



Rail Finance: Rail Fares Index (January 2015)

Statistical Release

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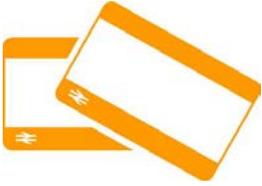
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1. Introduction



This release contains information on rail fares index which measures the annual change in fares between January 2014 and January 2015. The data covered within the release are:

- Rail fares index - the rail fares price index provides a measure of the change in prices charged by train operating companies to rail passengers.
- Average change in price by sector – provides a measure of the change in price for the London & South East, Long Distance and Regional (including Scotland) sectors.
- Average change in price by regulated / unregulated fares – provides a measure of the change in price for first class, standard class regulated and standard class unregulated fares.
- Average change in price by ticket type – provides a measure of the change in price for advance, anytime, off-peak, super off-peak and season tickets.

The index shows the average change in prices since January 2004 (January 1995 for the regulated / unregulated table) and is calculated from transaction data held in LENNON (Latest Earnings Nationally Networked Over Night), the rail industry's ticketing and revenue database. The rail fares index includes regulated and unregulated fares.

Before 2004, government policy was to set regulated fares at July retail prices index (RPI) minus one per cent, resulting in below inflation rises. Since 2004, the annual change in these fares has been set by the government at July RPI plus one per cent, leading to average fare rises higher than the rate of inflation. For 2015, regulated fare increases were capped at RPI, which stood at 2.5% in July 2014. Regulated fares include season tickets for most commuter journeys and Off-Peak fares on most journeys between major cities. Unregulated fares are those which operators are free to determine.

Methodology

In 2014, ORR undertook a review of the rail fares index, which was carried out by the Office for National Statistics (ONS) Methodology Advisory Service. They made a number of recommendations which were implemented last year.

More details on the methodology changes are in the accompanying rail finance [Quality Report](#). The full ONS report is available on the user engagement section of the ORR website: [Rail fares index methodology review](#)

The average change in fares is weighted by earnings and is presented alongside the January 2015 all items retail prices index to illustrate how the average change in rail fares compares with the average change in the cost of goods and services. Furthermore, the data portal also shows a comparison between the rail fares index and revenue per passenger journey.

When comparing the rail fares index and revenue per passenger journey it is important to understand the difference between the two measures. The rail fares index is constructed so that it covers the cost of travel only. This is done by excluding fares that include 'extras', such as multi tickets and tickets which include entrance to attractions etc. Also excluded are short-term temporary fares/promotions and flows for which we are unable to find price information for either of the two reference years. Furthermore, the revenue per journey reflects changes in customer behaviour and captures changes caused when passengers switch to cheaper tickets. The purpose of the rail fares index is to capture the change in price of a specific set of products so does not capture this phenomenon, other than in the expenditure weighting for those products in the following year.

Given these differences in scope, we would expect revenue per passenger journey to grow at a slower rate than a matched price index although this is not always the case. For more detail on the exclusions from the rail fares index and the differences between the two measures please see the associated [Quality Report](#).

The data contained within this release are sourced from:

- The LENNON (Latest Earnings Nationally Networked Over Night) database and Office of National Statistics (ONS) for the rail fares index and real terms change in average ticket price.

This is an annual release and the data in this release covers January 2014 to January 2015. All the data contained and referred to within this release can be accessed via the [ORR Data Portal](#).

Annexes

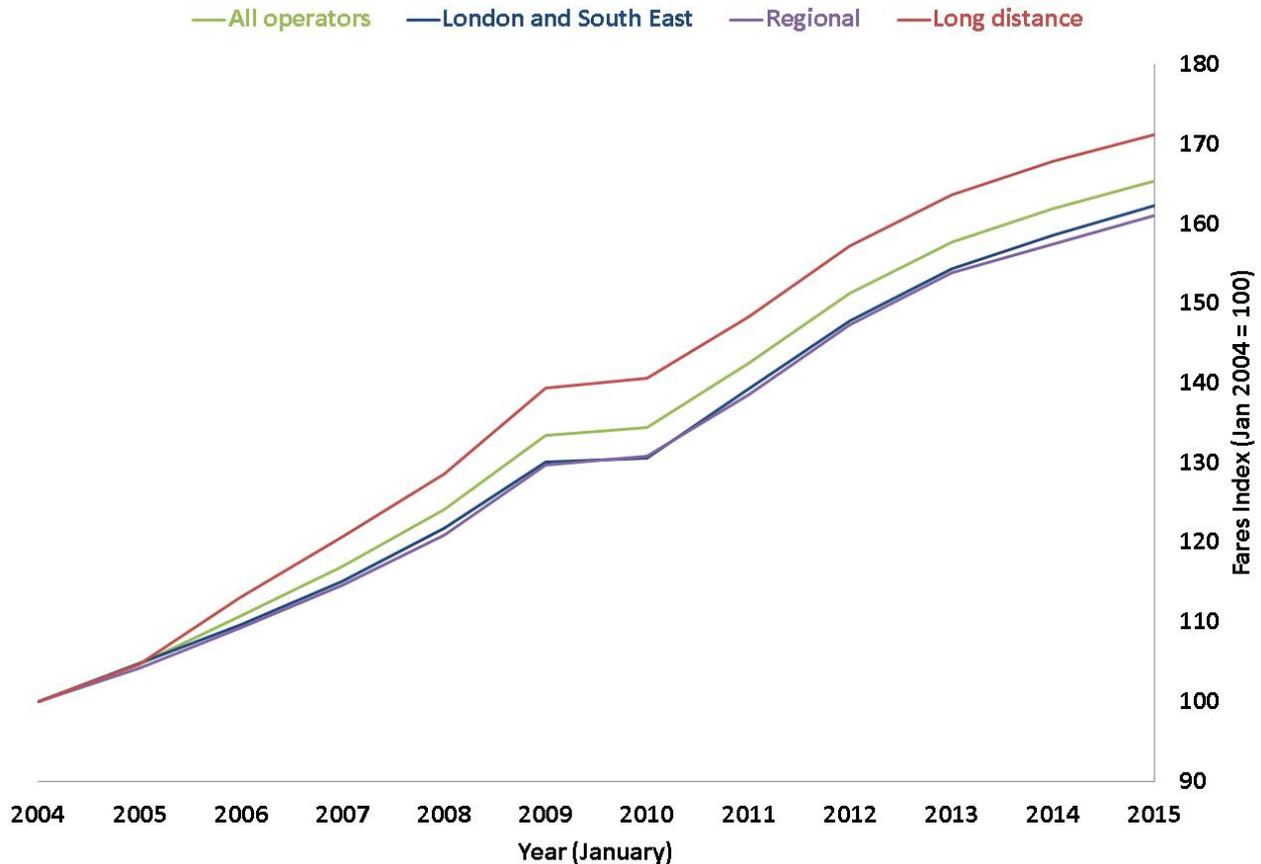
The United Kingdom Statistics Authority designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics. For information on how to access the data referenced in this report and details of future publications and other statistical releases produced by the ORR, please refer to the annexes at the end of this report.

2. Summary of key results

- Since 2004 the growth in rail fares for each of the three sectors has followed a similar pattern, with the index of Long Distance fares at a higher level than the London and South East and Regional sectors. Between 2004 and 2015 fares in the Long Distance sector have risen by an average of 71.2%. This compares to 62.4% in the London and South East sector, and 61.1% in the Regional (including Scotland) sector.
- The average change in rail fares between January 2014 and January 2015 was 2.2%. This represented an increase in real terms of 1.1% as over the same time period the Retail Prices Index was 1.1%. The main driver of overall price change is the London and the South East sector, accounting for 46% of all revenue and fares in London and the South East had the largest increase of 2.3%.
- The average change in the regulated rail fares between January 2014 and January 2015 was 2.4%. This represented an increase in real terms of 1.3% as over the same time period the Retail Prices Index increased by 1.1%.
- Between January 2014 and January 2015, Anytime and super off peak tickets saw the lowest increases of 1.7% and 1.6% respectively, in contrast to the advance ticket fares which saw prices increase by 3.0%

3. Rail Fares Index

Rail fares index by sector– chart
Great Britain data January 2004 to January 2015



- Since 2004 the growth in rail fares for each of the three sectors has followed a similar pattern, with the index of Long Distance fares at a higher level than the London and South East and Regional sectors. Between 2004 and 2015 fares in the Long Distance sector have risen by an average of 71.2% compared to 62.4% and 61.1% in the London and South East and Regional sectors respectively.
- The smallest annual increase in rail fares was between January 2009 and January 2010 when the index of all tickets increased from 133.5 to 134.4, which equated to a 0.7% increase in fares. In part, this was because the all items RPI in July 2009 stood at -1.4%, meaning that regulated fares actually fell by 0.4% in January 2010.

Annual rail fares index data are available on the data portal at: [Table 1.8](#)

4. Average change in price by sector

Average change in price by sector – table

Great Britain data January 2015 on January 2014 and January 2004

Sector	Ticket Type	Average change in price (%) - 2015 on 2014	Real terms change in average price (%) 2015 on 2014	Real terms change in average price (%) 2015 on 2004
London and South East	All tickets	2.3	1.2	16.4
Long distance	All tickets	2.0	0.9	22.7
Regional	All tickets	2.3	1.2	15.5
All operators	All tickets	2.2	1.1	18.6
Retail Prices Index	All items	1.1		

- The average change in rail fares between January 2014 and January 2015 was 2.2%. This represented an increase in real terms of 1.1% as over the same time period the Retail Prices Index was 1.1%.
- The main driver of overall price change is the London and the South East sector, accounting for over 46% of all revenue and fares in London and the South East had the largest increase of 2.3%. The largest increase in the sector was on advance fares, which increased by 3.2% on January 2014. The highest amount of expenditure in the sector is on season tickets, which rose by 2.6% on January 2014.
- In the Long Distance sector, ticket prices increased by 2.0%. Similar to the London and the South East Sector, the advance ticket fares saw the largest increase of 3.1% compared to January 2014, but these were offset by lower increases on anytime and off peak fares.
- Within the Regional sector (including Scotland), prices increased by 2.3%. Super off peak travel which account for less than 2% of expenditure in the sector saw the largest increase in its fares by 5.1%. The largest proportion of revenue in the sector is on anytime fares, which increased 2.4% compared to January 2014.

Average change in price data are available on the data portal at: [Table 1.8](#)

5. Average change in price by regulated/unregulated fares

Average change in price by regulated/unregulated fares – table
Great Britain data January 2015 on January 2014 and January 1995

Sector	Regulated/Unregulated fares	Average change in price (%) - 2015 on 2014	Real terms change in average price (%) 2015 on 2014	Real terms change in average price (%) 2015 on 1995
London and South East	First Class unregulated	1.8	0.7	21.8
	Standard class regulated	2.5	1.4	7.5
	Standard class unregulated	2.2	1.1	24.4
Long Distance	First Class unregulated	3.2	2.1	74.7
	Standard class regulated	2.4	1.3	5.1
	Standard class unregulated	1.6	0.5	49.8
Regional	First Class unregulated	1.6	0.5	35.1
	Standard class regulated	2.2	1.1	6.2
	Standard class unregulated	2.3	1.2	20.9
All operators	First Class unregulated	2.9	1.8	61.7
	Standard class regulated	2.4	1.3	6.6
	Standard class unregulated	1.9	0.8	32.9
Retail Prices Index	All items	1.1		

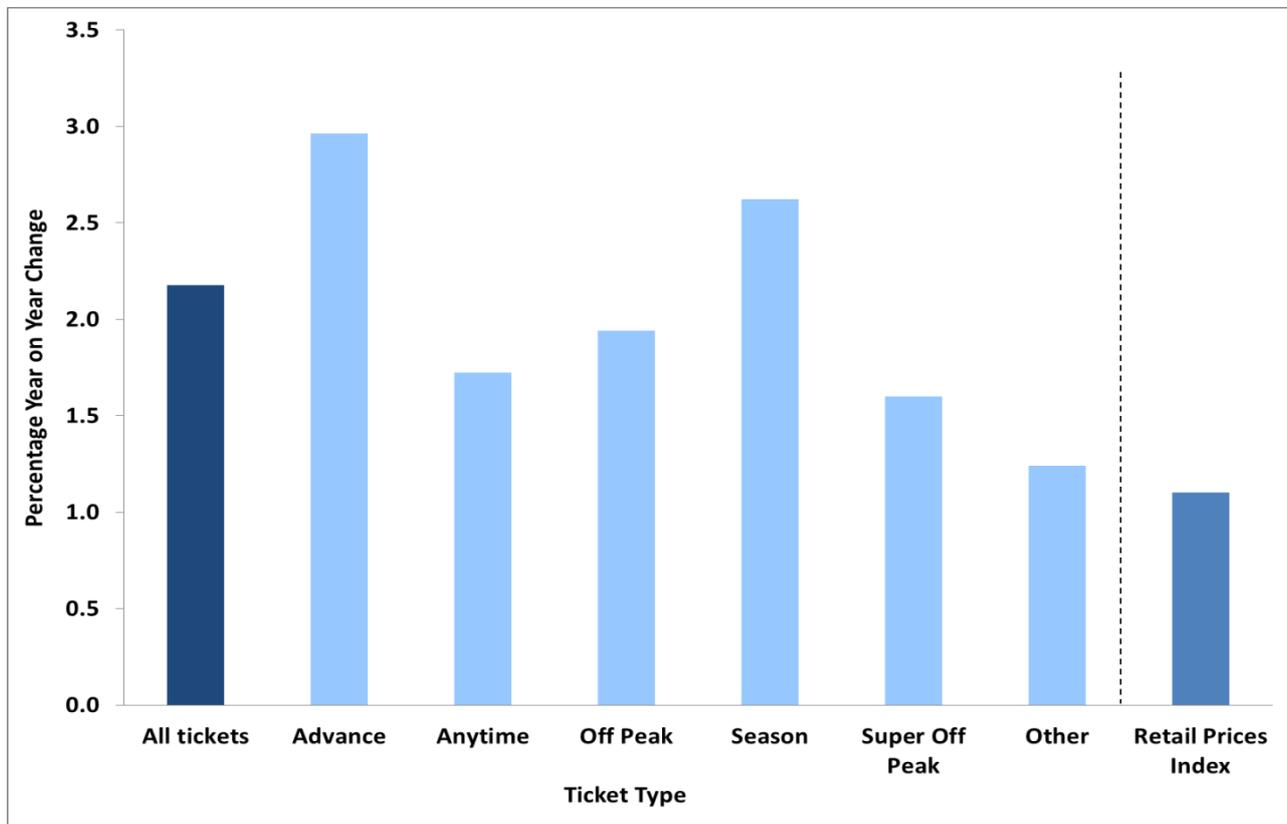
- The average change in regulated rail fares between January 2014 and January 2015 was 2.4%. This represented an increase in real terms of 1.3% as over the same time period the Retail Prices Index increased by 1.1%. Price changes in regulated fares have been set by the Government to equal the July RPI, which was 2.5% in July 2014.
- The average change in unregulated rail fares between January 2014 and January 2015 for First class and Standard class were 2.9% and 1.9% respectively.

- In the London and South East sector, regulated fares which accounted for 47% of fare revenue within the sector, increased by 2.5% compared to January 2014. For unregulated ticket fares, standard class fares increased by 2.2% in this sector, compared to an increase of 1.8% for first class fares.
- The Long Distance sector saw regulated ticket fares, accounting for 17% of the fare revenue in the sector, rise by 2.4%. First class unregulated fares saw the highest increase of 3.2% on January 2014 fares, with unregulated standard class fares increasing by 1.6% in this sector.
- Regulated ticket fares for the Regional sector (including Scotland) increased by 2.2% compared to the January 2014 fares. Standard class unregulated fares saw the highest increase of 2.3% with unregulated first class fares increasing by 1.6%.

Average change in price by regulated/unregulated fares data are available on the data portal at: [Table 1.81](#)

6. Average change in price by ticket type

Average change in price by ticket type – chart
Great Britain data January 2015 on January 2014



- The average price change across all ticket types saw an increase of 2.2% between January 2014 and January 2015. Anytime and off-peak tickets account for over 50% of revenue and both saw price increases of less than 2%. However, these were offset by price increases of 2.6% and 3.0% for season tickets and advance fares respectively, which combined cover just under 40% of revenue.
- Advance ticket fares saw the highest increase among all ticket types, with the average price between January 2014 and January 2015 increasing by 3.0%. Season ticket fares had the second highest increase with the average price increasing by 2.6%.
- Anytime and super off peak tickets saw the lowest increases compared to January 2014, with increases of 1.7% and 1.6% respectively, in contrast to the advance ticket fares.

Average change in price by ticket type data are available on the data portal at: [Table 1.8](#)

Annex 1 - Statistical release themes and publication timetable

Statistical release	Data	Publication schedule
Passenger and Freight Rail Performance - Quarterly	Public performance measure Freight performance measure Cancellations and significant lateness	2014-15: Q4: 14 th May 2015 2015-16: Q1: 3 rd September 2015 Q2: 12 th November 2015
Freight Rail Usage - Quarterly	Freight moved Freight lifted Freight delay minutes per 100 train kilometres Freight market indicators (Q4 only)	2014-15: Q4: 21 st May 2015 2015-16: Q1: 24 th September 2015 Q2: 26 th November 2015
Passenger Rail Usage – Quarterly	Passenger kilometres Passenger journeys Passenger revenue Timetabled train kilometres	2014-15: Q4: 4 th June 2015 2015-16: Q1: 1 st October 2015 Q2: 10 th December 2015
Passenger Rail Service Satisfaction - Quarterly	Complaints Appeals received by London TravelWatch and Passenger Focus National rail enquiries	2014-15: Q4: 18 th June 2015 2015-16: Q1: 8 th October 2015

		Q2: 17 th December 2015
Rail Finance – Rail Fares Index - January 2015	Rail Fares Index	14 th May 2015
Rail Finance – Annual 2014-15	Government support to the rail industry Private investment	27 th August 2015
Key Safety Statistics – Annual 2014-15	Key safety facts Passenger key safety facts Public key safety facts Workforce key safety facts Train accidents key facts	17 th September 2015
Rail Infrastructure, Assets and Environmental – Annual 2014-15	Infrastructure on the railways Average age of rolling stock Sustainable development	22 nd October 2015
Regional Rail Usage – Annual 2014-15	Regional journeys	January 2016 TBC

Annex 2 – List of pre-created reports available on ORR NRT 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.

Index showing average change in price of rail fares

- Index showing average change in price of rail fares by ticket type - [Table 1.8](#)
- Index showing average change in price of rail fares by regulated and unregulated tickets – [Table 1.81](#)

Revisions: There have been revisions to the previously published dataset for 2014. Further details on historic revisions to the dataset can be found at: [Revisions Log](#)

Annex 3

Statistical Releases

This publication is part of the statistical releases which cover the majority of reports that were previously released through the NRT 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:

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

This year the Rail Fares Index has been published separately from the main Rail Finance statistical release to enable earlier publication of data.

A full list of the themed releases, their data and publication schedule can be found in Annex 1.

This is an annual release and the data in this release refer to January 2015. All the data contained and referred to within this release can be accessed via the National Rail Trends Data Portal.

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 publish a range of rail statistics which can be found at [DfT Rail Statistics](#)



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