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Statement of Funds Available (SoFA)

Control Period 7

2024 - 2029

Statement of Funds Available (Sofa) Control Period 7 (2024-2029)

Background

1. This Statement of Funds Available (SoFA) fulfils the requirements of paragraph 1D(2)(b) of Schedule 4A of the Railways Act 1993, as amended by the Railways Act 2005, by setting out to the Office of Rail and Road (ORR) information about:
 - the public financial resources which are, or are likely to become, available to support the achievement of Scottish railway activities during the review period covering 1 April 2024 to 31 March 2029 as set out in the Scottish Ministers' High Level Output Specification (HLOS). This SoFA and the HLOS to which it relates, represent a formal response to the ORR's review initiation notice of 9 June 2022 and extension notice of 19 December 2022.
2. The SoFA sets out, pursuant to paragraph 1D(2)(b) of Schedule 4A of the Railways Act 1993, the funding available, or likely to become available, for the projected net cost of Network Rail operations, maintenance and renewal activities during Control Period 7. It does not include provision for railway enhancement/improvement projects, which will be subject to the governance and decision-making processes outlined in the published Rail Enhancements and Capital Investment Strategy.¹ The funding will be made available through a direct grant to Network Rail and a contribution to the Fixed Track Access Charges that Network Rail levies on Train Operating Companies for Scotland, with the balance to be agreed with ORR and Network Rail. Although it does not include the additional subsidy that Scottish Government contributes towards the net cost of its Train Operating Companies it is important to remember that the SoFA funding is an integral part of the overall funding requirement for the whole railway system in Scotland and the contribution that Network Rail makes to improving that within the constrained fiscal environment of government finances is critical.
3. A practical illustration of the difficulties for the route in Scotland is that more extreme weather events inevitably bring greater likelihood of damage and wear and tear, and additional funding will need to be allocated just to maintain the asset to the appropriate standard unless sufficient efficiencies are being secured.
4. The Scottish Ministers have not defined a profile of spend in this SoFA, which will be subject to the outcome of the ORR's periodic review process. We will also continue to work with Network Rail and ORR to ensure that governance and

¹ Any obligations which Network Rail may have in relation to Corporation Tax, financial indemnity mechanism fee, cash collateral obligations, interest payments and repayments related to the DfT Loan or other third party debt and other intra government costs will be dealt with by the UK Government.

budgetary oversight is consistent with the funding arrangements for Control Period 7, including the requirement for flexibilities to manage volatility, secure value for money and improve planning.

5. Through the periodic review process Transport Scotland expect ORR to provide assurance on Network Rail strategic plan and cost estimates through strong and robust challenge on cost and deliverability.

Statement of Funds Available
Control Period 7
Estimated Grant and Fixed Track Access Charges Funding to contribute to Network Rail net expenditure
£4.2bn



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