

Robert Carruthers
Head of Charges and Rail Economics
Economics, Finance and Markets
Email Rob.Carruthers@orr.gov.uk, PR23@orr.gov.uk



15 August 2024

Caitlin Scarlett
Head of Regulatory Economics
Planning and Regulation

Dear Caitlin,

Approval of Network Rail's CP7 QX management fee proposal

This letter provides our formal approval of the outcome of Network Rail's negotiations to apply the same Management Fee as used in CP6, which is set at 7.26% of the fixed QX charge and comprises:

- A profit element of 6% of the fixed QX charge; and
- An overheads and central costs element of 1.26% of the fixed QX charge.

ORR considers this to be an appropriate Management Fee as the fixed QX charge for each managed station is not being renegotiated for CP7 but is based on the CP6 charge and adjusted by a predetermined level for each year of the control period.

Notwithstanding, the overheads and central costs element of the Management Fee is unlikely to be materially different regardless of the negotiated approach taken to the QX fixed fee offer.

Yours sincerely

Robert Carruthers