

# West Midlands Accessible Transport Limited

## STRATEGIC REPORT FOR THE YEAR ENDING 31 DECEMBER 2022 (continued)

### s.172(1) Statement

This statement is made in accordance with section 414CZA Companies Act 2006 (as amended).

In accordance with their duties under section 172(1) Companies Act 2006, the Company's Directors have collectively, and individually, acted in a way that they consider, in good faith, promotes the success of the Company for the benefit of its members as a whole.

In doing so they have had regard for all of the factors specified in s.172(1)(a) to (f) Companies Act 2006 and given due attention and prominence to each of these factors, as demonstrated below:

#### **a) The likely consequences of any decisions in the long term**

Our vision, as part of the National Express Group, is to be the world leader in mass transit and is rooted in a belief that good quality public transport for all is crucial for a positive, inclusive society. Further information about the Group's Vision, and how this has formulated our Purpose and is underpinned by our Values, see page 8 of the Directors' Report.

#### **b) The interests of the Company's employees**

Our employees and members of our wider workforce are the key to realising our vision and achieving our purpose. Our drivers are specially trained to understand and manage customers with special needs and mobility challenges. See the Directors' Report on page 9 for information about how we engage with our employees to enable us to take their interests and views into account in decision-making.

#### **c) The need to foster the Company's business relationships with suppliers, customers and others**

The majority of our work is under contract with local authorities, and it is vital that we foster strong, collaborative working relationships with local government and transport authorities. We engage in regular meaningful dialogue with local government departments: Birmingham City Council, TfWM, Warwickshire County Council and Walsall Borough Council, working collaboratively to agree and then comply with mutually acceptable contract terms.

#### **d) The impact of the Company's operations on the community and the environment**

We play a critical role serving customers who cannot use mainstream public transport, ensuring that they are connected with their schools, communities, family and friends. Social inclusion, independence and improving life chances are at the heart of local government policy, our services play an important part in achieving those objectives.

#### **e) The desirability of the Company maintaining a reputation for high standards of business conduct**

Our reputation is paramount. It underpins our ability to earn the trust of stakeholders for whom we currently deliver service and achieve growth with more contract wins. As a bus operator, we are also required to hold and maintain a PSV operator license, pursuant to which we must meet a requirement of good repute. We will always therefore consider the importance of our reputation when making decisions.

### s.172(1) Statement (continued)

#### f) The need to act fairly as between members of the company

We are a wholly owned subsidiary and therefore have only one shareholder to whom we are accountable. That said, everything we do well benefits our sole shareholder, financially through the returns we generate and reputationally through the way we operate. We engage via monthly financial reporting, as well as regular forecasting, budgeting and ad hoc discussion. The Company also complies with appropriate directions as given by the parent company.

### Principal risks and uncertainties

The Company is subject to internal and external risk factors. External risks include general economic conditions, fuel costs and political/regulatory changes. Internal risks include failure of internal controls and employee retention.

Economic conditions – Decline in economic conditions, very high inflation rates, high energy/fuel prices and cost pressures potentially impact profitability of the contracts. This is managed through proactive cost control and the careful economic modelling of new and existing contracts.

Political/regulatory changes – Changes to government policy, funding regimes or the legal and regulatory framework may result in structural market changes or impact the Company's operations in terms of reduced profitability, increased costs and/or a reduction in operational flexibility or efficiency. The Company mitigates this risk by constant monitoring of the political landscape and focuses on effective stakeholder management and operational excellence.

Internal controls – Lack of internal controls could impact the profitability of the Company. The Company mitigates this risk by close monitoring of balance sheet and cash controls and continuous investment in organisational and technical measures to protect data.

Employee retention – Lack of management talent/leadership skills could inhibit growth. Shortages in drivers and other key staff can disrupt operations and lead to wage cost inflation. This is managed by strong focus on people/talent management and recruitment/retention.

The Directors evaluate the above risks and the results are discussed at management level prior to being presented to the Board.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Business Review of the National Express Group PLC 2022 Annual Report and Consolidated Financial Statements.