

Treasury committee report



Mark Bayley CBE
Chair, treasury committee
18 July 2025

Committee attendees

In addition to the committee members, the following individuals attend meetings by invitation: the chief financial officer, group finance director, head of treasury, corporate finance and business development director, head of insurance, the group general counsel and company secretary.

The role and responsibilities of the committee are reviewed regularly to ensure that the activities of the committee align with the needs of the organisation. The Terms of Reference are currently being reviewed.

The committee's role is to:

- approve and/or recommend strategies and policies in relation to areas of treasury management including financing, cash and liquidity management and forecasting and treasury controls
- monitor proposed treasury activities including banking, cash and liquidity management and

forecasting, debt management, investment management, and treasury risk management

- review the treasury function's financial reporting and internal control procedures
- endorse Network Rail's tax strategy to Network Rail Board for approval
- receive regular updates on Network Rail's corporate finance activities and major corporate transactions
- undertake such review and assurance of Network Rail's insurance programme

Principal activities during the year

The committee received detailed updates on Network Rail's cash and liquidity position, debt, investment and derivative portfolio, insurance strategy, intercompany financing arrangements, group treasury key performance indicators and major corporate finance transactions.

Insurance Strategy

The committee received an overview of the insurance strategy including the current insurance programme and the focus for the next insurance tender in 2025.

Corporate finance transactions

During the year, the committee noted the progress that had been made on the pipeline of projects and reviewed opportunities for third-party investment in Network Rail. The projects included:

- renewing and upgrading Network Rail's wireless telecoms infrastructure
- renewables power purchase agreements to support decarbonisation of the railway
- private funding/third party investments in depots
- merger of Network Rail's development property activities and London & Continental Railways (LCR) to create a new railway property development company

Treasury and Financing

At each meeting the committee monitored the group cash and liquidity position. The committee reviewed the performance of Group Treasury and reviewed risk and compliance measures.

Network Rail financing arrangements

The committee continued to review its approach to managing the financial impact of any future policy changes/industrial reform, strike action and inflationary pressures. The committee reviewed and agreed the funding mechanisms for Network Rail

covering the five years of CP7 (including grants from the Department for Transport (DfT) and Transport Scotland (TS) and loan facilities from DfT).

Other specific topics considered by the committee during 2024/25 included:

Legacy Debt

The committee reviewed the legacy debt portfolio and associated legacy derivative activities relating to debt issued prior to Network Rail's reclassification as an arm's-length body of the DfT in 2014. The committee reviewed the loan facility from the DfT used to refinance Network Rail's external legacy debt.

Review of Treasury Policy Manual

The committee reviewed group treasury policy, and approved amendments focused on operational efficiency and removal of references to legacy activities that were no longer undertaken.

Enterprise Risk Record

The committee reviewed and agreed updates to the treasury and funding Enterprise Risk Record for CP7.

Insurance Activities

The committee reviewed group insurance activities including the retender process insurances, and considered the possibility of extending the Network Rail insurance programme to cover activities of the DfT Operator Limited (DfTO).

Planned activities for 2025/26

- Governance and assurance of all Group Treasury activities
- Review of risks for CP7 financing and funding activities
- Review of corporate finance transactions
- Review of tax strategy
- Review of insurance activities