

EXTRACT

**Network Licence**  
granted to  
**Network Rail Infrastructure Limited**

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# Part I - Scope

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1. The Secretary of State, in exercise of the powers conferred by section 8 of the Railways Act 1993 (as amended) ("the Act"), hereby grants to Railtrack PLC<sup>1</sup> ("the licence holder") a licence authorising the licence holder:
  - (a) to be the operator of a network;
  - (b) to be the operator of a train being used on a network for any purpose comprised in the operation of that network; and
  - (c) to be the operator of a train being used on a network for a purpose preparatory or incidental to, or consequential on, using a train as mentioned in (b) above,subject to the conditions set out in Part III hereof ("the conditions").
  
2. This licence shall come into force on 1 April 1994 and shall continue in force unless and until revoked in accordance with the provisions of the Schedule hereto or by not less than 10 years' notice given to the licence holder by the Secretary of State, such notice not to be given earlier than 25 years after the date on which this licence comes into force.

31 March 1994

Signed by authority of  
the Secretary of State for Transport

<sup>1</sup> Network Rail Infrastructure Limited since 3 February 2003.

## Part II - Interpretation

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1. In this licence:

- “access charge” means any amount payable or proposed to be paid under an access contract or an installation access contract;
- “affiliate” in relation to the licence holder means any holding company or subsidiary of the licence holder or any subsidiary of a holding company of the licence holder, in each case within the meaning of sections 1159, 1160 and Schedule 6 of the Companies Act 2006;
- “control” shall be construed in accordance with sub-sections (2) and (4) to (6) of section 416 of the Income and Corporation Taxes Act 1988 with the following modifications namely:
- (i) for the words "the greater part" wherever they occur in sub-section (2) there shall be substituted the words "30 per cent or more"; and
  - (ii) in sub-section (6), for the word "may" there shall be substituted the word "shall", the words from "and such attributions" onwards shall be omitted and in the other provisions of that sub-section any reference to an associate of a person shall be construed as including only a relative of his (as defined by section 417(4) of that Act), a partner of his and a trustee of a settlement (as defined by section 681(4) of that Act) of which he is a beneficiary;
- “funder” means any local, national or supra-national authority or agency (whether of the United Kingdom or the European Union) and each Passenger Transport Executive or other person who provides money by way of grant or loan with the primary purpose of securing the provision of services relating to railways;
- “licence holder’s network” means the network of which the licence holder is the operator pursuant to this licence;
- “licensed activities” means things authorised to be done by the licence holder in its capacity as operator of a network or trains pursuant to this licence;

“LTUC”	means the London Transport Users’ Committee and any successor to LTUC which performs the same functions;
“Network Business”	<p>means</p> <p>(i) the business of providing and operating the licence holder's network, including the maintenance, renewal, replacement, improvement, enhancement and development of the network; and</p> <p>(ii) any ancillary service related to the business and activities in paragraph (i);</p> <p>and, without limitation, includes:</p> <p>(a) the purpose of financing the business in paragraph (i) and the services in paragraph (ii); and</p> <p>(b) any payment or transaction lawfully made or undertaken by the licence holder for a purpose within conditions 4.13(b)(i) to (vii);</p>
“ORR”	means the Office of Rail Regulation;
“Permitted Business”	means the Network Business and the Permitted Non-Network Business;
“Permitted Non-Network Business”	means any business, other than the Network Business and the exploitation of land (which includes the disposal of land within the meaning of Condition 7), of the type transferred to the licence holder pursuant to the Railtrack Transfer Scheme;
“Railtrack Transfer Scheme”	means the transfer scheme in respect of which the licence holder is the transferee made by the Board under section 85 of the Act and as varied pursuant to section 97 of, and Schedule 8 to, the Act;
“related undertaking”	in relation to the licence holder means any undertaking in which the licence holder has a participating interest (and for this purpose “undertaking” has the meaning given by section 1161 of the Companies Act 2006, and “participating interest” is to be construed in accordance with paragraph 8 of Schedule 8 to The Small Companies and Groups (Accounts and Directors’ Report) Regulations 2008;
“RPC”	means the Rail Passengers’ Council and any successor or delegated body which performs the functions of the RPC; and
“TfL”	means Transport for London.

2. Any reference in this licence to a numbered paragraph is a reference to the paragraph bearing that number in the condition in which the reference occurs.
3. In interpreting this licence, headings shall be disregarded.
4. Where in this licence the licence holder is required to comply with any obligation within a specified time limit, that obligation shall be deemed to continue after that time limit if the licence holder fails to comply with that obligation within that time limit.
5. Where this licence provides for anything to be done by any person within a particular period of time or on or by a particular day or date, ORR may vary that period, day or date by giving notice to the licence holder and such other persons as appear to it likely to be affected by the variation.
6. Where in this licence there is a provision for ORR to give its consent, ORR may give such consent subject to conditions.
7. Where in this licence there is a provision for ORR to give a notice or to issue guidelines to the licence holder, ORR shall first consult the licence holder and take into consideration any representations duly made.
8. The provisions of section 149 of the Act shall apply for the purposes of the service of any document pursuant to this licence.
9. The Interpretation Act 1978 shall apply to this licence as if it were an Act.
10. Terms and expressions defined in the Railways Act 1993, the Transport Act 2000 and the Railways Act 2005 shall, unless the contrary intention appears, have the same meanings in this licence.

# Part III - Conditions

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## ***Part A Network management and timetabling***

### **1 Network management**

#### *Purpose*

1.1 The purpose is to secure:

- (a) the operation and maintenance of the network;
- (b) the renewal and replacement of the network; and
- (c) the improvement, enhancement and development of the network,

in each case in accordance with best practice and in a timely, efficient and economical manner so as to satisfy the reasonable requirements of persons providing services relating to railways and funders, including potential providers or potential funders, in respect of:

- (i) the quality and capability of the network; and
- (ii) the facilitation of railway service performance in respect of services for the carriage of passengers and goods by railway operating on the network.

#### *General duty*

1.2 The licence holder shall achieve the purpose in condition 1.1 to the greatest extent reasonably practicable having regard to all relevant circumstances including the ability of the licence holder to finance its licensed activities.

#### *Specific obligations*

1.3 The following obligations in this condition are without prejudice to the generality of the general duty in condition 1.2 and compliance with those obligations shall not be regarded as exhausting that general duty. In fulfilling

each of those obligations, the licence holder shall at all times comply with the general duty in condition 1.2.

### *Planning*

- 1.4 The licence holder shall plan the means by which it will comply with the general duty in condition 1.2 over the short, medium and long term to meet reasonably foreseeable future demand for railway services.
- 1.5 In complying with condition 1.4, the licence holder shall consult, and take into account the views of, persons providing services relating to railways and funders so as to facilitate effective industry wide planning.
- 1.6 In complying with condition 1.4, the licence holder shall prepare and provide to ORR plans, strategies or other documents demonstrating its compliance and proposed compliance with the general duty in condition 1.2, including:
  - (a) the delivery plan referred to in condition 1.10;
  - (b) the route utilisation strategies referred to in condition 1.14;
  - (c) other plans, strategies or documents that ORR may reasonably require from time to time;
  - (d) revisions of the plans, strategies and other documents referred to in condition 1.6 (a) to (c) that ORR may reasonably require from time to time.
- 1.7 Each of the plans, strategies and other documents referred to in condition 1.6 shall demonstrate the position, as appropriate, on a network-wide basis and at a suitably disaggregated level of detail.
- 1.8 Each of the plans, strategies and other documents prepared in compliance with condition 1.6 shall be provided to ORR in respect of such period, in such format and structure, to such standard and level of detail and in accordance with such requirements (including any requirements as to publication) as ORR may, from time to time, specify by notice or in guidelines to the licence holder.
- 1.9 Any notice or guidelines to the licence holder issued under condition 1.8 may include a procedure under which ORR may object to the contents of a plan, strategy or other document on grounds specified in the notice or guidelines.

### *Delivery plan*

- 1.10 In complying with the duty in condition 1.4, the licence holder shall prepare, provide to ORR and publish a delivery plan setting out what the licence holder proposes to do to comply with the general duty in condition 1.2.
- 1.11 The delivery plan shall be prepared in such format and structure, to such standard and level of detail and in accordance with such requirements as ORR shall specify by a notice or in guidelines issued to the licence holder under condition 1.8 so as to enable:
- (a) providers of services relating to railways and potential providers to plan their businesses; and
  - (b) funders of services relating to railways and potential funders to plan their future financial and service requirements,
- in each case with a reasonable degree of assurance.
- 1.12 No notice or guidelines issued by ORR under condition 1.8 shall be effective in relation to the delivery plan unless:
- (a) it is issued on or before the date which is 5 months before the delivery plan is to be published; and
  - (b) ORR has first consulted the licence holder and taken into consideration any representations duly made.
- 1.13 The licence holder shall be excused from the obligation to publish any part of the delivery plan to the extent that ORR:
- (a) is satisfied, after consultation with the licence holder, that publication would or might seriously and prejudicially affect the interests of the licence holder or any other person; and
  - (b) gives notice to the licence holder to that effect.

### *Route Utilisation Strategies*

- 1.14 In complying with condition 1.4 the licence holder shall establish and maintain route utilisation strategies to promote the route utilisation objective in accordance with guidelines issued by ORR under condition 1.8.
- 1.15 The licence holder shall have due regard to the route utilisation strategies when carrying out its licensed activities.
- 1.16 Each route utilisation strategy shall be established:
- (a) by such dates as are specified in a programme or programmes proposed by the licence holder and approved by ORR or any amendment to such dates which is approved by ORR;
  - (b) in accordance with:
    - (i) the policies and criteria referred to in condition 1.19(a); and
    - (ii) guidelines issued by ORR under condition 1.8.
- 1.17 The licence holder shall from time to time and when so directed by ORR review and, if necessary, amend each route utilisation strategy to ensure that it:
- (a) continues to promote the route utilisation objective; and
  - (b) remains in accordance with the policies and criteria referred to in condition 1.19(a).

The provisions of condition 1.16 in relation to the establishment of a route utilisation strategy shall apply equally to the amendment of a route utilisation strategy under this condition 1.17.

### *Capacity allocation*

- 1.18 In complying with the general duty in condition 1.2, the licence holder shall co-operate with any potential provider or potential funder so as to identify ways in which its reasonable requirements in respect of the allocation of capacity on the network could be satisfied.

### *Asset management*

1.19 In complying with the general duty in condition 1.2, the licence holder shall:

- (a) develop the policies and criteria it will apply in respect of the maintenance, renewal, replacement, improvement, enhancement and development of the relevant assets, which shall demonstrate how the licence holder will comply with the general duty in condition 1.2;
- (b) apply those policies and criteria; and
- (c) make appropriate information about those policies and criteria readily accessible to persons providing services relating to railways and funders, including potential providers and potential funders.

1.20 The licence holder shall maintain appropriate, accurate and readily accessible information about the relevant assets, including their condition, capability and capacity.

1.21 ORR may permit the licence holder to exclude from the definition of “relevant assets” assets of such description or classes as shall be provided to and approved by ORR.

1.22 The licence holder shall from time to time and when so directed by ORR review and, if necessary, revise the policies and criteria provided for in condition 1.19 to ensure that they remain sufficient to comply with the general duty in condition 1.2.

### *Timetable planning*

1.23 In complying with the general duty in condition 1.2 the licence holder shall:

- (a) run an efficient and effective process, reflecting best practice, for establishing a timetable, and any changes to it; and
- (b) where necessary and appropriate, initiate changes to relevant industry processes,

so as to enable persons providing railway services and other relevant persons to plan their businesses with a reasonable degree of assurance and to meet their obligations to railway users.

## *Interpretation*

### 1.24 In this condition:

“excluded assets”	means assets which are the subject of an exclusion granted under condition 1.21;
“network”	includes, where the licence holder has any estate or interest in, or right over a station or light maintenance depot, such station or light maintenance depot;
“network code”	means the set of rules called the “Network Code” which is incorporated by reference into, and therefore forms part of, each bilateral track access contract between the licence holder and the beneficiary under that track access contract;
“relevant assets”	means assets, other than excluded assets, in which the licence holder has an interest, legal or beneficial, including as owner, occupier, operator, lessee (of whatever rank) or as the holder of any other right;
“relevant industry processes”	means arrangements, whether contractual, regulatory or voluntary, to which the licence holder is a party, or is subject, which involve establishing, or making changes to, a timetable;
“relevant person”	means each train operator, each holder of an access option and each other person who has been allowed to participate in the procedure for developing the timetable under the network code, as amended from time to time;
“route utilisation objective”	means the effective and efficient use and development of the capacity available on the network, consistent with the funding that is, or is likely to become, available during the period of the route utilisation strategy and with the licence

holder's performance of the duty in condition 1.2;

"potential provider" and/or  
"potential funder"

means, as appropriate, any person who has expressed in writing to the licence holder a serious and credible:

(a) interest in providing or intention to provide; or

(b) interest in providing or intention to provide finance for or in connection with

either or both of:

(i) services relating to railways; and

(ii) a railway facility or a network, including one which is proposed to be constructed or is in the course of construction.