

Rail industry finance (UK)

Quality and methodology report

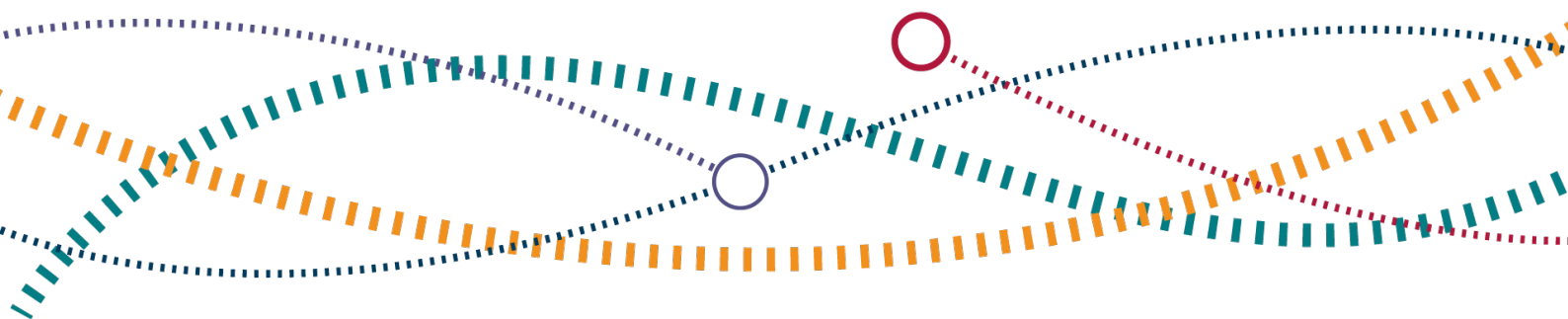
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Introduction

This is a report on the quality of the annual Rail industry finance (UK) statistical release and associated data tables. It helps users to understand the quality of our statistics, and also ensures ORR is compliant with the three quality (Q) principles in [the Code of Practice for Official Statistics](#) - Q1: Suitable data sources, Q2: Sound methods, and Q3: Assured quality. This report also provides information on the methodology and data sources used to produce the statistics.

This report covers the following areas:

- Data sources, methodology and definitions – detail on the various data sources, methods used to compile the statistics and key definitions;
- Historic background – background to these statistics and detail on the changes to our reporting throughout the time series;
- Relevance to users – the users of the statistics, and our engagement;
- Accuracy and reliability – the accuracy, data coverage and quality assurance of the statistics;
- Timeliness and punctuality – our timescales for the production and publication of the statistics;
- Accessibility and clarity – the format of our statistics and where they can be found;
- Coherence and comparability – similar statistics published elsewhere and the degree in which the statistics can be compared over time;
- Annex 1 – Franchise passenger operators between April 2023 and March 2024;
- Annex 2 – History of rail finance.

Data sources, methodology and definitions

Scope of Report

The statistical release includes financial information from over 30 rail industry companies. These are: franchised¹ passenger operators, open access passenger operators (non-franchised), freight operators, Network Rail, HS1 Ltd, Core Valley Lines, Northern Ireland Railways and rolling stock leasing companies (ROSCOs).

Some important areas of the industry are not directly included in this publication, such as engineering companies and other parts of the rail industry supply chain which have been excluded because financial data are either not available, or consolidation into the industry analysis is not yet possible.

General principles

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

- Accounting Standards, the financial information comes from a range of different sources and not all will have been prepared on a consistent basis.
- Time Period, most companies included in this report prepare financial data on an April to March financial year basis, however some companies (e.g. some freight companies) prepare accounts on a calendar basis (January to December).
- Changes in franchise operators. When this happens, we combine the financial information from the two operators to determine financial information for the whole year.

Data Sources

Franchised train operators

Twenty franchise passenger operators are included in the report. The financial information is based on rail period 13 management accounts as submitted to franchising authorities (Department for Transport, Transport Scotland, Transport for Wales, Transport for London

¹ Franchised includes all passenger services provided as part of a contract with government (although no longer franchises we have retained this term for referring to these operators for consistency and until a new term is adopted across the industry).

and Merseytravel). The financial information included in the management accounts has not been audited.

Open access (non-franchised) train operators

The non-franchised train operators included in the report are Grand Central, Heathrow Express, Hull Trains, Lumo and Eurostar. The financial information is based on bespoke requests to these companies. Data for Hull Trains for the latest year were not available at the time of publication. No estimates have been made for the latest year in Table 7233, however the inflation adjusted values for April 2022 to March 2023 are used for calculating total industry values in Table 7210. The financial information for open access operators is presented by financial year, to align with other data in this release. However, the company accounts are released by calendar year.

Network Rail

Network Rail financial information is based on its regulatory financial statements for the latest year. These are produced in accordance with ORR's Control Period 6 regulatory accounting guidelines.

Network Rail's regulatory financial statements does not include financial information specific to Wales (it is included as part of the Wales and Western statements). The Wales route financial information included in the report is based on a bespoke return Network Rail provided to ORR.

High Speed 1 Limited (HS1 Ltd)

HS1 Ltd financial information is based on financial accounts for the latest financial year.

Core Valley Lines (CVL)

CVL financial information is based on submissions from infrastructure manager (Amey Infrastructure Wales Limited) and Transport for Wales.

Freight operators

The financial information included is based on company accounts up to and including March 2023. See methodology section below for how freight industry estimates for the latest year were derived. Colas Rail Limited is excluded because a high proportion of their income relates to engineering activity, which is not readily separable in its statutory accounts. The financial information for freight operators is presented by financial year, to align with other data in this release. However, the company accounts are released by calendar year.

Rolling stock leasing companies (ROSCOs)

The financial information for ROSCOs is based on statutory accounts for companies in the sector. The ROSCOs included in table 7275 include: Angel Trains Limited, Beacon Rail Finance (Europe) Limited, Eversholt Rail Leasing Limited, Porterbrook Leasing Company Limited, VTG Rail UK Limited and Corelink Rail Infrastructure Limited. The financial information for ROSCOs is presented by financial year, to align with other data in this release. However, the company accounts are released by calendar year.

Northern Ireland Railways

The Northern Ireland Railways financial information is based on company accounts for the year ended 31 March 2024.

Office of National Statistics (ONS) Railway Investment Survey

Private investment statistics for Great Britain are sourced from the Office of National Statistics (ONS) Railway Investment Survey. This is an annual survey of around 40 rail-related companies including franchised operators, freight operators and rolling stock leasing companies (also known as ROSCOs). Whilst the response rate is generally good, not all companies respond to the survey each year. The survey covers the following categories:

- Track and signalling, including expenditure on rail track renewals and enhancements, new routes and new electrification and signalling (note: spending of Network Rail money is not included);
- Rolling stock, including new and second-hand acquisitions of rail rolling stock (excluding leasing charges) and eligible refurbishment work;
- Stations, including expenditure on passenger stations, passenger and freight train depots, train maintenance facilities and retail outlets (this excludes expenditure at station ticket offices);
- All other expenditure associated with the rail business, buildings and associated land, non-rail vehicles and business-related costs such as IT and web related costs.

Official Statistics from ORR's data portal

We have included non-financial information in our analysis, to inform users' interpretation of the financial information presented. This includes passenger journeys, passenger kilometres, train operator staff numbers and the age of rolling stock.

This information is sourced from the [data portal](#).

Methodology

The report is based on an industry, sectoral (i.e. franchised train operators etc.) and regional analysis. It covers the whole of the United Kingdom where data are available, e.g. Figure 8 but the majority of the analysis is for Great Britain only.

Industry analysis

The industry analysis, as summarised in Figure 8 in the report, looks at the whole industry's finances. We bring together the finances of the train operators, freight companies, Network Rail, HS1 Ltd, Core Valley Lines and Northern Ireland Railways and show the total income and expenditure for the UK. There are variations and timing differences in the basis of these accounts along with increases in inflation affecting Network Rail's finance costs, which results in the £0.3 billion difference between total income and total expenditure.

We then make consolidation adjustments to remove industry costs (£3.5 billion has been removed from both industry income and industry expenditure). These industry costs are those that are entirely within the industry, i.e. charged from one part of the industry to another, like access charges. The adjustments are set out in the tables below.

Table 1 Industry income and expenditure adjustments, April 2023 to March 2024

Type of adjustment, £ billion	Industry income	Industry expenditure	Comment
Franchised track access charges	-3.1	-3.1	As per statement 2 of Network Rail's regulatory financial statements (franchised track access income plus stations and facility charges, excluding schedule 4 access charge supplement)
Open access and freight track access charges	-0.1	-0.1	As per statement 2 of Network Rail's regulatory financial statements
HS1 Ltd track access charges	-0.1	-0.1	As per the HS1 Ltd annual asset management statements for April 2023 to March 2024
Schedule 4 access charge supplement	-0.3	-0.3	As per statement 2 of Network Rail's regulatory financial statements
Total	-3.5	-3.5	

NOTE: Figures do not sum due to rounding. Access charges paid to Core Valley Lines (£1.1 billion in April 2023 to March 2024) were not part of the adjustments.

Tables 2 and 3 below detail how these adjustments affect different parts of the industry in our analysis.

Table 2 Industry income adjustments, April 2023 to March 2024

Type of adjustment, £ billion	Network Rail	HS1 Ltd	Total
Franchised track access charges (including traction electricity charges)	-3.1	Not applicable	-3.1
Open access and freight track access charges	-0.1	Not applicable	-0.1
Schedule 4 access charge supplement	-0.3	Not applicable	-0.3
HS1 Ltd track access charges	Not applicable	-0.1	-0.1
Total	-3.5	-0.1	-3.5

Table 3 Industry expenditure adjustments, April 2023 to March 2024

Type of adjustment, £ billion	Franchise passenger operator	Open access operator	Network Rail	Freight	Total	Comments
Network Rail track access charges	-3.1	-0.03	Not applicable	-0.1	-3.2	£26m Open Access
HS1 Ltd track access charges	-0.1	Not applicable	Not applicable	-0.0004	-0.1	£70m (franchised) and £0.4m (freight)
Schedule 4 access charge supplement	-0.3	Not applicable	Not applicable	Not applicable	-0.3	None
Schedules 4 and 8 performance regime income (TOCs) and costs (NR)	0.7	Not applicable	-0.9	Not applicable	0.0	Operators include the income under expenditure as a negative transaction
Show traction electricity costs as franchised train operator costs.	0.7	Not applicable	-0.6	Not applicable	0.0	Network Rail pass these costs through to franchise passenger operators
Total	-2.1	-0.0	-1.4	-0.1	-3.5	None

Estimate of freight income and expenditure

Data for freight operators for the latest year (April 2023 and March 2024) were not available at the time of publication. In order provide a complete picture of UK rail industry finances in Table 7210, an estimate of freight income and expenditure was made for the latest year. The previous year's (April 2022 to March 2023) income data were scaled in line with freight train kilometres run by the freight operators for the latest year. The scaled data was then adjusted for inflation using the [consumer prices index \(CPI\)](#). Estimating expenditure is more difficult, as costs are not as strongly correlated with train kilometres. Therefore, expenditure for the latest year was set to equal the proportional difference between income and expenditure in the previous year. In the previous year, total freight expenditure was proportionally 1.06 times greater than total freight income. Therefore, in the latest year expenditure is broadly equal to equal the income multiplied by 1.06. This calculation is carried out at the regional level, so actual estimates are based on the sum of

the regional totals, calculated using the income and expenditure proportion in April 2022 to March 2023. No estimates were made for individual freight operators for the latest year in Table 7243

Sectoral analysis

Sectoral analysis looks at the different rail sectors shown in the industry analysis. Our analysis largely focuses on franchised train operators and Network Rail and the financial information for each rail sector is shown in the supporting data tables, which underpin the report.

The key income and expenditure items for franchised train operators and Network Rail are explained below.

Franchise passenger operator income includes:

- Fares income and other income, which includes car parking, catering, etc. For comparability between franchises, this also includes fares income that is passed directly to franchising authorities; and
- Net franchise subsidy is a net figure of franchise subsidy less franchise payments.

Franchise passenger operator expenditure includes:

- Staff costs;
- Track access costs, as specified in track access contracts;
- Fuel and electricity costs, this includes the traction electricity costs that train operators pay to Network Rail;
- Rolling stock leasing costs;
- Other operating costs, these relate to a wide range of activities such as maintenance costs, stations costs (e.g. ticket machines), utilities, IT services, marketing costs, replacement bus hire etc. We do not currently have the detail to explore these further;
- Financing costs, exceptional expenditure and tax.

Network Rail income includes:

- Track access income, including variable usage and fixed charges for train operators running passenger services on the main rail network;

- Network Grant received from DfT and Transport Scotland. This also includes the grants received for the British Transport Police and financing costs;
- Other single till income, this is largely property income (sales and rental income) but also income from the freight sector, stations, facility and financing charges, and depots.

Network Rail expenditure includes:

- Operating costs, this includes the costs of running the rail network (e.g. signalling) as well as Network Rail's support costs (Human Resources, Finance etc.);
- Maintenance, this includes the costs of maintaining the rail network;
- Renewals, this includes the costs of like for like renewals of the rail network. For example, when a section of track fails, and cannot be efficiently maintained anymore, then a replacement is needed, this is a renewal;
- Financing costs relating to legacy debt (i.e. debt raised on private markets) and government debt;
- Enhancements to the existing rail network are included in the rail enhancements funding section of the report. These relate to new infrastructure, e.g. a new platform.

Regional analysis

Our regional analysis is a more granular view of the industry analysis in Figure 8. We show the whole industry income and costs for England, Scotland and Wales and each Network Rail region (Eastern, North West and Central, Scotland, Southern, and Wales and Western). The Wales and Western region is further disaggregated into the two component areas.

This requires us to allocate financial information on a country and regional basis. We use train kilometres, as per the track access billing system (TABS), to do this.

For example, if TOC A operates 20% of its train services in region A, then we allocate 20% of TOC A's finances to region A. Train kilometres operated on non-Network Rail infrastructure are allocated the most appropriate Network Rail region. We do this for all parts of the industry apart from Network Rail (we already have its regional information) and Northern Ireland Railways (not included in the regional analysis).

Inflation

The [consumer prices index \(CPI\)](#) 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 an April 2023 to March 2024 price base. This means that all variances with previous years are adjusted for the effect of inflation. This is achieved by averaging the CPI inflation for the four quarters of each financial year. The table below shows the index values for the eight quarters to March 2024 and the year-on-year percentage changes. These changes are averaged to give an inflation figure of 5.7% for the latest financial year. Compared with 5 years ago (April 2018 to March 2019), the CPI has increased by 23.2%.

Table 4 Consumer prices index, Quarterly Data, April 2022 to March 2024

Quarter	Index value	Year-on-year change
April to June 2022	120.9	2.0%
July to September 2022	123.2	2.8%
October to December 2022	126.7	5.0%
January to March 2023	127.7	6.1%
April to June 2023	131.1	9.2%
July to September 2023	131.4	10.1%
October to December 2023	132.0	10.8%
January to March 2024	132.3	10.2%

Definitions

- The data presented in the report are for **mainline operators** in Great Britain. The data do **not** include London Underground, light rail, heritage and charter services.
- **Franchised passenger operators** run services as part of contracts awarded by government.
- **Non-franchised (open access) operators** – licensed by ORR to run services on specific routes. Data for **Grand Central**, **Heathrow Express**, **Hull Trains** (up to March 2023 only for Hull Trains) and **Lumo** (began operating services on 25 October 2021) are included in the UK industry summary statistics (Table 7210). Data for **Eurostar** are presented in Table 7233 but are not included in the UK statistics as it is not possible to isolate the UK share of Eurostar's income and

expenditure. **Freight operators** transport goods via the GB mainline rail network and their data (up to March 2023 only) are presented in Table 7243.

- **Network Rail** is the infrastructure manager for the main railway network of Great Britain. Data for Network Rail does not include Network Rail High Speed, a subsidiary responsible for managing High Speed 1. Data for **High Speed 1** are presented separately in Table 7250.
- **Network Rail regions** are Eastern, North West and Central, Scotland, Southern, and Wales and Western. The regions reflect Network Rail's devolved regional structure which replaced the route structure in 2019.
- **Control periods** are the five year timespans over which ORR regulates Network Rail. The current control period 6 (CP6) runs from 1 April 2019 to 31 March 2024.
- The **Core Valley Lines (CVL)** network was [transferred from Network Rail to Transport for Wales](#) on 28 March 2020. Data for the CVL are presented separately in Table 7265 and are included in the UK summary in Table 7210.
- **Northern Ireland Railways** is both the infrastructure manager and train operator in Northern Ireland. Data for Northern Ireland are presented separately in Table 7260 and are also included in the UK summary in Table 7210.
- **Operational funding** refers to the funding of the day to day running of the existing railway. This includes operational costs, maintenance and renewals.
- **Rail enhancement funding** refers to investments made in either enhancing the existing rail network or in new infrastructure such as Crossrail or HS2.
- **Rolling stock leasing companies (ROSCOs)** are the owners of the rolling stock (locomotives, carriages and wagons). They lease the trains to the passenger and freight operators. Data for these companies are presented in Table 7275.
- **Private investment** data are collected via an ONS survey of rail-related companies in Great Britain. It mostly includes spending on new trains but also includes spending on stations and other areas such as IT systems. It does not include the day-to-day spending such as leasing costs.
- **Government support** to the rail industry includes:
 - Payments by DfT and Transport Scotland (TS) to Network Rail (also known as the network grant).
 - Payments by Welsh Government to Core Valley Lines.
 - Payments by DfT, TS and Welsh Government to franchised operators.

- Payments by Transport for London and Passenger Transport Executives to franchised operators.
- Grants to rail freight operations paid by DfT and TS.
- **Income** includes fares paid by passengers for tickets and also such things as on-board catering. Other revenue sources include Network Rail income (e.g. property income) as well income received by HS1, Northern Ireland and freight operators.
- **Expenditure** is spending by rail sectors and is divided into the following categories:
 - **Franchised operators** – staff (includes salary costs, holiday pay, sickness pay, overtime and other associated staff costs), diesel fuel, rolling stock (including leasing costs), Network Rail charges, and other costs.
 - **Network Rail** – operational costs (signalling, network management and support costs), maintenance of the existing network, renewing life expired assets, financing costs (of existing debt) and other costs.
 - **Other sectors** – expenditure by other sectors (HS1, Northern Ireland, non-franchised operators, and freight).
- **Operational income and/or expenditure** is the money used for the operation of the railways. This includes money for the everyday operation of infrastructure managers and train operators. This does not include income or expenditure for enhancement projects.
- **Industry consolidation adjustments** are calculated by excluding income and expenditure that is internal to the industry. Infrastructure access charges (Network Rail and HS1) and performance payments are excluded from the total industry figures.
- **Dividends proposed and paid** are payments to shareholders which have been paid or are expected to be paid for a specific financial year.

Historical background

The Rail industry finance (UK) publication combines two annual reports that were previously published separately: the “UK Rail Industry Financial Information” and the “Rail Finance statistical release”.

UK Rail Industry Financial Information (‘UKRIF’)

ORR published UKRIF for the financial years between April 2010 and March 2019.

This report detailed the total income and expenditure of the rail industry in a financial year and the trends over five years. It mainly focused on franchised train operators and Network Rail but also included financial data of open access operators, HS1 Limited, freight companies and, from April 2015, Northern Ireland Railways (at which point the title changed from Great Britain to United Kingdom).

Rail Finance statistical release (‘Rail Finance release’)

This report detailed government support to the rail industry in a financial year, with data back to April 1985. It also included private investment in the rail industry in a financial year, with data back to April 2006. Coverage was for Great Britain only.

ORR published this information for each financial year from April 2005 to March 2019. The Strategic Rail Authority (SRA) published the data prior to ORR (from April 2000 to March 2005).

Combination of the two reports

One of the main reasons that the two reports were combined is that they covered similar areas but reported government funding in different ways. This arose from the different data sources; UKRIF was primarily sourced from industry information and the rail finance release sourced from government information. Because of accounting differences between train operators and governments, both reports contained different franchise subsidy figures. The two reports were also published at different times of the year. Therefore, leading to potential confusion to users over what data to use.

Changes to the presentation and scope of government funding figures

We made changes (compared to the old UKRIF) to the presentation and scope of the government funding figures included in the report.

The presentation of government funding is now on a net basis. Train operators can both receive franchise subsidy from government (i.e. payments from government) and make franchise payments to government as part of their franchise contracts. In our old UKRIF

report we showed these two transactions separately, franchise subsidy was shown as industry income and franchise payments as industry expenditure.

We are now showing the net of the two transactions as net income. This change in presentation changes the overall industry income and expenditure totals. Using the example in the table below, the old approach results in income of £2.3bn and expenditure of £1.1bn, the new approach results in income of £1.2bn and zero expenditure.

Table 5 Government funding presentation in Rail Industry Finance (UK), April 2019 to March 2020

Government funding of train operators, £ billion	old approach	new approach	Impact on industry income and expenditure totals
Franchise subsidy (a)	2.3	Not applicable	Shown as income of £2.3bn
Franchise payments (b)	-1.1	Not applicable	Shown as expenditure of £1.1bn
Net franchise subsidy (a – b)	1.2	1.2	Shown as income of £1.2bn

It is important to note that this was a change to the way we presented data in the report, and it did not reflect an underlying change in the finances of the industry.

The scope of the government funding figure also changed. In the report funding is categorised as ‘operational’ or ‘rail enhancement’, the new report includes both, in line with the rail finance release, whilst UKRIF only included operational funding.

Operational funding is shown in the report in the industry income and expenditure totals (as per Figure 8 of the report). The rail enhancement funding includes funding for Network Rail enhancements expenditure and new infrastructure projects (HS2 and Crossrail).

Network Rail’s financial indemnity (FIM) fee no longer exists. In the past this was a fee paid by Network Rail to the Department for Transport in exchange for the UK Government underwriting Network Rail’s debt (i.e. indemnifying the debt). This was shown as a payment to the UK Government in our old report (similar to the way we showed train operator funding, see above). For prior years in our report this government funding is now shown net (i.e. we have restated the numbers).

Change from routes to regions in our analysis

Network Rail has restructured its internal business units and five regions were created, which sit above an adapted route structure. The regulatory financial statements for

Network Rail are now available for Great Britain, England and Wales and Scotland, and regions.

This is a change from the Control Period 5 (CP5) regulatory financial statements, which were available at a Great Britain, country (England, Scotland and Wales) and *route* level. In the Great Britain analysis, the new regions are essentially combinations of old routes as shown in Table 5 below. New routes have also been created which sit under the new regions, but these have not been detailed here as they are not shown in our analysis.

Table 6 Structure of Network Rail’s regulatory financial statements

CP5 routes (April 2014 to March 2019)	Current regions	Country analysis
Anglia	Eastern	England and Wales
London North East		
London North West	North West and Central	
Kent	Southern	
Sussex		
Wessex		
Wales	Wales and Western	
Western		
Scotland	Scotland	Scotland

We have used regions in our analysis. This is explored in more detail below.

Change to the way we allocate costs in our regional analysis

Our regional analysis looks at the total costs of the industry at a regional level. We base this on Network Rail’s regional structure. This involves allocating train and freight operator finances to regions.

In the old UKRIF report the scope of this analysis only covered Network Rail and franchised train operators. We now include freight, open access, Core Valley Lines and HS1 Ltd in the regional analysis. Northern Ireland Railways is not allocated as the regional analysis covers Great Britain only.

In the old UKRIF report, a mixture of cost allocation methods was used for the allocation of train operator finances to Network Rail regions, this has now been simplified, so that only train kilometres are used.

Network Rail renewals expenditure instead of ‘amortisation’

In our old UKRIF report, we used amortisation to reflect the cost of Network Rail’s renewals. Amortisation is an accounting term similar to depreciation.

We now use Network Rail’s actual renewals expenditure as it is a better representation of Network Rail’s renewals costs than amortisation.

CPI inflation instead of RPI or GDP deflators to inflate prior year data

We have used CPI to restate prior year numbers in our analysis. This mirrors wider trends in the industry, especially with our PR18 funding settlement of Network Rail and the preparation of Network Rail’s regulatory financial statements.

New data tables and Power BI dashboard

We designed a new set of data tables, which are all available on the [data portal](#). We also used Power BI software to create interactive charts which provide users with the option of exploring the data in new ways.

See Annex 2 below for a brief history of rail finance.

Relevance to users

The degree to which the statistical product meets the user needs in both coverage and content.

A survey of user needs and a consultation with key stakeholders was undertaken in summer 2020. We also published a blog on '[ORR's reporting on rail finances](#)' to explain to users some of the changes we were proposing to implement, which also included a link to the user survey. The changes to the publication from April 2019 took into account the findings of the survey and consultation.

The statistical release and the accompanying data published on our data portal bring together financial information from over 30 rail companies including infrastructure providers, and passenger and freight train operating companies. All this information helps to strengthen the UK rail industry's accountability and inform debate around its value for money.

ORR's last [user survey](#) took place from mid-January to mid-April 2020. The aim of the survey was to gather feedback on ORR's new data portal; this includes statistical releases, data tables and other supplementary material. There were 42 responses to the survey. ORR created an [implementation plan](#) following the 2020 user survey.

More detailed information on users of ORR statistics and meeting the needs of users is available on our [user engagement webpage](#).

How these statistics can be used



- Monitoring UK rail industry finances including income and expenditure of Network Rail and train operators.
- Comparing rail finances by train operator and Network Rail region.
- Assessing the level of government support to the industry.
- Monitoring rail investment (both public and private).

How these statistics cannot be used



- Comparing the cost of rail tickets over time (refer to the annual [rail fares](#) publication)
- Monitoring rail passenger revenue within the year (refer to the quarterly [passenger rail usage](#) publication)
- Assessing detailed rail industry accounts (refer to industry accounts including those published by [Network Rail](#))

Accuracy and reliability

The proximity between an estimate and the unknown true value.

Data coverage

The report covers the whole of the United Kingdom where data are available, e.g. Figure 8, but the majority of the analysis is for Great Britain only. There is also analysis at a regional level.

The report includes financial information from franchised train operators, open access operators, freight operators, Network Rail, HS1 Ltd, Core Valley Lines and Northern Ireland Railways.

Some important areas of the industry are not directly included in this publication, such as 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.

For the latest year (April 2023 to March 2024), data for freight operators and for one train operator (Hull Trains) were unavailable. Estimates were made for freight income using train kilometres operated. The data were then adjusted for inflation using the [consumer prices index \(CPI\)](#). Estimating Expenditure is more difficult as costs are not as strongly correlated with train kilometres. In the latest year we assumed the proportional difference between income and expenditure would be the same as the previous year (April 2022 to March 2023). Colas Rail Limited (a freight operator) is excluded because a high proportion of their income relates to engineering activity, which is not readily separable in its statutory accounts. No estimates have been made for Hull Trains for the latest year in table 7233. However, Hull Trains income and expenditure have been estimated in table 7210, by uplifting financial accounts from the previous year with inflation (using CPI).

Quality assurance

The data are subject to extensive validation checks by ORR and then combined into a 'data model', which is quality assured by a statistician in the Information and Analysis team. The data is then prepared for publication. The process includes quality assuring the tables and charts produced and the supporting commentary. The report is subject to peer review by experts, both internally and externally. The final stage of the quality assurance process is a sign off by the statistics Head of Profession confirming the statistics meet the quality standards and are fit for publication.

Revisions policy

ORR's statement on [orderly release and revisions policy](#) outlines ORR's revision policy. Details of any revisions are available in the [revisions log](#). Further information on revisions and data series breaks can also be found in the data tables.

Timeliness and punctuality

Timeliness refers to the time gap between publication and the reference period.
Punctuality refers to the gap between planned and actual publication dates.

ORR aims to publish financial statistics as soon as practical after the end of the data reference period. This is typically around eight months after the end of the financial year in March. This is significantly earlier than when UKRIF (one of the two previous financial reports) was usually published.

The [publication schedule](#) available on the data portal outlines the publication dates for National Statistics quarterly and annual statistical releases and other official statistics up to 12 months in advance.

ORR is committed to releasing its statistics in an open and transparent manner that promotes confidence.

Accessibility and clarity

Accessibility is the ease with which users are able to access the data, also reflecting the format in which the data are available and the availability of supporting information. Clarity refers to the quality and sufficiency of the metadata, illustrations and accompanying advice.

Statistics need to be presented in a clear and understandable form. All our rail statistics data tables can be accessed free of charge on our [data portal](#). Commentary about the statistics and trends are provided in the statistical releases. Interactive dashboards (PowerBI) are also available.

Our data portal and its content meet the accessibility standards of the [Public Sector Bodies Website Accessibility Regulations](#). We support our users by providing the information they need in a way that is clear and accessible. Our statistical releases use plain language, and any technical terms, acronyms and definitions are clearly defined and explained when this is appropriate, to ensure that the statistics can be used effectively. Our data tables are available at the highest level of detail that is practical and in accessible formats. All data tables are available in OpenDocument Spreadsheet (.ods) format. We can also provide data in csv format on request.

Please see our [accessibility statement](#) for further details, including any non-accessible content.

Data tables

All tables associated with this release can be found under the Data Tables heading at the bottom of the [Rail industry finance \(UK\) page](#):

UK industry overview

- Rail industry finances by country and Network Rail region – Table 7210

GB rail industry finances by Network Rail region

- Rail industry finances for the latest financial year by country and Network Rail region – Table 7214
- Rail industry finances for the latest financial year by country and Network Rail region normalised by passenger kilometres – Table 7215

- Rail industry finances since April 2015 by country and Network Rail region – Table 7216

Government support

- Government support to the rail industry – Table 7270
- Government support to the rail industry by source and recipient – Table 7271
- Government support per passenger kilometre by operator (discontinued after April 2018 to March 2019) – Table 7273

Franchised operator finances

- Franchised passenger train operator finances for the latest financial year by franchise – Table 7223
- Franchised passenger train operator finances since April 2015 by franchise – Table 7226

Other rail sectors

- Non-franchised passenger train operator finances by operator – Table 7233
- Freight train operator finances by operator – Table 7243
- High Speed 1 finances – Table 7250
- Northern Ireland Railways finances – Table 7260
- Core Valley Lines finances – Table 7265
- Rolling stock leasing company finances – Table 7275

Private investment

- Private sector investment in the rail industry (excludes Network Rail investment) – Table 7290

Coherence and comparability

Coherence is the degree to which data that are derived from different sources or methods, but refer to the same topic, are similar. Comparability is the degree to which data can be compared over time and domain.

The Rail industry finance (UK) report combines two previously published annual reports, the “UK Rail Industry Financial Information” and the “Rail Finance statistical release”. The main reason the two reports were combined is because they covered similar areas but included different government funding figures and were published at different times of the year, which could be confusing for users. The two reports were also published at different times of the year. Therefore, leading to potential confusion to users over what data to use.

Other related data

ORR publishes a further two finance-related statistical releases:

- [Rail fares index \(annual\)](#)
- [Passenger rail usage \(quarterly\)](#) - includes revenue statistics from the LENNON ticketing system

Further information on Network Rail’s finances is available in [their regulatory financial statements](#) and in ORR’s [Annual efficiency and finance assessment of Network Rail](#).

ORR commissioned Steer to conduct a [Review of rail industry employment costs](#), which was published in October 2022.

Railway finance data are also part of the [HM Treasury’s country and regional analysis](#).

European comparisons

The difference in the structure of internal rail markets in European countries means that finance statistics are difficult to compare across member states. The statistical office of the European Union, Eurostat, collects no financial statistics on the rail market. Limited financial information is collected by the [Independent Regulators’ Group](#) (IRG-Rail) for their Market Monitoring Report, including information on passenger and freight revenues although data are not supplied by all European countries.

Length of comparable time series

The tables on the [data portal](#) contain data back to April 2015. Data from the franchises that was previously published in UKRIF publication have been included in the government support to the rail industry table (7270) back to April 2015. Figures for April 1985 to March 2015 are those sourced from DfT with a series break between the two data sets indicated. Historic UKRIF publications back to April 2010 are available on the [ORR website](#).

Annexes

Annex 1 – Franchise² passenger operators between April 2023 and March 2024

Franchise	Operator
Caledonian Sleeper	Caledonian Sleeper (Scottish Government)
Chiltern	Chiltern Railways (Arriva)
Cross Country	CrossCountry (Arriva)
East Anglia	Greater Anglia (Abellio 60% and Mitsui 40%)
East Coast	London North Eastern Railway (Department for Transport)
East Midlands	East Midlands Railways (Abellio)
Elizabeth Line	TfL Rail (MTR Corporation)
Essex Thameside	c2c (Trenitalia)
Great Western	Great Western Railway (FirstGroup)
London Overground	London Overground (Arriva)
Merseyrail	Merseyrail (Serco-Abellio)
Northern	Northern Trains (Department for Transport)
ScotRail	ScotRail (Scottish Government)
South Eastern	Southeastern Trains (Department for Transport)
South Western	South Western Railway (FirstGroup 70% and MTR Corporation 30%)
Thameslink, Southern and Great Northern	Govia Thameslink Railway (Govia)
TransPennine Express	TransPennine Trains (Department for Transport)
Wales and Borders	Transport for Wales Rail (Welsh Government)
West Coast	Avanti West Coast (FirstGroup 70% and Trenitalia 30%)
West Midlands	West Midlands Trains (Abellio 70%, East Japan Railway Company 15% and Mitsui 15%)

² Franchised includes all passenger services provided as part of a contract with government.

Annex 2 – History of rail finance

Before **April 1994**: Government support to the rail industry comprised grants to British Rail (BR) and the PTEs. BR also borrowed from the National Loans Fund.

April 1994 to March 1997: The privatisation of the rail industry in April 1994 led to changes in the basis of government funding. Level Crossing Grant was paid to Railtrack between April 1994 and March 1996 and discontinued at the start of April 1996 with the transfer of Railtrack into private ownership. Grant levels were set to allow the newly formed rail companies to earn commercial returns. Support for passenger services was channelled through the Office of Passenger Rail Franchising (OPRAF) and the PTEs, which were funded by the Revenue Support Grant and an additional Metropolitan Grant. Any cash surpluses that were earned were returned to the Exchequer and used to reduce the net level of support to the industry while the rail companies were still in the public sector. In addition, between April 1995 and March 1997 the net funding requirement for the industry was further reduced by proceeds from the formation of the rolling stock operating companies (ROSCOs) and BR non-passenger business.

From **April 1997**: Government support to the rail industry chiefly consisted of OPRAF and Strategic Rail Authority support grants, PTE Special Grants and a grant to BR to finance its residual activities. Rail freight grants were paid by governments to encourage the movement of freight by rail.

April 2002 to March 2004: Network Rail established following the collapse of Railtrack. The year-by-year profile of government support to the rail industry was affected by the decision in the Access Charges Review 2003 to reprofile Network Rail's income. This led to government support being lower than it otherwise would have been between April 2004 and March 2006.

From September 2014: Network Rail was reclassified as a public sector body in the UK national accounts and public sector finances from 1 September 2014. During Control Period 5, loans were issued by the government to Network Rail for the funding of enhancements.

From April 2019: Network Rail enhancements are now funded by an enhancements grant.

From March 2020: Core Valley Lines now owned by Transport for Wales following their transfer from Network Rail on 28 March 2020.

From May 2022: Central section of the Elizabeth line opens contributing to an increase in revenue for the mainline rail industry.



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