



John Larkinson
Chief Executive
Office of Rail and Road
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30 September 2020

Network Rail
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Dear John

Resources Statement made in accordance with Condition 9.5 of Network Rail Infrastructure Limited's network licence

I enclose the Resources Statement ('the Statement') required from Network Rail Infrastructure Limited (Network Rail) under Condition 9.5 of its network licence, which I have been authorised to sign following a resolution of the Board of Directors of Network Rail.

After due and careful consideration and having taken into account the view held by the Regional Businesses and the System Operator the statement confirms that, in the Board's reasonable opinion, Network Rail has adequate management resources and financial resources and facilities to enable it to carry out its activities for the period of 12 months commencing on the date of the statement. The main factors that the Board has taken into account in making this statement are as follows:

- The 2018 Periodic Review continues to provide the funding required over the current control period (April 2019 – March 2024) to enable Network Rail to plan and deliver its business activities with a reasonable degree of assurance.
- In CP6 Network Rail's budget falls under the Resource Departmental Expenditure Limit (RDEL) and Capital Departmental Expenditure Limit (CDEL) meaning there is an allowed flexibility to our CP6 budget profile.
- It is assumed that network grant payments (as set out in the Statement of Funds Available) will continue to be made by Department for Transport (DfT) and Transport Scotland at the values to which they have committed (subject to any agreement between Network Rail and its funders to reprofile Network Rail's budget under the budget flexibility rules). The Board has specifically noted the additional financial support that governments have provided to franchised train operators since the outbreak of Covid-19 and the statement is made on the basis that track access charges will continue to be paid.
- Network Rail has a Group Portfolio Fund to be used if risks materialise. Risk funding is held at both a national and regional level and Network Rail has appropriate governance arrangements in place for managing it.
- Network Rail ended 2019/20 with a gross efficiency value of £385m – ahead of both our own target (£380m) and ORR's target (£316m).
- Covid-19 will have an impact on our works programme and our delivery of planned efficiencies during 2020/21 the full extent of which is not yet known. This uncertainty may

pose unforeseen risks to our suppliers and funders, as such Network Rail will continue to review the impact of the pandemic with stakeholders and provide ORR with relevant updates.

- As part of the Putting Passenger's First programme we are aiming to grow capability both at the route and regional level in line with our plans and funding.
- Our delivery plans, will continue to evolve and be refined over the control period as circumstances change or stakeholder requirements alter. Any changes will be made having regard to ORR's managing change policy which gives us the flexibility to make required changes.

In making the attached statement, we have assumed that the current structure and regulatory framework of the industry is not changed in any way that would hinder our ability to recruit and retain the quality of people we require to manage and transform the business. We have also assumed that there are no material legislative alterations that would adversely impact our financial or operational capabilities.

Yours sincerely

A handwritten signature in black ink, appearing to be 'J Westlake', written in a cursive style.

Jeremy Westlake
Chief Financial Officer

Resources Statement made in accordance with Condition 9.5 of Network Rail Infrastructure Limited's Network Licence

In this statement references to:

- The 'licence holder' are to Network Rail Infrastructure Limited
- 'The Act' are to the Railways Act 1993 (as amended)
- A period of '12 months' is to the period of 12 months commencing on the date of this statement.

After making enquires, including of its Regional Businesses and System Operator, the directors of the licence holder have a reasonable expectation that the licence holder will have available to it, after taking into account in particular, but without limitation:

- i. any dividend or other distribution, loan repayments or other sums due which might reasonably be expected to be declared or paid by the licence holder;
- ii. any mortgage, charge, pledge, lien or other form of security or other encumbrance; and
- iii. any indebtedness or guarantee,

sufficient resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licences, consents, and facilities, on such terms and with all such rights, to enable the licence holder to: (a) properly and efficiently carry on the Permitted Business; and (b) comply in all respects with its obligations under the Act and under its network licence, for the period of 12 months referred to in this statement.

Signed.....


Jeremy Westlake
Chief Financial Officer

Director, pursuant to a resolution of the Board of Directors of Network Rail Infrastructure

Limited dated 30 September 2020.