

Station Long Term Charge and QX under reform

*Industry Engagement ahead of Funding Period 1
(2029 to 2034)*

Please note, these slides will be published online and will be available, [here](#).

Introduction

– Caitlin Scarlett

Workshop purpose

- This is the fifth of our workshops exploring options for GBR's future charges scheme: today we will focus on Station Charges for devolved and open access passenger operators. In particular, we will focus on the Long-Term Charge (LTC) and Qualifying Expenditure (QX).
- We will start by providing an overview of Schedule 3 of the Access & Management Regulations. Crucially, the Railways Bill 2026 does not provide new provisions for the calculation of station charges.
- During the workshop we will explain the **purpose and calculation of the LTC and QX station charges** set for CP7 by ORR. This is intended to prompt a discussion with stakeholders on the current approach and to explore the ways in which station charges could be simplified.
- We will then provide an overview of our **early-stage thinking about how these charges could be structured under GBR**. The key objective of today's session is to seek stakeholder views on our early-stage thinking. In particular we would like to capture your views and priorities for station charges ahead of Funding Period 1 (2029 to 2034). There will be time in the workshop for stakeholders to share their views – **we ask that stakeholders come prepared to discuss the questions presented throughout these slides.**

Legislative context

– *Conor Murrells*

What does the Railways Bill mean for GBR's charges scheme?

Schedule 64:

GBR must set the charges for access to and use of GBR infrastructure, including charges for train paths that are unused or partially used.



Further detail:

GBR must set a charges scheme, which it will do every 5 years in its Charges Scheme Statement. It *may* levy reservation charges; legislation permits GBR to do this, but it is not obliged to do so.

The charges must be set at the cost that is directly incurred as a result of the operation of the train



The basis for charges is Costs Directly Incurred (CDI); this will be defined in GBR's Access and Use Policy and will underpin the core charges paid by non-GBR operators.

The scheme may provide for a higher amount to be charged when GBR considers an efficient operator could afford to bear the cost



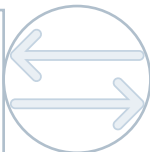
GBR can charge more than CDI (for example to recover a contribution towards its fixed costs from non-GBR operators), according to an assessment by GBR of what an "efficient operator" would be able to pay.

The scheme may provide for a lower amount to be charged to promote new services, encourage use of spare capacity, deliver SoS direction/guidance, or any other reason



GBR can offer discounts below CDI and will publish a policy ahead of each Funding Period.

GBR may at any time alter or replace a scheme



GBR will stipulate in its AUP that "core" charges remain stable for at least 5 years (unless there is a material change in circumstances). This clause will provide GBR with more flexibility to respond to market trends during a Funding Period (e.g., discounts).

For more information on these topics, see our workshop slides, here: [Developing GBR's charges and performance schemes - Network Rail](#)

How these proposed reforms will change industry roles for Funding Period Review 2029* (FPR29)

*Equivalent to PR28

| Charges Scheme activity | Current owner | Assumed 'new' owner | Commentary – in the context of FP1 |
|--|--|------------------------------|--|
| Ideas generation (e.g. policy proposals and methodology) | ORR / Network Rail / Industry stakeholders | GBR Industry stakeholders | GBR will be able to introduce, and industry stakeholders will be able to propose, new ideas on key charges topics as part of pre-FPR29 activity. |
| “Early Charges Scheme Review” to test approaches and ideas | ORR | GBR | GBR will invite industry to attend technical charges workshops in 2026 to test approaches as part of pre-FPR29 activity. |
| Development of, and consultation on, policy positions | ORR / Network Rail | GBR | GBR will be solely responsible for developing charges scheme policy for FP1. GBR will launch and lead industry consultation.. |
| Calculation of, and consultation on, charges scheme. | Network Rail (charges) ORR (Performance Scheme) | GBR (both) | GBR will be responsible for charges calculations. GBR will lead the charges calibration consultations in FPR29. |
| Quality assurance | ORR | GBR | GBR will define the assurance process for technical details and implementation of the charges scheme in FP1. |
| Collection of fees and payments | Network Rail | GBR | GBR will be responsible for managing financial transactions. |
| New rate approvals / recalibrations | ORR | GBR | GBR will define the governance, approvals and assurance process for any Charges Scheme matters that require resolution during a Funding Period. |

ORR will be an appeals body, ensuring that GBR is discharging its duties in accordance with legislation and its AUP, see her: [Rail Reform and the Railways Bill | Office of Rail and Road](#)

Key legislative principles – station charges

With respect to stations, depots and service facilities, GBR will remain subject to the existing rules in the Access and Management Regulations (2016).

SCHEDULE 3 (6) – ACCESS & MANAGEMENT REGULATIONS (A&MRS)

The charge imposed for track access within service facilities (...) and the supply of services in such service facilities must not exceed the cost of providing it, plus a reasonable profit.

- This is a material difference from our other regulated track access charges, because it means station charges will sit ***outside the scope of Schedule 64 of the Railways Bill 2026***. Moreover, it sits outside of GBR's Access and Use Policy.
- Consistent with its role under reform, ***GBR will be responsible for setting the LTC and QX for stations that it manages and owns*** ('GBR-managed station'). We are working on the assumption that ORR will not set, approve or regulate any aspects of the station LTC or QX – we will continue to test this view with industry colleagues.
- Station charges will not be governed by GBR's CDI framework, as the charge is based on ***the cost of provision***. Crucially, unlike other charges it ***can include a profit element***.
- Decisions taken by GBR about station charges will not be appealable to ORR in the same way as other charges under Schedule 64. ***Instead, the appeal process will be consistent with the process today (Regulation 32 of the AMRs)***.

Key link: <https://www.gov.uk/government/publications/railways-bill/railways-bill-making-best-use-of-the-rail-network>

Recap of current approach to LTC and QX

– *Conor Murrells*

PR23: ORR's approach to setting the LTC

What is the purpose of the LTC?

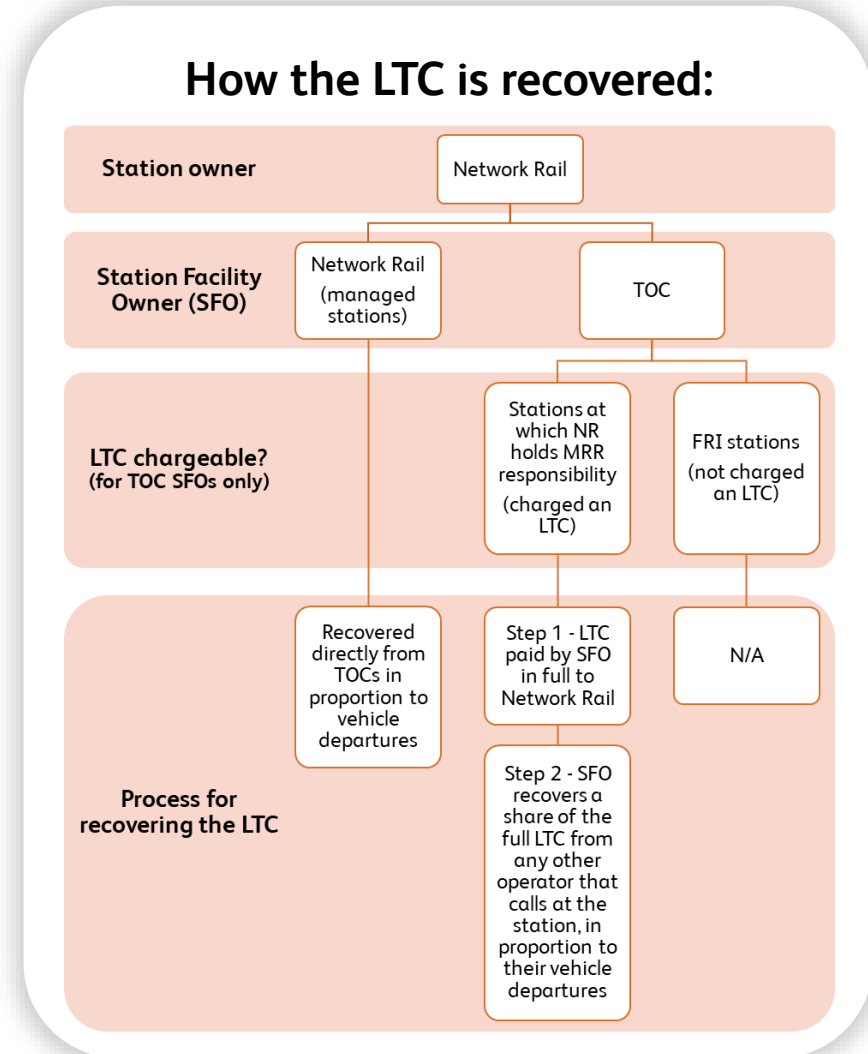
It is the mechanism through which Network Rail recovers the efficient costs of maintaining, repairing and renewing (MRR) operational property (OP) assets (e.g., station buildings and platforms), passenger information systems, and security systems. It is paid by any train operator calling at a station where NR has MRR responsibilities.

How was the charge calculated in PR23?

There are two main categories for LTC calculations:

- (1) Large and complex stations: for stations categorised as large or complex by ORR, the LTC is calculated using station-specific MRR forecasts.
- (2) Other stations: for all other stations, a category averaging approach is used to group stations into 6 groups (A-F) based on passenger usage. Total MRR expenditure is forecast at regional level and allocated to these categories.

A discount is applied to new stations by setting the OP element of the LTC at 10% for five years, reflecting the lower MRR requirements.



PR23: ORR's approach to setting QX

What is the purpose of QX and what costs are recovered?

It is designed to recover day-to-day running and operation costs of stations. It includes various types of costs ranging from station cleaning costs, the provision of utilities, light maintenance work and the employment of customer service agents. It is levied by the Station Facility Owner (SFO) on all train operators calling at stations.

How was the charge calculated in PR23?

Unlike other track access charges (including the LTC), QX is not calculated centrally by Network Rail.

- (1) For managed stations, NR submits its station plans and this is reviewed by operators calling at the stations. The charge is negotiated between these parties and determined by ORR for a Control Period.
- (2) For non-NR-managed stations, the charge is calculated independently by the SFO's Station Access Manager in negotiation with other operators calling at the station.

Structure of QX

There are two elements to the charge:

The **fixed** element of the charge recovers direct operating costs such as cleaning, station staff and utilities. This element forms most of the revenue received by the SFO and it is not regulated by the ORR.

The **management fee** element recovers central support costs and includes a profit element. This includes facilities management and information systems.

The management fee element of QX is only regulated by ORR for managed stations where NR is the SFO.

Improving the current approach to station charges: understanding stakeholder views

Our ask: please consider the below questions ahead of the workshop and we will discuss views during the meeting.

The purpose of this section is to seek your views on how the current approach to setting station charges works, as well as to get your views on the aspects of the charges that could be improved or simplified.

Share your views by email



chargesandperformanceschemes@networkrail.co.uk

Workshop discussion points:

1. From your experience, where are LTC and QX overly complex today, and where should simplification be prioritised under GBR?
2. Which aspects of the current arrangements do you think are least compatible with a more integrated GBR structure?

Our current thinking: the proposed structure of GBR's LTC and QX

– *Conor Murrells*

Understanding the scope of our work on stations

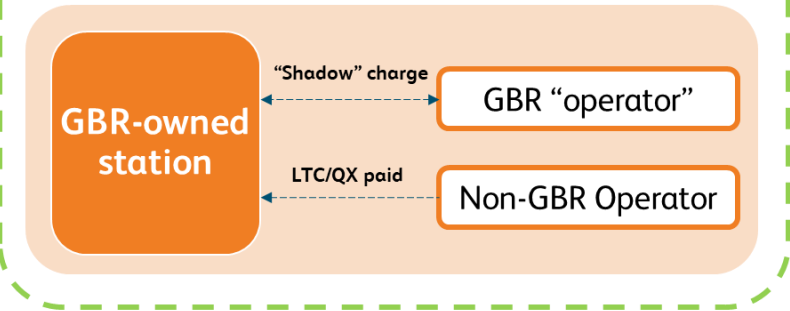
- GBR will only be responsible for setting the LTC and QX for stations that it manages and owns ('GBR-managed stations'). GBR must calculate station charges for all passenger services and operators consistently, using a single methodology.
- GBR's passenger services will not pay track access charges in the same way as operators outside of GBR. To reflect that GBR is an integrated body, internal funding allocations (equivalent to a 'charge') will take place between Business Units within GBR.
- GBR must however understand the cost causation of its own passenger services and publish the assumed 'charge' rates for its own services – GBR will, therefore, publish price lists for the LTC and QX for all GBR-managed stations (including charges rates for all internal and external parties).
- Where GBR acts as the SFO, it will be responsible for apportioning and collecting station charges. To do this, our working assumption is that GBR will consistently use vehicle departure data at stations as a proxy to allocate the charge between operators.
- Where another party acts as the SFO, further consideration is required on how GBR-related station charges should be calculated and recovered. One option is for the GBR cost to be deducted from the original charge calculation. Another option is that it is recovered from GBR passenger services by the SFO. We would like to discuss these options further on slide 15.
- GBR will formally consult industry on any proposed policy proposals or methodological changes to station charges as part of a Funding Period Review, every 5 years.

Why transparency matters

- Reform changes the organisational context in which station charges are set, apportioned, and recovered.
- Responsibility for calculating station charges transfers from NR (an infrastructure manager) to GBR (an integrated body responsible for track and train).
- Unlike other track access charges, station charges create two-way financial flows – GBR will charge operators for station use and it will also have to pay the LTC and QX to non-GBR operators (in specific circumstances, e.g., where GBR is not the SFO or does not own the station).
- In this context, a **clear understanding of station costs** and consistency of approach is integral in the model, to maintain confidence in charging outcomes by protecting **fairness and transparency**.

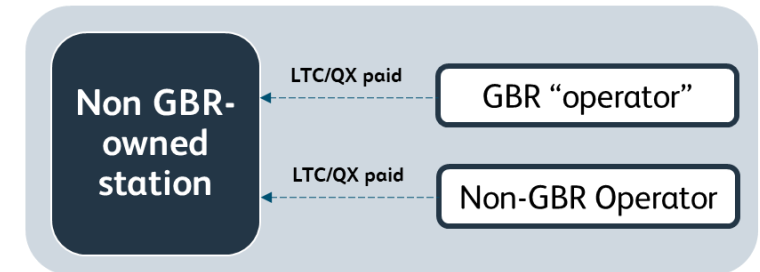
Station charges: money flows

Operating model 1:



Note: the scope of our work is only to consider calculating charges for the stations GBR owns

Operating model 2 (outside of scope):



Workshop discussion point: What level of transparency should GBR provide on LTC and QX for both its own services and external operators, and how can this best be achieved?

LTC and QX: structure under GBR

Workshop discussion point: Where do you see the biggest risks to ensuring consistency in station charges under GBR, and how should they be addressed?

Calculation and recovery of station charges at GBR-managed stations:

| | Calling operators | Recovery |
|---|------------------------|------------------|
| Scenario 1 - GBR operated station (i.e., GBR is the SFO) | Only GBR services | No LTC / QX |
| | Only non-GBR services | Full LTC / QX |
| | GBR & non-GBR services | Partial LTC / QX |
| Scenario 2: Non-GBR operated station (i.e., GBR is not the SFO) | Only non-GBR services | Full LTC / QX |
| | GBR & non-GBR services | Partial LTC / QX |

- If only GBR services call at the station, the LTC / QX will be calculated and published on a Price List (with the 'charge' being an internal allocation or 'shadow charge').
- If only non-GBR services call at the station, the full LTC / QX will be paid by the other operator(s) (apportionment will be based on vehicle departures, like today).
- If there is a mix of GBR and non-GBR services, the calculated GBR cost (determined by vehicle departures) will be deducted from the total LTC / QX paid by the other operator(s).

- Where only non-GBR services call at the station, we propose that the SFO is responsible for apportioning and collecting the full LTC / QX from other operators.
- Where GBR services call at the station, we propose that the GBR cost could be deducted from the total cost to be paid by the SFO (based on a centralised calculation by GBR using vehicle departures). The SFO would then be responsible for paying the remaining charge and recovering part of the charge from other operators.

The purpose of the LTC and QX charges under GBR

As there are no legislative changes governing the calculation of station charges, we are not anticipating significant changes to the purpose of the LTC and QX charges.

LTC and QX

- The station LTC will **continue to recover long-term station asset costs**. It will remain the mechanism through which the infrastructure manager **recovers the efficient costs** of MRR assets **at stations it owns and for which it has MRR responsibilities**.
- Similarly, under GBR, the station QX will **continue to recover day-to-day running and operation costs**. It will remain the mechanism through which the SFO **recovers the costs** of utilities and light maintenance **at stations it manages**.
- In principle, the LTC and QX will apply to broadly the same set of stations as is the case today. The key difference for QX is that **GBR will need a consistent approach across its broadened portfolio of stations** (see next slide).
- The **purpose of the LTC and QX will, in effect, remain unchanged**.

Workshop discussion point: What changes to the policy design of LTC and QX would improve incentives under GBR's integrated model?

How GBR can consistently calculate QX

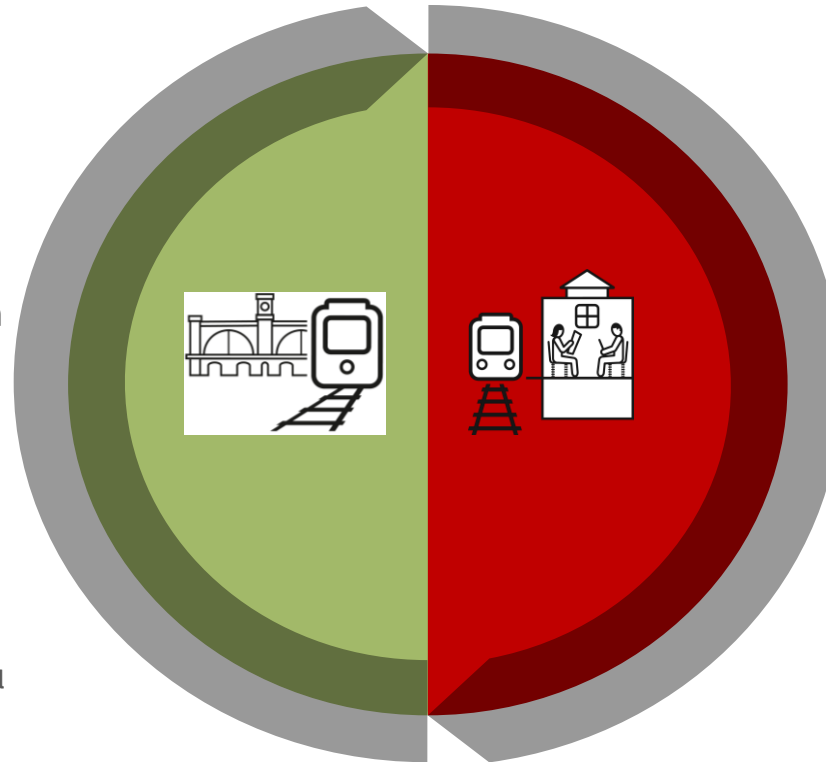
Today, Network Rail calculates QX for 20 ‘managed’ stations. Under GBR, this expands across a much broader portfolio, creating a need for a consistent organisational approach to calculating QX.

GBR-OWNED STATIONS: ‘CENTRALISED’ MODEL

To provide consistency with other charges calculations, one model for calculating QX at GBR-owned stations is to centralise this under one team in GBR.

The benefit of this approach is the guarantee of consistency across the GBR portfolio and a single source of information on station charges. There is also an opportunity to combine both elements of LTC and QX into a single charge.

The primary drawback is ascertaining the cost data to build capability.



GBR-OWNED STATIONS ‘DEVOLVED’ MODEL

The alternative model is to ‘devolve’ responsibility for calculating QX to the passenger service ‘arm’ of GBR at the Business Unit level.

The primary benefit of this model is utilising local expertise and experience (as it is these colleagues across the business that have historically held this responsibility). A key area that would need to be addressed is the transfer of the 20 managed stations to the Business Unit leads.

This model would require ‘design principles’ and ‘methodology statements’ to ensure consistency across the GBR portfolio.

Caveat: this is our current early-stage thinking and does not represent a committed policy position.

Next steps

– Caitlin Scarlett

Summary and next steps

- Unlike the other track access charges, there are no significant legislative changes to station charges proposed by the Railways Bill 2026.
- The scale of change to how station charges will be calculated is therefore comparatively modest, with the core purpose of the LTC and QX remaining the same.
- The purpose of today's session has been to introduce the structure of how these charges will be levied by GBR and seek stakeholder views and priorities on reforms to station charges.
- The immediate next step is to reflect on the feedback from this session and to develop initial policy proposals, ahead of formal consultation in April 2027. We will test these ideas with you at the workshop in July.

Key dates / Look ahead – upcoming charges workshops

LTC and QX workshop 2: Initial Proposals on 07 July – this will be an opportunity to discuss Network Rail's initial proposals for GBR's station LTC, building on today's discussion.

TBC – follow-up workshops on key areas, based on stakeholder feedback. **(No invites sent yet).**

Overview of Charges Proposals on 10 November – this will be a workshop to summarise all our policy proposals for Open Access and Devolved Operators. **(No invite sent yet).**

For more information on our charges and performance workshops, please visit this link: [GBR's Charges and Performance Schemes](#).

- **Outcome of our engagement in 2026: the information shared and gathered during these workshops will help to shape our development of GBR's access charges, which will inform GBR's Charges Scheme and Performance Scheme Statements in FP1.**

How you can help shape GBR's Charges Scheme and Performance Scheme Statements for FP1

Ways to get involved:

- Technical workshops on important charges and performance scheme topics.
- Targeted engagement with freight, devolved bodies, open access, other infrastructure managers, and funders.

We are committed to:



Early visibility of emerging approaches.



Open feedback and transparent reporting.



Listening to concerns and perspectives.

For more information on our emerging proposals for charges and performance , please visit this link:
<https://www.networkrail.co.uk/industry-and-commercial/developing-gbrs-charges-and-performance-schemes/>

If you have any questions or would like to discuss this further, you can contact the team via our dedicated inbox:
chargesandperformanceschemes@networkrail.co.uk