

Carl Hetherington  
**Deputy director, Railway markets and economics**

28 March 2019

Michael Matheson MSP  
Cabinet Secretary for Transport,  
Infrastructure and Connectivity  
The Scottish Government  
St. Andrew's House  
Regent Road  
Edinburgh  
EH1 3DG

Jeremy Westlake  
Chief financial officer  
Network Rail Infrastructure Limited  
1 Eversholt Street  
London  
NW1 2DN

Dear Mr Matheson and Mr Westlake,

**Determination 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**

We refer to the definition of "Grant Mechanism" set out in Part 1 of Schedule 7 of 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.

This definition provides, in the absence of agreement between Network Rail and Scottish Ministers by 31 January 2019, for ORR to determine (on or before 31 March 2019 and after consulting Network Rail and Scottish Ministers) provisions setting out how the annual amounts of network grant contained in Table E2C in ORR's document entitled "PR18 final determination Supplementary document – financial framework October 2018" may vary, for the purposes of Part 3A of Schedule 7 of the track access agreements.

We note the Grant Agreement made on 28 March 2019 between the Scottish Ministers and Network Rail for the payment of network grant during Control Period 6, 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 Schedule 2 of the agreement for each year of Control Period 6 may vary.

This letter sets out our determination, having consulted Network Rail and Scottish Ministers, that for the purposes of Part 3A of Schedule 7 to the track access agreements:

- 1 the annual amount of network grant contained in Table E2C for each year of Control Period 6 shall be varied to equal the annual amount of network grant for that year specified in Schedule 2 to that agreement and, for ease of reference, set out in the table below; and

2 The provisions in Clause 3.5 shall have effect to vary the annual amounts of network grant specified in Schedule 2 to the agreement.

**Table 1: Network Grant in CP6**

£, cash prices	2019-20	2020-21	2021-22	2022-23	2023-24	Total CP6
Network Grant	375,836,026	487,769,641	499,933,269	475,490,558	405,970,506	2,245,000,000

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**

Abellio ScotRail Limited

Serco Caledonian Sleepers Limited