

**Carl Hetherington**  
Deputy Director  
Economics, Finance and Markets



Fiona Hyslop MSP  
Cabinet Secretary for Transport  
Scottish Government  
St. Andrew's House  
Regent Road  
Edinburgh  
EH1 3DG

Jeremy Westlake  
Chief financial officer  
Network Rail Infrastructure Limited  
Waterloo General Office  
London  
SE1 8SW

28 February 2024

Dear Cabinet Secretary and Mr Westlake

**Approval of Grant Mechanism for the Purposes of Part 3A (Scottish Grant Dilution) of Schedule 7 of Track Access Agreements between Network Rail Infrastructure Limited and specified passenger train operators and Variation of annual amounts of Network Grant**

We refer to the definition of "Grant Mechanism" as set out in the Public Service Operator Passenger Track Access Agreements Review Notice issued on 20 December 2023, which is to be incorporated into the track access agreements between Network Rail Infrastructure Limited (Network Rail) and each of the passenger train operators whose names are specified in Annex 1.

We note the grant agreement made on 11 December 2023 between the Scottish Ministers and Network Rail for the payment of network grant during Control Period 7, as defined in that agreement. Clause 3.5 of that agreement contains the provisions agreed between Network Rail and the Scottish Ministers setting out how the annual amounts of network grant contained in Table A of Schedule 2, Part 2, of the agreement for each year of Control Period 7 may vary.

This letter sets out our approval of those provisions for the purposes of Part 3A of Schedule 7 to the track access agreements.

We also note the annual amounts of network grant contained in Table 1 of the letter from ORR to Network Rail dated 2 November 2023 and, having consulted with Network Rail and the Scottish Ministers, vary the amounts for Scotland set out in Table 1 of that letter as follows:

**Table 1: CP7 Network Grant, cash prices**

£ million	2024-25	2025-26	2026-27	2027-28	2028-29	CP7 Total
Scotland	481	482	467	417	452	2,299

This letter has been copied to the passenger train operators listed in Annex 1.

Yours sincerely

**Carl Hetherington**

For and on behalf of the Office of Rail and Road

## **Annex 1 - passenger train operators**

ScotRail Trains Limited

Caledonian Sleeper Limited