



**UK rail industry  
financial information  
2018-19**

**26 February 2020**

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# Executive Summary

## Purpose of this document

1. Our annual UK rail industry financial information publications increase transparency and help strengthen the rail industry's accountability to its customers, passengers and funders. They provide an authoritative source of financial data to support planning and delivery of the railway and understand the rail industry's value for money.
2. Our analysis includes the industry's income from passenger fares, governments<sup>1</sup> and other sources; and how the industry spends its money. The scope of this publication covers train operators, infrastructure managers, freight companies and Northern Ireland<sup>2</sup>.
3. This report is structured as follows: Section 1 presents our key findings and Section 2 the underlying data tables. Section 3 explains our methodology. Annex A reconciles this analysis to our rail statistical financial release<sup>3</sup>, Annex B details the structure of the industry and Annex C provides a list of the companies included in this publication. Unless otherwise stated, comparisons to prior years have been adjusted for inflation. Some numbers may not sum due to rounding.
4. We thank the rail industry and governments for their support in producing this report.

## Summary of our findings

5. Figure 1 shows the rail industry's income and expenditure for the year 1 April 2018 to 31 March 2019 (2018-19)<sup>4</sup>. Our analysis shows that:
  - Income from passenger fares was £10.4bn, a 2.6%<sup>5</sup> increase from 2017-18. This equates to an average fare of £5.81, or 15 pence per passenger km travelled (a reduction of 0.3%). Nationally, passenger journeys increased by 3.0%<sup>6</sup> (1.8bn journeys in total).
  - In total, governments contributed £4.3bn, an 8.9% increase from 2017-18, largely due to increased funding of train operators, particularly for the on-going costs of the new rolling

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<sup>1</sup> Her Majesty's Government (HMG), the Scottish Government and the Welsh Government.

<sup>2</sup> This publication does not include High Speed 2 (HS2), rolling stock companies and the rail industry supply chain.

<sup>3</sup> Linked here, [Rail investment and subsidies statistical publication](#)

<sup>4</sup> Consistent with conventional financial reporting, we have used an accruals accounting approach rather than a cash accounting one. So for example, a depreciation charge is shown instead of the cash spend on renewals by Network Rail, for more information see Section 3.

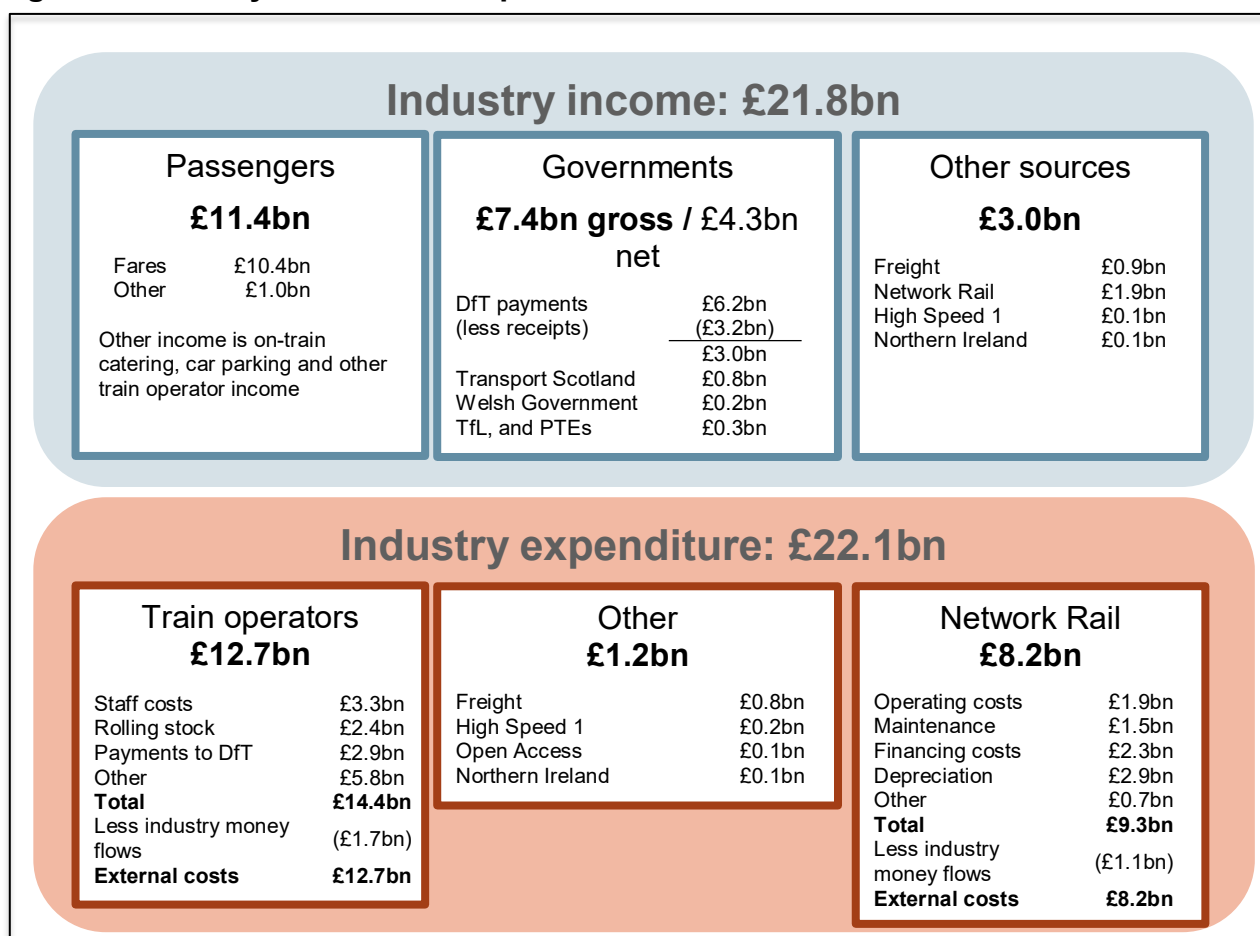
<sup>5</sup> Prior year numbers have been adjusted for inflation, which means that all variances to prior years in this publication are variances above inflation (RPI). For more information, see the methodology section.

<sup>6</sup> For more information see our Passenger Rail Usage 2018-19 Q4 Statistical release here <https://dataportal.orr.gov.uk/media/1240/passenger-rail-usage-2018-19-q4.pdf>

stock. The Department for Transport (DfT) also lent £6.7bn to Network Rail as debt funding, a decrease from £8.4bn in 2017-18.

- The cost of running the railways was £22.1bn, a 4.1% increase from 2017-18. Around 58% of these costs were incurred by train operators<sup>7</sup>, 37% for managing the rail network and 5% by freight and HS1.
- Network Rail spent £3.2bn on enhancements to the network including Great Western electrification (£0.4bn), the Northern Hub (£0.2bn) and Crossrail (£0.2bn). For more information on these projects, see our annual efficiency and finance assessment of Network Rail 2018-19<sup>8</sup>.

**Figure 1: Industry income and expenditure in 2018-19**



**Notes:**

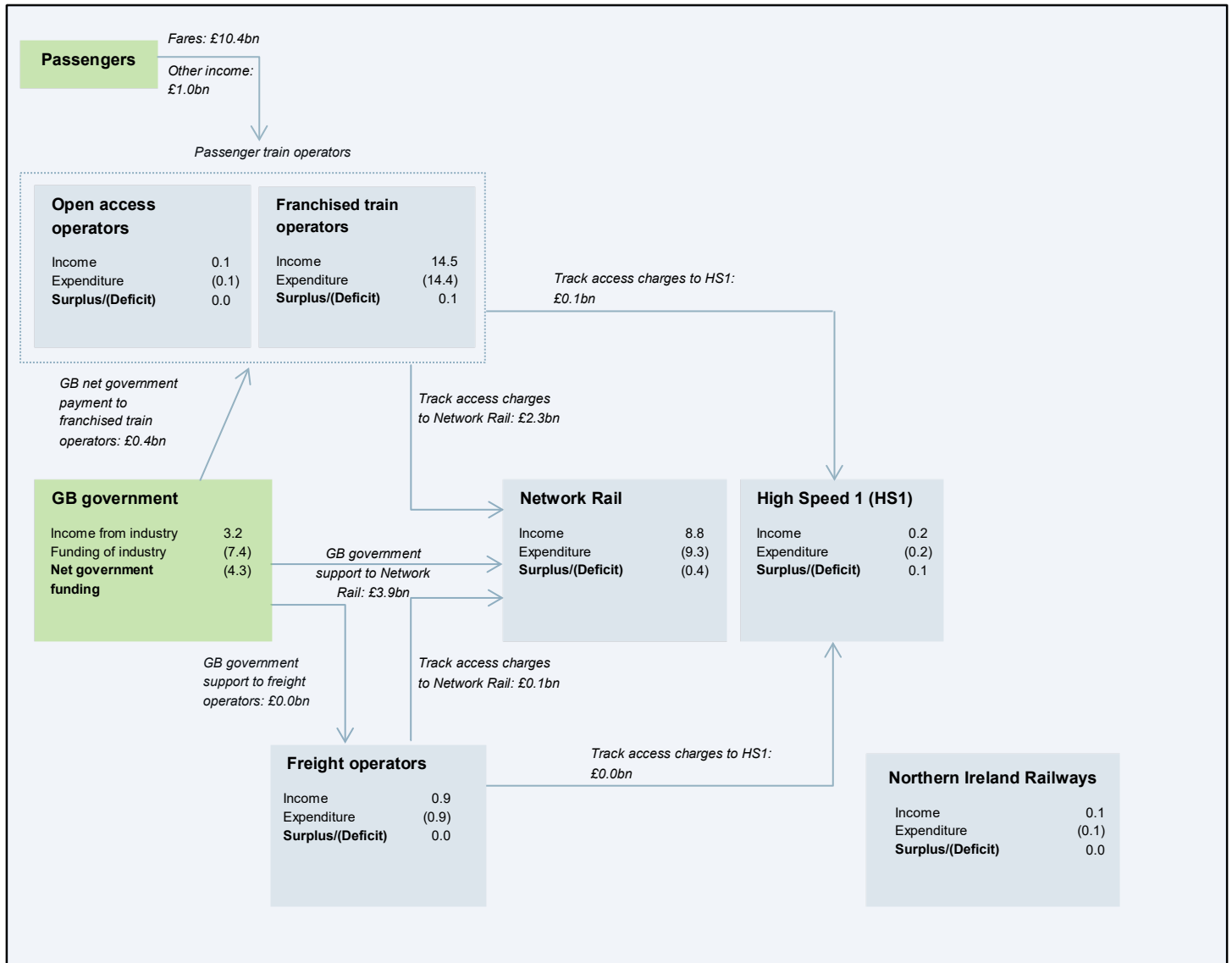
1. Total income and expenditure has been adjusted to exclude money flows within the industry such as access charges. See Section 3 for further details.
2. Government funding was £4.3bn in total, made up of £7.4bn of funding less £3.2bn of receipts.
3. Network Rail income from other sources is mainly property income.
4. TfL is Transport for London. PTEs are Passenger Transport Executives.

<sup>7</sup> This includes payments made to government as part of franchise agreements. These payments make up 13% of total industry expenditure.

<sup>8</sup> [https://orr.gov.uk/\\_data/assets/pdf\\_file/0014/41513/annual-efficiency-and-finance-assessment-2018-19.pdf](https://orr.gov.uk/_data/assets/pdf_file/0014/41513/annual-efficiency-and-finance-assessment-2018-19.pdf)

6. Figure 2 shows each of the rail industry's sectors and significant industry money flows.

**Figure 2: Industry money flows in 2018-19 (£bn)**



**Notes:**

1. This is a different view of the industry than shown in figure 1. It shows the financial performance of each part of the rail industry and the flows between them (e.g. access charges which are included in train operator's expenditure and Network Rail's income in figure 2 but excluded in figure 1). For this reason, some of the financial information contained within figure 2 may not match figure 1.
2. Total net government funding of £4.3bn is made up of the £3.9bn paid to Network Rail (this is net of the Financial Indemnity Mechanism (FIM) fee) and the net £0.4bn support to franchised train operators (£3.4bn of payments to operators less the £2.9bn of payments the governments receive from operators). For more information, see tables 2.5 and 2.6 in Section 2.

## Industry income

7. The industry received £21.8bn of income, an 8.8% increase from 2017-18. Key points to note:
- £10.4bn of passenger fares income<sup>9</sup>. Passenger income increased by 2.6% largely because the railway was busier. Passenger journeys increased by 3.0% and the average franchised passenger fare decreased by 0.3% to £5.81. The average length of a journey decreased by 0.8% to 38.1km which means that the average franchised fare per km was 15p, an increase of 0.5%.
  - Franchised train operators (TOCs) received a net total of £0.4bn of funding from governments in 2018-19 which is an increase of £0.8bn from last year when TOCs made an overall payment to governments. The increase is largely because of policy decisions in PR13<sup>10</sup> about how the industry is funded (the balance between network grants and access charges) rather than wider performance issues<sup>11</sup>. It also reflects increased funding for new trains.
  - Network Rail received £3.9bn of grant funding from the DfT and Transport Scotland<sup>12</sup>. Net government funding of Network Rail decreased by 10.9% from 2017-18, which was offset by increased income from train operators.
  - Our analysis shows that on average, governments contributed £1.98 per passenger journey in England, £6.48 in Scotland and £10.12 in Wales<sup>13</sup>.
8. The industry also received income from non-rail sources. Train operators received £1.0bn from on-board catering services, car parking etc., an increase of 7.0% from last year. Network Rail received £1.9bn, which is largely the result of the sale of the majority of its railway arches estate for £1.5bn.
9. See Section 1 for further details.

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<sup>9</sup> This includes passenger income from both franchised train operators and open access operators.

<sup>10</sup> PR13 was the periodic review undertaken by the ORR in 2013, which set Network Rail's funding settlement for 5-years from 1 April 2014 to 31 March 2019 (the period called CP5 or control period 5).

<sup>11</sup> Network Rail is partially funded through access charges paid by train operators. For the last year of CP5 it was decided that access charges would increase and that operators would be funded for the increase, which is largely why net funding of train operators increased in 2018-19 (this accounted for £0.5bn of the increase).

<sup>12</sup> This is shown net of the income that DfT receives from Network Rail for the financial indemnity mechanism (FIM fee, £0.3bn) guarantee for the company's debt.

<sup>13</sup> This is Network Rail's Wales route, which does not exactly reflect the constitutional border.

## Industry expenditure

10. The industry spent £22.1bn, a 4.1% increase from 2017-18. Key points to note:

- Network Rail's expenditure increased by 4.5% to £9.3bn. This increase was largely due to higher Schedules 4 & 8 compensation to train operators for delays to services (an increase of £0.2bn)<sup>14</sup>, which reflects Network Rail's poor performance on some parts of the rail network.
- Franchised train operators' expenditure increased by 8.9% to £14.4bn. This is largely due to increases in Network Rail access charges (particularly fixed track access charges which increased by £0.5bn) and increased rolling stock costs (£0.4bn).

11. See Section 1 for further details.

## One year and five year movements in income and expenditure

12. It is useful to compare the rail industry's income and expenditure over a longer five-year period. Table 1 shows movements in the main income and expenditure categories.

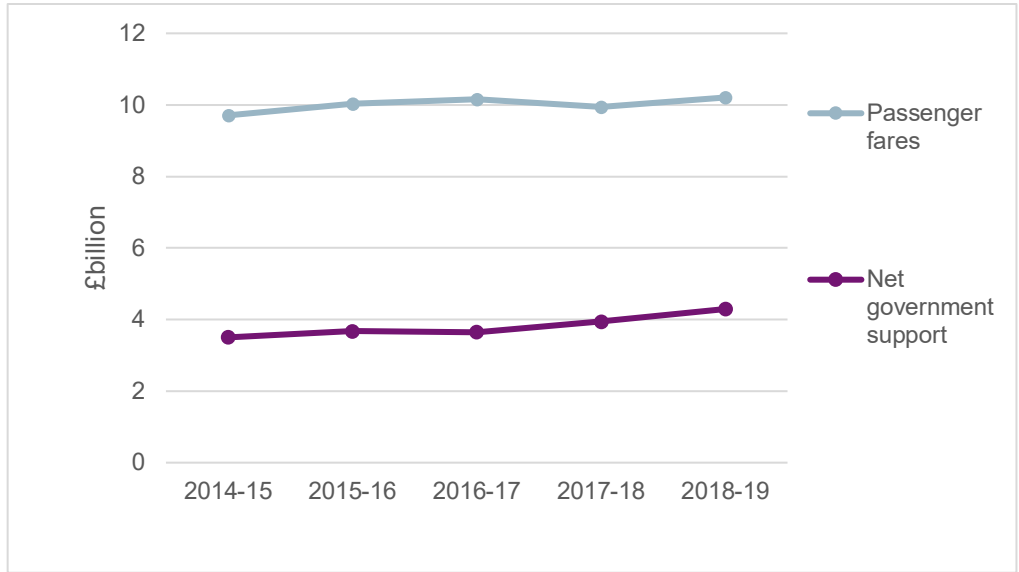
**Table 1: One year and five movements in income and expenditure**

	2018-19	Movement	
		One year	Five years
Fares income (franchised train operators only) <sup>15</sup>	10.2bn	+2.7%	+10.8%
Net government funding (excluding debt)	4.3bn	+8.9%	+7.1%
Franchised train operators expenditure	14.4bn	+8.9%	+18.6%
Network Rail expenditure	9.3bn	+4.5%	+32.8%

<sup>14</sup> Schedules 4 & 8 are the performance regimes in place between Network Rail and franchised train operators.

<sup>15</sup> Excluding the £0.2bn of fares from open access operators which included in the £10.4bn in figure 1.

**Figure 3: Fares<sup>16</sup> income and net government funding over the past five years<sup>17</sup>**



13. Our analysis shows that over the past five years<sup>18</sup>:

- Fares income has increased by 10.8%<sup>19</sup>, this is largely because passenger journeys have increased by 10.7% and the total distance travelled by passengers has increased by 12.2%.
- Net government funding has increased by 7.1%<sup>20</sup>, which largely reflects an increase in the on-going costs of rolling stock after the recent replacement of various trains. Train operators, on average, made net payments to government. In 2018-19 this changed, so that governments made a net payment to operators for the first time since 2013-14, which was largely a result of policy decisions about how the industry is funded rather than performance related (page 6 has more details).
- Franchised train operators' expenditure increased by 18.6%. This is largely due to: the increases in the on-going costs of rolling stock after the recent replacement of various trains (71.1%); increased payments to government (34.1%); and increased staff costs (19.3%), which are largely the result of the costs of an increasingly busy network.

<sup>16</sup> This is fares income from franchised train operators only and doesn't include fares from open access operators.

<sup>17</sup> The increase in government funding in 2018-19 was largely due to the on-going costs of the new rolling stock.

<sup>18</sup> These are variances to the 2013-14 financial year.

<sup>19</sup> For franchised train operators only.

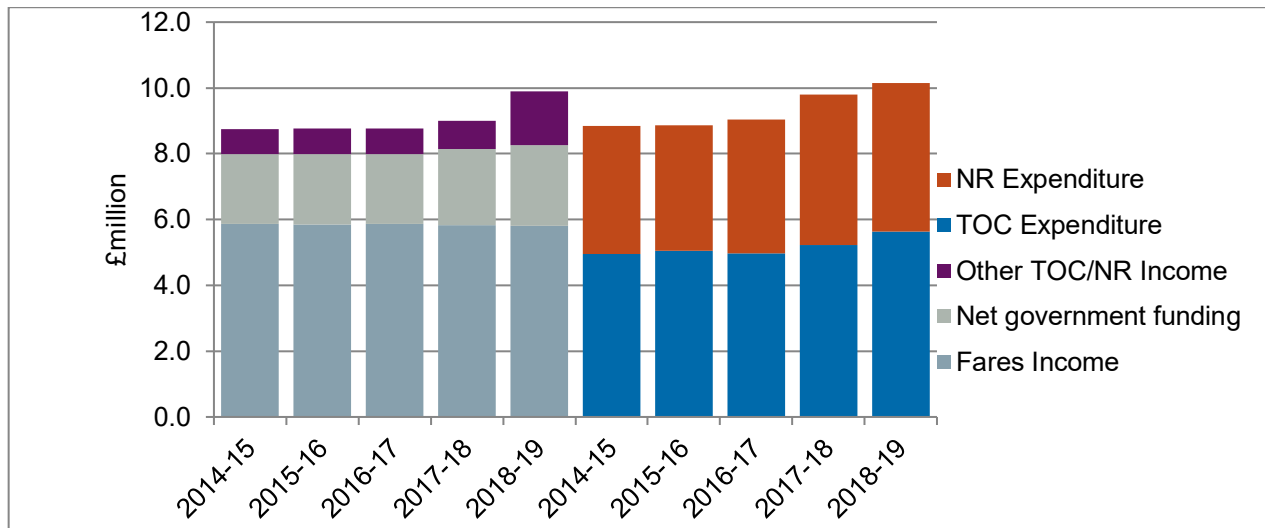
<sup>20</sup> This does not include debt funding of Network Rail.



- Network Rail’s expenditure increased by 32.8%. Significant increases include depreciation<sup>21</sup> (39.4%), maintenance (41.9%) and financing costs (43.9%). These increases were partly offset by a 5% reduction in support costs.

14. Figure 4 below shows that adjusted for the growth in passenger distance travelled, average industry income per km has increased by 12.0% whilst average industry costs per km have increased by 13.5%.

**Figure 4: Income and expenditure per passenger km over the past five years**



We welcome comments on the content of this document. General enquiries should be sent to:

Customer correspondence team  
Office of Rail and Road  
25 Cabot Square  
London  
E14 4QZ  
Email: [contact.cct@orr.gsi.gov.uk](mailto:contact.cct@orr.gsi.gov.uk)  
Tel: 020 7282 2018

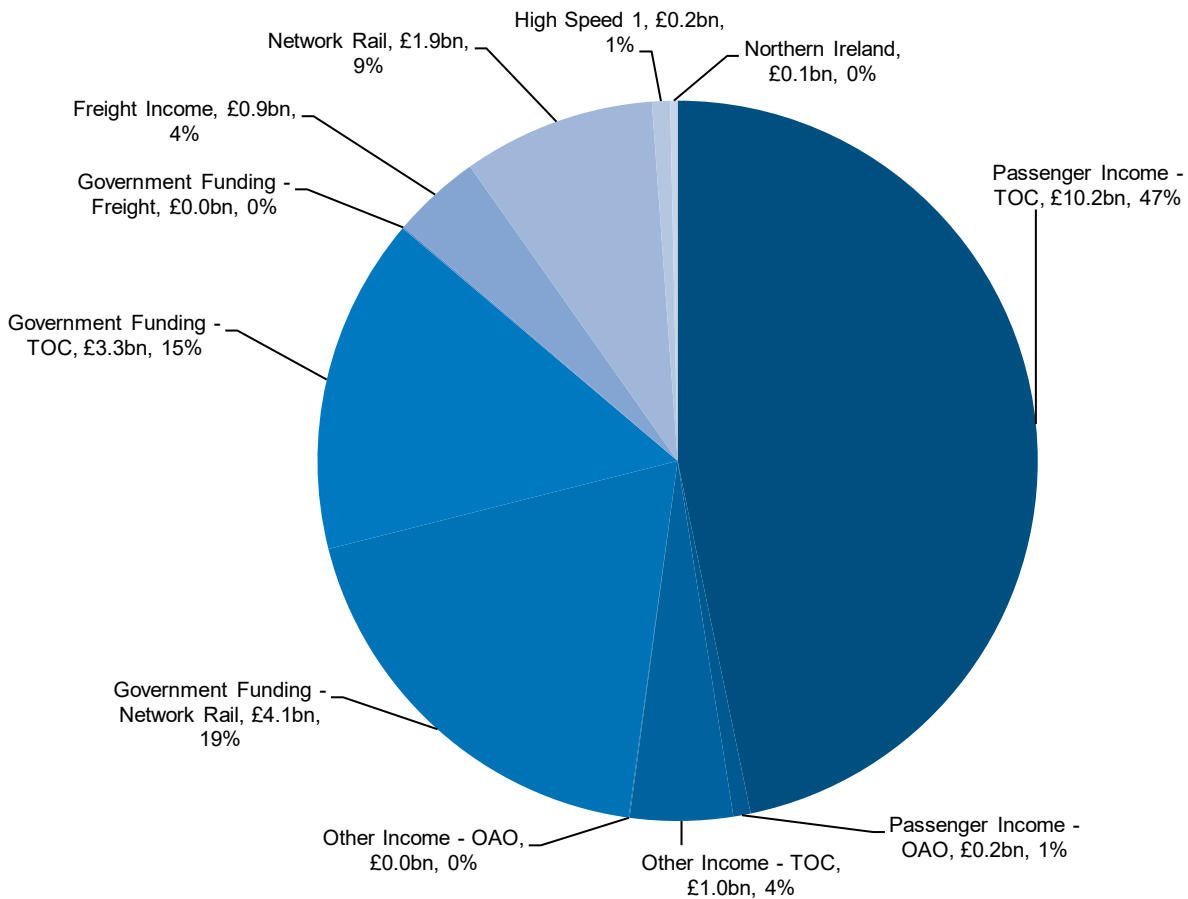
<sup>21</sup> This is actually our assumption for amortisation in PR13 (part of our calculation of Network Rail’s income), which is also used in Network Rail’s regulatory accounts. For simplicity, we use the term depreciation here, which is used in the statutory accounts of Network Rail and operators. But we do not use the depreciation charge from Network Rail’s statutory accounts in the calculation (this has reduced since 2013-14, as the average life of assets was extended from 30 to 40 years).

# 1. Charts and analysis

## Industry income

1.1 The rail industry received £21.8bn of income in 2018-19. The majority of this income was from passenger fares (£10.4bn, 48%) which has increased by 2.6% since 2017-18.

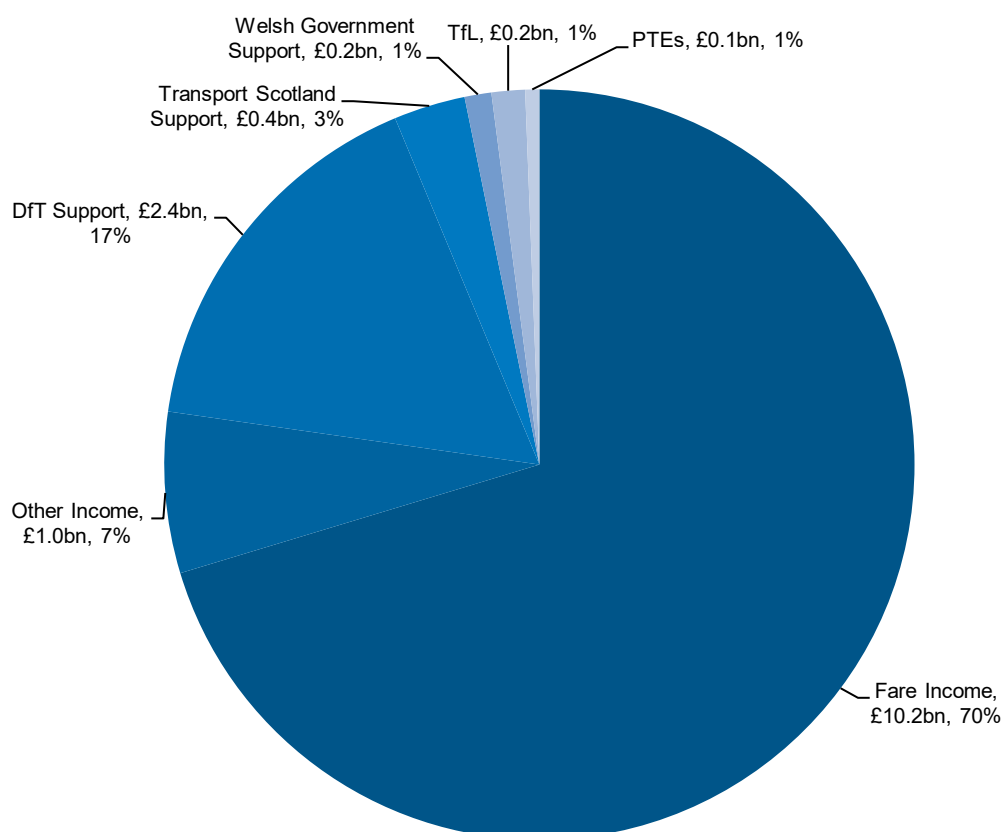
Figure 1.1: UK consolidated rail industry income in 2018-19



## Franchised train operator income

1.2 Franchised train operators' income was £14.5bn in 2017-18. Fares income was £10.2bn (70% of the total), an increase of 2.7% since 2017-18. Government support was £3.3bn (23%), an increase of 26.1% since 2017-18 which is largely a result of changes to how the industry is funded, it is not a result of performance issues (page 6 has more details). Income from car parking, catering and other sources was £1.0bn (7%).

Figure 1.2: GB franchised train operator income 2018-19<sup>22</sup>



<sup>22</sup> PTEs are Passenger Transport Executives, for more information see Annex B Industry Structure.

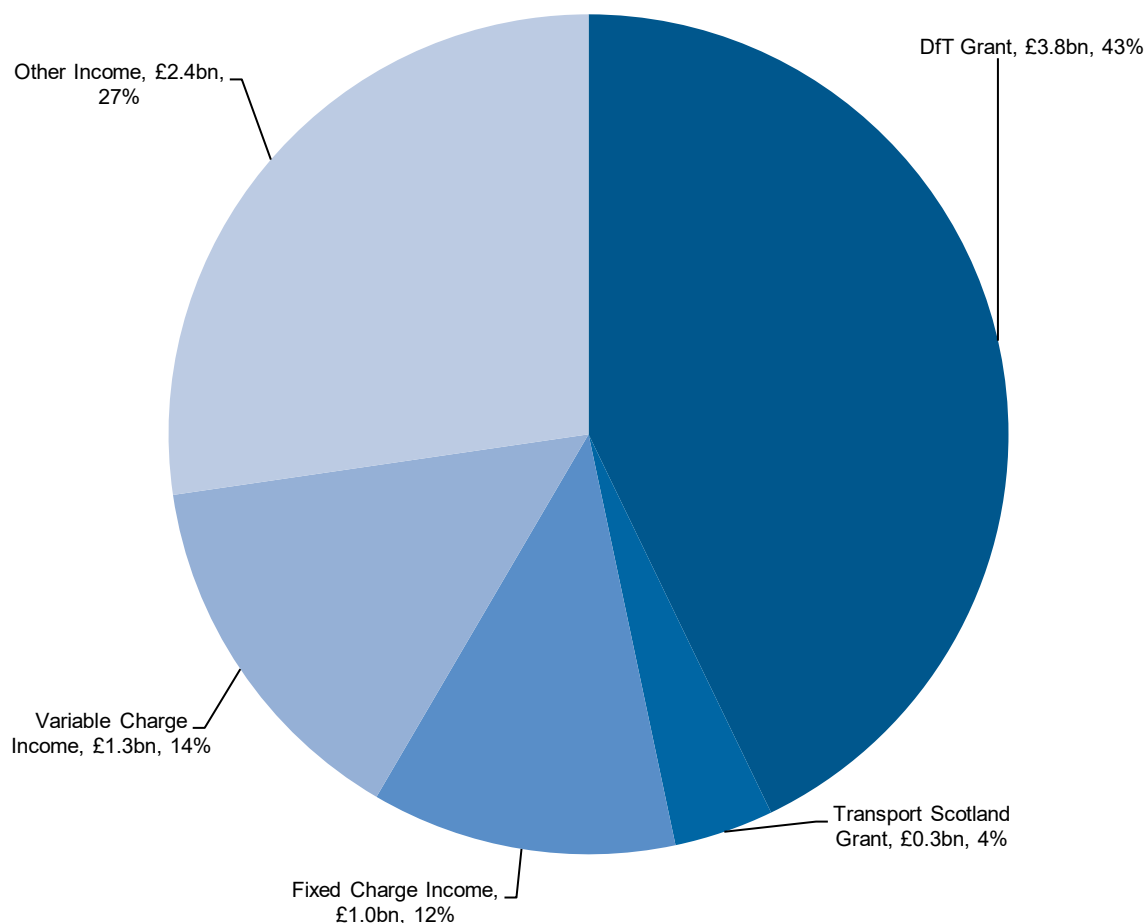
## Network Rail income

1.3 Network Rail's income was £8.8bn in 2018-19 an increase of 20.1% from last year, with the increase largely a result of Network Rail's sale of the majority of its railway arches estate. Government grants were £4.1bn, 47% of total income. Access charges<sup>23</sup> paid by train and freight operators were £2.3bn (26%). Network grant decreased this year whilst access charges increased, this was largely a result of decisions made at PR13 to channel funding to Network Rail through access charges rather than network grant in the last year of CP5 (page 6 has more details).

1.4 Other income was £2.4bn (27%) an increase of 135% from last year, the increase is largely because of Network Rail's sales of the majority of its railway arches estate for £1.5bn<sup>24</sup>.

1.5 See Table 2.9 for further details.

**Figure 1.3: GB Network Rail income 2018-19**



<sup>23</sup> These are charges paid by operators to access the rail network and consist of fixed and variable charges. See [here](#) for further details about Network Rail's charging structure.

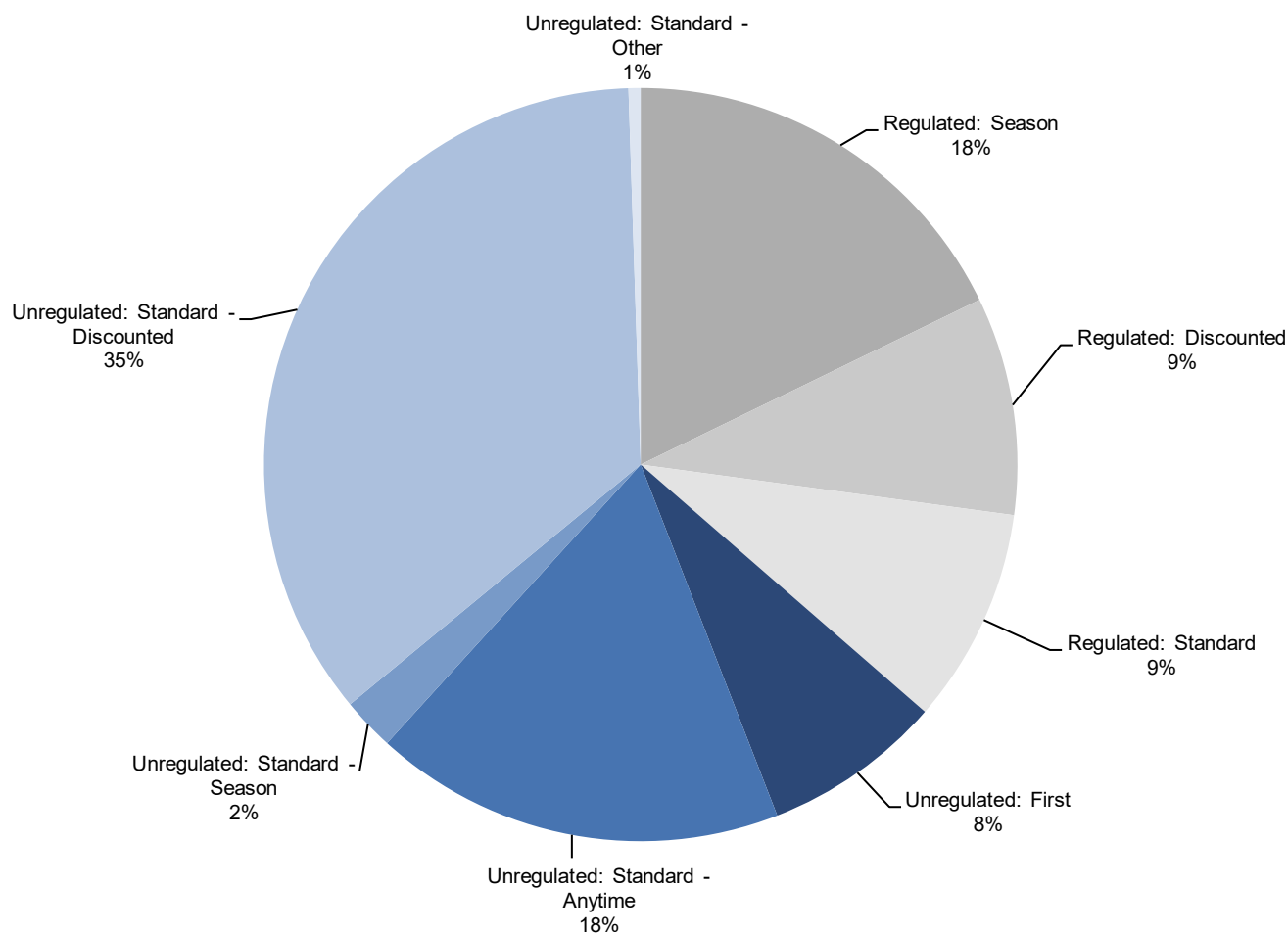
<sup>24</sup> The NAO published a report on the sale here <https://www.nao.org.uk/report/network-rails-sale-of-railway-arches/>

## Passenger fare income

1.6 Average passenger income per journey was £5.81<sup>25</sup> in 2018-19. The average passenger income per journey was £5.93 (total £9.5bn fares income) in England, £4.98 (total £0.2bn fares income) in Wales and £4.39 (total of £0.5bn fares income) in Scotland<sup>26</sup>.

1.7 In England, Scotland and Wales, rail fares are either regulated (by DfT, Transport Scotland or Welsh Government) or unregulated. Regulated fares income made up 36% of the total and unregulated fares income was 64%.

**Figure 1.4: Contribution of ticket types to income from passenger fares (Great Britain)**



<sup>25</sup> This is fares income from franchised train operators only and doesn't include fares from open access operators.

<sup>26</sup> Northern Ireland is not included in this analysis of passenger fare income.

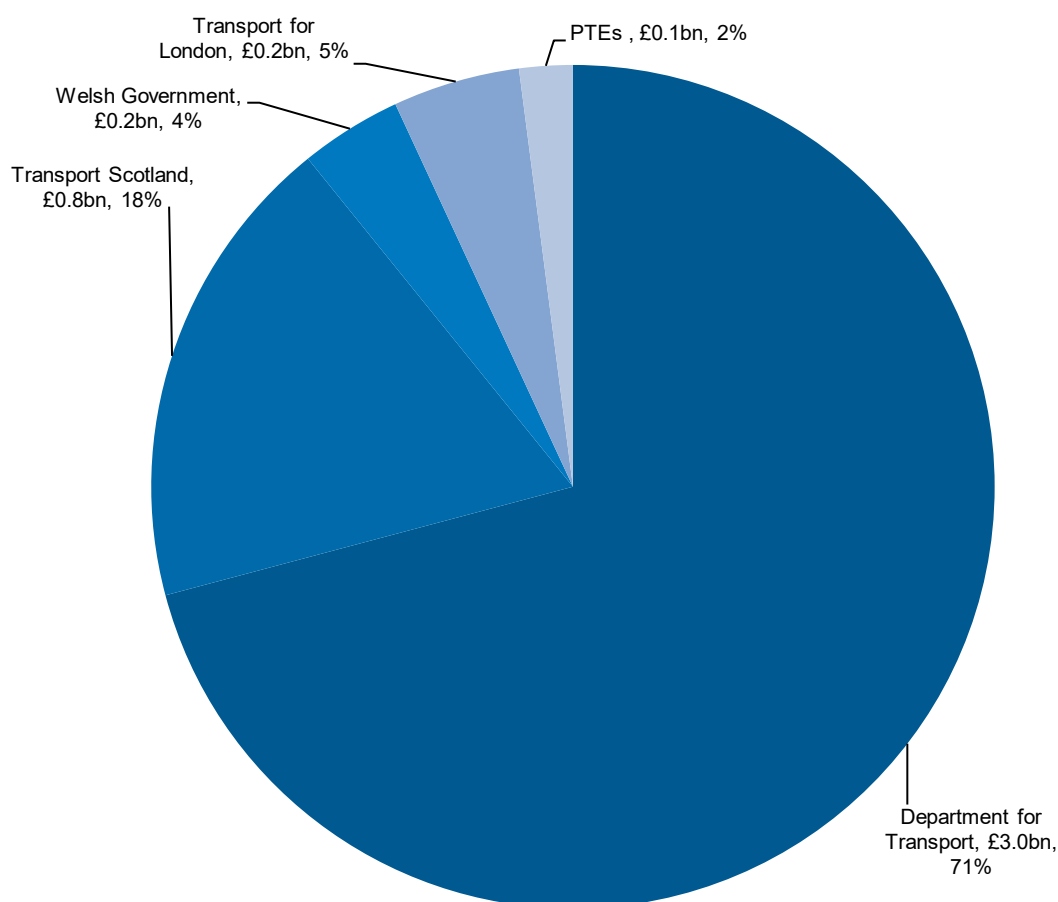
## Net government funding

1.8 Overall, the industry received 35% of its total income from government.

1.9 Net government funding was £4.3bn in 2018-19 (£7.4bn of funding less £3.2bn of payments to government)<sup>27</sup>. This increased by 8.9% since 2017-18 which is largely because of the increase in on-going costs as a result of the investment in new trains<sup>28</sup>.

1.10 Government also partly funds the rail freight industry (around £20m in 2018-19). Open access operators (OAOs) receive no direct government funding.

**Figure 1.5: Government funding of the GB rail industry in 2018-19**

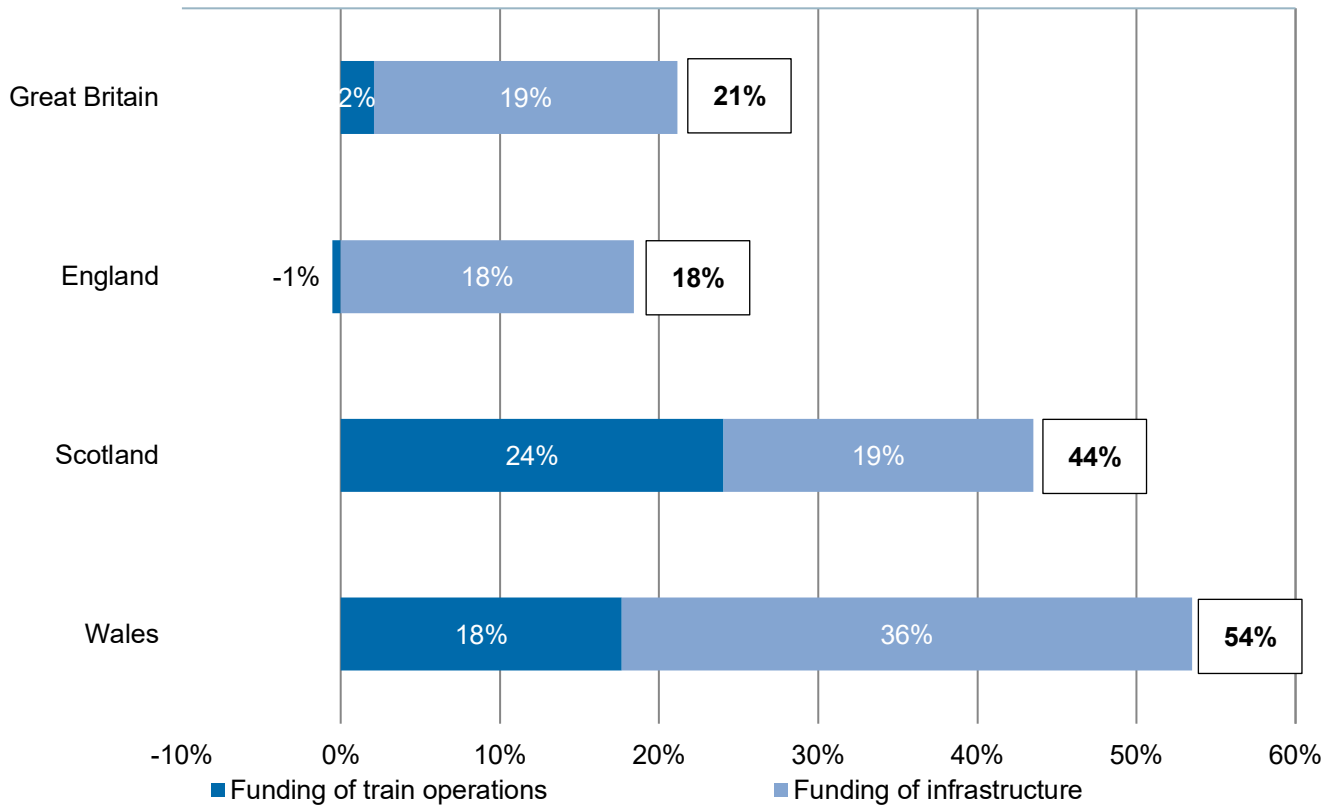


1.11 Figure 1.6 shows government funding as a percentage of the industry's total income in England, Scotland and Wales. The negative values in Figure 1.6 show net franchised train operator payments to government.

<sup>27</sup> Funding of Northern Ireland Railways by the government of Northern Ireland is not shown in this chart. The funding from the Northern Ireland government is included in Table 2.20.

<sup>28</sup> This doesn't reflect the cost of buying the trains, which are owned by Rolling stock operating companies, but the increased cost of leasing and maintaining the trains.

**Figure 1.6: Government funding as a percentage of total income**

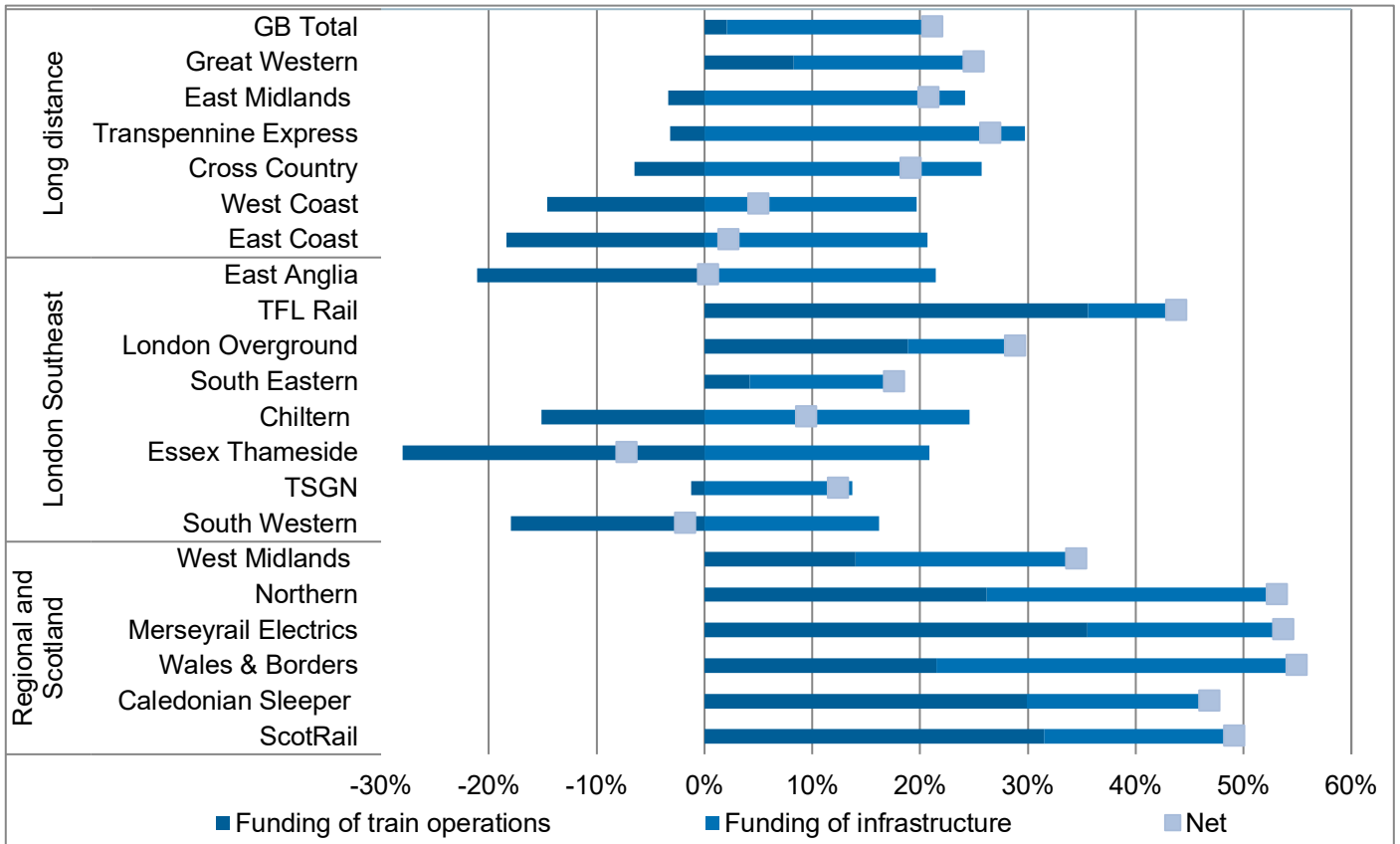


1.12 The geographic route which received the most funding was London North West. This is also the largest and busiest<sup>29</sup> of Network Rail’s routes. However when passenger activity is also taken into account, the route received 7p per passenger km the fourth highest, with the Wales route having the highest government funding at 22p per passenger km.

1.13 Figure 1.7 shows the same data as Figure 1.6 disaggregated by franchise. For example, net government funding for the Essex Thameside franchise was -7%. This means that passengers of this franchise did not benefit from government funding as franchise payments to government exceeded government’s funding of Network Rail in this area.

<sup>29</sup> In terms of train kms.

**Figure 1.7: Government funding as a % of total income in 2018-19**



1.14 Table 1.1 shows total government funding of the industry by franchise. The table includes the £3.9bn of funding for Network Rail and the £0.4bn of net franchise receipts paid to train operators (see GB total line).



**Table 1.1 Government funding in 2018-19 by franchise area (£m)**

	Franchise	Allocation of Infrastructure funding <sup>30</sup>	Funding of train Operations	Total government funding
	<b>GB Total</b>	<b>3,859</b>	<b>416</b>	<b>4,275</b>
Long Distance	Great Western	361	179	540
	East Midlands	175	-24	150
	TransPennine Express	158	-17	141
	Cross Country	252	-64	188
	West Coast	328	-244	85
London South East	East Coast	234	-208	26
	East Anglia	222	-218	4
	TfL Rail	28	119	147
	London Overground	47	90	137
	South Eastern	250	78	328
	Chiltern	86	-53	33
	Essex Thameside	52	-71	-18
	Thameslink, Southern and Great Northern	367	-34	333
	South Western	240	-266	-26
Regional and Scotland	West Midlands	185	126	311
	Northern	356	346	702
	Merseyrail Electrics	43	84	127
	Wales & Borders	223	143	366
	Caledonian Sleeper	12	22	34
	ScotRail	240	426	666

1.15 Since Network Rail does not split the network grant by franchise, we have done this purely for the purposes of this publication and to enable us to make comparisons between franchises (similar to the split in Figure 1.6 above). For example, in the case of the Essex Thameside franchise, the train operator made a payment of £71m to the UK government, the train operator received no direct funding. The £52m of infrastructure funding for Essex Thameside is allocated to the franchise based upon Network Rail's costs for that franchise.

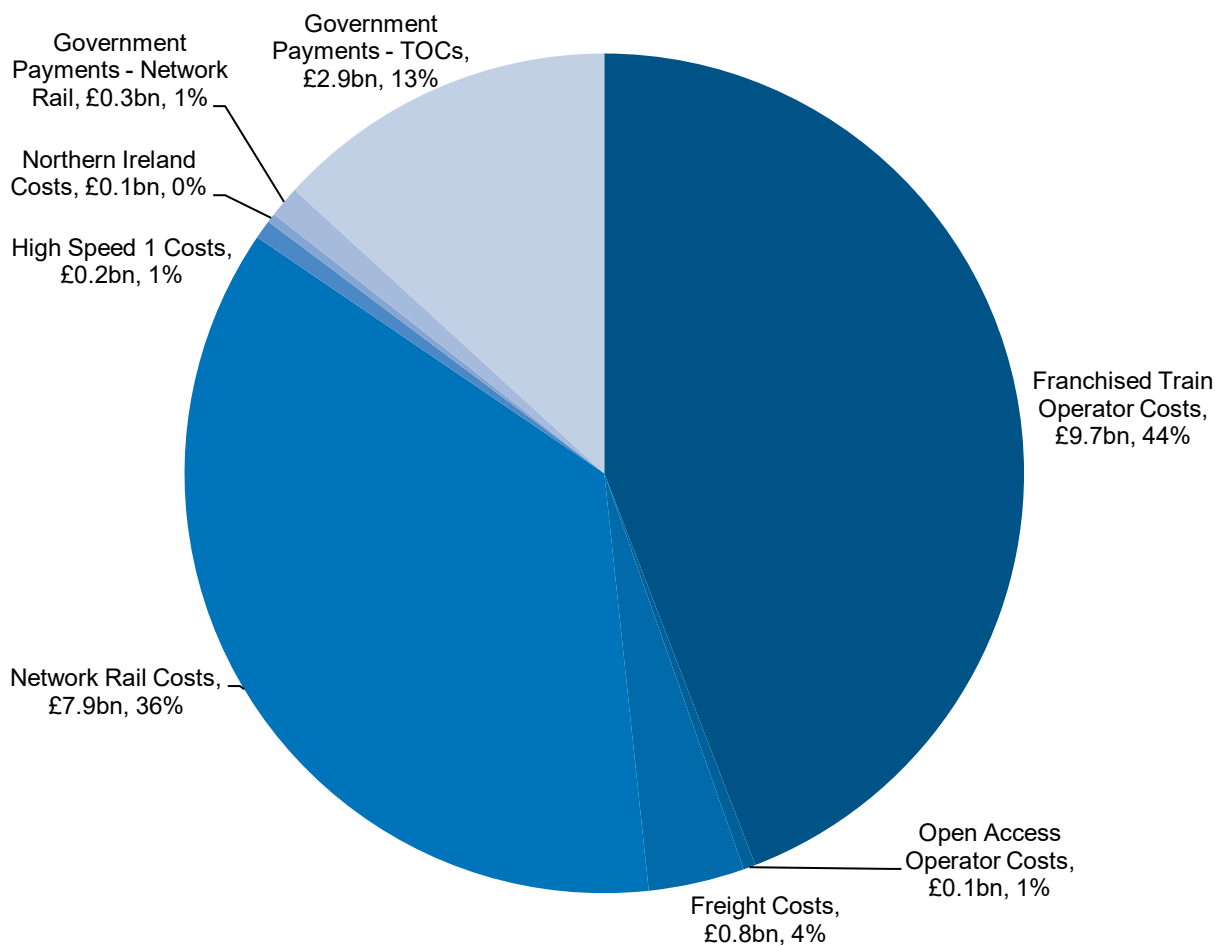
<sup>30</sup> Allocated in our analysis. Network Rail receives this funding not train operators.

## Industry expenditure

1.16 Industry expenditure in 2018-19 was £22.1bn, £12.7bn by train operators and £8.2bn by Network Rail. Excluding payments to the governments, £9.8bn (45%) was spent by train operators on operating services and £7.9bn (36%) was spent by Network Rail on the railway infrastructure.

1.17 Network Rail and train operators also made payments of £3.2bn to the DfT (14% of total expenditure)<sup>31</sup>.

**Figure 1.8: UK consolidated industry expenditure in 2018-19**



<sup>31</sup> This is the £2.9bn of franchise premium from train operators and £0.3bn payment from Network Rail for the financial indemnity measure (FIM fee).

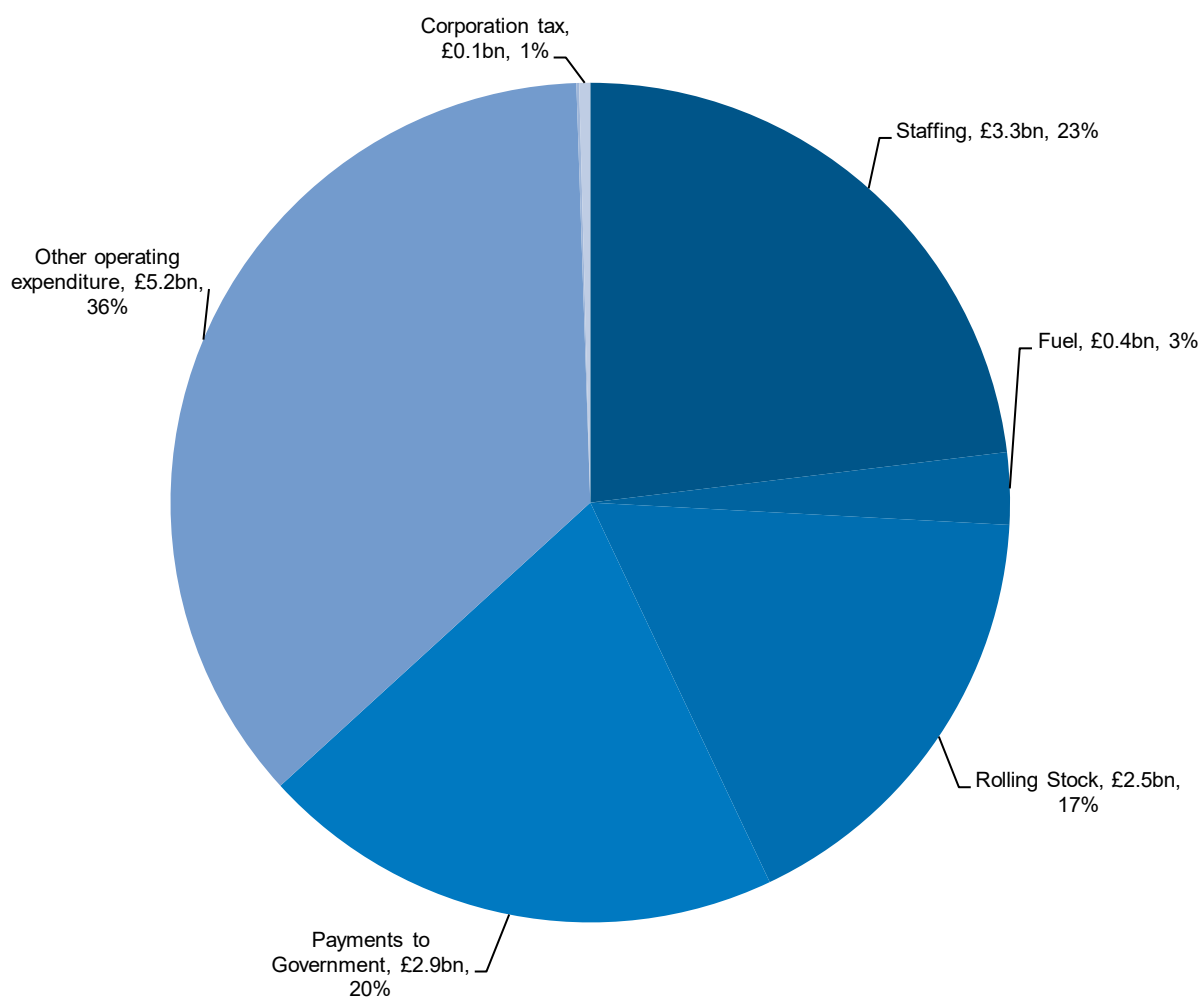
## Franchised train operator expenditure

1.19 Franchised train operator expenditure was £14.4bn in 2018-19.

1.20 The operation of passenger rail services (staffing, leasing rolling stock and accessing the network) accounts for 80% of expenditure with 20% being payments to governments.

1.21 Some franchised train operators make payments to the governments and some receive support (see Table 2.14). The sum of these equals an overall payment from government to operators of £0.4bn.

**Figure 1.9: GB franchised train operator expenditure in 2018-19**



## Franchised train operator expenditure over five years

1.22 Franchised train operator expenditure has increased by 18.6% over the last 5 years. The largest relative increase was in rolling stock costs (71.1%) as operators have replaced older rolling stock with new trains as they reached the end of their life cycle and to address the network becoming busier, which led to higher leasing costs (the number of total vehicles increased by 10.5% over this period). Staff costs increased by 19.3% as staff numbers have increased in response to an increasingly busy railway<sup>32</sup>.

1.23 The rail network got busier over the last five years (passenger km increased by 12.2%). Once this is taken into account, expenditure increased by 5.7% above this, as shown in the table below. This is largely driven by an increase in rolling stock costs with a decrease in 'other operating expenditure'<sup>33</sup>.

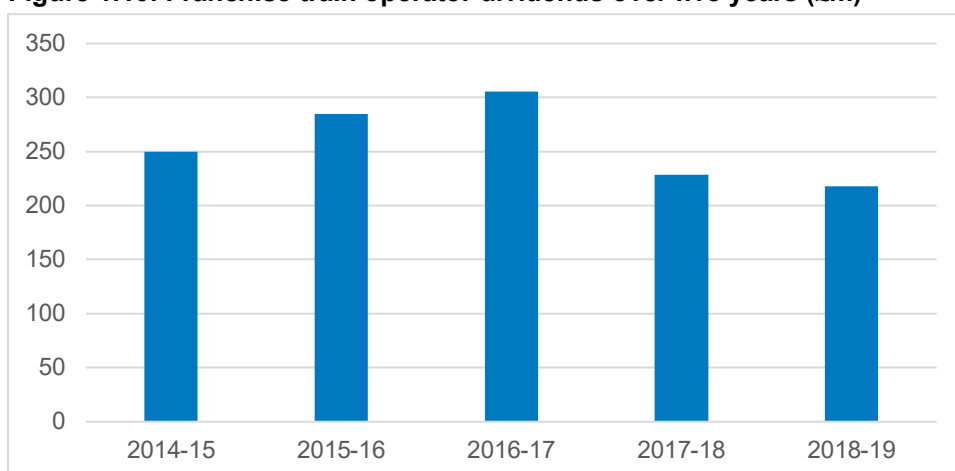
**Table 1.2: Train operator expenditure per passenger km**

Expenditure type	One year movement	Five year movement
Staff costs	1.8%	6.3%
Rolling stock costs	16.8%	52.5%
Other operating expenditure	13.5%	-11.2%
Payments to governments	-6.7%	19.5%
<b>Total expenditure</b>	<b>6.6%</b>	<b>5.7%</b>

## Franchised train operator dividends

1.24 In 2018-19, total dividends paid or proposed<sup>34</sup> by franchised train operators was £218m, broadly in line with last year.

**Figure 1.10: Franchise train operator dividends over five years (£m)**



<sup>32</sup> Two operators (TfL Rail and Caledonian Sleeper) were not part of this analysis 5 years ago, which explains part of the increase in overall costs.

<sup>33</sup> As already stated this includes a number of different types of operational expenditure such as Network Rail access charges, maintenance costs, marketing costs, fleet cleaning costs and accommodation costs etc.

<sup>34</sup> Please note that this figure may include dividends proposed by train operators but not subsequently paid to shareholders.

1.25 On average over the last five years, dividends were around £250m per year. This has been around 2.5% of passenger fares as shown below. See Table 2.14 for further details.

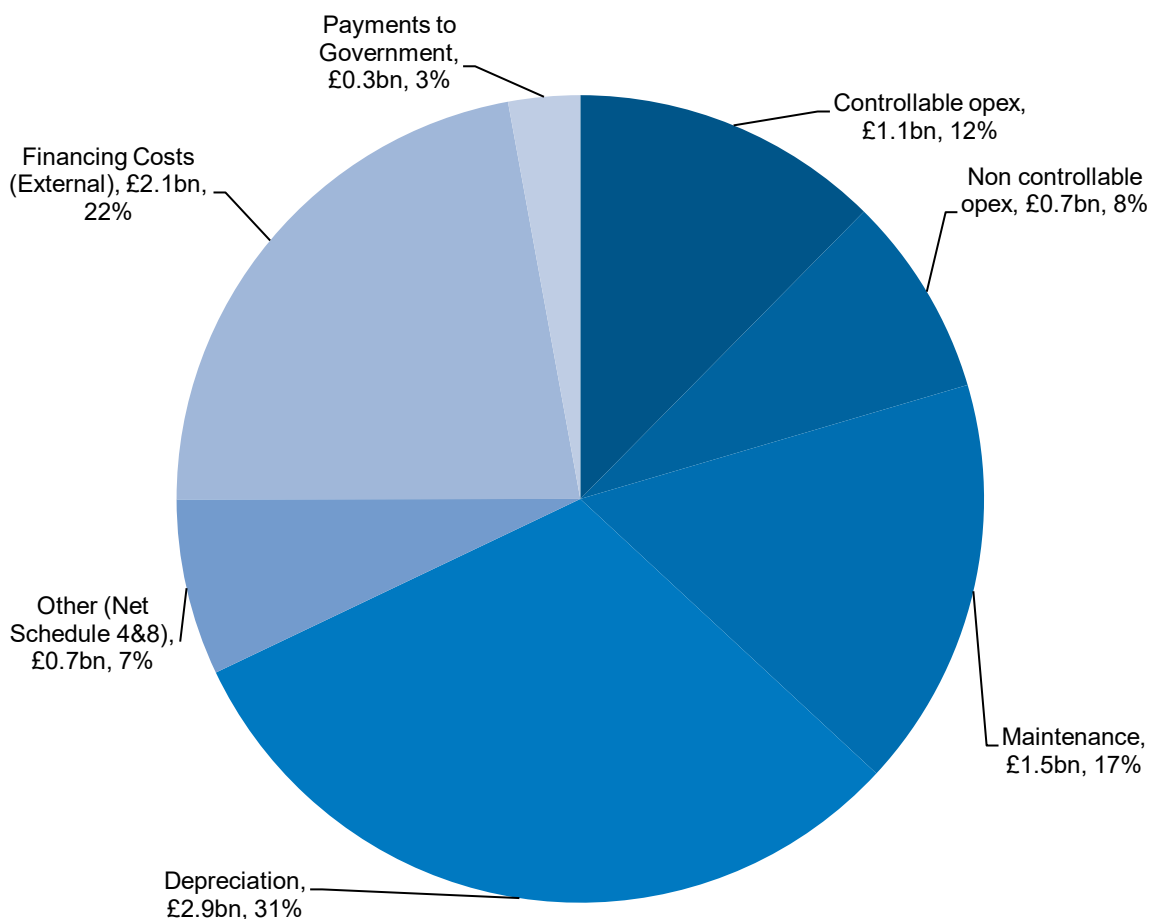
**Table 1.3: GB franchised train operator dividends and fares over five years**

£m	2014-15	2015-16	2016-17	2017-18	2018-19
Fares	9,708	10,034	10,151	9,939	10,207
Dividends	250	285	306	229	218
<b>Dividends/Fares</b>	<b>2.6%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>2.3%</b>	<b>2.1%</b>

## Network Rail expenditure

1.26 Network Rail expenditure was £9.3bn in 2018-19. Operating and maintenance costs account for 37% of Network Rail expenditure with depreciation accounting for 31% and financing costs 22%. Schedules 4 and 8 payments were 7% and payments to governments were 3% of total expenditure, this is the Financial Indemnity Mechanism (FIM) fee paid to DfT for insuring part of Network Rail’s debt.

**Figure 1.11: GB gross Network Rail expenditure in 2018-19**



## Network Rail expenditure over five years

1.27 Network Rail's expenditure has increased by 32.8% over the last 5 years. The largest percentage increase was in payments made to operators as part of performance agreements (schedules 4 & 8 for planned and unplanned disruptions to services), however this still remains a small part of overall costs. The largest cash increases were in depreciation and financing costs.

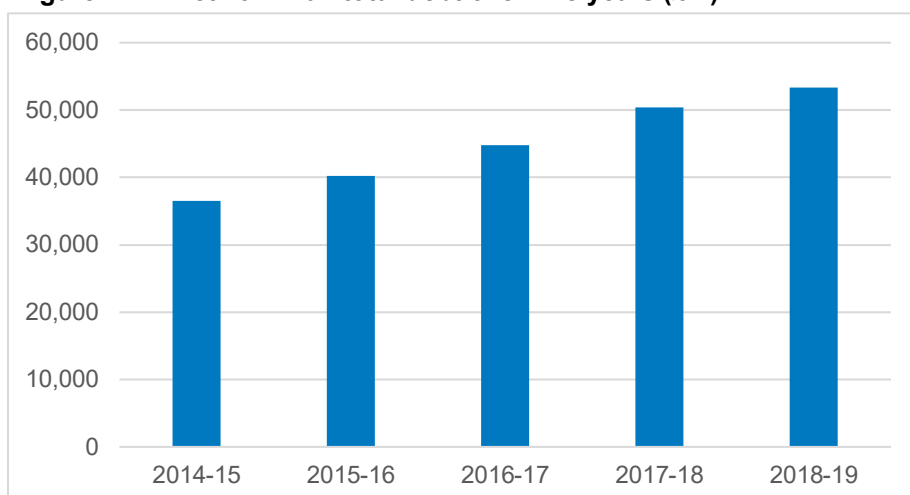
1.28 Use of the railway increased over the past five years (for example, passenger km increased by 12.2%). As shown in Table 1.4, once this is taken into account, costs per passenger km increased by 18.3% above this.

**Table 1.4: Network Rail expenditure per passenger km**

Expenditure type	One year movement	Five year movement
Controllable Operating Costs <sup>35</sup>	9.9%	-15.3%
Non-Controllable Operating Costs	8.9%	7.9%
Maintenance	4.8%	26.5%
Depreciation	-2.1%	24.2%
Financing Costs	-6.3%	28.2%
Performance Costs (Schedules 4 & 8)	41.3%	41.8%
<b>Total expenditure</b>	<b>2.3%</b>	<b>18.3%</b>

1.29 In 2018-19, Network Rail borrowed from government to fund investment in the rail network, as well as paying down legacy debt and funding underperformance against its CP5 funding settlement. Network Rail's total debt at March 2019 was £53.4bn, of which 56% was government debt and 44% legacy debt<sup>36</sup>.

**Figure 1.12: Network Rail total debt over five years (£m)**



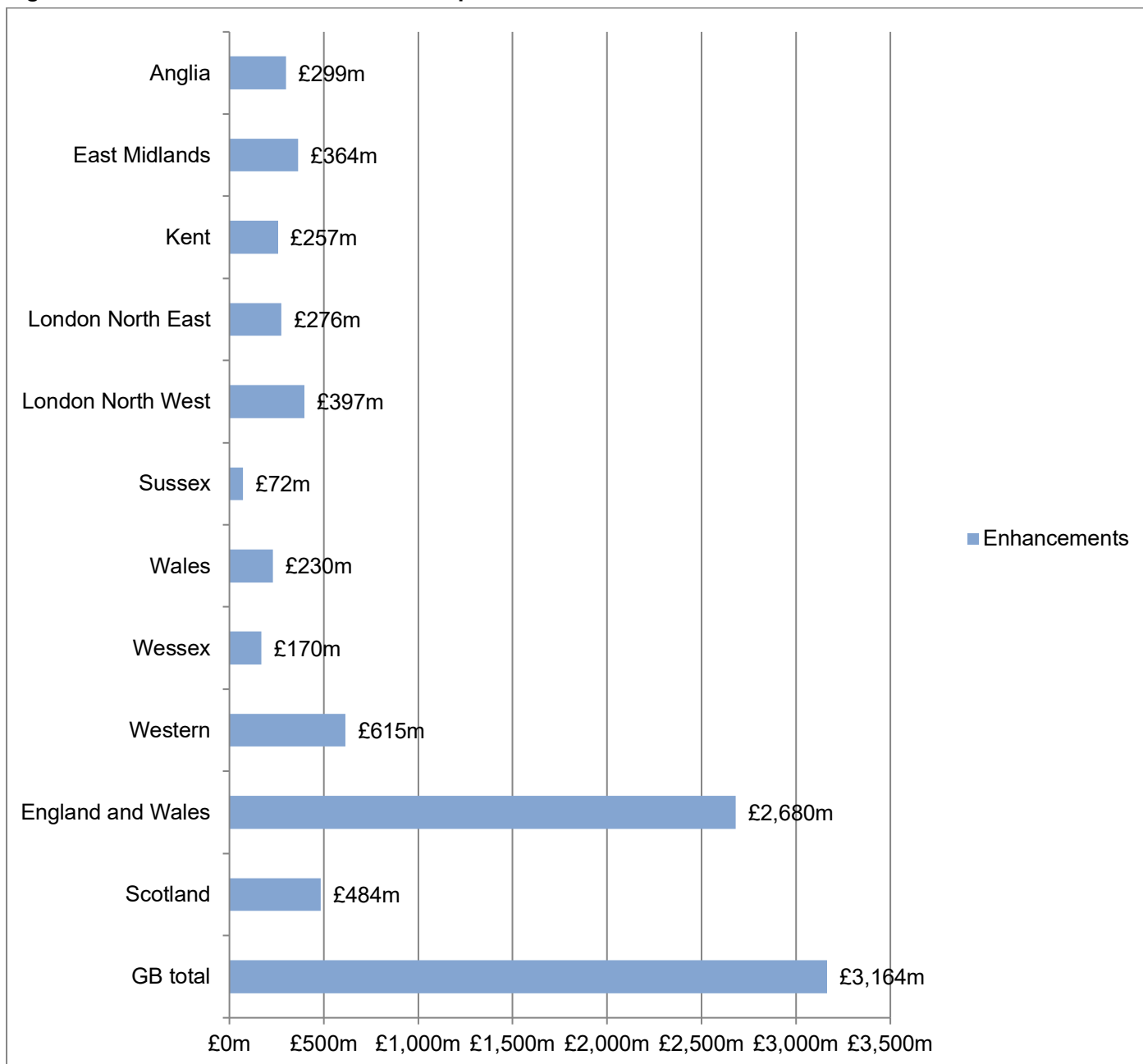
<sup>35</sup> Controllable costs include operations and support costs. Non-controllable costs include traction electricity, industry costs and business rates.

<sup>36</sup> Prior to reclassification in September 2013, Network Rail borrowed from the financial markets.

## Network Rail enhancements expenditure

1.30 Figure 1.13 shows total Network Rail enhancements expenditure in 2018-19 by geographic route<sup>37</sup>.

**Figure 1.13: Network Rail enhancements expenditure in 2018-19**



<sup>37</sup> Enhancements expenditure is not included in the industry analysis in Figure 1. Figure 1 reflects the finances of the operational railway in one financial year, whereas enhancements are long-term investments. A depreciation charge is included in Figure 1 to reflect the in-year usage of these long-term assets. The route structure reflects Network Rail's structure at the beginning of CP5 (i.e. the 2014-15 financial year).

## 2. Data tables

2.1 The data tables in this section provide detailed financial information for the rail industry. The tables are split into two parts, Tables 2.1 to 2.16 include data for train operators and Network Rail and we split this data by country (Tables 2.1 to 2.7), by route (Tables 2.8 to 2.12) and by franchise (Tables 2.13 to 2.16). These tables show the two largest parts of the industry and enable comparability across geographies. The other tables (2.17 to 2.20) cover other parts of the industry (freight, open access operators and High Speed 1) and Northern Ireland.

2.2 The analysis in this publication is either from the perspective of the industry (industry income and expenditure such as Figure 1) or the individual sectors which make up the industry (e.g. franchised train operators, such as in Figure 2). The tables in the following section show the financial information for each industry sector, there are no 'industry level' adjustments.

### Data tables: Network Rail and Franchised Train Operators

Table	Scope	Title
2.1	GB	Income and expenditure in 2018-19
2.2	GB	Income and expenditure over the past five years
2.3	GB	Income in 2018-19
2.4	GB	Expenditure in 2018-19
2.5	GB	Government funding in 2018-19
2.6	GB	Sources of government funding in 2018-19
2.7	GB	Statistical analysis in 2018-19
2.8	Route	Income and expenditure in 2018-19
2.9	Route	Income in 2018-19
2.10	Route	Expenditure in 2018-19
2.11	Route	Government funding in 2018-19
2.12	Route	Statistical analysis in 2018-19
2.13	Franchise	Income and expenditure in 2018-19
2.14	Franchise	Franchised train operator dividends over the past five years
2.15	Franchise	Government funding in 2018-19
2.16	Franchise	Statistical analysis in 2018-19

### Data Tables: Other rail sectors

Table	Scope	Title
2.17	Freight	Income and expenditure in 2018-19
2.18	Open Access	Income and expenditure in 2018-19
2.19	High Speed 1	Income and expenditure in 2018-19
2.20	Northern Ireland Railways	Income and expenditure in 2018-19



**Table 2.1 Franchised train operator and Network Rail income and expenditure in 2018-19**

£m	GB total	England	Scotland	Wales
<b>Income</b>				
Passenger income	10,207	9,543	475	189
Other TOC income <sup>38</sup>	1,006	922	43	42
Network Rail income <sup>39</sup>	4,712	4,217	392	103
Government funding <sup>40</sup>	7,425	6,224	775	427
<b>TOC and Network Rail income</b>	<b>23,351</b>	<b>20,905</b>	<b>1,684</b>	<b>761</b>
<b>Expenditure</b>				
Franchised train operators expenditure	11,564	10,112	1,056	396
Rail infrastructure expenditure	9,003	7,704	872	427
Government payments <sup>41</sup>	3,150	3,034	75	42
<b>TOC and Network Rail expenditure</b>	<b>23,717</b>	<b>20,849</b>	<b>2,003</b>	<b>864</b>
<b>Income less expenditure</b>	<b>-366</b>	<b>56</b>	<b>-319</b>	<b>-103</b>

Additional notes for reconciliation to Figure 1

- These tables cover franchised train operators only, where total fares income is £10.2bn, earlier in this publication total fares income is £10.4bn which includes £0.2bn of open access operator income. Open access operator fares income is included in table 2.17. This is also the case for other TOC income.
- Network Rail income includes the totality of Network Rail income excluding government funding, so income including access charges as well as other income such as property income. In Figure 1 Network Rail income is only the part external to the industry.
- Franchised train operator expenditure and rail infrastructure expenditure does not include government payments which are included under government payments. Franchised train operator expenditure and rail infrastructure expenditure includes access charge payments and net performance income/costs (Schedules 4 & 8). The rest of these tables are on a similar basis to this.

<sup>38</sup> Other TOC income includes on-board catering, car parking charges, advertising etc.

<sup>39</sup> This income consists of charges received from operators and other income, such as property rental, etc.

<sup>40</sup> Governments provide grant funding for infrastructure (Network Rail) and other funding for franchised train operators.

<sup>41</sup> Governments receive franchise premiums, fares income (in some cases) and profit share from operators and receives the FIM fee from Network Rail.

**Table 2.2 Franchised train operator and Network Rail income and expenditure since 2013-14**

£m	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
	Actual	Variance to 2018-19				
<b>Income</b>						
Passenger income	10,207	-268	-56	-173	-500	-996
Other TOC income	1,006	-66	-87	-94	-126	-134
Network Rail income	4,712	-1,975	-2,158	-2,192	-2,186	-1,369
Government funding	7,425	-185	-32	-109	-914	-985
<b>TOC and Network Rail income</b>	<b>23,351</b>	<b>-2,495</b>	<b>-2,333</b>	<b>-2,568</b>	<b>-3,726</b>	<b>-3,485</b>
<b>Expenditure</b>						
Franchised train operators expenditure	11,564	-1,324	-1,528	-1,612	-1,963	-1,529
Rail infrastructure expenditure	9,003	-424	-1,208	-1,740	-1,932	-2,293
Government payments	3,150	167	612	513	-120	-699
<b>TOC and Network Rail expenditure</b>	<b>23,717</b>	<b>-1,581</b>	<b>-2,124</b>	<b>-2,838</b>	<b>-4,015</b>	<b>-4,521</b>
<b>Income less expenditure</b>	<b>-366</b>	<b>-914</b>	<b>-208</b>	<b>270</b>	<b>289</b>	<b>1,036</b>

**Table 2.3 Franchised train operator and Network Rail income in 2018-19**

£m	GB total	England	Scotland	Wales
<b>Franchised train operator income</b>				
Passenger income	10,207	9,543	475	189
Other income	1,006	922	43	42
Government funding	3,300	2,710	436	155
<b>Total franchised train operator income</b>	<b>14,514</b>	<b>13,174</b>	<b>953</b>	<b>386</b>
<b>Network Rail income</b>				
Fixed charges	1,038	731	255	52
Variable charges	1,261	1,151	86	24
Other Network Rail income	2,413	2,335	51	27
Government funding <sup>42</sup>	4,125	3,514	339	272
<b>Total Network Rail income</b>	<b>8,837</b>	<b>7,731</b>	<b>731</b>	<b>375</b>
<b>Total income</b>	<b>23,351</b>	<b>20,905</b>	<b>1,684</b>	<b>761</b>

<sup>42</sup> This is gross government funding. Table 2.5 shows government funding in more detail.

**Table 2.4 Franchised train operator and Network Rail expenditure in 2018-19**

£m	GB total	England	Scotland	Wales
<b>Franchised train operators expenditure</b>				
Staff costs	3,303	2,872	298	132
Fuel costs	396	321	56	19
Rolling stock charges	2,450	2,205	171	74
Payments to government	2,884	2,808	49	28
Other operating expenditure	5,194	4,501	527	166
Interest and exceptional expenditure / (income)	161	158	3	0
Corporation tax	59	54	1	4
<b>Total franchised train operator expenditure</b>	<b>14,448</b>	<b>12,919</b>	<b>1,105</b>	<b>423</b>
<b>Rail infrastructure expenditure</b>				
Controllable operating expenditure	1,149	983	99	67
Non controllable operating expenditure	746	667	60	19
Maintenance	1,525	1,291	160	74
Depreciation <sup>43</sup>	2,876	2,416	308	152
Other (net schedule 4 & 8)	654	600	47	7
Corporation tax	0	0	0	0
Financing costs (external)	2,053	1,747	198	108
Payments to government	266	226	26	14
<b>Total Network Rail expenditure</b>	<b>9,269</b>	<b>7,930</b>	<b>898</b>	<b>441</b>
<b>Total expenditure</b>	<b>23,717</b>	<b>20,849</b>	<b>2,003</b>	<b>864</b>

<sup>43</sup> Depreciation is an accounting charge to account for the utilisation of capital assets.

**Table 2.5 Government funding of franchised train operators and Network Rail in 2018-19**

£m	GB total	England	Scotland	Wales
<b>Franchised passenger train operators</b>				
Franchise receipts from government	3,212	2,622	436	155
Passenger Transport Executive (PTE) funding	88	88	0	0
<b>Government funding</b>	<b>3,300</b>	<b>2,710</b>	<b>436</b>	<b>155</b>
<b>Government receipts</b>	<b>-2,884</b>	<b>-2,808</b>	<b>-49</b>	<b>-28</b>
<b>Total funding</b>	<b>416</b>	<b>-98</b>	<b>387</b>	<b>127</b>
<b>Network Rail</b>				
Network Rail grant	4,125	3,514	339	272
Government-related financing	-266	-226	-26	-14
<b>Total funding</b>	<b>3,859</b>	<b>3,288</b>	<b>313</b>	<b>258</b>
<b>Total net government funding of franchised train operators and Network Rail</b>	<b>4,275</b>	<b>3,190</b>	<b>700</b>	<b>385</b>

**Table 2.6 Sources of government funding to franchised train operators and Network Rail in 2018-19**

Sources of government funding	GB Total	Train Operators	Network Rail
<b>£m</b>			
Department for Transport	3,024	-496	3,520
Transport Scotland	787	448	339
Welsh Government	167	167	0
Transport for London	209	209	0
Passenger Transport Executives	88	88	0
<b>Net Government Funding</b>	<b>4,275</b>	<b>416</b>	<b>3,859</b>

**Table 2.7 Franchised train operator and Network Rail statistical analysis**

£m	GB total	England	Scotland	Wales
<b>Net government funding<sup>44</sup></b>				
Share of government funding (%)	100.0%	74.6%	16.4%	9.0%
Government funding per passenger journey (£)	2.43	1.98	6.48	10.12
Government funding per passenger km (£)	0.06	0.05	0.15	0.22
<b>Passenger income<sup>45</sup></b>				
Passenger income per passenger journey (£)	5.81	5.93	4.39	4.98
Passenger income per passenger km (£)	0.15	0.16	0.10	0.11
<b>Expenditure<sup>46</sup></b>				
Expenditure per passenger journey (£)	13.50	12.95	18.53	22.71
Expenditure per passenger km (£)	0.35	0.34	0.42	0.50
<b>Income / expenditure</b>				
Passenger income / total expenditure (%)	43.0%	45.8%	23.7%	21.9%
Income (excluding government funding) less expenditure per passenger journey (£)	-2.64	-1.95	-9.43	-12.83
Income (excluding government funding) less expenditure per passenger km (£)	-0.07	-0.05	-0.21	-0.28

<sup>44</sup> This is total net government funding of £4,275m as per Table 2.5.

<sup>45</sup> Passenger income as per Table 2.1 only.

<sup>46</sup> Expenditure as per Table 2.4 only.

**Table 2.8 Franchised train operator and Network Rail income and expenditure in 2018-19**

£m	Anglia	Kent	London North East	London North West	East Midlands	Sussex	Wessex	Western	Wales	Scotland	GB Total
<b>Income<sup>47</sup></b>											
Passenger income	1,188	985	1,500	2,306	633	718	1,151	1,061	189	475	10,207
Other TOC income	139	91	152	216	71	83	87	84	42	43	1,006
Network Rail income	547	750	533	805	170	357	464	591	103	392	4,712
Government funding	584	542	1,211	1,439	411	1,043	380	614	427	775	7,425
<b>TOC and Network Rail income</b>	<b>2,458</b>	<b>2,368</b>	<b>3,395</b>	<b>4,766</b>	<b>1,285</b>	<b>2,202</b>	<b>2,082</b>	<b>2,349</b>	<b>761</b>	<b>1,684</b>	<b>23,351</b>
<b>Expenditure</b>											
Franchised train operators expenditure	1,148	1,064	1,582	2,458	529	991	1,151	1,189	396	1,056	11,564
Rail infrastructure expenditure	780	758	1,415	1,997	449	570	772	963	427	872	9,003
Government payments	369	191	556	380	227	880	354	78	42	75	3,150
<b>TOC and Network Rail expenditure</b>	<b>2,297</b>	<b>2,012</b>	<b>3,553</b>	<b>4,835</b>	<b>1,205</b>	<b>2,441</b>	<b>2,277</b>	<b>2,230</b>	<b>864</b>	<b>2,003</b>	<b>23,717</b>
<b>Income less expenditure</b>	<b>161</b>	<b>355</b>	<b>-158</b>	<b>-69</b>	<b>80</b>	<b>-239</b>	<b>-195</b>	<b>120</b>	<b>-103</b>	<b>-319</b>	<b>-366</b>

<sup>47</sup> Financial data is presented for 10 routes. For operational purposes, London North East has merged with East Midlands (LNE/EM). Kent and Sussex have merged to form the "London South East" route.

**Table 2.9 Franchised train operator and Network Rail income in 2018-19**

	Anglia	Kent	London North East	London North West	East Midlands	Sussex	Wessex	Western	Wales	Scotland	GB Total
<b>£m</b>											
<b>Franchised train operator income</b>											
Passenger income	1,188	985	1,500	2,306	633	718	1,151	1,061	189	475	10,207
Other income	139	91	152	216	71	83	87	84	42	43	1,006
Government funding	207	241	475	448	188	867	84	200	155	436	3,300
<b>Total franchised train operator income</b>	<b>1,534</b>	<b>1,317</b>	<b>2,126</b>	<b>2,970</b>	<b>892</b>	<b>1,669</b>	<b>1,322</b>	<b>1,344</b>	<b>386</b>	<b>953</b>	<b>14,514</b>
<b>Network Rail income</b>											
Fixed charges	97	58	142	219	43	34	58	80	52	255	1,038
Variable charges	115	100	218	297	64	114	110	133	24	86	1,261
Other Network Rail income	335	592	173	289	63	209	296	378	27	51	2,413
Government funding	377	301	736	991	223	176	296	414	272	339	4,125
<b>Total Network Rail income</b>	<b>924</b>	<b>1,051</b>	<b>1,269</b>	<b>1,796</b>	<b>393</b>	<b>533</b>	<b>760</b>	<b>1,005</b>	<b>375</b>	<b>731</b>	<b>8,837</b>
<b>Total income</b>	<b>2,458</b>	<b>2,368</b>	<b>3,395</b>	<b>4,766</b>	<b>1,285</b>	<b>2,202</b>	<b>2,082</b>	<b>2,349</b>	<b>761</b>	<b>1,684</b>	<b>23,351</b>



**Table 2.10 Franchised train operator and Network Rail expenditure in 2018-19**

£m	Anglia	Kent	London North East	London North West	East Midlands	Sussex	Wessex	Western	Wales	Scotland	GB Total
<b>Franchised train operators expenditure</b>											
Staff costs	350	267	480	698	154	274	316	334	132	298	3,303
Fuel costs	55	1	60	153	29	3	10	10	19	56	396
Rolling stock charges	239	220	305	547	84	243	240	328	74	171	2,450
Payments to government	349	164	520	324	213	865	335	39	28	49	2,884
Other operating expenditure	502	565	720	1,046	256	466	441	506	166	527	5,194
Interest and exceptional expenditure / (income)	5	1	8	-8	1	6	144	0	0	3	161
Corporation tax	-3	11	8	23	4	-1	0	11	4	1	59
<b>Total franchised train operator expenditure</b>	<b>1,497</b>	<b>1,227</b>	<b>2,102</b>	<b>2,782</b>	<b>742</b>	<b>1,856</b>	<b>1,486</b>	<b>1,228</b>	<b>423</b>	<b>1,105</b>	<b>14,448</b>
<b>Rail infrastructure expenditure</b>											
Controllable operating expenditure	102	82	203	249	40	106	95	106	67	99	1,149
Non controllable operating expenditure	80	75	112	164	35	58	74	69	19	60	746
Maintenance	148	111	227	378	75	81	123	148	74	160	1,525
Depreciation	234	227	513	639	150	163	226	264	152	308	2,876
Other (net schedule 4 & 8)	66	53	78	135	37	45	109	77	7	47	654
Corporation tax	0	0	0	0	0	0	0	0	0	0	0
Financing costs (external)	150	210	282	432	112	117	145	299	108	198	2,053
Payments to government	20	27	36	56	14	15	19	39	14	26	266
<b>Total Network Rail expenditure</b>	<b>800</b>	<b>785</b>	<b>1,451</b>	<b>2,053</b>	<b>463</b>	<b>585</b>	<b>791</b>	<b>1,002</b>	<b>441</b>	<b>898</b>	<b>9,269</b>
<b>Total expenditure</b>	<b>2,297</b>	<b>2,012</b>	<b>3,553</b>	<b>4,835</b>	<b>1,205</b>	<b>2,441</b>	<b>2,277</b>	<b>2,230</b>	<b>864</b>	<b>2,003</b>	<b>23,717</b>

**Table 2.11 Franchised train operator and Network Rail government funding in 2018-19**

£m	Anglia	Kent	London North East	London North West	East Midlands	Sussex	Wessex	Western	Wales	Scotland	GB Total
<b>Franchised passenger train operators</b>											
Franchise receipts from government	207	241	475	360	188	867	84	200	155	436	3,212
Passenger Transport Executive (PTE) funding	0	0	0	88	0	0	0	0	0	0	88
<b>Government funding</b>	<b>207</b>	<b>241</b>	<b>475</b>	<b>448</b>	<b>188</b>	<b>867</b>	<b>84</b>	<b>200</b>	<b>155</b>	<b>436</b>	<b>3,300</b>
<b>Government receipts</b>	<b>-349</b>	<b>-164</b>	<b>-520</b>	<b>-324</b>	<b>-213</b>	<b>-865</b>	<b>-335</b>	<b>-39</b>	<b>-28</b>	<b>-49</b>	<b>-2,884</b>
<b>Total funding</b>	<b>-141</b>	<b>77</b>	<b>-45</b>	<b>125</b>	<b>-25</b>	<b>2</b>	<b>-251</b>	<b>161</b>	<b>127</b>	<b>387</b>	<b>416</b>
<b>Network Rail</b>											
Network Rail grant	377	301	736	991	223	176	296	414	272	339	4,125
Government-related financing	-20	-27	-36	-56	-14	-15	-19	-39	-14	-26	-266
<b>Total funding</b>	<b>357</b>	<b>274</b>	<b>700</b>	<b>935</b>	<b>209</b>	<b>161</b>	<b>277</b>	<b>375</b>	<b>258</b>	<b>313</b>	<b>3,859</b>
<b>Total net government funding of franchised train operators and Network Rail</b>	<b>216</b>	<b>351</b>	<b>655</b>	<b>1,060</b>	<b>184</b>	<b>163</b>	<b>26</b>	<b>536</b>	<b>385</b>	<b>700</b>	<b>4,275</b>

**Table 2.12 Franchised train operator and Network Rail statistical analysis**

	Anglia	Kent <sup>48</sup>	London North East	London North West	East Midlands	Sussex	Wessex	Western	Wales	Scotland	GB Total
<b>Net government funding</b>											
Share of government funding (%)	5.0%	8.2%	15.3%	24.8%	4.3%	3.8%	0.6%	12.5%	9.0%	16.4%	100.0%
Government funding per passenger journey (£)	0.70	1.63	3.97	3.65	2.88	0.75	0.11	4.89	10.12	6.48	2.43
Government funding per passenger km (£)	0.03	0.06	0.06	0.07	0.06	0.03	0.00	0.09	0.22	0.15	0.06
<b>Passenger income</b>											
Passenger income per passenger journey (£)	3.84	4.58	9.09	7.94	9.94	3.28	4.85	9.66	4.98	4.39	5.81
Passenger income per passenger km (£)	0.17	0.18	0.14	0.15	0.20	0.14	0.16	0.17	0.11	0.10	0.15
<b>Expenditure</b>											
Expenditure per passenger journey (£)	7.42	9.35	21.54	16.64	18.93	11.16	9.58	20.32	22.71	18.53	13.50
Expenditure per passenger km (£)	0.32	0.37	0.33	0.31	0.37	0.47	0.33	0.36	0.50	0.42	0.35
<b>Income / expenditure</b>											
Passenger income / expenditure (%)	51.7%	49.0%	42.2%	47.7%	52.5%	29.4%	50.6%	47.6%	21.9%	23.7%	43.0%
Income (excluding government funding) less expenditure per passenger journey (£)	-0.17	0.02	-4.93	-3.88	-1.63	-1.84	-0.93	-3.80	-12.83	-9.43	-2.64
Income (excluding government funding) less expenditure per passenger km (£)	-0.01	0.00	-0.08	-0.07	-0.03	-0.08	-0.03	-0.07	-0.28	-0.21	-0.07

<sup>48</sup> Some of Southeastern's services in Kent make use of High Speed 1 rail infrastructure, the cost of which is excluded from our analysis. Therefore, care is required in comparing Kent to other operating routes.

**Table 2.13 Franchised train operator and Network Rail income and expenditure in 2018-19**

£m	Essex Thameside	Chiltern	Cross Country	East Coast	East Midlands	East Anglia	Great Western	Northern	South Eastern	South Western	South Western Northern	TransPennine Express Thameslink Southern & Great Northern	Wales & Borders	West Coast	West Midlands	London Overground	Merseyrail Electrics	ScotRail	TfL Rail	Calonian Sleeper	GB Total	
<b>Franchised train operators</b>																						
Passenger income	180	230	545	805	389	644	982	304	823	1,031	1,545	256	152	1,189	370	223	56	358	101	25	10,207	
Other income	9	21	6	79	50	57	81	65	68	76	180	13	50	58	60	32	19	36	44	1	1,006	
Franchise receipts	0	0	0	0	0	0	203	346	102	3	1,608	0	167	0	127	90	88	426	119	22	3,300	
<b>Operator income (a)</b>	<b>189</b>	<b>250</b>	<b>551</b>	<b>885</b>	<b>439</b>	<b>701</b>	<b>1,266</b>	<b>715</b>	<b>993</b>	<b>1,110</b>	<b>3,333</b>	<b>269</b>	<b>369</b>	<b>1,247</b>	<b>556</b>	<b>345</b>	<b>163</b>	<b>820</b>	<b>265</b>	<b>47</b>	<b>14,514</b>	
Staff costs	45	55	109	166	123	163	344	312	227	268	467	73	120	202	150	106	56	246	61	10	3,303	
Fuel costs	10	15	38	26	34	36	0	27	0	8	3	14	20	70	31	9	9	43	0	3	396	
Rolling stock charges	15	23	48	99	39	158	367	119	184	194	431	103	48	332	85	40	12	120	26	3	2,450	
Franchise payments to government	71	53	64	208	24	218	24	0	24	269	1,641	17	24	244	1	0	4	0	0	0	2,884	
Corporation tax		0	6	7	6	-4	12	0	11	-2	-3	0	3	10	8	2	4	-1	0	0	59	
Other including Network Rail charges	60	103	260	352	188	146	475	276	499	509	805	63	141	346	252	181	63	417	173	46	5,355	
<b>Operator expenditure (c)</b>	<b>201</b>	<b>248</b>	<b>526</b>	<b>857</b>	<b>415</b>	<b>717</b>	<b>1,222</b>	<b>735</b>	<b>945</b>	<b>1,247</b>	<b>3,345</b>	<b>271</b>	<b>357</b>	<b>1,205</b>	<b>527</b>	<b>338</b>	<b>148</b>	<b>826</b>	<b>260</b>	<b>61</b>	<b>14,448</b>	
<b>Operator income less expenditure<sup>49</sup></b>	<b>-12</b>	<b>2</b>	<b>25</b>	<b>28</b>	<b>24</b>	<b>-16</b>	<b>44</b>	<b>-20</b>	<b>48</b>	<b>-137<sup>50</sup></b>	<b>-12</b>	<b>-1</b>	<b>12</b>	<b>42</b>	<b>29</b>	<b>8</b>	<b>15</b>	<b>-6</b>	<b>5</b>	<b>-14</b>	<b>66</b>	
<b>Network Rail</b>																						
Franchised train operator access charges	31	35	116	172	76	133	228	141	138	150	259	78	66	257	94	29	19	251	15	11	2,299	
Net government grant	55	91	270	244	186	233	395	378	273	256	396	168	236	345	197	51	46	261	29	13	4,125	
Other	50	30	126	47	57	194	324	109	504	253	355	44	32	79	66	55	15	43	28	2	2,413	
<b>Network Rail income (b)</b>	<b>136</b>	<b>157</b>	<b>513</b>	<b>464</b>	<b>319</b>	<b>560</b>	<b>948</b>	<b>628</b>	<b>915</b>	<b>659</b>	<b>1,010</b>	<b>289</b>	<b>335</b>	<b>681</b>	<b>357</b>	<b>134</b>	<b>80</b>	<b>555</b>	<b>72</b>	<b>26</b>	<b>8,837</b>	
<b>Network Rail expenditure (d)</b>	<b>118</b>	<b>180</b>	<b>564</b>	<b>530</b>	<b>369</b>	<b>484</b>	<b>959</b>	<b>724</b>	<b>676</b>	<b>685</b>	<b>1,074</b>	<b>333</b>	<b>392</b>	<b>776</b>	<b>406</b>	<b>128</b>	<b>92</b>	<b>683</b>	<b>64</b>	<b>30</b>	<b>9,269</b>	
<b>Network Rail income less expenditure</b>	<b>18</b>	<b>-23</b>	<b>-51</b>	<b>-66</b>	<b>-51</b>	<b>77</b>	<b>-11</b>	<b>-96</b>	<b>239</b>	<b>-26</b>	<b>-64</b>	<b>-45</b>	<b>-57</b>	<b>-95</b>	<b>-49</b>	<b>7</b>	<b>-12</b>	<b>-128</b>	<b>8</b>	<b>-5</b>	<b>-432</b>	
<b>Total income (a + b)</b>	<b>325</b>	<b>407</b>	<b>1,063</b>	<b>1,349</b>	<b>758</b>	<b>1,261</b>	<b>2,214</b>	<b>1,343</b>	<b>1,908</b>	<b>1,769</b>	<b>4,343</b>	<b>558</b>	<b>704</b>	<b>1,928</b>	<b>913</b>	<b>480</b>	<b>243</b>	<b>1,375</b>	<b>337</b>	<b>73</b>	<b>23,351</b>	
<b>Total expenditure (c + d)</b>	<b>319</b>	<b>428</b>	<b>1,090</b>	<b>1,387</b>	<b>784</b>	<b>1,201</b>	<b>2,181</b>	<b>1,458</b>	<b>1,621</b>	<b>1,932</b>	<b>4,419</b>	<b>604</b>	<b>749</b>	<b>1,981</b>	<b>933</b>	<b>466</b>	<b>240</b>	<b>1,509</b>	<b>324</b>	<b>91</b>	<b>23,717</b>	
<b>Income less expenditure</b>	<b>6</b>	<b>-21</b>	<b>-26</b>	<b>-38</b>	<b>-26</b>	<b>61</b>	<b>33</b>	<b>-116</b>	<b>287</b>	<b>-163</b>	<b>-76</b>	<b>-46</b>	<b>-46</b>	<b>-53</b>	<b>-20</b>	<b>14</b>	<b>3</b>	<b>-134</b>	<b>13</b>	<b>-18</b>	<b>-366</b>	

<sup>49</sup> This is not the same as statutory profit or loss as per statutory financial rules.

<sup>50</sup> South Western trains included an expense of £145.9m in their 2018-19 accounts and is for an “onerous contract provision”. This is a recognition, that based on the latest financial forecasts, the franchise (which runs till 17 August 2024), is financially onerous.

Table 2.14 Franchised train operator and Network Rail government funding in 2018-19

£m	Essex Thameside	Chiltern	Cross Country	East Coast	East Midlands	East Anglia	Great Western	Northern	South Eastern	South Western	Thameslink Southern & Great Northern <sup>51</sup>	TransPennine Express	Wales & Borders	West Coast	West Midlands	London Overground	Merseyrail Electrics	ScotRail	TfL Rail	Caledonian Sleeper	GB total	
<b>Franchised passenger train operators</b>																						
Franchise receipts from government	0	0	0	0	0	0	203	346	102	3	1,608	0	167	0	127	90	0	426	119	22	3,212	
Passenger Transport Executive (PTE) funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	88	0	0	0	88	
<b>Government funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>203</b>	<b>346</b>	<b>102</b>	<b>3</b>	<b>1,608</b>	<b>0</b>	<b>167</b>	<b>0</b>	<b>127</b>	<b>90</b>	<b>88</b>	<b>426</b>	<b>119</b>	<b>22</b>	<b>3,300</b>	
<b>Government receipts</b>	<b>-71</b>	<b>-53</b>	<b>-64</b>	<b>-208</b>	<b>-24</b>	<b>-218</b>	<b>-24</b>	<b>0</b>	<b>-24</b>	<b>-269</b>	<b>-1,641</b>	<b>-17</b>	<b>-24</b>	<b>-244</b>	<b>-1</b>	<b>0</b>	<b>-4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,884</b>	
<b>Total funding</b>	<b>-71</b>	<b>-53</b>	<b>-64</b>	<b>-208</b>	<b>-24</b>	<b>-218</b>	<b>179</b>	<b>346</b>	<b>78</b>	<b>-266</b>	<b>-34</b>	<b>-17</b>	<b>143</b>	<b>-244</b>	<b>126</b>	<b>90</b>	<b>84</b>	<b>426</b>	<b>119</b>	<b>22</b>	<b>416</b>	
<b>Network Rail</b>																						
Network Rail grant	55	91	270	244	186	233	395	378	273	256	396	168	236	345	197	51	46	261	29	13	4,125	
Government-related financing	-3	-6	-18	-11	-11	-12	-34	-22	-23	-16	-29	-9	-13	-16	-12	-4	-3	-22	-2	-1	-266	
<b>Total funding</b>	<b>52</b>	<b>86</b>	<b>252</b>	<b>234</b>	<b>175</b>	<b>222</b>	<b>361</b>	<b>356</b>	<b>250</b>	<b>240</b>	<b>367</b>	<b>158</b>	<b>223</b>	<b>328</b>	<b>185</b>	<b>47</b>	<b>43</b>	<b>240</b>	<b>28</b>	<b>12</b>	<b>3,859</b>	
<b>Total net government funding of franchised train operators and Network Rail</b>	<b>-18</b>	<b>33</b>	<b>188</b>	<b>26</b>	<b>150</b>	<b>4</b>	<b>540</b>	<b>702</b>	<b>328</b>	<b>-26</b>	<b>333</b>	<b>141</b>	<b>366</b>	<b>85</b>	<b>311</b>	<b>137</b>	<b>127</b>	<b>666</b>	<b>147</b>	<b>34</b>	<b>4,275</b>	

<sup>51</sup> The Thameslink, Southern & Great Northern (TSGN) franchise is operated under a management contract and has a different arrangement for government funding than other franchises where a management fee is received in place of fares, which are passed to government. In this table we show fares under 'passenger income', the management fee under 'franchise receipts' and the fares passed through to government as 'franchise payments to government'.

Table 2.15 Franchised train operator dividends over the past five years<sup>52</sup>

£m	Essex Thameside	Chiltern	Cross Country	East Coast	East Midlands	East Anglia	Great Western	Northern	South Eastern	South Western	Thameslink Southern & Great Northern	TransPennine Express	Wales & Borders	West Coast	West Midlands	London Overground	Merseyrail Electrics	ScotRail	TfL Rail	Caledonian Sleeper	GB total
2014-15	0	0	0	21	0	0	55	20	28	12	45	5	17	7	0	3	13	24	n/a	0	<b>250</b>
2015-16	0	0	0	0	11	0	43	13	41	27	19	22	16	60	0	7	13	13	0	0	<b>285</b>
2016-17	0	0	24	0	16	0	32	21	32	21	11	26	21	50	27	11	13	0	0	0	<b>306</b>
2017-18	4	0	0	0	36	0	41	0	31	0	0	0	21	53	26	0	15	0	2	0	<b>229</b>
2018-19	0	0	25	0	25	0	50	0	30	0	0	0	19	41	0	5	17	0	6	0	<b>218</b>
<b>Total</b>	<b>4</b>	<b>0</b>	<b>49</b>	<b>21</b>	<b>88</b>	<b>0</b>	<b>222</b>	<b>54</b>	<b>161</b>	<b>61</b>	<b>75</b>	<b>53</b>	<b>94</b>	<b>211</b>	<b>53</b>	<b>25</b>	<b>72</b>	<b>37</b>	<b>8</b>	<b>0</b>	<b>1,287</b>

<sup>52</sup> Please note that prior year numbers have been restated for inflation.

**Table 2.16 Franchised train operator and Network Rail statistical analysis**

	Essex Thameside	Chiltern	Cross Country	East Coast	East Midlands	East Anglia	Great Western	Northern	South Eastern	South Western	Thameslink Southern & Great Northern	TransPennine Express	Wales & Borders	West Coast	West Midlands	London Overground	Merseyrail Electrics	ScotRail	TfL Rail	Caledonian Sleeper	GB total
<b>£m</b>																					
<b>Net government funding</b>																					
Share of government funding (%)	-0.4%	0.8%	4.4%	0.6%	3.5%	0.1%	12.6%	16.4%	7.7%	-0.6%	7.8%	3.3%	8.6%	2.0%	7.3%	3.2%	3.0%	15.6%	3.4%	0.8%	100.0%
Government funding per passenger journey (£)	-0.37	1.13	4.63	1.17	5.62	0.05	5.39	6.92	1.79	-0.12	0.98	4.83	10.73	2.15	3.95	0.73	3.01	6.81	2.86	111.18	2.43
Government funding per passenger km (£)	-0.01	0.02	0.05	0.00	0.06	0.00	0.09	0.27	0.07	0.00	0.04	0.07	0.29	0.01	0.11	0.11	0.19	0.22	0.23	0.17	0.06
<b>Passenger income</b>																					
Passenger income per passenger journey (£)	3.65	7.84	13.40	36.15	14.55	7.58	9.82	3.00	4.49	4.77	4.52	8.77	4.44	30.11	4.70	1.19	1.33	3.66	1.97	81.56	5.81
Passenger income per passenger km (£)	0.15	0.14	0.15	0.14	0.16	0.16	0.16	0.12	0.18	0.17	0.17	0.12	0.12	0.15	0.13	0.17	0.08	0.12	0.16	0.12	0.15
<b>Expenditure</b>																					
Expenditure per passenger journey (£)	6.49	14.60	26.80	62.24	29.33	14.13	21.79	14.39	8.85	8.95	12.94	20.65	21.94	50.17	11.86	2.48	5.69	15.43	6.32	299.45	13.50
Expenditure per passenger km (£)	0.26	0.26	0.29	0.24	0.32	0.31	0.36	0.56	0.35	0.32	0.48	0.29	0.60	0.26	0.32	0.36	0.36	0.51	0.50	0.45	0.35
<b>Income / expenditure</b>																					
Passenger income / expenditure (%)	56.3%	53.7%	50.0%	58.1%	49.6%	53.6%	45.0%	20.8%	50.8%	53.3%	35.0%	42.4%	20.2%	60.0%	39.6%	47.9%	23.4%	23.7%	31.2%	27.2%	43.0%
Income (excluding government funding) less expenditure per passenger journey (£)	0.50	-1.85	-5.28	-2.88	-6.61	0.67	-5.06	-8.07	-0.23	-0.63	-1.20	-6.40	-12.06	-3.49	-4.21	-0.65	-2.93	-8.18	-2.61	-171.46	-2.64
Income (excluding government funding) less expenditure per passenger km (£)	0.02	-0.03	-0.06	-0.01	-0.07	0.01	-0.08	-0.32	-0.01	-0.02	-0.04	-0.09	-0.33	-0.02	-0.11	-0.10	-0.19	-0.27	-0.21	-0.26	-0.07

Table 2.17 Freight income and expenditure in 2018-19<sup>55</sup>

£m	DB Cargo <sup>53</sup>	Direct Rail Services	Freightliner	Freightliner Heavy Haul	GB Railfreight	Adjustments	GB Total
<b>Income</b>							
Freight Income	319	83	210	85	185	-18	865
Government Funding <sup>54</sup>						18	18
<b>Total Income</b>	<b>319</b>	<b>83</b>	<b>210</b>	<b>85</b>	<b>185</b>	<b>0</b>	<b>883</b>
<b>Total Expenditure</b>	<b>314</b>	<b>82</b>	<b>201</b>	<b>103</b>	<b>182</b>	<b>0</b>	<b>881</b>
<b>Income less Expenditure</b>	<b>5</b>	<b>1</b>	<b>10</b>	<b>-18</b>	<b>3</b>	<b>0</b>	<b>2</b>

Table 2.18 Open access operator income and expenditure in 2018-19

£m	Grand Central	Heathrow Express/Connect	GB Total (excluding Eurostar)	Eurostar <sup>56</sup>
<b>Income</b>				
Passenger income	50	120	170	
Other income	4	5	9	
<b>Total Income</b>	<b>53</b>	<b>125</b>	<b>179</b>	<b>1,021</b>
<b>Expenditure</b>				
Staff costs	9	20	29	109
Fuel	5	2	6	
Rolling stock	4	7	11	
Other expenditure	26	65	91	845
<b>Total Expenditure</b>	<b>44</b>	<b>93</b>	<b>137</b>	<b>954</b>
<b>Income less expenditure</b>	<b>10</b>	<b>32</b>	<b>42</b>	<b>67</b>

<sup>53</sup> Data for DB Cargo includes financial data for DB Cargo (UK) Limited and DB Cargo International Limited.

<sup>54</sup> Government funding detail is provided where available (Mode Shift Revenue Support). An industry-level adjustment has been made so that the total agrees to the known industry-level government funding awarded.

<sup>55</sup> All companies detailed in this table have a financial year on a calendar year basis (January to December), apart from Direct Rail Services (April-March).

<sup>56</sup> Eurostar is included in this table as it is an open access operator but the majority of its income is from international passenger services. Eurostar operates international only services to and from the UK. We do not have the data to show the UK and international components of Eurostar's income and expenditure. So, no Eurostar income and expenditure is included in Figure 1 and in industry level income and expenditure.



**Table 2.19 High Speed 1 income and expenditure in 2018-19<sup>57</sup>**

	£m
Income <sup>58</sup>	226
Operating expenditure	-186
<b>Operating Profit</b>	<b>40</b>
Interest receivable and similar income	64
Finance Charges <sup>59</sup>	-38
Corporation Tax	-7
<b>Surplus for the financial year</b>	<b>58</b>

**Table 2.20 Northern Ireland Railways income and expenditure in 2018-19<sup>60</sup>**

	£m
Passenger income	55
Other income	0
Revenue support from government	17
<b>Total income</b>	<b>72</b>
Staff costs	47
Other operating expenditure	29
<b>Total operating costs</b>	<b>76</b>
<b>Operating Profit</b>	<b>-4</b>
Net interest	0
Other non-operational expenditure	1
Taxation	0
<b>Profit/(loss) after tax</b>	<b>-5</b>

<sup>57</sup> Data is based upon statutory accounts for the year ended 31 March 2019.

<sup>58</sup> Income is from regulated charges, unregulated charges and stations along the HS1 route (St Pancras International, Stratford International, Ebbsfleet International and Ashford International).

<sup>59</sup> Our analysis aims to show the operational costs of the railway and ensure that the analysis is in line with prior years; to that end, finance charges of £122m paid to parent and group undertakings, £129.5m of financial asset income and £5m of income from dividends have been removed from the analysis.

<sup>60</sup> Financial data is based upon statutory accounts for the 53 weeks ended 31 March 2019. NIR accounting data is presented in aggregate for the infrastructure management and passenger operating parts of the business. Its share of cross-border services with the Republic of Ireland is included in its figures.

# 3. Methodology

## Source data

3.1 Financial information included in this publication comes from a variety of sources as follows:

- Franchised train operator data is based upon management information packs sent to franchising authorities.
- Open access operator data is based upon bespoke returns sent to the ORR.
- Freight Operators and Northern Ireland Railways data is based upon statutory financial statements.
- Network Rail and HS1 data is based on regulatory reports.
  - a. Network Rail Regulatory Financial Statements; and
  - b. HS1's AMAS report (Asset Management and Annual Statement).

3.2 Data is shown on a comparable basis where possible, however the financial data shown above will differ in the following ways.

- Accounting Standards – management accounting will differ from statutory reports and regulatory reports will present data as defined by the ORR (e.g. the regulatory accounting guidelines for Network Rail).
- Time Period, most companies prepare financial data on an April to March financial year basis, however some companies (e.g. freight) prepare accounts on a calendar basis (January to December). All time periods used in our analysis are the same length of 12 months regardless of period end.

3.3 We have used accruals accounting, with income and expenditure matching the periods in which they are earned or fall due, rather than when cash flows.

## Scope

3.4 Some important areas of the industry are not included in this publication, such as rolling stock companies, engineering companies and other parts of the rail industry supply chain which have been excluded because financial data is either not available, or consolidation into the industry analysis is not yet possible. The funding and expenditure of the HS2 and Crossrail projects have also been excluded as they are not yet operational (however the operational part of Crossrail is included, as part of TfL Rail).

3.5 In previous years Hull Trains was included as part of the analysis, however data was not available for 2018-19. We have not restated previous years as the overall impact would be immaterial for the industry analysis (under £50m impact on income and expenditure and £5m on the overall surplus).

## Financial analysis

3.7 In this publication we show financial information in 3 ways:

- **industry level** analysis consolidates income and expenditure for the parts of the UK rail industry in our scope;
- **national** and **route-level** analysis set out to show what the combined income and expenditure of an integrated infrastructure manager and train operating company would look like for GB, England, Scotland, Wales and the 10 regulatory routes; and
- **franchise** analysis shows the finances of individual franchises, as well as allocating Network Rail's income and expenditure to each franchise.

3.8 Although all entities are included at industry level, we have not done a national or operator-level analysis for freight, open access, HS1 or Northern Ireland Railways. The industry level consolidation methodology is as described above.

### Industry level analysis

3.9 Our industry level analysis as shown in Figure 1 is produced by bringing together the financial information from each of the industry's sectors into a 'consolidated' whole and making adjustments for money flows within the industry<sup>61</sup>.

3.10 For example, Network Rail income from access charges and train operator expenditure on access charges are excluded from the industry analysis because these are money flows entirely within the industry. This eliminates the double counting of income, expenditure and other items that would otherwise occur because of transactions within the industry (such as access charges paid by train and freight operators to Network Rail or payments made under Schedules 4 & 8 performance regimes).

3.11 This contrasts with the 'gross' analysis shown in Figure 2 which shows the financial information of each sector prior to any adjustments.

3.12 Both 'consolidated' and 'gross' ways of showing industry financials are important. The 'consolidated' analysis helps us understand the total income and costs of the industry from outside it (for passengers and government) and the 'gross' analysis helps us understand the income and costs of each part of the industry.

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<sup>61</sup> Figures 4, 1.1 and 1.8 also reflect this 'industry level analysis'.

3.14 The main industry money flows excluded from industry finances in the consolidated analysis are as follows.

**Table 3.1 Money flows within the industry (£bn)**

<b>Train and Freight Operator</b>	<b>1.9</b>	<b>Network Rail</b>	<b>1.1</b>
<i>Of which</i>		<i>Of which</i>	
Access charges	2.3	Traction electricity	0.4
Performance Income	(0.4)	Performance costs	0.7

## National and route-level analysis

### *Allocation of franchise income and costs to routes*

3.15 To ensure that different operators who have only operated a franchise for part of the year are comparable with other operators, we have presented financial information by franchise, rather than by operator.

3.16 We have allocated passenger franchise income between regulatory routes using the industry's Network Modelling Framework matrix, which is derived from LENNON<sup>62</sup> data.

3.17 Passenger franchise expenditure has been allocated between regulatory routes and (therefore between England, Scotland and Wales) as a share of the total train distance travelled in each regulatory route<sup>63</sup>.

3.18 We have also allocated net government funding (subsidy less premium and profit share) on the basis of train distance travelled in each route.

### *Allocation of Network Rail costs to routes*

3.19 This allocation has already been done by Network Rail in its regulatory financial statements<sup>64</sup>. In this publication financial data is split geographically by 10 Network Rail routes as based upon the route structure at the beginning of CP5 (Control Period 5, starting in 2014-15). Network Rail subsequently merged the Sussex and Kent routes to form the 'South East' route and the London North Eastern and East Midlands routes to form the 'London North Eastern and East Midlands' route.

3.20 Scotland and Wales are routes in their own right. The 8 other regulatory routes are added together for the England totals. Network Rail uses a set of principles to attribute income and expenditure to routes.

<sup>62</sup> The LENNON database is the source of the passenger income figure published as part of the [ORR's Rail Usage Statistics](#).

<sup>63</sup> The train distance travelled information was provided to us by Network Rail and is considered the most appropriate currently available to the industry. There are occasional changes to route boundaries but these are likely to have only a minor effect on our analysis.

<sup>64</sup> <https://www.networkrail.co.uk/who-we-are/publications-resources/financial/>

3.21 For statutory reporting purposes, Network Rail’s renewals and enhancements expenditure is capitalised and then depreciated over the useful economic life of the assets. This capital expenditure can be “lumpy”, i.e. it can vary significantly from year to year and if we used actual annual expenditure, the amounts in our analysis could vary from year to year. In our PR13 determination and its regulatory accounts, Network Rail’s amortisation (depreciation) charge is based on the forecast long-run annual average renewals investment expenditure that is required to maintain the network in a steady state, as adjusted for financial sustainability<sup>65</sup>. We use this amortisation charge in this publication (referred to, for simplicity sake, as depreciation).

3.22 Amortisation is directly allocated to routes based on the renewals work required in each route for each asset type. Enhancement expenditure is not separately depreciated but the future renewals of that enhancement are included in the long-run renewals calculation.

## Franchise area analysis

3.23 The franchise area analysis shows the finances of individual franchises, as well as allocating Network Rail’s income and expenditure to each franchise. Due to the overlapping and misaligned geographies of franchises and operating routes there are many different approaches to the allocation of Network Rail income and expenditure and the allocation of government funding to franchised train operators and operating routes. It is important that it is recognised that there is no definitive view on how this should be done and therefore care is required in understanding and interpreting our analysis.

3.24 Freight operators and open access operators are excluded from this analysis. Based on Network Rail’s structure of charges, Network Rail’s income from FOCs and OAOs is assumed to match Network Rail’s expenditure for providing infrastructure to them. On that basis, Network Rail’s income and expenditure relating to FOCs and OAOs cancel out.

### *Franchise train operator income and expenditure*

3.25 Franchised train operator income is made up of:

- *farebox income and other income*, which includes car parking, catering etc. For comparability between franchises, this also includes farebox income that is passed directly to franchising authorities; and

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<sup>65</sup> In PR13, ORR determined that Network Rail’s total amortisation (depreciation) in CP5 would be the sum of the long-run renewals required to maintain the network in a steady state, as adjusted for financial sustainability (£400m) (as explained in Chapter 12 of our PR13 determination).

- *government support and/or management fee* is revenue support grant or a management fee, which is paid to the franchise if the franchise passes the farebox income directly to the franchising authority (as in the case with the Thameslink, Southern and Great Northern franchise).

3.26 Franchise train operator expenditure is made up of:

- *franchise premium, profit share and TSGN<sup>66</sup> fares paid to DfT*, which is paid to a franchising authority in accordance with the terms of a franchise agreement;
- *charges paid to Network Rail*, as specified in a track access contract; and
- *staff and other franchise costs*, which includes rolling stock costs.

3.27 The difference between income and expenditure gives the franchise's surplus or deficit. However, because the data is sourced from management accounts, these figures may not match the company's profit or loss. Care should be taken when interpreting this information.

#### *Network Rail's income from franchises*

3.28 Charges paid by franchises to Network Rail are known at an aggregate level. We have allocated this income to each franchise's route-level "account" in our calculations on the following basis:

- *variable usage charges or VUC (excluding electricity)* are known for each franchise in each route;
- *electricity charges* (including the electrification asset usage charge) have been allocated based on an operator's VUC in a route, if it uses electricity in that route; and
- *fixed and other charges* have been allocated based on that franchise's share of train distance travelled in that route.

#### *Network Rail's expenditure allocated to franchises*

3.29 The costs incurred by Network Rail in providing infrastructure have been attributed for the purposes of our consolidation to a route-level "account" in our calculations for each franchise on the following basis:

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<sup>66</sup> Thameslink, Southern and Great Northern

- *maintenance costs* in each regulatory route have been allocated to franchises in proportion to the total variable usage charge paid by each franchisee in that route. The variable usage charge rate (£ per train km) is calculated based on a train's engineering characteristics and the wear and tear that a train causes to the track and is therefore an appropriate cost driver;
- *electricity costs* (including the electrification asset usage charge) have been allocated based on an operator's VUC in a route, if it uses electricity in that route;
- *depreciation/amortisation* and *other costs* have been allocated in proportion to train distance travelled by each franchise in each regulatory route; and
- *network grant* has been allocated at route level in proportion to the residual Network Rail income less expenditure that we have calculated in each franchise's route-level "account".

## Inflation

3.7 The November to November retail prices index (RPI) is used throughout our analysis to adjust for the effect of inflation. This allows us to view prior year data on a consistent basis with all prior year numbers shown in a 2018-19 price base. The change in RPI from November 2017 to November 2018 was 3.2% (12.9% change over five years).

## Fares analysis

3.8 Our analysis of regulated and unregulated passenger income is based on LENNON. The LENNON income data was mapped to regulated and unregulated ticket types to produce a Fares Index Dataset, which enabled an analysis of the contribution of regulated and unregulated ticket types for each train operator's total passenger income.

3.9 Our approach is sufficiently robust to provide a high level summary of the relative contribution of different ticket types to train operators' income but there are limitations e.g. the fares index dataset is only available on a January to December basis.

## Network Rail borrowing

3.10 Network Rail was reclassified from the private sector to the central government sector in the UK national accounts with effect from 1 September 2014<sup>67</sup>. Prior to that change, Network Rail borrowed on the capital markets. Its debt was guaranteed by the UK government and the company was therefore able to borrow at a lower rate than the rate available in the financial markets. For this guarantee, Network Rail paid a Financial

<sup>67</sup> Office for National Statistics, [Reclassification of Network Rail under European System of Accounts 2010](#), 17 December 2013.

Indemnity Mechanism (FIM) fee to the Department for Transport (DfT). The FIM fee is paid on this historical debt which we include as government income.

## **Non-financial information**

3.11 We have included some non-financial information in our analysis to inform users' interpretation of the financial information presented. This non-financial information has been taken from the ORR data portal, ORR's official database of railway statistics<sup>68</sup>.

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<sup>68</sup> Data covering a range of rail statistics is available at <http://orr.gov.uk/statistics/data-portal>



# Annex A: ORR financial statistical release

A.1 The ORR also provides financial information on the rail industry in our Rail Finance 2018-19 annual statistical release<sup>69</sup>.

## Rail Finance 2018-19 annual statistical release

A.2 This release contains information on rail finance in Great Britain covering the period from 1985-86 to 2018-19. It focuses upon the governments support to the rail industry and private investment.

## Differences between the ORR publications

A.3 The rail finance annual statistical release is primarily sourced from government data whereas this publication is primarily sourced from industry data.

A.4 Total government funding is £7.1bn in the rail finance annual statistical release and £4.3bn in this publication, a difference of £2.8bn. This is largely because this publication does not include government support to HS2 (see the table below).

## Reconciliation between Rail Finance 2018-19 annual statistical release and the 2018-19 Rail Industry financial information publications (£bn)

<b>Government Funding per Rail Finance 2018-19 annual statistical release</b>	<b>7.1</b>
HS2 investment	(2.6)
Miscellaneous costs.	(0.2)
<b>Government Funding per 2018-19 Rail Industry financial information</b>	<b>4.3</b>

<sup>69</sup> [http://orr.gov.uk/\\_data/assets/pdf\\_file/0005/22982/rail-finance-statistical-release-2017-18.pdf](http://orr.gov.uk/_data/assets/pdf_file/0005/22982/rail-finance-statistical-release-2017-18.pdf)

# Annex B: Industry structure

B.1 To varying degrees, national, regional and local **governments** provide funding to the rail industry, award contracts for public rail services and regulate fares. These include:

- Department for Transport (England).
- Transport Scotland.
- Department for Infrastructure (Northern Ireland).
- Welsh Government.
- Transport for London.
- Passenger Transport Executives.

B.2 **Franchised Passenger Train Operating Companies** (TOCs) run services contracted by government bodies. Some operators pay a premium to government to run services. Services that provide a socioeconomic benefit but would not otherwise be financially viable are run with public support, known as “revenue support grant”. Some operators operate under management contracts, where the operator receives a fee for providing the service but does not keep the passenger fares. The fee is sometimes based on the fares collected.

B.3 **Open access and Charter** are train operators that provide passenger services outside the franchise system. They receive no direct government support.

B.4 **Freight operating companies** (FOCs) provide freight services in bulk or containerised forms. Mode Shift Revenue Support grants are available for some

movements to FOCs and Customers moving freight by rail instead of road, where it would otherwise be commercially unviable to do so.

B.5 **Rolling stock companies** (ROSCOs) own, and in some cases maintain and upgrade, locomotives, passenger carriages and freight wagons.

B.6 **Infrastructure managers** operate, maintain, renew and enhance railway infrastructure, such as track, signals and structures. These include: Network Rail, Northern Ireland Railways, High Speed 1, Transport for London (East London Line) and Heathrow Airport (for the spur line). The Crossrail central operating section will be part of TfL. The arrangements for HS2 have not yet been determined.

B.7 The **Rail Safety and Standards Board** is a non-profit company owned by the rail industry. It collects data on safety incidents, undertakes research and develops standards. It is funded by a levy on the industry and government grant funding for research.

B.8 The **Rail Accident Investigation Branch** is funded by the Department for Transport to independently investigate accidents.

B.9 The **Office of Rail and Road** is a non-ministerial government department. It is the independent economic and safety regulator of the GB and Northern Ireland’s railways and monitor of strategic highways in England. It is a prosecuting authority and competition authority, as well as having statistics functions. Its railway functions are funded by a levy on the industry.

B.10 The **British Transport Police** is the dedicated railway police force in Great Britain. It is sponsored by the Department for Transport but is largely funded by the rail industry through Police Service Agreements.

B.11 **Transport Focus** is the statutory independent transport user watchdog in Great Britain. It conducts the National Rail Passenger Survey and handles complaints from rail users.

B.12 The **Rail Delivery Group** (incorporating the Association of Train Operating Companies) provides ticketing, National Rail Enquiries and coordination functions.

B.13 This list of railway-related bodies is not exhaustive. The **industry supply chain**, such as engineering contractors and manufacturers are not analysed in this publication. Neither are **skills academies**.

# Annex C: Rail industry company information

This publication includes the following companies.

## Franchised Train Operators

Company	Company Number
Abellio Greater Anglia Ltd	6428369
Abellio Scotrail Ltd	SC450732
Arriva Rail London	4165861
Arriva Rail North Ltd	4337712
Arriva Trains Wales Ltd	4337645
East Coast Main Line Ltd	4659708
East Midlands Trains Ltd	5340682
First Great Western Ltd	5113733
First MTR South Western Trains Ltd	7900320
First TransPennine Express Ltd	9111801
Govia Thameslink Railway Ltd	7934306
Keolis Amey Wales Cymru Ltd	11391059
London and South Eastern Rail Ltd	4860660
London North Eastern Railway Ltd	04659712
Merseyrail Electrics 2002 Ltd	4356933
MTR Corporation (Crossrail) Ltd	8754715
Trenitalia C2C Ltd	07897267
Serco Caledonian Sleepers Ltd	SC477821
Stagecoach South Western Trains Ltd	5599788
The Chiltern Railway Company Ltd	3007939
West Coast Trains Ltd	3007940
West Midlands Trains Ltd	9860466
XC Trains Ltd	4402048

## Open Access Operators

Eurostar International Ltd	2462001
Grand Central Railway Company Ltd	3979826
Heathrow Express Operating Company	3145133

## Freight Operating Company

DB Cargo (UK) Ltd	2938988
DB Cargo International Ltd	3232475
Freightliner Heavy Haul	3831229
Freightliner Ltd	3281655
GB Railfreight Ltd	3707899

## Other

High Speed One (HS1) Ltd	6045862
Network Rail Infrastructure Ltd	2904587
Northern Ireland Railways Company Ltd	NI006929

## Franchised train operator ownership as at 30 January 2020

Company	Operator	Owning Company
Abellio Greater Anglia Ltd	Greater Anglia	Abellio (60%), Mitsui (40%)
Abellio Scotrail Ltd	Scotrail	Abellio (100%)
Arriva Rail London	London Overground	Arriva (100%)
Arriva Rail North Ltd	Northern	Arriva (100%)
Arriva Trains Wales Ltd	Arriva Trains Wales*	Arriva (100%)
East Coast Main Line Ltd	Virgin Trains East Coast*	Stagecoach (90%), Virgin (10%)
East Midlands Trains Ltd	East Midlands Railway	Abellio (100%)
First Great Western Ltd	Great Western Railway	First Group (100%)
First MTR South Western Trains Ltd	South Western Railway Trains	First Group (70%), MTR (30%)
First TransPennine Express Ltd	TransPennine Express	First Group (100%)
Govia Thameslink Railway Ltd	Great Northern, Southern and Thameslink	Go-Ahead (65%), Keolis (35%)
Keolis Amey Wales Cymru Ltd	TfW Rail	Amey (40%), Keolis (60%)
London and South Eastern Rail Ltd	Southeastern	Go-Ahead (65%), Keolis (35%)
London North Eastern Railway Ltd	London North Eastern Railway	HM Government (100%)
Merseyrail Electrics 2002 Ltd	Merseyrail	Abellio (50%), Serco (50%)
MTR Corporation (Crossrail) Ltd	TfL Rail	MTR (100%)
Serco Caledonian Sleepers Ltd	Caledonian Sleeper	Serco (100%)
The Chiltern Railway Company Ltd	Chiltern	Arriva (100%)
Trenitalia C2C Ltd	c2c	Trenitalia (100%)
West Coast Trains Ltd	Avanti West Coast	First Group (70%), Trenitalia (30%)
West Midlands Trains Ltd	West Midlands Trains	Abellio (70%), Mitsui (15%), JR East (15%)
XC Trains Ltd	CrossCountry	Arriva (100%)

\* These operators no longer run services.

## Rail franchises in 2018-19<sup>70</sup>

Franchise	2018-19											
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
East Midlands	East Midlands											
West Midlands	West Midlands Trains											
Northern	Northern											
South Western	South Western Railway											
TransPennine Express	TransPennine Express											
East Coast	VTEC*			London North Eastern Railway								
Great West Coast	Great Western Railway											
Cross Country	CrossCountry											
Wales and Borders	Arriva Trains Wales							Transport for Wales Rail				
Chiltern	Chiltern											
Essex Thameside	c2c											
East Anglia	Greater Anglia											
Thameslink, Southern and Great Northern	Govia Thameslink Railway <sup>71</sup>											
South Eastern	Southeastern											
London Overground	Arriva Rail London											
Merseyrail	Merseyrail											
Scotrail	Scotrail											
TfL Rail	TfL Rail											
Caledonian Sleeper	Caledonian Sleeper											

\* Virgin Trains East Coast

<sup>70</sup> Two franchises changed operators in 2018-19, East Coast in July and Wales and Borders in October.

<sup>71</sup> Covering the Great Northern, Southern and Thameslink operators.



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