



Department
for Transport

Railways Act 2005 Statement

Statement of Funds Available

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Presented to Parliament pursuant to the
Railways Act 2005

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Introduction

1. This Railways Act 2005 Statement fulfils the requirements of UK legislation by setting out for the Office of Rail and Road (ORR) the information about the public funds, in respect of England and Wales, that the Government is making available during the review period, Control Period 7 (CP7), covering 1 April 2024 to 31 March 2029 (the Statement of Funds Available or SoFA).
2. This is to support delivery of the Secretary of State's High-Level Output Specification (HLOS), which sets out high-level objectives for Network Rail with regard to CP7.

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3. The table below sets out the direct grant that the Government is making available to Network Rail and the level of expenditure that the Secretary of State currently anticipates this grant will support throughout CP7, once relevant income to Network Rail is accounted for. In doing so, he recognises that it is the role of the ORR to determine the final level of income required by Network Rail through the Periodic Review.
4. In line with the HLOS, the level of expenditure is focused on and provides for the operations, maintenance, and renewal of the operational railway over CP7, as well as Network Rail support costs

that are within scope, in association with the high-level objectives set out in the accompanying HLOS. Funding for enhancements to the network is excluded from this SoFA, as are objectives pertaining to enhancements excluded from the 2022 HLOS.

5. The Secretary of State requires that Network Rail will not take loans or issue bonds from Government or any Third Party to fund the HLOS. In addition, Network Rail must refer to the most up-to-date version of the 'Network Rail Framework Agreement' before entering any financial transactions which may be classified as borrowing.
6. The table below sets out the total level of Network Grant being made available. The Secretary of State expects the remaining expenditure to be funded by income Network Rail receives from its customers (train operators, both passenger and freight) and its commercial activities. Final conclusions on the level of access charges payable to Network Rail by train operators will be determined by the ORR through the Periodic Review.
7. The Secretary of State notes that a profile of operations, maintenance, and renewals will be considered by the ORR as part of the Periodic Review, taking account of Network Rail's strategic planning. Government will continue to work with the ORR to develop suitable budgetary and oversight arrangements consistent with Network Rail's status

as a public sector body. In this context, Government is considering appropriate budgetary flexibilities and risk arrangements to secure value for money for the taxpayer.

- 8. The SoFA will support the Periodic Review process. The Secretary of State expects that Network Rail will, working closely with the industry and the ORR, pursue ambitious yet realistic efficiency targets. To achieve this, he is looking to the ORR to ensure a strong and robust challenge on cost and deliverability.

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£ million, cash	CP7
Network Rail expenditure	44,063
Supported by Network Grant	27,529

- 9. The level of expenditure set out does not take account of payments to the British Transport Police, Corporation Tax, GBR Transition Team costs, Cash Collateral obligations, Interest Payments related to either the DfT loan, legacy or Third-Party Debt, or Repayments related to either the DfT Loan or Third-Party Debt. Government has noted the obligations Network Rail has in relation to these and will ensure that adequate funding is provided to meet these obligations, out-with the SoFA.

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