



Rail Finance

2014-15 Annual Statistical Release

Publication date: 27 August 2015 (Revised on 27 August)

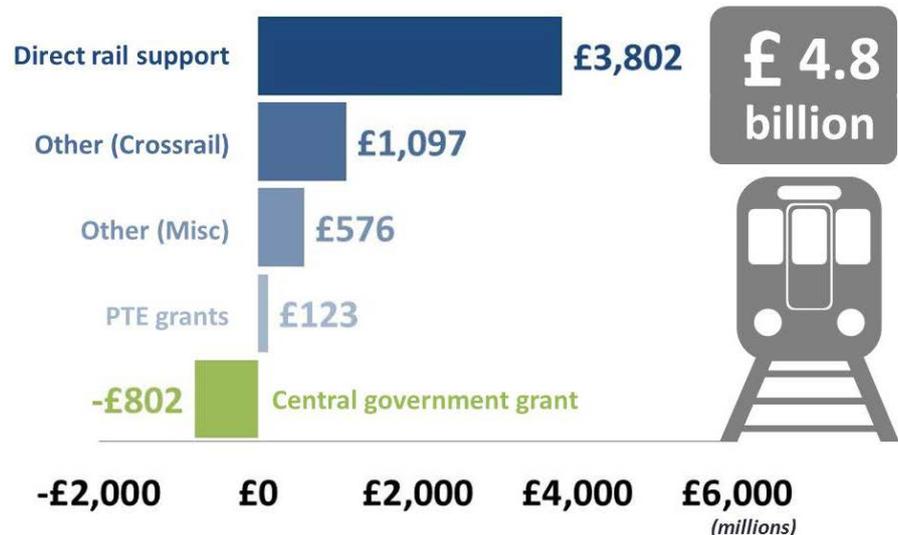
Background

This release contains information on rail finance in Great Britain covering the period from 1985-86 to 2014-15. Government support statistics are sourced from the Department for Transport, Transport Scotland and the Welsh Government. They show grants and other expenditure by government on rail, including subsidy payment to or franchise premiums received for each train operating company (TOC). Private investment statistics are sourced from the Office for National Statistics Railway Investment Survey. This shows the expenditure on, and disposal of, fixed assets from private companies in the rail industry since 2006-07.

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Net government support to the rail industry totalled **£4.8 billion** in 2014-15, down 9.3% compared to last year. The government has received a net payment from train operating companies (TOCs) in each of the last five years, receiving **£802 million** in 2014-15, equivalent to 1.3p for every passenger kilometre travelled.



- The majority of government funding in 2014-15 was in direct rail support, which is the grant payment to Network Rail. This was £3.8 billion in 2014-15, an increase of £349 million on 2013-14.
- During 2014-15, South West Trains paid the highest premium to government of £374 million while First ScotRail received the highest subsidy of £261 million.

Responsible Statistician: Lyndsey Melbourne (Tel: 020 7282 3978)

Author: Aruna Ramyeed

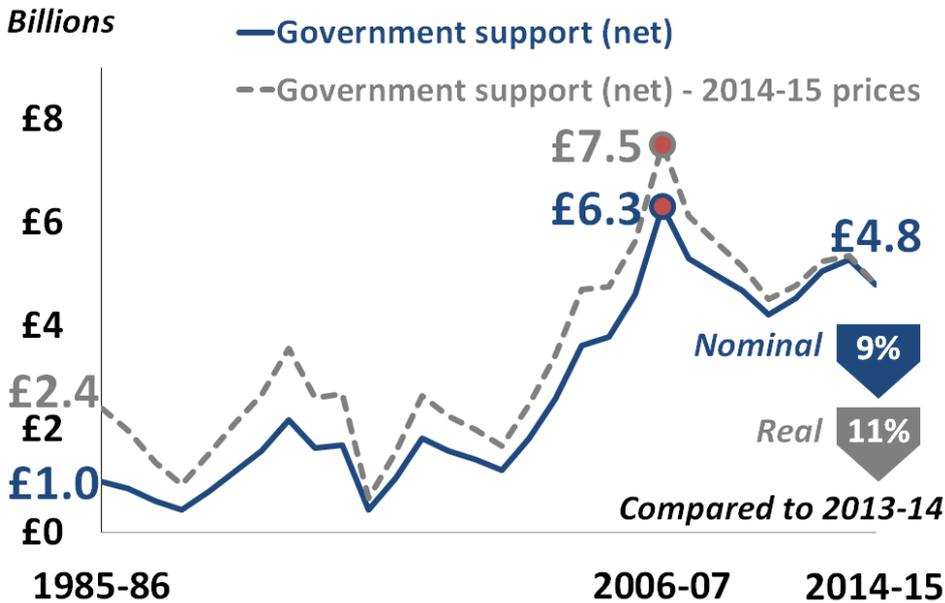
Public Enquiries: Email: Rail.Stats@orr.gsi.gov.uk

Media Enquiries: Tel: 020 7282 2094

Website: <http://orr.gov.uk/statistics/published-stats/statistical-releases>

1. Government support to the rail industry

Government support to the rail industry in nominal and real terms – chart (Table 1.6)
Great Britain, 1985-86 to 2014-15



- Government support in 2014-15 was £4.8 billion. This is 9% lower than the previous year and, in real terms, a fall of 11% when re-based to 2014-15 prices. Total government support was double the level recorded in 1985-86 in real terms.
- The majority of government support was in direct rail support, which is the grant payment to Network Rail. This was £3.8 billion in 2014-15, an increase of £349 million on the previous year. Network Rail uses this money to maintain and improve the network.
- Other elements of government support totalled £1.7 billion in 2014-15, down by £19 million from 2013-14. Spending on Crossrail accounts for almost two-thirds of this expenditure.

Government support

statistics cover the following categories:

Central government grants

– net payments to/from train operating companies (TOCs);

Passenger Transport

Executive (PTE) grants – net payments to PTEs for national rail services; PTEs are strategic transport bodies serving the six largest city regions outside London;

Direct rail support – grant payment to Network Rail and, during the construction of HS1, to London and Continental Railways;

Other elements of

government support – expenditure on major projects (e.g. Crossrail), support to arms-length bodies including British Transport Police and Transport Focus, and other ad hoc rail projects;

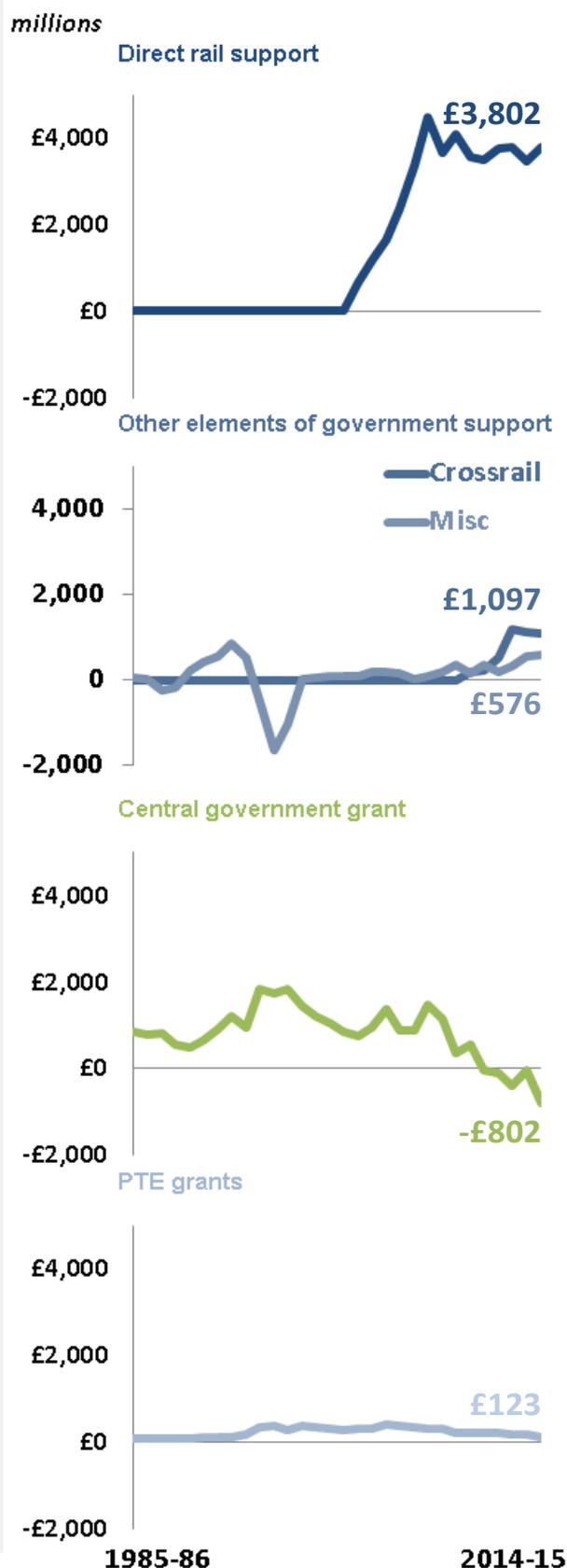
Loans issued by DfT to

Network Rail (as of 1 September 2014) following Network Rail re-classification to the public sector;

Freight grants – grants paid to encourage the movement of freight by rail.

Government support to the rail industry by category – chart (Table 1.6)
Great Britain, 1985-86 to 2014-15

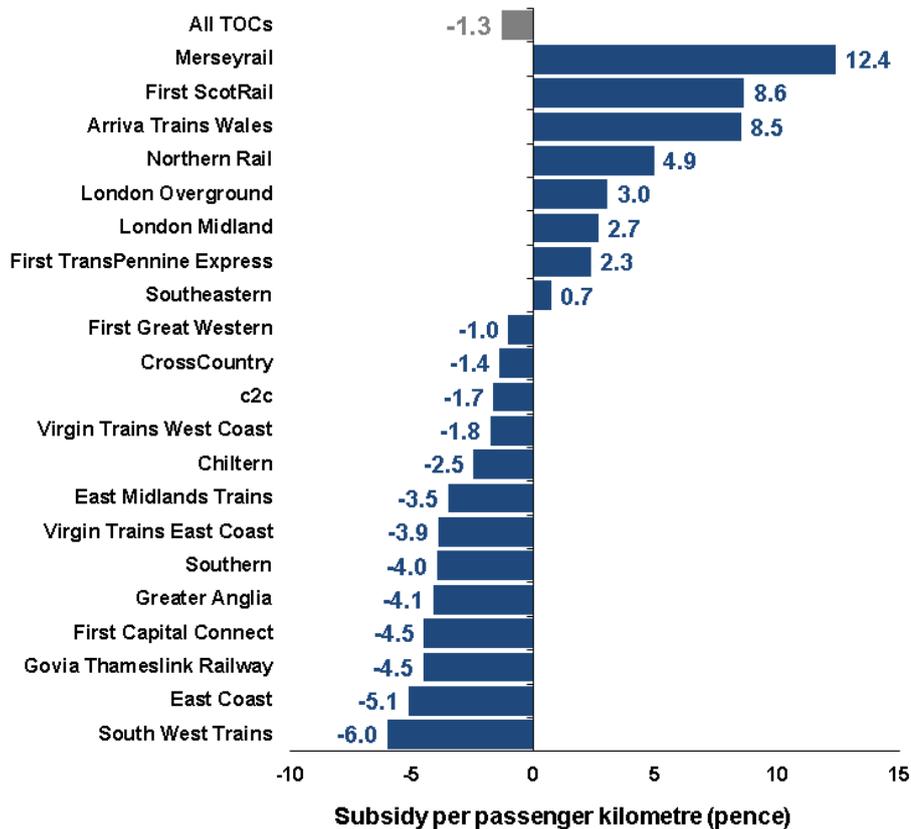
- These levels of government support have been partially offset by the receipt of £802 million in 2014-15 from TOCs through franchise premiums. This reflects money which was received by government from TOCs as part of their franchise agreement.
- Passenger Transport Executive (PTE) grants were £123 million in 2014-15, a decrease of £59 million compared to the previous year. Each PTE experienced a decrease in grant payments in 2014-15 of between 20% and 40%.
- Transport for Greater Manchester received the largest subsidy, £48.2 million, followed by Metro (West Yorkshire) with £43.2 million. These payments are for the rail services each of the PTEs purchase from Northern Rail.
- As part of Network Rail’s formal reclassification to the public sector, an arrangement was agreed whereby funding would be provided by DfT in the form of a loan to Network Rail to fund the continuing programme of investment in the network. This loan amounted to £6.4 billion in 2014-15.
- The government provided £18 million through freight grants in 2014-15. These grants are intended to incentivise the movement of freight from road to rail and are currently secured through the Mode Shift Revenue Support (MSRS) Scheme¹. Further details on the recipients and levels of freight grants awarded by DfT can be found at [Freight Grants](#).



¹ Department for Transport [Guide to Mode Shift Revenue Support \(MSRS\) Scheme 2015 to 2020](#)

2. Government subsidy per passenger kilometre by train operating company

Government subsidy per passenger kilometre by train operating company - chart² (Table 1.7)
Great Britain, 2014-15



Government subsidy per passenger kilometre is calculated from the net payment to/from government and their total passenger kilometres.

The data is presented for all active TOCs (i.e. those running the franchise at the time of payment) and inactive TOCs (i.e. those that paid/received payments in a year when they were not operating trains). For example, if a franchise was given back to government early but subsequent years' premiums were still due.

- For every passenger kilometre travelled in Great Britain, the government received 1.3p in 2014-15. Since 2010-11, the government has been in receipt of payments from train operators. The trend for regional operators to receive a subsidy whilst those in the Long distance and London and South East sectors pay a premium back to government has continued this year.
- During 2014-15 the majority of franchised passenger train companies made premium payments to government, with the highest amount, £374 million paid by South West Trains. They operated just over 6.2 billion passenger kilometres during 2014-15, which equated to a payment of 6.0p per passenger kilometre.

² TOC franchises which changed ownership during 2014-15 are shown in the chart twice, covering the time period which the TOC ran the franchise during the year, e.g. East Coast and Virgin Trains East Coast; First Capital Connect and GTR.

- The second highest premium paid to government was by East Coast with £249 million which equated to 5.1p per passenger kilometre (covering the 11 month period in 2014-15 before Virgin Trains East Coast took over the franchise on 1 March 2015).
- Merseyrail receives the highest subsidy per passenger kilometre. It received a subsidy of £86.2 million in 2014-15, equivalent to 12.4p of subsidy per passenger kilometre though this was a reduction of 2.3% compared to the previous year.
- Despite First ScotRail's subsidy nearly halving in 2014-15 compared to the previous year, it was still the franchised operator that received the highest subsidy payment of £261 million, which equates to 8.6p per passenger kilometre. The First ScotRail figure for 2013-14 was higher than normal as it was the last year of the five year control period³.

DfT publish further data on rail subsidy per passenger mile which also includes the allocation of the network grant (that is, payments made directly to Network Rail), apportioned according to each franchise's share of fixed track access charges. This information is available at [rail subsidy per passenger mile](#), up to and including 2014-15. DfT publishes financial information for franchises that they let but this does not include four devolved operators. Note that the data produced by DfT is based on passenger miles, whilst the data in this release is based on passenger kilometres.

Further train operator financial information is published by the ORR in the report "*GB rail industry financial information 2013-14*". The data presented in this report are based on TOC's management accounts and therefore may differ from the data in this release which are based on DfT, Transport Scotland and Welsh Government audited accounts. The latest report is available at [GB rail financial information](#)

³ Control period 4 covers the five-year period from 1 April 2009 to 31 March 2014. The link below provides further documentation: <http://orr.gov.uk/what-and-how-we-regulate/regulation-of-network-rail/how-we-regulate-network-rail/previous-control-period>

3. Private investment in the rail industry

Private investment in the rail industry (excludes Network Rail investment) ([Table 1.9](#))

Great Britain, 2006-07 to 2014-15

£ million

Financial year	Track and Signalling	Rolling Stock	Stations	Other Investment	Total investments	Total investments at 2014-15 prices
2006-07	106	326	155	156	743	885
2007-08	8	400	78	79	566	654
2008-09	2	345	28	79	455	513
2009-10	-4	423	12	29	460	506
2010-11	0	274	28	74	376	403
2011-12	1	369	33	99	503	529
2012-13	3	352	35	80	470	487
2013-14	0	323	29	72	423	429
2014-15 ^R	1	715	-128	60	647	647

- A net total of £647 million was invested by private companies during 2014-15. This is an increase of 53% on the previous year (51% in real terms).
- Since 2006-07, rolling stock investment has accounted for the highest proportion of net private investment peaking at 92% in 2009-10. In 2014-15, the net investment in rolling stock was £715 million. This is more than double compared to 2013-14. This was due to new locomotives leased to TOCs.
- In 2014-15, less than £1 million of net private investment was made in track and signalling. Primarily, investment in track & signalling is made by Network Rail and their data is not included here so this element of private investment is expected to be small.
- There was a net sale of £128 million of station assets in 2014-15. This is the first time since the time series began in 2006-07 that the disposal of station assets has exceeded station investment. Spending on stations peaked in 2006-07 at £155 million.

Private investment statistics

show the expenditure and disposal of fixed assets in the rail industry, excluding investment by Network Rail or government. These are presented in the following categories:

Track and signalling

including new routes and new electrification;

Rolling stock

including eligible refurbishment work;

Stations

including retail outlet buildings;

All other expenditure

associated with the rail business, such as non-rail vehicles and business related costs such as IT and web related costs.

Annex 1 – List of pre-created reports available on the ORR Data Portal

All data tables can be accessed on the data portal free of charge. The ORR data portal provides on screen data reports, as well as the facility to download data in Excel format and print the report. We can provide data in csv format on request.

Rail finance

- Government support to the rail industry - [Table 1.6](#)
- Government subsidy per passenger kilometre by train operating company - [Table 1.7](#)
- Private investment in the rail industry (excludes Network Rail investment) - [Table 1.9](#)

Revisions: There have been revisions to the previously published tables associated with this statistical release. Further details can be found at: [Revisions Log](#)

Annex 2

Statistical Releases

This publication is part of the statistical releases which cover the majority of reports that were previously released through the Data Portal. The statistical releases combine the previous quarterly reports into four quarterly and four annual themed releases. The four annual statistical releases in the series are:

Annual

- Rail Finance;
- Key Safety Statistics;
- Rail Infrastructure, Assets and Environmental;
- Regional Rail Usage.

Quarterly

- Passenger and Freight Rail Performance;
- Freight Rail Usage;
- Passenger Rail Usage;
- Passenger Rail Service Satisfaction.

This year the Rail Fares Index was published separately from the main Rail Finance statistical release to enable earlier publication of data (in May 2015).

A full list of publication dates for the next twelve months can be found in the [release schedule](#) on the ORR website.

This is an annual release and the data in this release refer to financial year 2014-15. All the data contained and referred to within this release can be accessed via the [Data Portal](#).

For more detail on data collection and the methodology used to calculate the statistics within this release please see the accompanying [Rail Finance Quality Report](#).

National Statistics

The United Kingdom Statistics Authority designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods; and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

For more details please contact the Statistics Head of Profession Lyndsey Melbourne on 020 7282 3978 or contact rail.stats@orr.gsi.gov.uk.

The Department for Transport (DfT) also publishes a range of rail statistics which can be found at [DfT Rail Statistics](#)



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