

Finance Leaders Group

Thursday 14 December 2023

Meeting summary

Chair – Natasha Bingley, Finance Director for Tecforce
Partner – David Crump, Corporate Finance Director, PKF Smith Cooper
Rail Forum Host – Cat Appleby, Membership Manager

Outgoing chair Natasha Bingley welcomed the meeting participants, and asked the group to consider stepping up for the Chair / Vice Chair role.

The Rail Forum, and the Finance Leaders Group participants would like to thank Natasha for her efforts in bringing the group to life and wish her every success in the future.

This second meeting, had 36 registrations and 24 attendees on the day with a slightly adjusted format of 2 breakout sessions and participants largely remaining in those groups for the session.

Session 1

Recognised the impact on pipeline and recent news articles, particularly around rolling stock and redundancy risks / associated administrations. The group were asked to discuss managing cost pressures, managing pipeline uncertainty, managing cashflow and wider industry changes. On completion wider discussions took place raising the following:

- Slow payments and the associated impacts on own supply chain (and an observation that large customers who are slow paying may not be aware of the knock on impacts)
- Cashflow
- Increase costs, particularly labour inflation but other systems and materials also
- Cost inflation on longer term contracts (CPI 'baked in increases' do not correspond to actual cost increases)
- Impact of Brexit
- Increase in corporation tax and its impact on capex spend
- R&D Tax claims and associated issues, including on cashflow / expected benefits not realised

Action: PKF Smith Cooper - Topic for next meeting – R&D Claims, issues and resolutions

Session 2

The group heard from two **guest speakers**:

John Gerrard, Finance Lead, GBR Transition Team – John outlined the political changes that impact on rail reform but advised that both Government and Shadow Government are committed to similar reform in the sector. He went on to outline their role to design the future rail operation model and how it considers revenue, cost and risk. They are still developing this, however they aspire to a coherent financial framework for the industry, which seeks to provide greater certainty. He also provided a snapshot of a financial model that is developed and going through testing with Network Rail and DfT.

Action: Rail Forum – Approach John to return to future meetings (dates pending)

Mark Wood, MD, Alliance Procurement Solutions - Mark outlined sustainable procurement, not as a buzzword, but a strategic move that directly impacts the financial health and long-term viability of businesses. It involves the integration of environmental, social, and ethical considerations into the procurement process.

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Finance Leaders' primary focus often revolves around cost-effectiveness, efficiency, and risk mitigation. Sustainable procurement intersects with these objectives in several ways:

1. **Cost Efficiency:** At first glance, sustainable products or services might seem costlier. However, a deeper analysis often reveals that investments in sustainability yield long-term savings.
2. **Risk Mitigation:** Embracing sustainable procurement practices helps mitigate risks (such as volatile markets, regulatory changes and supply disruption) by fostering resilient supplier relationships, diversifying sourcing, and reducing dependency on finite resources.
3. **Brand Reputation and Stakeholder Trust:** In today's interconnected world, stakeholders are increasingly scrutinizing a company's environmental and social impact.
4. **Future-Proofing Operations:** Organizations that embed sustainability in their procurement practices are better equipped to adapt to evolving market demands and regulations.



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The break-out session which followed provided additional plenary discussion and the following items;

- Realities of ESG agenda against commercial requirements
- Whole life cost
- Interest in GBR TT financial modelling and its publication / access
- Exploration of growth funding: investment and/or loan horizon

Action: Rail Forum – identify speaker for growth funding investment/loan horizon

Action: Rail Forum / Finance Leaders Group contacts – potential speaker identified as Mark Berrisford-Smith *do you know him?

AOB

- Chair / Vice Chair nominations are required – **Action: Finance Leaders Group contacts** – please contact Cat@Railforum.uk for an informal discussion.
- DfT – previous feedback suggested interest in DfT presenting at a future meeting. Can you advise who / what topic you may wish to hear from? **Action: Finance Leaders Group contacts** – please advise DfT topics required to Cat.
- Contacts Directory – the HR Leaders Group offer a contacts directory of members to share contact details and enable individuals to follow up directly on a 1:1 basis. This will be shared and we welcome your thoughts on if the Finance Leaders Group would like to have a similar version. **Action: Finance Leaders Group contacts** – please notify Cat if you wish to be added.

Future Meetings

The Group will need to decide the frequency of the meetings, and whether an in-person meeting is of interest or if online delivery for all or some is required.

Action: Finance Leaders Group contacts – please advise frequency and preferred delivery method to Cat.