme, which became operational in April 2019.

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

L) Corporation Tax

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

M) Value Added Tax

Many of the activities of the Company are non-business in nature and, for this reason, outside the scope of VAT. The Company is eligible under section 41 (3) of the VAT Act 1994 to recover input VAT which is recovered under an annual HM Treasury Direction. Irrecoverable VAT is charged to the relevant

expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

N) Related party transactions

The Company is an Executive Non-Departmental Public Body sponsored by the DfT, which accordingly is a related party.



Note 2: Statement of expenditure by operating segment

Further information about these segments can be found in Section 3.4 of the Strategic Report; the smaller cross-cutting functions are consolidated into Corporate Services.

All values are in £000			2020-21
	Capital expenditure	Resource expenditure	Total
Delivery	-	15,580	15,580
Corporate Services	1,640	8,885	10,525
Strategy	-	6,985	6,985
Engineering	-	2,377	2,377
Customer Services	-	1,357	1,357
Depreciation only	-	452	452
Total net expenditure	1,640	35,636	37,276
Of which:			
Programme Costs	1,640	35,437	37,077
Administration Costs	-	199	199
Total net expenditure	1,640	35,636	37,276
All values are in £000			2019-20*
	Capital expenditure	Resource expenditure	Total
Delivery	-	6,228	6,228
Corporate Services	1,307	7,074	8,381
Strategy	-	6,447	6,447
Engineering	-	1,215	1,215
Customer Services	-	956	956
Depreciation only	-	82	82
Total net expenditure	1,307	22,002	23,309
Of which:			
Programme Costs	1,307	21,803	23,110
Administrations Costs	-	199	199
Total net expenditure	1,307	22,002	23,309

*During 2020-21 the format of financial information presented to the Board changed to show the functions listed above. The information for 2019-20 has been re-stated.

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

Note 3: Staff costs

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

All values in £000			2020-21	2019-20
	Direct employees	Other personnel	Total	Total
Wages and salaries	5,747	5,568	11,315	6,978
Social security costs	644	-	644	430
Pension costs	532	-	532	300
Non-executive director fees	186	-	186	147
Total staff costs	7,109	5,568	12,677	7,855

Other personnel costs include costs for contractors and secondees.

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

In the years ended 31 March 2021 and 31 March 2020 key management personnel was the Chief Executive Officer and the chair of the board of directors. Full details of their remuneration are included within the remuneration report on pages 66 to 77.

Note 4: Other expenditure

All values in £000	Note	2020-21	2019-20*
Non-staff expenditure includes:			
Professional services		9,413	3,745
Consultancy		7,454	6,507
Information & communications technology		1,769	1,662
Communications & publicity		864	245
Legal		836	613
Licence & agent fees		723	-
Accommodation & office services		394	651
Training & education		313	110
Recruitment fees		186	132
External audit fee (inc. VAT)		78	84
Internal audit fee		40	33
Insurance		24	17
Travel & subsistence		9	74
Other costs		393	192
		22,496	14,065
Depreciation:			
Depreciation of tangible assets	5	310	56
Depreciation of right of use assets	6.1	142	24
		452	80
Finance Expense			
Lease interest	6.2	11	2
		11	2
Total other expenditure		22,959	14,147

* 'Training & education' was included 'Other costs' in the 2019-20 Annual Report and Accounts. This year, it has been shown separately and the 2019-20 values have been updated to reflect the new format.

Note 5: Property, plant and equipment

All values in £000 Year ended 31 March 2021	Assets under construction	Fixtures & Fittings	Information technology	Total
Cost or valuation				
At 1 April 2020	479	4	192	675
Additions	1,227	-	413	1,640
Reclassification	(1,706)	1,706	-	-
At 31 March 2021	-	1,710	605	2,315
Depreciation				
At 1 April 2020	-	1	65	66
Charged in year	-	171	139	310
At 31 March 2021	-	172	204	376
Net book value at 31 March 2020	479	3	127	609
Net book value at 31 March 2021	-	1,538	401	1,939
Year ended 31 March 2020	Assets under construction	Fixtures & Fittings	Information technology	Total
Cost or valuation				
At 1 April 2019	-	-	100	100
Additions	479	4	92	575
At 31 March 2020	479	4	192	675
Depreciation				
At 1 April 2019	-	-	9	9
Charged in year	-	1	56	57
At 31 March 2020	-	1	65	66
Net book value at 31 March 2019	-	-	91	91
Net book value at 31 March 2020	479	3	127	609

The Company owns all of its property, plant and equipment. The assets under construction related to the fit-out of the Company's leased office in Milton Keynes that became available for use in November 2020.

Note 6.1: Right of use assets

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

Year ended 31 March 2021	£000
Cost or valuation	
At 1 April 2020	732
Additions	-
At 31 March 2021	732
Depreciation	
At 1 April 2020	24
Charged in year	142
At 31 March 2021	166
Net book value at 31 March 2020	708
Net book value at 31 March 2021	566
Year ended 31 March 2020	
Cost or valuation	
At 1 April 2019	-
Additions	732
At 31 March 2020	732
Depreciation	
At 1 April 2019	-
Charged in year	24
At 31 March 2020	24
Net book value at 31 March 2019	-
Net book value at 31 March 2020	708

Note 6.2: Lease liabilities

All values in £000

Amounts falling due

Not later than one year

Later than one year and not later than five years

Less: Unaccrued interest

Balance at year end**Of which:**

Current

Non-current

Amounts recognised in expenditure

Depreciation

Interest expense

	31 March 2021	31 March 2020
Not later than one year	168	184
Later than one year and not later than five years	510	584
	678	768
Less: Unaccrued interest	(15)	(24)
Balance at year end	663	744
Current	162	143
Non-current	501	601
	663	744
Depreciation	142	24
Interest expense	11	2
	153	26

Note 7: Trade receivables and other current assets

All values in £000 and fall due within one year	31 March 2021	31 March 2020
VAT receivable	901	-
Prepayments	440	302
Other receivables	11	65
	1,352	367

Note 8: Trade payables and other current liabilities

All values in £000 and fall due within one year	31 March 2021	31 March 2020
Trade payables	1,425	264
Accruals	3,343	4,225
Staff costs accrual	645	726
	5,413	5,215

Note 9: Financial Instruments

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

Note 10: Financial commitments

The Company confirms that there were none to disclose as of 31 March 2020 or 2021.

Note 11: Contingent liabilities

The Company confirms that there were none to disclose as of 31 March 2020 or 2021.

Note 12: Related-party transactions

All values in £000	2020-21	2019-20
Transactions between the Company and DfT		
Capital contribution received from DfT	36,850	21,930
Amounts paid to DfT	301	612
Amounts included in Payables at the end of year	-	172

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, except for Rob Brighthouse and Lynette Ryals as disclosed below, and none has a financial interest in the activities of the Company such as to influence their work with the Company.

All values in £000	2020-21	2019-20
Relationship: The Company's Chairman, Rob Brighthouse, was also a Non-Executive Director for Network Rail.		
Transactions between the Company and Network Rail:		
Amounts paid to Network Rail	226	415
Amounts included in Payables at the end of year	181	133
Relationship: Lynette Ryals, NED, is also Pro-Vice-Chancellor of Cranfield University.		
Transactions between the Company and Cranfield University:		
Amounts paid to Cranfield University	33	-
Amounts included in Payables at the end of year	20	-

Note 13: Post balance sheet events

There have been no events between 31 March 2021 and the date the financial statements were authorised for issue requiring an adjustment to the financial statements.

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



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