

2020-21

30 November 2021

Background:

This annual statistical release contains information on rail finance in the United Kingdom. It covers the finances of **Network Rail, train operators (passenger and freight), High Speed 1 (HS1), Core Valley Lines and Northern Ireland Railways**. The data include the level of **government support** to the industry in Great Britain as well as **private investment**.

Statistics are presented by **income and expenditure category, Network Rail Region, and train operator**.

Sources: Department for Transport, Transport Scotland, Train/Freight operating companies, Network Rail, HS1, Core Valley Lines and Northern Ireland Railways.

To adjust for inflation, historic data have been adjusted to 2020-21 prices using the November 2020 CPI.

Latest year: 2020-21 (1 April 2020 to 31 March 2021)

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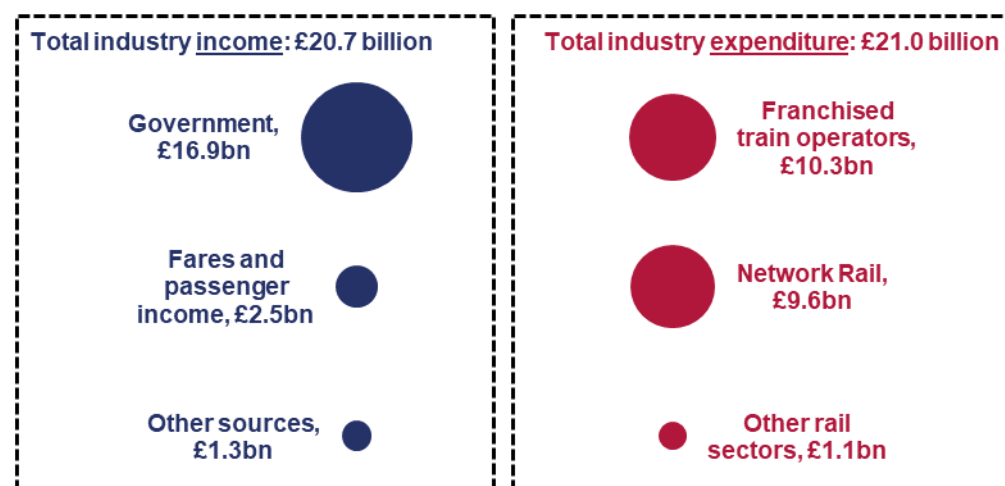
Next publication:
November 2022

The rail industry in 2020-21 was substantially affected by the coronavirus (COVID-19) pandemic. Passenger revenues fell to historically low levels and the government used emergency measures to keep train services running, which led to a large increase in train operator subsidy.

Total rail industry income in 2020-21 was £20.7 billion, a 2.4% increase from 2019-20. This consisted of £16.9 billion from government funding, £2.5 billion from passengers (£1.8 billion of fares and £0.6 billion of other train operator income), and £1.3 billion from other sources.

Total expenditure in 2020-21 was £21.0 billion, a 3.8% increase from 2019-20. This consisted of £10.3 billion of franchised train operator expenditure, £9.6 billion of Network Rail expenditure and £1.1 billion of expenditure by other parts of the rail industry.

Rail industry income and expenditure, UK, 2020-21



NOTE: The data in this statistical release are compiled from many different industry accounts. There are small variations and timing differences in the basis of these accounts, which results in the £0.3 billion difference between total income and total expenditure. For more information, please see the [quality and methodology report](#).

All data tables, a quality and methodology report and an interactive dashboard associated with this report are published on the [rail industry finance page](#) of the ORR data portal. Key definitions are in annex 1.

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Executive summary

Purpose of the report

This report summarises the income, expenditure, and government funding of the UK rail industry for the financial year 1 April 2020 to 31 March 2021 (2020-21). It provides an analysis of changes to the industry's finances over the last five years (i.e. compared with 2015-16) and across the [Network Rail regions](#), and the reasons for these changes. This information helps to strengthen the industry's accountability and inform debate around its value for money.

Users can access an interactive analytical tool (dashboard) and the data tables underpinning this report on the [ORR data portal](#).

This report brings together financial information from over 30 rail companies including infrastructure providers, and passenger and freight train operating companies. Our analytical approach is explained in the accompanying [quality and methodology report](#) and is summarised in Annex 2. The majority of our analysis is for the rail industry in Great Britain, apart from the whole industry income and expenditure information in Figure 6, which also includes Northern Ireland Railways.

To adjust for inflation, historic data have been adjusted to 2020-21 prices using the November 2020 CPI.

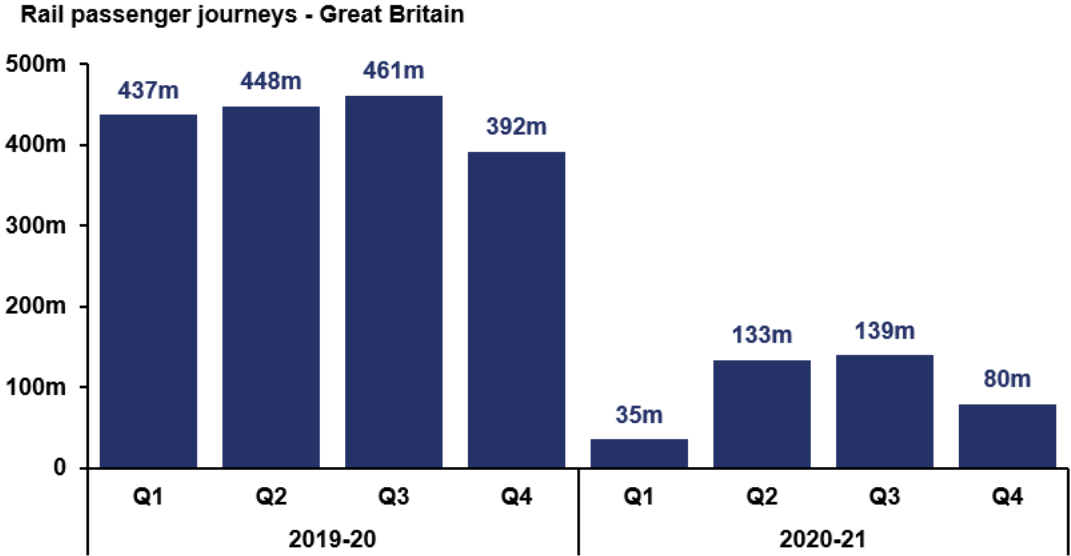
Key findings

1) Fares income in Great Britain dropped by £8.6 billion to £1.8 billion, due to the impact of the pandemic.

Passengers contributed £1.8 billion of fares income in 2020-21, an £8.6 billion decrease from 2019-20. A total of 388 million passenger journeys were taken in 2020-21, which was 77.7% lower than in 2019-20. There were a series of travel restrictions put in place in the year by the UK and devolved governments to help to limit the spread of coronavirus.

Due to the pandemic, the [government delayed the usual annual January change to rail fares](#) until 1 March 2021. The [average fare increase](#) across Great Britain from 1 March 2021 was 1.2% compared with prices in January 2020.

Figure 1: Passenger journeys by quarter, Great Britain, 2019-20 Q1 to 2020-21 Q4 (Table 1221 - passenger rail usage)



The average passenger fare per journey in 2020-21 was £4.74 for all operators, an annual reduction of 20.2%, which was largely caused by shorter average journey lengths. The average journey length decreased by 15.8% to 32.1 kilometres.

The average fare per kilometre travelled was 0.15p, an annual reduction of 5.2%. This was driven by a change in the mix of tickets purchased for journeys in the long distance sector.

2) Government funding of the rail industry in 2020-21 was £16.9 billion, an annual increase of £10.4 billion largely due to the use of emergency measures for train operators.

Governments contributed £16.9 billion to the day-to-day operations of the railway in Great Britain in 2020-21, an annual increase of £10.4 billion. Funding for train operators was £10.2 billion, an increase of £9.0 billion and funding for Network Rail and Core Valley Lines was £6.6 billion, an increase of £1.4 billion.

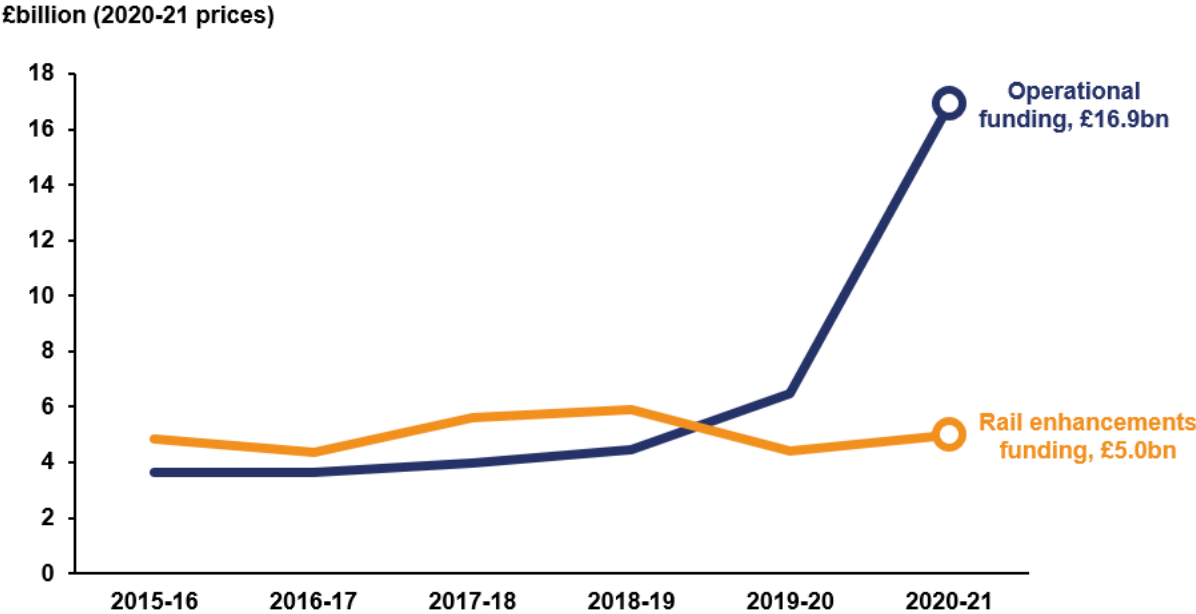
The increase in government funding for train operators was a direct result of the use of Emergency Measures Agreements (EMAs). The reduction in fares income affected the financial sustainability of franchised train operators and on the 23 March 2020 the Department for Transport (DfT) announced the introduction of EMAs for DfT-managed franchises¹. Similar measures were introduced by Transport Scotland and the Welsh Government.

¹ London North Eastern Railway and Northern Trains were not operating under emergency agreements as DfT already had full responsibility for their costs and revenues as the operator of last resort.

Under the EMAs, the cost and revenue risk of train operators transferred to the UK and devolved governments, which means that they were now responsible for paying most of the costs of running passenger services and would retain the fares income.

In addition to the funding for day to day running of the railway, governments also funded £1.6 billion of funding for enhancements to the mainline rail network and £3.4 billion toward the development of the High Speed 2 project.

Figure 2: Government support to the rail industry, Great Britain, 2015-16 to 2020-21 (Table 7270) ²



3) Industry costs in the UK increased by 3.8% to £21.0 billion in 2020-21.

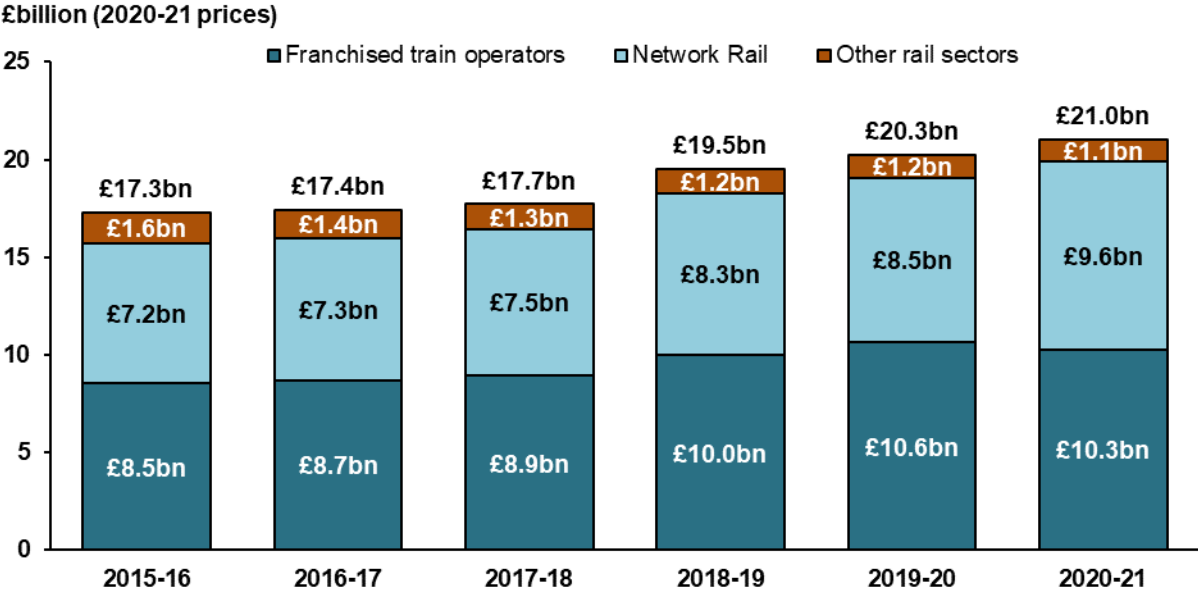
Industry costs were £21.0 billion in 2020-21, which represents a £0.8 billion (3.8%) annual increase. Network Rail expenditure was £9.6 billion, an increase of £1.2 billion (14.0%), franchise train operator expenditure was £10.3 billion, a decrease of £0.4 billion (3.3%).

The pandemic had a varied effect on industry costs. Franchised train operators ran 20.9% fewer train services in the year which meant that costs such as fuel, Network Rail charges, and other variable costs, reduced. In other areas however the pandemic increased costs, such as for the cost of purchasing Personal Protective Equipment (PPE), additional cleaning costs and staff absences.

² Funding of rail enhancements does not include loan funding of Crossrail from 2018-19 but does include grant funding of Crossrail before that. Network Rail enhancements are now grant funded. Prior to 2020-21 they were funded through loans from DfT, which we have included for comparability purposes.

Compared with 5 years ago (2015-16) industry costs have increased by 21.5% as shown in the chart below. Prior to the pandemic, increased industry costs were largely explained by increases in passenger journeys as well as additional expenditure on the rail network and new rolling stock.

Figure 3: Rail industry expenditure, UK, 2015-16 to 2020-21 (Table 7210)

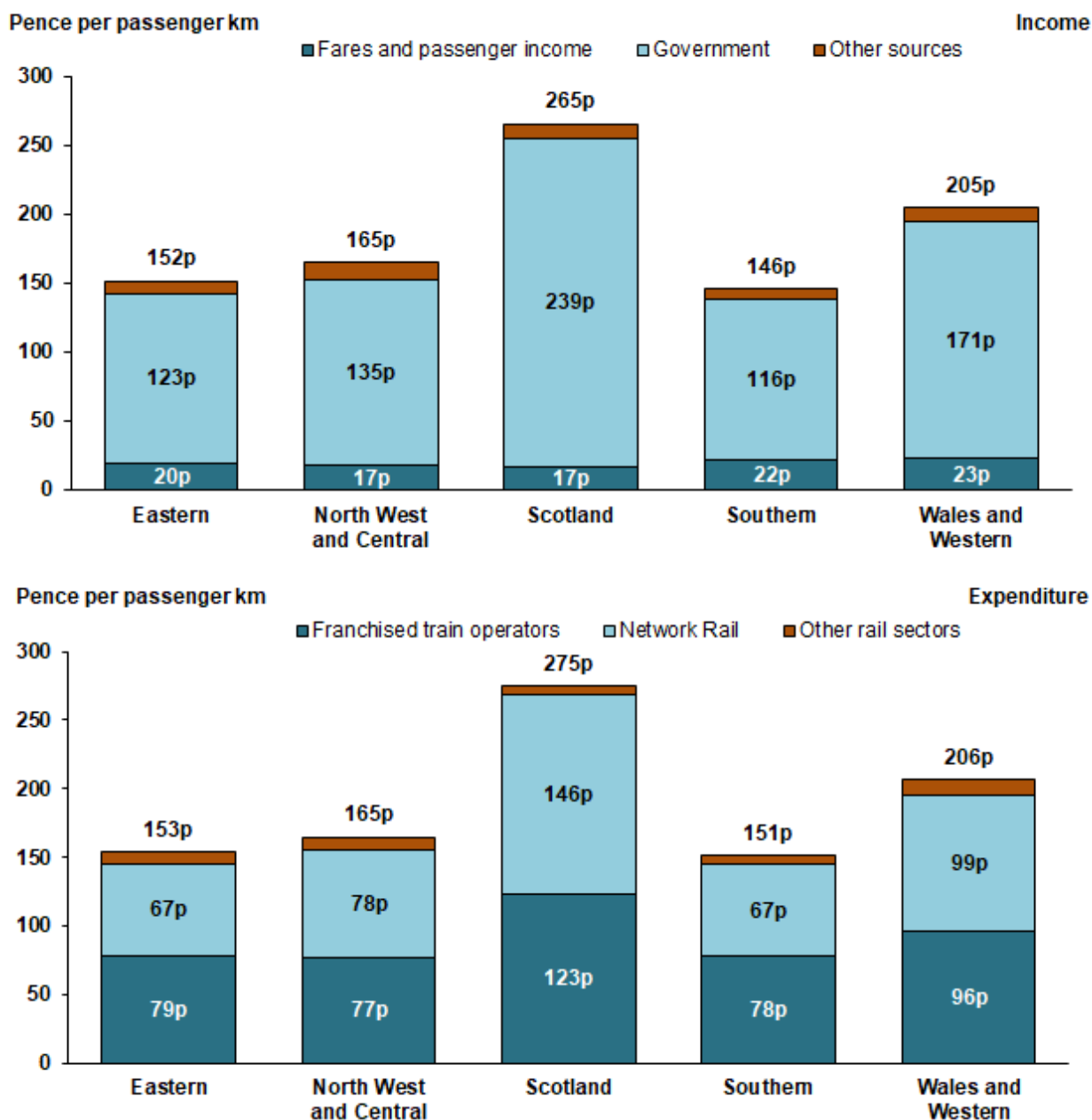


4) There are regional differences across the rail industry.

This report shows the costs of running the industry for each region and England, Scotland and Wales. The chart below shows the income and expenditure of each of the five regions that the network is divided into for operational purposes.

There are valid reasons for differences in regional income and expenditure including the size and complexity of the infrastructure and passenger and freight demand.

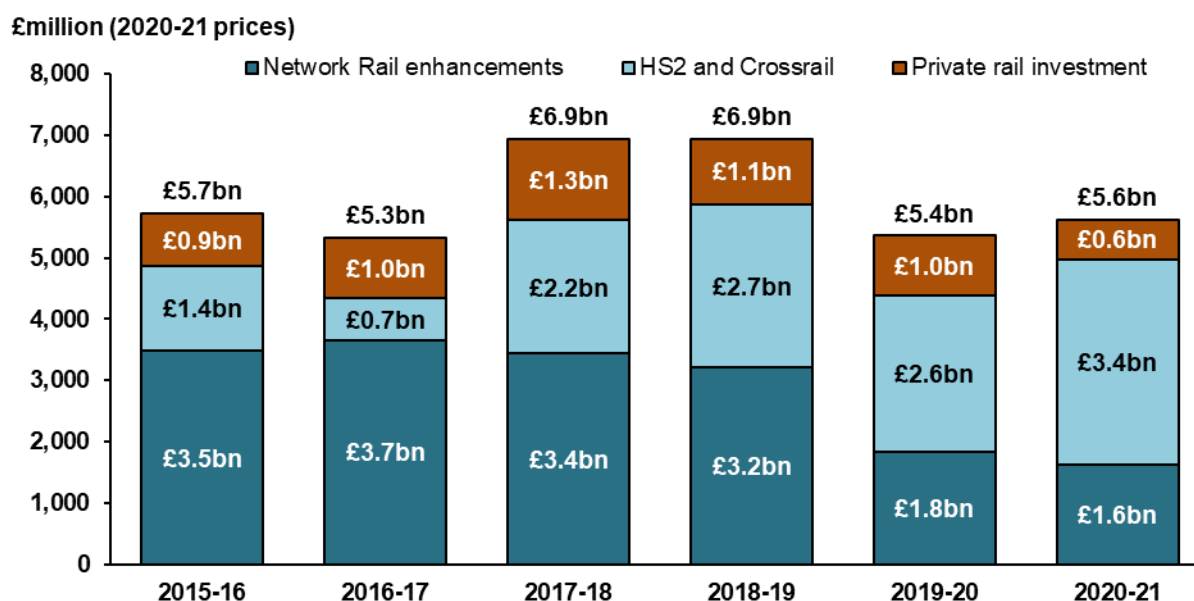
Figure 4: Rail industry income and expenditure by Network Rail region normalised by passenger kilometres, Great Britain, 2020-21 (Table 7216)



5) Expenditure on rail infrastructure enhancements and rolling stock was £5.6 billion in Great Britain in 2020-21, an increase of 4.9% compared with the previous year.

The £5.6 billion consisted of £3.4 billion on the High Speed 2 (HS2) project, £1.6 billion on enhancements to the existing mainline rail network and £0.6 billion of private investment. The annual increase of 4.9% was largely due to increased funding for HS2.

Figure 5: Investment in the rail industry, Great Britain, 2015-16 to 2020-21
(Tables 7270 and 7290)



6) The rail industry has started to recover from the impact of the pandemic.

In 2021-22 Q1 (1 April to 30 June 2021) [182 million rail passenger journeys were made in Great Britain](#), more than five times the 35 million journeys made in 2020-21 Q1. Usage however remained low, the 2021-22 Q1 passenger numbers were 58.4% lower than the 437 million journeys made in the same quarter two years ago (2019-20 Q1).

Passenger revenue, in line with increased passenger journeys, has also started to recover. In 2021-22 Q1 passenger revenue was £999 million, higher than the £184 million in 2020-21 Q1 but still lower than before the pandemic (£2.8 billion in the same quarter two years ago (2019-20 Q1)).

Government funding continued to be at a historically high level but has started to reduce in line with the recovery in fare revenue. [DfT funding of train operators in periods 1 to 4 of 2021-22 was £2.1 billion, which is 22.4% lower than periods 1 to 4 2020-21](#). Between periods 1 and 4 of 2021-22 (1 April 2021 to 24 July 2021), DfT’s payments to train operators fell by 26.9%, from £0.6 billion in period 1 to £0.5 billion in period 4. We do not currently have comparable figures for Transport Scotland or Transport for Wales.

We have limited information on industry costs in 2021-22 and will report more fully on this in our 2021-22 edition of this report in November 2022.

7) The structure of the rail industry will change as outlined in the Williams-Shapps plan for rail.

DfT published the [Williams-Shapps plan for rail](#) in May 2021. The plan outlines widespread changes to the structure of the rail industry and the creation of a single rail body, Great British Railways, which will include Network Rail and will enter into contracts with train operators.

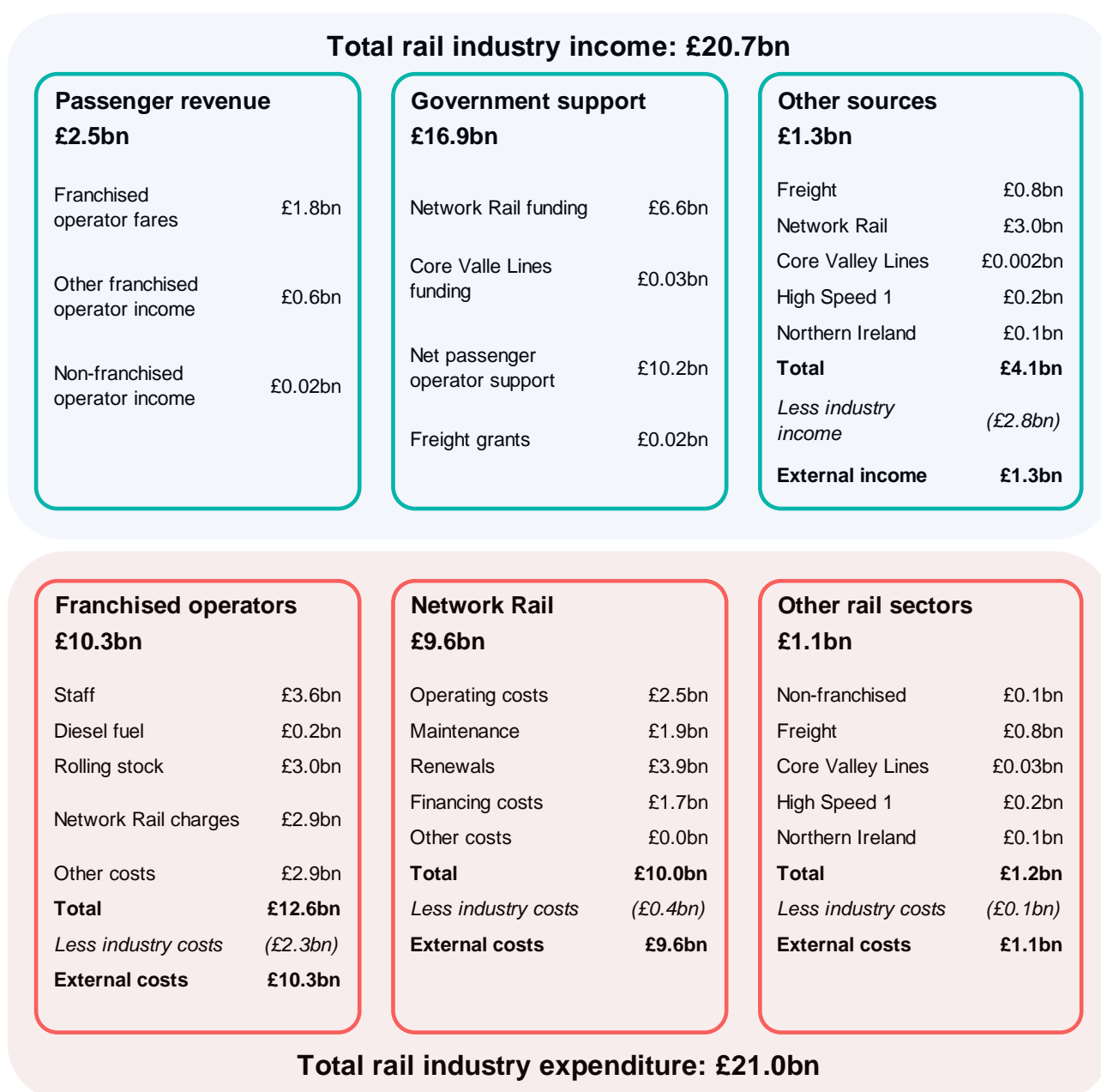
As set out in the plan, train operators, which were previously franchised train operators, will instead compete for contracts awarded by the new body. The plan suggests that there will be a range of commercial arrangements in the contracts, with incentives to improve customer satisfaction, grow passenger revenues etc., and different approaches to the level of financial risk taken on by train operators.

Rail industry finances summary

Figure 6 shows the total income and expenditure of the UK rail industry in 2020-21. It shows total rail industry income of £20.7 billion and total industry expenditure of £21.0 billion.

Note: The data in this report are compiled from many different industry accounts. There are small variations and timing differences in the basis of these accounts, which results in the £0.3 billion difference between total income and total expenditure. For more information, please see the accompanying [quality and methodology report](#).

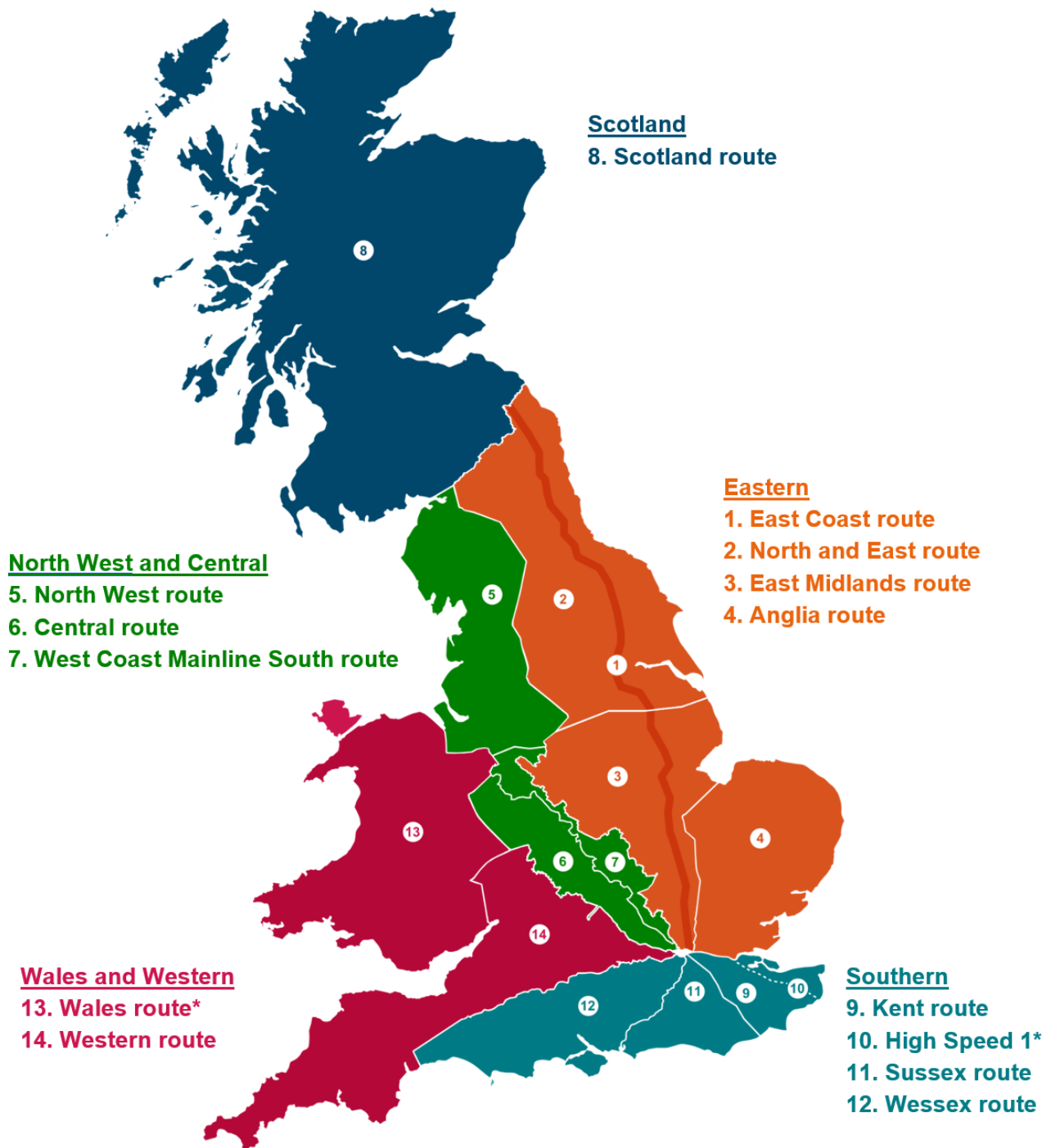
Figure 6: Rail industry income and expenditure, UK, 2020-21 (Table 7210)



1. Introduction

- 1.1 This report summarises the income, expenditure, and government funding of the UK rail industry for the financial year 1 April 2020 to 31 March 2021 (2020-21). It provides an analysis of changes to the industry's finances over the last five years (i.e. compared with 2015-16) and across England, Scotland, Wales, Northern Ireland and Network Rail regions, and the reasons for these.
- 1.2 The financial information in this report is largely based on the following sources:
- (a) Train operator management accounts, which are supplied to franchise authorities. These are not audited and are not the same as statutory financial accounts.
 - (b) Regulatory financial reports for Network Rail and HS1 Ltd. Network Rail regulatory financial statements are audited, HS1 Ltd Asset Management Annual Statement is not. Both are not the same as statutory financial accounts.
 - (c) Company accounts for freight operators, Hull Trains, and Northern Ireland Railways.
 - (d) Bespoke requests for Amey Infrastructure Wales (Core Valley Lines infrastructure manager), TfL Rail, Arriva Rail London, Merseyrail and non-franchised operators (Grand Central and Heathrow Express).
- 1.3 The financial data which underpins this analysis can be explored further using an interactive analytical tool (dashboard) and the data tables on the [ORR data portal](#).

Figure 1.01: Network Rail regions and routes



High Speed 1 is operated, maintained and renewed by [Network Rail High Speed](#), the figures for which are not included in the Southern region in this report. Income and expenditure for High Speed 1 are presented separately in Table 7250.

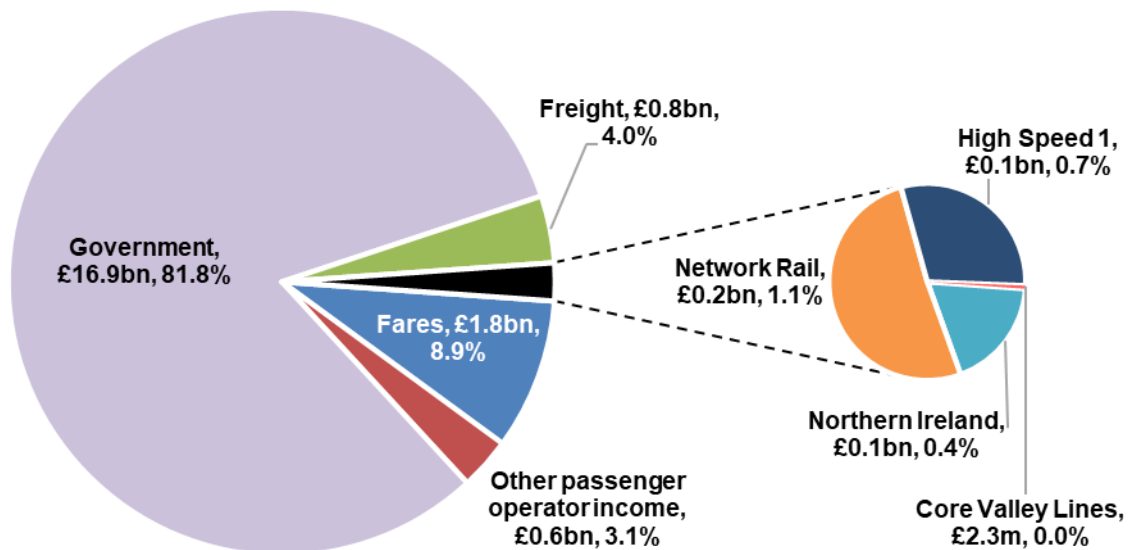
The Core Valley Lines are operated, maintained and renewed by [Amey Infrastructure Wales Limited](#), the figures for which are not included in the Wales route in this report. Income and expenditure for the Core Valley Lines are presented separately in Table 7265.

2. Rail industry finances in 2020-21

Rail industry income

- 2.1 Rail industry income in 2020-21 was £20.7 billion, a £0.5 billion (2.4%) increase from 2019-20. The £20.7 billion includes government funding of £16.9 billion, fares income of £1.8 billion, other passenger operator income of £0.6 billion, and income from other sources of £1.3 billion.
- 2.2 In 2020-21, passenger numbers reduced by 77.7% compared with 2019-20 to 388 million passenger journeys. In contrast, the 5-year average for passenger journeys, before the pandemic, was 1.7 billion per annum. Freight train kilometres were 29.9 million kilometres, an annual decrease of 9.9%.
- 2.3 Financial information for freight operators in 2020-21 was not available at the time of publication. The data presented in Figure 2.01 below includes freight income for 2019-20 adjusted for inflation and the reduced freight kilometres in 2020-21.

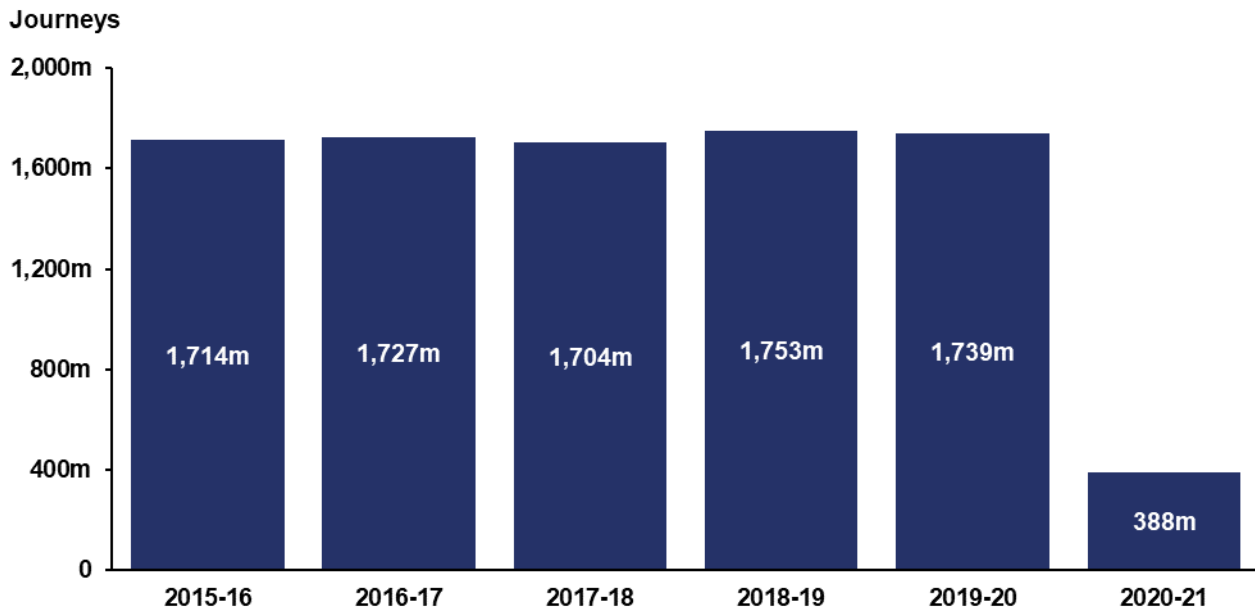
Figure 2.01: Rail industry income by source, UK, 2020-21 (Table 7210)



Total fares income and passenger journeys

2.4 Passengers contributed £1.8 billion of fares income in 2020-21. This represents a £8.6 billion annual decrease and was caused by the impact of the pandemic.

Figure 2.02: Passenger journeys, Great Britain, 2015-16 to 2020-21
(Table 1221 - passenger rail usage)



2.5 The average passenger fare per journey in 2020-21 was £4.74 for all operators, an annual reduction of 20.2%, which was largely caused by shorter average journey lengths. The average journey length decreased by 15.8% to 32.1 kilometres.

2.6 The average fare per kilometre travelled was 0.15p, an annual reduction of 5.2%. This was driven by a change in the mix of tickets purchased for journeys in the long distance sector.

2.7 The average franchised passenger fare per passenger kilometre in 2020-21 was estimated to be 15p in England, 12p in Scotland and 14p in Wales.

2.8 For more information on passenger usage in 2020-21, see the [ORR's passenger rail usage 2020-21 Q4 statistical release](#).

Rail fares

2.9 Due to the pandemic, the [government delayed the usual annual January change to rail fares](#) until 1 March 2021. The [average fare increase](#) across Great Britain from 1 March 2021 was 1.2% compared with prices in January 2020. This compares with a 1.5% increase in the Retail Prices Index (RPI) between March 2020 and March 2021.

- 2.10 The average increase in the price of regulated fares was 2.5%, which was below the 2.6% price cap set by the UK Government based on the [July 2020 RPI figure](#) plus 1%.

Government funding

Funding of the operational railway

- 2.11 Governments contributed £16.9 billion to the operational costs of the railway in 2020-21, an annual increase of £10.4 billion. This included a £1.4 billion planned increase in Network Rail funding and a £9.0 billion increase in net government support to franchised train operators.
- 2.12 Network Rail funding was £6.6 billion, a £1.4 billion annual increase. The increase reflects additional funding in control period 6 (CP6). DfT and Transport Scotland are funding Network Rail to improve the overall asset condition of the mainline rail network and more is being spent on renewals to reflect this priority.
- 2.13 Train operator funding increased by £9.0 billion to £10.2 billion. The increase was a direct result of the introduction of Emergency Measures Agreements (EMAs). The reduction in fares income affected the financial sustainability of franchised train operators and on the 23 March 2020 DfT announced the introduction of EMAs for DfT-managed franchises. Similar measures were introduced by Transport Scotland and the Welsh Government.
- 2.14 Under the EMAs, the cost and revenue risk of train operators transferred to the UK and devolved governments, which means that the UK and devolved governments were now responsible for paying the costs of running passenger services and would retain the fares income. Train operators receive a management fee, which is tied to performance targets, in exchange for running train services.
- 2.15 Since 28 March 2021, the Core Valley Lines (CVL) around Cardiff are funded by the Welsh Government. Amey Infrastructure Wales, the infrastructure manager for the CVL, received £31 million of funding in 2020-21.

Table 2.01: Government funding of the operational rail industry, Great Britain, 2020-21 (Table 7271)

Government funding, £ billion	Total funding
Train operators	10.2
Network Rail	6.6
Core Valley Lines (CVL)	0.03
Total	16.9

2.16 The £16.9 billion in government funding was split between DfT (£14.4 billion), Transport Scotland (£1.5 billion), Transport for Wales (£0.4 billion), Transport for London (£0.5 billion), and Passenger Transport Executives (£0.1 billion).

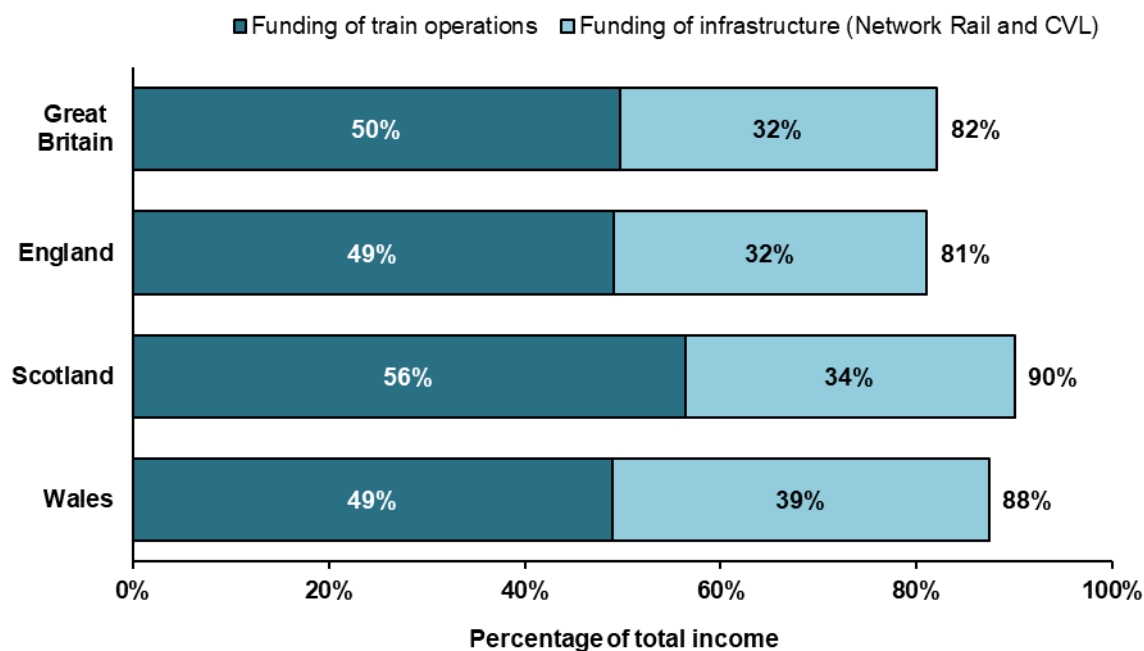
Table 2.02: Government funding of the operational rail industry, Great Britain, 2020-21 (Table 7271)

Government funding, £ billion	Infrastructure managers (Network Rail and CVL)	Net train operators funding	Total funding
Department for Transport (DfT)	6.0	8.4	14.4
Transport Scotland	0.6	0.9	1.5
Transport for Wales	0.03	0.3	0.3
Transport for London		0.5	0.5
Passenger Transport Executives		0.1	0.1
Total	6.7	10.2	16.9

2.17 The £0.03 billion of Transport for Wales infrastructure manager funding in Table 2.02 above is for the CVL.

2.18 On average, government funding of the operational railway was £1.27 per passenger kilometre in England, £2.39 per passenger kilometre in Scotland and £2.39 per passenger kilometre in Wales.

Figure 2.03: Government funding of the operational rail industry as a percentage of total income by country, Great Britain, 2020-21 (Table 7216)



Funding of rail infrastructure enhancements

2.19 Government funding of rail infrastructure enhancements was £5.0 billion in 2020-21, which comprised £1.6 billion of enhancements to the mainline rail network and £3.4 billion for HS2. The £5.0 billion was £0.6 billion (13.5%) higher than 2019-20, due to increased expenditure on HS2.

2.20 Network Rail enhancements are funded by DfT (£1.4 billion, for England and Wales projects) and Transport Scotland (£0.2 billion)³. The High Speed 2 (HS2) project is funded by DfT.

Other industry income

Network Rail property income

2.21 Network Rail received £120 million of property income in 2020-21, a £659 million annual decrease. The £120 million comprised of £81 million of property rental income (£174 million annual decrease) and £42 million from the sale of assets (£485 million annual decrease).

2.22 The decrease in property rental income is largely due the impact of the pandemic, as [Network Rail provided rent payment breaks to support its station tenants](#). The

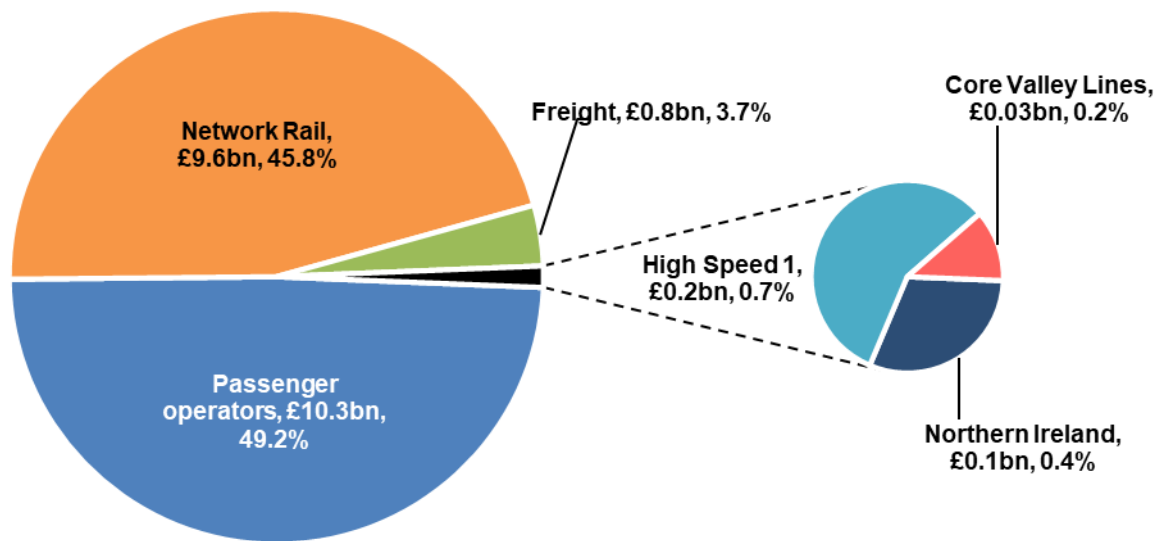
³ For 2020-21, Network Rail's regulatory financial statement 3.7 also has £0.4 billion of 'other capital expenditure' not funded by DfT or Transport Scotland, £0.2 billion of which was funded by HS2.

main decrease in income from the sale of assets is largely due to the one-off sale of the CVL to the Welsh Government in March 2020 for £470 million (cash prices).

Rail industry expenditure

2.23 Rail industry expenditure in 2020-21 was £21.0 billion, a £0.8 billion (3.8%) increase from 2019-20. This comprises £10.3 billion of franchised train operator costs, £9.6 billion of Network Rail costs, £0.8 billion of freight operator costs, £0.2 billion of HS1 Ltd costs, £0.1 billion of non-franchised operator costs, and £0.1 billion of Northern Ireland Railway costs.

Figure 2.04: Rail industry expenditure, UK, 2020-21 (Table 7210)



Franchised train operator expenditure

2.24 This section relates to the 20 franchised train operators. It does not include the expenditure of non-franchised operators.

2.25 Franchised train operator expenditure in 2020-21, was £10.3 billion, a £0.4 billion (3.3%) annual decrease. The £10.3 billion includes staff costs (£3.6 billion), rolling stock leasing costs (£3.0 billion), diesel fuel costs (£0.2 billion), traction electricity costs (£0.4 billion), other operating costs⁴ (£3.0 billion) and tax and non-

⁴ Other operating costs of £3.0 billion includes the £2.9 billion of franchised train operator 'other costs' in Figure 6 less the £0.1 billion of tax and non-operational costs plus £0.2 billion of access charges that cannot be excluded from the analysis due to a lack of detail in the available data.

operational costs (£0.1 billion, these are included in franchised train operator 'other costs' in figure 6).

2.26 In addition to the £10.3 billion, train operators had a further £2.7 billion⁵ of industry costs that are excluded from this analysis. These were £2.4 billion of access charges (to Network Rail and HS1) and £0.3 billion of schedule 4 and 8 costs.

Table 2.03: Change in franchised operator costs, 2020-21 compared with 2019-20 and 2015-16 (Tables 7226 and 7210)

Expenditure category, £ billion	2019-20	2015-16
Staff costs	0.0	+ 0.5
Rolling stock leasing costs	+ 0.1	+ 1.5
Diesel fuel and electricity	- 0.1	0.0
Other operational expenditure	- 0.4	- 0.2
Tax and other non-operational costs	0.0	0.0
Total expenditure	- 0.4	+ 1.7

Staff costs

2.27 Franchised train operator staff costs were £3.6 billion in 2020-21, a slight decrease of £14 million (0.4%) from 2019-20. This includes salary costs, holiday pay, sickness pay, overtime and other associated staff costs.

2.28 Franchised train operators' [full time equivalent \(FTE\) staff numbers increased by 493 \(0.8%\) to 62,221](#). The average staff cost per FTE was £57,450, a decrease of 1.2% since 2019-20.

2.29 Since 2015-16, full time equivalent staff numbers increased by 5,678 (10.0%). The average staff cost per FTE has increased by £3,657 (6.8%) since 2015-16.

Rolling stock costs

2.30 Train operators paid rolling stock companies £3.0 billion in 2020-21 to lease rolling stock (railway vehicles), a £0.1 billion (5.0%) increase from 2019-20. The increase is largely driven by the introduction of new railway vehicles. [The average age of](#)

⁵ Note that this is £0.4 billion more than the £2.3 billion removed from the overall analysis in Figure 6. It reflects the fact that traction electricity costs are moved from Network Rail expenditure to train operator expenditure.

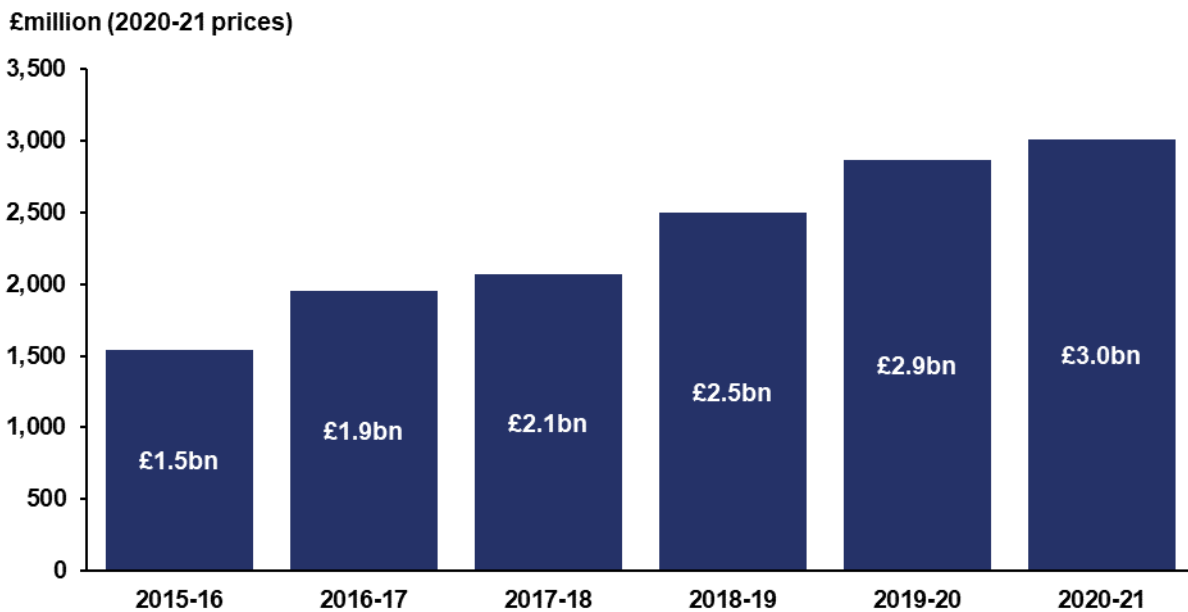
[total rolling stock decreased by 0.2 years \(1.2%\) between 2019-20 and 2020-21 to 17.1 years.](#)

2.31 The following train operators had the largest increase in costs:

- (a) London North Eastern Railway costs increased by £129 million (63.0%) to £333 million due to the introduction of new Azuma trains;
- (b) East Midlands Railway costs increase by £14 million (28.8%) to £63 million due to the introduction of the Class 170 Turbostar and Class 360 trains; and
- (c) TransPennine Express costs increased by £27 million (22.9%) to £146 million due to the introduction of new Mark 5 vehicles.

2.32 For more information on the changes to rolling stock in 2020-21, see the [Rail infrastructure and assets statistical release](#).

**Figure 2.05: Rolling stock costs, 2015-16 to 2020-21
(Table 7223)**



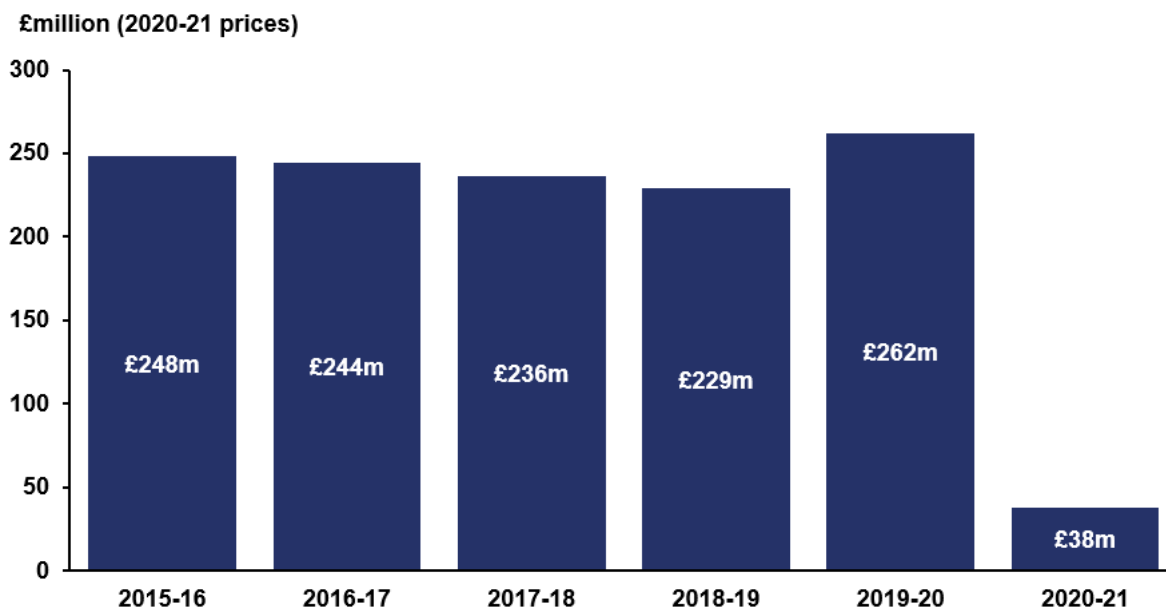
Other costs

- 2.33 Diesel fuel costs were £0.2 billion in 2020-21, a £68m (24.8%) annual decrease, largely due to train operators running 20.9% fewer services. Fuel costs have decreased by £126 million (37.9%) since 2015-16.
- 2.34 Traction electricity costs were £0.4 billion in 2020-21, a £19 million (4.2%) annual decrease. Traction electricity costs are up by £0.1 billion (38.2%) compared 2015-16. In that time, [the electrification of the mainline rail network increased by 4.2 percentage points to 37.9%](#).
- 2.35 A further £3.0 billion was spent by train operators in 2020-21, categorised as other operating expenditure e.g. station costs. Other operating expenditure are down by £0.4 billion (11.8%) compared with 2019-20 and down by £0.2 billion (6.7%) compared with 2015-16. The decrease is largely due to the impact of the pandemic in 2020-21 as train operators ran fewer services.

Train operator surplus and dividends

- 2.36 Train operators receive a management fee for operating rail services under the EMA/ERMA arrangements. [DfT paid £153.9 million to 12 train operators between March 2020 and March 2021](#), of which £47.1 million was calculated based on performance targets and £106.8 million was a management fee for operating rail services.
- 2.37 We have limited information on the level of management fees paid to Transport Scotland and Transport for Wales operators. [Transport Scotland has published figures for March to September 2020](#), which shows total management fee of £9.4 million paid to ScotRail and Caledonian Sleeper. No comparable information has been published by Transport for Wales for the TfW Rail operator.
- 2.38 Six out of the 20 franchised train operators were expected to pay dividends totalling £38 million for the 2020-21 financial year, equivalent to 0.3% of total franchised operator income, this represents an annual decrease of £224 million. This did not include those train operators which operate under DfT's operator of last resort (London North Eastern Railway and Northern Trains).

Figure 2.06: Franchised train operator dividends (proposed and paid), Great Britain, 2015-16 to 2020-21 (Table 7223)



Network Rail expenditure

- 2.39 Network Rail expenditure on the mainline rail network in 2020-21 was £9.6 billion, a £1.2 billion (14.0%) annual increase. The £9.6 billion includes operating costs (£2.1 billion, in figure 6 this is £2.5 billion, here we exclude the £0.4 billion of traction electricity costs), maintenance costs (£1.9 billion), renewals costs (£3.9 billion), financing costs (£1.7 billion) and corporation tax (£0.1 billion). Financing costs relate to historic borrowing by Network Rail from financial markets (prior to 2014) and from the UK Government.
- 2.40 In addition to the £9.6 billion, Network Rail also spent £0.4 billion on traction electricity and received £0.1 billion of net income under the schedules 4 and 8 performance regimes⁶. These are industry costs and excluded from this analysis.

⁶ In Figure 6 the schedules 4 and 8 income of £59 million is netted off against corporation tax expenditure of £52 million resulting in a net figure of £7 million income.

**Table 2.04: Change in Network Rail, 2020-21 compared with 2019-20 and 2015-16
(Table 7216)**

Expenditure category, £ billion	2019-20	2015-16
Operating costs ⁷	+ 0.4	+ 0.8
Maintenance	+ 0.1	+ 0.5
Renewals	+ 1.0	+ 0.6
Financing costs	- 0.4	+ 0.5
Corporation tax	+ 0.1	+ 0.1
Total expenditure	+ 1.2	+ 2.4

Staff costs

- 2.41 Network Rail's staff expenditure in 2020-21 was £2.7 billion, a 5.8% annual increase. The average total cost for a full time equivalent (FTE) member of staff was £61,249, an annual decrease of 1.0%. This was largely due to an increase in total FTE of 2,867 (6.9% increase, to 44,523 FTE in total) which was higher than the increase in staff expenditure (£149 million or 5.8%).
- 2.42 Total staff expenditure includes salary costs (£1.8 billion), allowances, bonuses and overtime (£0.5 billion), pension and National Insurance costs (£0.4 billion) and agency costs (£0.1 billion).

Operating, maintenance and renewals costs

- 2.43 In 2020-21, Network Rail's operating, maintenance and renewals costs were £7.9 billion, which is £1.5 billion (24.4%) higher than in 2019-20.
- 2.44 Operating costs (excluding traction electricity costs of £0.4 billion) were £2.1 billion, a £0.4 billion (24.3%) annual increase. Maintenance costs were £1.9 billion, a £0.1 billion (8.5%) annual increase. Renewals costs were £3.9 billion, a £1.0 billion (34.0%) annual increase.
- 2.45 For a detailed assessment of Network Rail's finances in 2020-21, see ORR's [Annual efficiency and financial assessment of Network Rail 2020-21](#).

⁷ Excluding £0.4 billion of traction electricity costs which are largely passed through to train operators and shown as train operator expenditure in this report.

Financing costs

- 2.46 Financing costs were £1.7 billion in 2020-21 an annual decrease of £0.4 billion (19.7%).
- 2.47 Interest on UK Government borrowing was £0.9 billion, interest on debt raised on the financial markets was £0.5 billion and there were other financing costs of £0.2 billion⁸.

Expenditure on rail infrastructure enhancements and rolling stock

- 2.48 In 2020-21, £5.6 billion was spent on rail infrastructure enhancements and rolling stock, including £1.6 billion of Network Rail enhancements, £3.4 billion on the HS2 project and £0.6 billion of private investment, largely in new rolling stock⁹.
- 2.49 This was £0.3 billion (4.9%) higher than in 2019-20, due to increased expenditure on HS2 (£0.8 billion increase) offset by a £0.3 billion reduction in private investment and a £0.2 billion reduction in Network Rail enhancements expenditure.
- 2.50 Just under £36.0 billion has been spent on rail infrastructure enhancements and rolling stock since 2015-16, an average of £6.0 billion each year. Of this there was £17.3 billion of Network Rail enhancements, £12.2 billion of expenditure on HS2, £0.7 billion on Crossrail, and £5.9 billion of private investment.

Network Rail enhancements

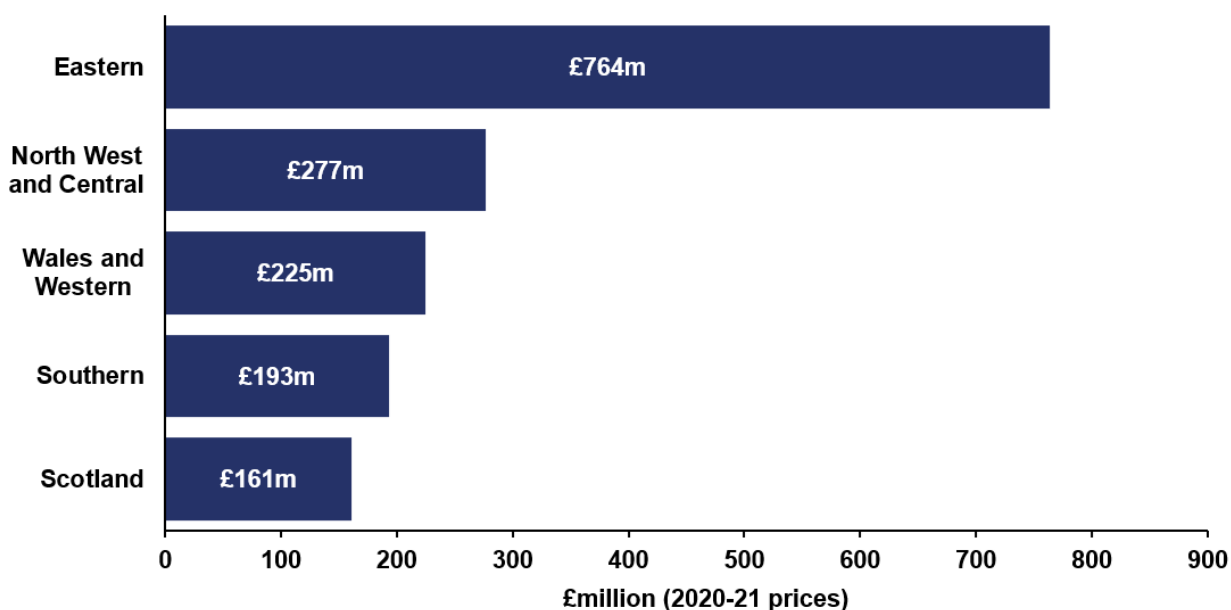
- 2.51 Network Rail spent £1.6 billion on enhancements to its network in 2020-21, £0.2 billion (11.5%) lower than 2019-20. Enhancements are funded by DfT (for projects in England and Wales) and Transport Scotland (for projects in Scotland).
- (a) DfT funded £1.3 billion of enhancements in 2020-21, including the Midland Main Line programme (£0.2 billion), the East Coast upgrade (£0.2 billion) and the Trans Pennine route upgrade (£0.3 billion). Other large projects included the East West Rail Phase 2 project (£0.2 billion).

⁸ Interest includes the recognition of increases in inflation on index-linked debt (Accretion). This is where the principal amount borrowed changes in line with inflation each year and is paid in cash to debt-holders at the end of a loan period.

⁹ Funding of rail enhancements does not include loan funding of Crossrail from 2018-19 but does include grant funding of Crossrail before that.

- (b) Transport Scotland funded £161 million of enhancements, including the Edinburgh to Glasgow improvement programme (£17 million) and the East Kilbride and Barrhead electrification project (£16 million).
- (c) For a detailed assessment of Network Rail’s finances in 2020-21, see ORR’s [Annual efficiency and financial assessment of Network Rail 2020-21](#).

Figure 2.07: Network Rail enhancements spend by region, 2020-21
(Network Rail data)

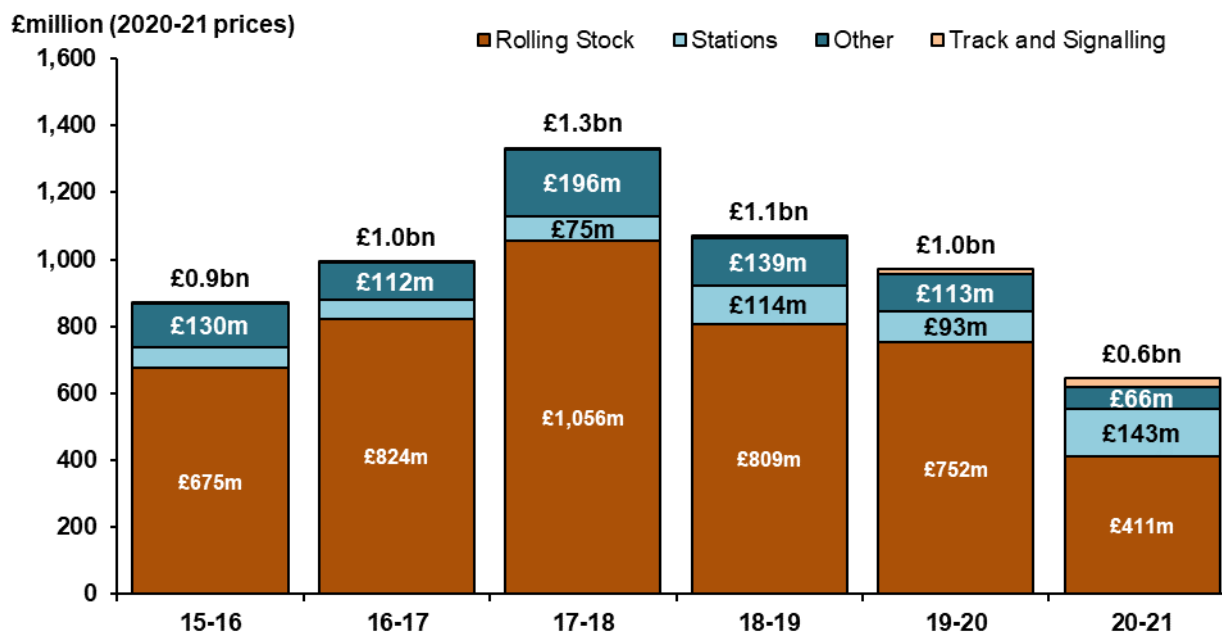


Private investment in rolling stock, stations and other

2.52 A net total of £645 million was invested by private companies in the rail industry during 2020-21, a 33.7% decrease on the previous year.

2.53 Private investment statistics are collected by the Office for National Statistics (ONS) annually on behalf of ORR. We select up to 40 rail industry companies, such as train and freight operating companies, to take part in the survey. Network Rail enhancements expenditure is excluded from these statistics but are included in the funding for enhancements shown in the government funding section of this report.

Figure 2.08: Private investment in the rail industry (excludes Network Rail investment), Great Britain, 2015-16 to 2020-21 (Table 7290)



- 2.54 In 2020-21, £411 million was spent on rolling stock, which accounts for the highest proportion (63.8%) of net private investment. This includes investment in new rolling stock as well as refurbishment of existing stock.
- 2.55 Private investment in stations during 2020-21 was £143 million, accounting for 22.2% of total private investment.
- 2.56 In 2020-21, £25 million of private investment was made in track and signalling, the highest amount invested since 2006-07 (£143 million). This accounts for 3.9% of total private investment. Network Rail’s track and signalling expenditure is not included in the £25 million but is included in the Network Rail expenditure section of this report.
- 2.57 In 2020-21, other investment was £66 million, which accounted for 10.2% of total private investment. Other investment includes expenditure associated with the rail business, such as non-rail vehicles and business-related activities such as IT costs.

Annexes

Annex 1 – Definitions

- The data presented in this report are for **mainline operators** in Great Britain. The data do **not** include London Underground, light rail, heritage and charter services.
- **Franchised operators** run services as part of contracts awarded by government.
- **Non-franchised (open-access) operators** – licenced by ORR to run services on specific routes. Data for **Grand Central**, **Heathrow Express** and **Hull Trains** (up to 2019-20 for Hull Trains) 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 2019-20) are presented in Table 7243.
- **Network Rail** is the infrastructure manager for 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, Southern, North West and Central, Wales and Western, and Scotland. The regions reflect Network Rail’s devolved regional structure which replaced the route structure in 2019.
- **Control period**, these are the five year timespans over which the ORR regulates Network Rail. The current control period 6 runs from April 2019 to the end of March 2024.
- **Core Valley Lines (CVL)** - The 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.

- **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 the DfT and Transport Scotland (TS) to Network Rail (also known as the network grant).
 - Payments by Welsh Government to the 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).
- **Industry cost adjustments** are calculated by excluding income/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.

Annex 2 – Quality and methodology

Data sources

Financial data in this report are sourced from over 30 rail industry companies. The two largest areas of expenditure are franchised train operators and Network Rail. Detailed information on all data sources can be found in the [quality and methodology report](#).

Franchised train operators

Data for 20 franchised train operators are included in the report. The financial information included for the franchised train operators are based on rail period 13 management accounts as submitted to franchising authorities (DfT, Transport Scotland, Transport for Wales, Transport for London, and Merseytravel) each rail period.

The data are shown on a consistent April to March basis. Where two or more train operators have operated a franchise in the year, they are added together to show the finances of that franchise for the whole financial year. The financial information included in the management accounts has not been audited.

Network Rail

Network Rail financial information is based on its regulatory financial statements for the financial year. These are produced in accordance with the ORR's CP6 regulatory accounting guidelines and are audited.

Other rail sectors

Data are provided to the ORR on a bespoke basis from four non-franchised operators: Eurostar, Grand Central, Heathrow Express, and Hull Trains. Statutory accounts are used for freight operators and HS1 Ltd data, whilst data are also provided for Northern Ireland Railways and Core Valley Lines. Data for Hull Trains and freight operators in 2020-21 were not available at the time of publication. An estimate of freight income and expenditure in 2020-21 was made to complete Table 7210, the methodology for which can be found in the quality and methodology report.

Office for National Statistics

The ONS conduct an annual survey of around 40 rail-related companies in Great Britain concerning private investment. As well as the 20 franchised operators, freight operators and rolling stock leasing companies (also known as ROSCOs) are surveyed about investment made in four categories: track and signalling, stations, rolling stock, and other items of rail-related investment such as IT systems. Whilst the response rate is generally good, not all companies respond to the survey each year.

The survey data are supplied to ONS confidentially and because of this agreement, ORR cannot provide any further disaggregation of the information published here.

Passenger usage statistics

The finance statistics are supplemented by rail usage statistics that correspond to those presented in the ORR's quarterly [Passenger rail usage](#) publication. The primary data source for those statistics is the rail industry's LENNON (Latest Earnings Networked Nationally Over Night) ticketing and revenue system. It is supplemented by non-LENNON data from train operators. The passenger kilometre data are combined with train kilometre data from Network Rail's track access billing system to estimate passenger kilometres on a Network Rail region basis.

Methodology

Industry analysis

The industry analysis, as summarised in Figure 6 in the report, looks at the whole industry's finances. This brings together the finances of the train operators, freight companies, Network Rail, HS1 Ltd, Core Valley Lines and Northern Ireland Railways to show the total income and expenditure.

Some consolidation adjustments are made to remove internal industry costs. These are costs that are entirely within the industry where one component pays money to another. The data in this statistical report are compiled from many different industry accounts. There are small variations in the basis of these accounts, which results in the £0.3 billion difference in 2020-21 between total income and total expenditure. For more information, please see the quality and methodology report.

Regional analysis

The regional analysis is a more granular view of the industry analysis in Figure 6. This is done at the Network Rail region level with the Wales and Western region split between the component Wales and Western routes to enable country level analysis to be made.

Train operator financial information is allocated to regions using train kilometre data from Network Rail's track access billing system. For example, if TOC A operates 20% of its train services in region A, then 20% of TOC A's costs are allocated to region A.

This results in a set of numbers which show the industry income, government funding and costs in each country and region of Great Britain. Northern Ireland Railways is not included in the regional analysis.

Revisions

The following revisions have been made in 2020-21:

- Freight income and expenditure for 2019-20 revised as actual data are now available. At the GB level, the actual income was £8.3m lower than estimated and the actual expenditure was £5.8m higher than estimated (Table 7210).
- Diesel fuel data are now available for Great Western (£53m in 2018-19 and £47m in 2019-20) that had previously been included in the other operating expenditure category. Dividends have also been added for the following franchises: East Anglia (£55m in 2016-17, £10m in 2017-18, £1m in 2018-19 and £1m 2019-20), East Midlands (£16m in 2019-20), Great Western (£59m in 2019-20), Northern (£2m in 2018-19), Southeastern (£30m in 2019-20), Wales and Borders - TfW Rail (£32m in 2019-20 relating to the Arriva Trains Wales) (Table 7226).
- The fuel data for Great Western affects the data for Network Rail routes and regions: Western (£43.8 million in 2018-19 and £39.5 million in 2019-20), Wales (£3.8 million in 2018-19 and £3.4 million in 2019-20), Southern (£4.9 million in 2018-19 and £3.9 million in 2019-20) and North West and Central (£0.2 million in 2018-19 and £0.2 million in 2019-20) (Table 7216).
- Corporation tax for Eastern and North West and Central (just over £1 million for each) is now included in Network Rail expenditure for 2016-17 (Table 7210 and Table 7216).
- HS1 expenditure in 2017-18 revised down by c.£4m due to tax paid previously recorded as income (Table 7210 and Table 7250).
- Miscellaneous government funding for 2018-19 has been revised up by around £22 million (Table 7270).
- Franchised passenger kilometres for Merseyrail (in the North West and Central region) have been revised down by between 110 million and 120 million kilometres per year for 2015-16 to 2019-20. This was due to the overstating of Merseyrail kilometres included as part of the non-LENNON component of the data (Table 7216 and Table 7226). This revision is in line with the changes made to the Passenger rail usage statistical release.
- The 2019-20 franchised passenger kilometres for Wales and Western have been revised. The split of train kilometres for these two routes was previously estimated,

but the actual split is now available for use. This has resulted in around 4.5 million franchised passenger kilometres moving from Western to Wales (Table 7216).

Further details on historic revisions can be found in the [Revisions log](#).

Further information on data sources, quality and the methodology used to calculate the data within this report can be found in the [quality and methodology report](#).

How these statistics can and cannot be used



- Monitoring UK rail industry finances including income/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).



- 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](#))

Annex 3 – List of data tables associated with this report and other related statistics

Data tables

All data tables can be accessed on the [data portal](#) free of charge in OpenDocument Spreadsheet (.ods) format. We can also provide data in csv format on request.

All tables associated with this report can be found under the Data tables heading at the bottom of the [rail industry finance page](#).

UK industry overview

- UK rail industry finances over six years by country and NR region – Table 7210

GB rail industry finances by Network Rail region

- GB rail industry finances for the latest financial year by country and Network Rail region – Table 7214
- GB rail industry finances for the latest financial year by country and Network Rail region normalised by passenger kilometres – Table 7215
- GB rail industry finances since 2015-16 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 subsidy per passenger kilometre by operator (discontinued after 2018-19) – 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 2015-16 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

Private investment

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

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 rail finance is available in [Network Rail's regulatory financial statements](#).

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

Comparability to European statistics

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.

Annex 4 – ORR’s statistical publications

Statistical Releases

This publication is part of ORR's [National Statistics](#) accredited releases, which consist of seven annual publications: **Estimates of station usage; Rail industry finance (UK); Rail fares index; Rail safety statistics; Rail infrastructure and assets; Rail emissions; Regional rail usage;** and four quarterly publications: **Passenger rail performance; Freight rail usage and performance; Passenger rail usage; Passenger rail service complaints.**

In addition, the Office of Rail and Road also publishes a number of Official Statistics, which consist of three annual publications: **Train operating company key statistics; Rail statistics compendium; occupational health;** and four quarterly publications: **Signals passed at danger (SPADS); Delay compensation claims; Disabled person’s railcard (DPRC); Passenger assistance.**

All the above publications are available on the [data portal](#) along with a list of [publication dates](#) for the next 12 months.

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. National Statistics status means that official statistics meet the highest standards of **trustworthiness, quality** and public **value**.

The majority of our [statistical releases were assessed in 2012](#) and hold National Statistics status. Since this assessment we have improved the content, presentation and quality of our statistical releases. In addition, in July 2019 we launched our new data portal. Therefore, in late 2019 we worked with the OSR to conduct a compliance check to ensure we are still meeting the standards of the Code. On 4 November 2019, [OSR published a letter](#) confirming that ORR’s statistics should continue to be designated as National Statistics. OSR found many positive aspects in the way that we produce and present our statistics and welcomed the range of improvements made since the statistics were last assessed. Estimates of Station Usage statistics [were assessed and designated in 2020](#).

For more information on how we adhere to the Code please see our [compliance statements](#). For more details or to provide feedback, please contact the Statistics Head of Profession (Lyndsey Melbourne) at rail.stats@orr.gov.uk.



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