Access charging framework for use of Network Rail infrastructure: user guide

Fixed Track Access Charge (FTAC)

What is the purpose of this charge?

The Fixed Track Access Charge (FTAC) recovers a portion of Network Rail's fixed network costs i.e. those which do not vary with use of the network in the short-term.

Fixed network costs are recovered through several sources. A significant proportion of fixed costs is funded through direct network grant payments from funders. Additionally, some fixed costs are recovered from ICCs levied on freight and open access operators, and through Network Rail's 'other single till income' (e.g. property rental and sales).

FTACs are set at the level that is required to recover Network Rail's remaining fixed costs, after accounting for income from these sources. This ensures that it can recover the full costs of operating, maintaining and renewing the network, as required by the periodic review settlement (sometimes known as fulfilling Network Rail's 'net revenue requirement').

Who is subject to this charge?

FTAC is paid by operators on concession-style agreements, by which we mean all operators that are commissioned by funders and other devolved rail authorities to provide passenger services. However, in practice, these agreements generally provide for FTAC to be paid by the funder or commissioning rail authority, which means that operators are held neutral to any changes in FTAC that result from a periodic review.

A full list of operators who pay FTAC is set out in Network Rail's CP7 Schedule of fixed charges 2024-25.

How is the charge structured?

The FTAC is structured as an annual charge, determined based on traffic forecasts made in advance of the start of each control period.

How is the level of the charge calculated?

The basis for the calculation of FTACs is Network Rail's fixed cost model. This model estimates the total fixed costs for each route section on the network. It then allocates traffic-related avoidable fixed costs to train operators who use each route section, based on forecasts of the type of traffic they run. For example, the costs that would be avoided in the long-run by reducing the maximum line speed on a route section are allocated to the highest-speed services that run on that section. It should be noted that the fixed costs associated with having a minimum network (i.e. non-avoidable costs) are allocated entirely to funders rather than train operators and recovered through the network grant.

This methodology underpins the maximum allocation of fixed costs to each train operator, to be recovered through the FTAC. The model then deducts income from other charges and third-party income from operators' allocations. Finally, Network Rail deducts network grant funding from each TOC, in the same proportion of their share of the FTAC. The resulting allocations constitute each operators' FTAC.

In our PR23 final determination we confirmed that this methodology, which was adopted in CP6, will continue to be used as the basis for allocating the FTAC between operators in CP7.

The methodology is described in more detailed in Network Rail's conclusions on its methodology for allocating fixed costs to train operators in Control Period 6 (CP6), and also in Annex 3 of our initial consultation on our PR23 charges review ('PR23 - Review of Network Rail's access charges - Technical consultation - Initial Proposals').

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