

April 2021 to March 2022

29 November 2022 (**Revised 22 December 2022 - see page 32**)

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, rolling stock leasing companies and Northern Ireland Railways**. The data includes 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 and Freight operating companies, Network Rail, HS1, Core Valley Lines, rolling stock leasing companies and Northern Ireland Railways.

To account for **inflation**, historic data has been adjusted to April 2021 to March 2022 prices using the Consumer Prices Index.

Latest year: 1 April 2021 to 31 March 2022

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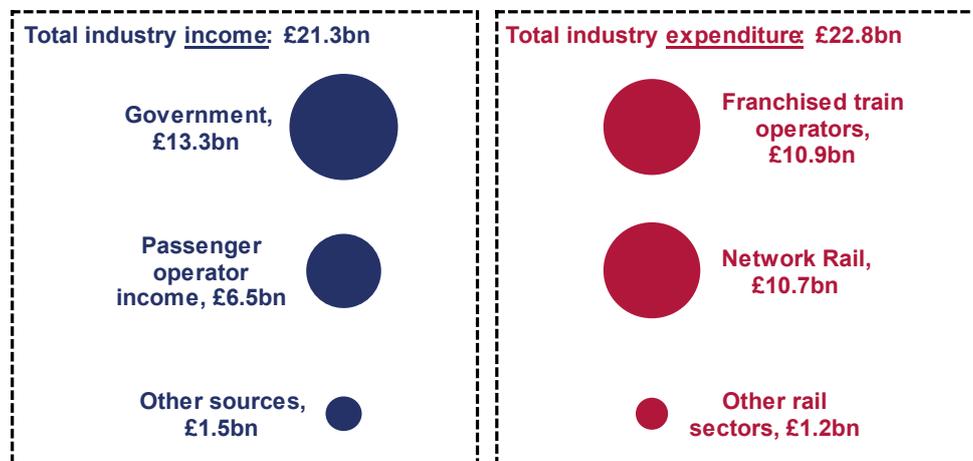
November 2023

With the easing of restrictions due to the pandemic, passengers increasingly returned to the railway during the latest year (April 2021 to March 2022). Passenger revenues started to rise and as a result government support to the industry reduced.

Total rail industry **income** in the latest year was £21.3 billion. Adjusted for inflation this is a decrease of 0.9% from the previous year. This consisted of £13.3 billion from government funding, £6.5 billion from passenger operators (£5.8 billion of fares and £0.7 billion of other train operator income), and £1.5 billion from other sources.

Total **expenditure** in the latest year was £22.8 billion. Adjusted for inflation this is a 3.9% increase from the previous year, largely caused by increased finance costs. This consisted of £10.9 billion of franchised train operator expenditure, £10.7 billion of Network Rail expenditure and £1.2 billion of expenditure by other parts of the rail industry.

Rail industry finances, UK, April 2021 to March 2022



NOTE: The data in this statistical release are compiled from many different industry accounts. 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 £1.5 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 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 2021 to 31 March 2022. It provides an analysis of changes to the industry's finances over the last five years (i.e. compared with April 2016 to March 2017) 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.

An interactive analytical tool (dashboard) and the data tables underpinning this report are available on the [data portal](#).

This report brings together financial information from over 30 rail companies including infrastructure providers, 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 account for inflation, historic data has been adjusted to prices for the year, April 2021 to March 2022, using the average quarter on quarter Consumer Price Index (CPI) for the year. For further information, see the [quality and methodology report](#).

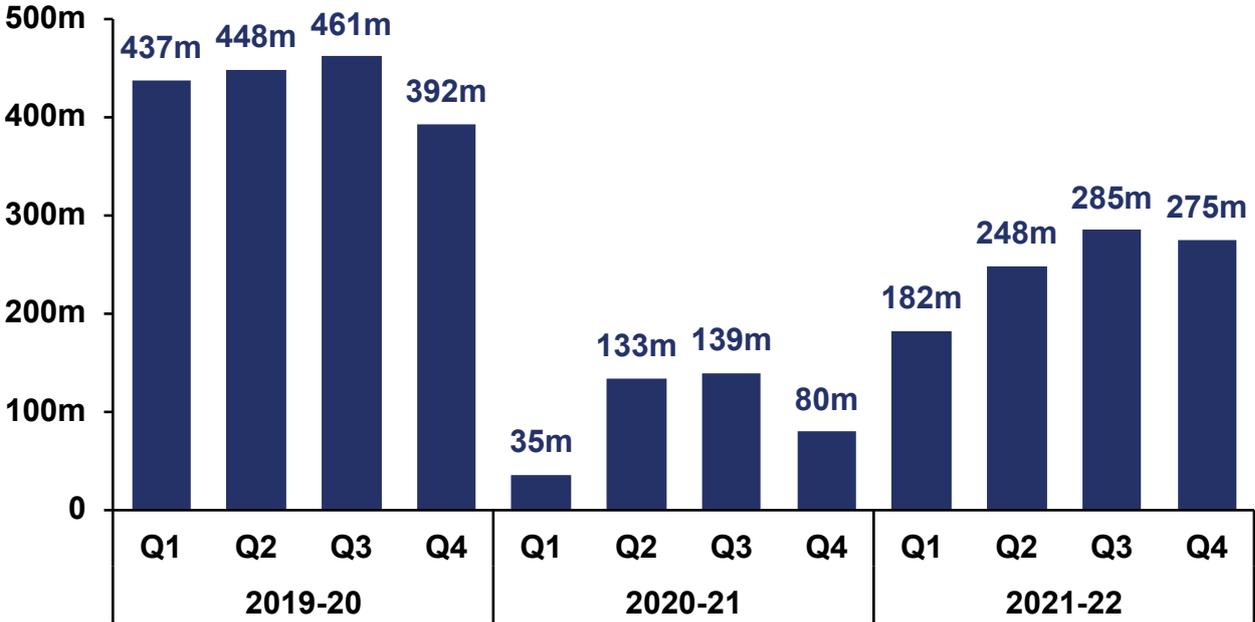
Key findings

1) Fares income increased to £5.8 billion as passengers are returning to the railways, this is 46.6% lower than before the pandemic.

Passengers contributed £5.8 billion of fares income in the latest year (April 2021 to March 2022), of which £0.1 billion represents the income of non-franchised operators (open access operators). This is a £3.9 billion increase from the previous year (April 2020 to March 2021). However, it is 46.6% lower than the £10.9 billion fares income generated two years ago (April 2019 to March 2020).

With the easing of pandemic restrictions, a total of 990 million passenger journeys were made between April 2021 and March 2022. This is more than double the 388 million journeys made in the previous year. Usage remains lower than the pre-pandemic number of 1,739 million journeys made two years ago (April 2019 to March 2020).

Figure 1 Passenger journeys by quarter, Great Britain, April 2019 to March 2022
 (Table 1221 - [Passenger rail usage](#))



The average passenger fare per journey in the latest year was £5.89 for all operators. This represents a 19.3% increase from the previous year. Nevertheless, the average fare remains 6.1% lower than the £6.27 from two years ago.

The average journey length increased by 22.6% to 39.5 kilometres, while the average fare per kilometre travelled was 15p, which saw no change from the previous year.

2) Government funding of day-to-day operations of the rail industry dropped by £4.3 billion to £13.3 billion. However there continues to be a higher level of government financial support for train operators compared to before the pandemic.

As a result of the impact of the pandemic from March 2020, governments introduced Emergency Measure Agreements (EMAs) to support and maintain train services. These were temporary measures to suspend the franchising system and transfer the cost and revenue risk of train operators to the governments. Train operators were then paid a 2.0% fixed fee to run train operations.

EMAs were replaced by Emergency Recovery Measures Agreements (ERMAs) in September 2020. Under these new measures, fees paid to train operators were reduced to a maximum of 1.5%, which consisted of a fixed fee and a performance payment based on punctuality, passenger satisfaction and financial performance.

DfT began moving train operating companies from ERMA contracts to National Rail Contracts (NRCs). NRCs, which work similar to ERMAs, will act as a step up towards

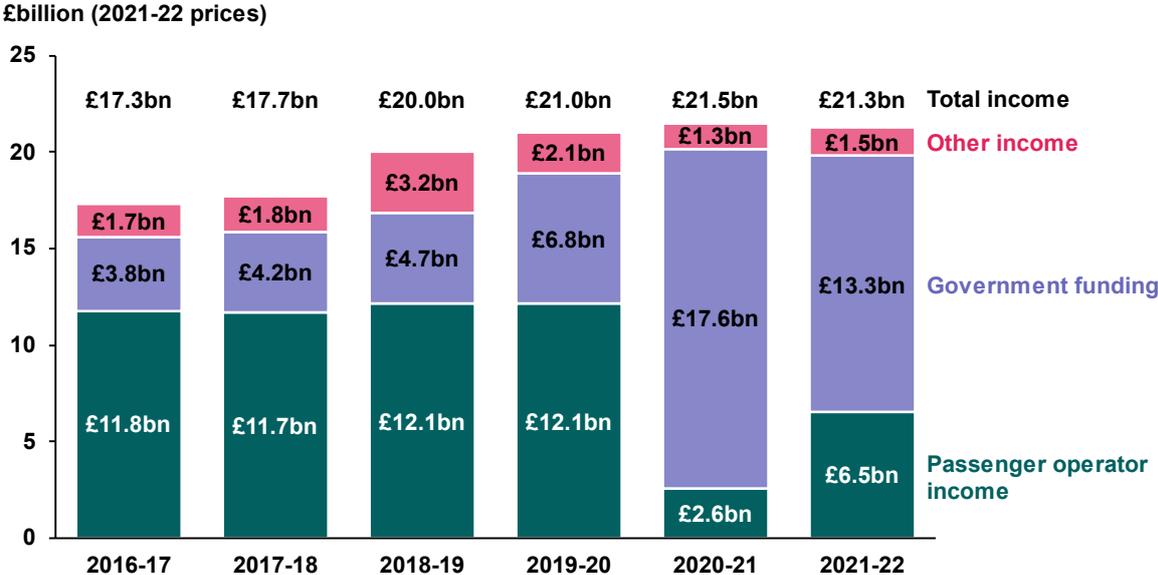
the new passenger service contracts (PSCs), which will focus on passenger requirements and priorities. As at March 2022 four train operating companies had moved to NRCs.

In the latest year (April 2021 to March 2022), governments contributed £13.3 billion to the day-to-day operations of the railway in the UK, a decrease of £4.3 billion (24.4%) from the previous year of £17.6 billion. Government support, however, continues to be higher compared to the £6.8 billion provided two years ago (April 2019 to March 2020).

Of the £13.3 billion of government funding, Network Rail received £6.5 billion of funding support in the latest year. This was a 5.7% decrease on the previous year. Franchised train operators received £6.7 billion, a 36.7% decrease, while Core Valley Lines received £0.04 billion in funding support, a 21.9% increase.

The overall decrease in funding by governments in the latest year is closely related to the increase in passenger operator income, which increased by 152.1% from £2.6 billion to £6.5 billion.

Figure 2 Total rail industry income, UK, annual data, April 2016 to March 2022 (Table 7210)



On average, government funding of the operational railway was 32.1p per passenger kilometre in England, 57.3p per passenger kilometre in Scotland and 59.3p per passenger kilometre in Wales.

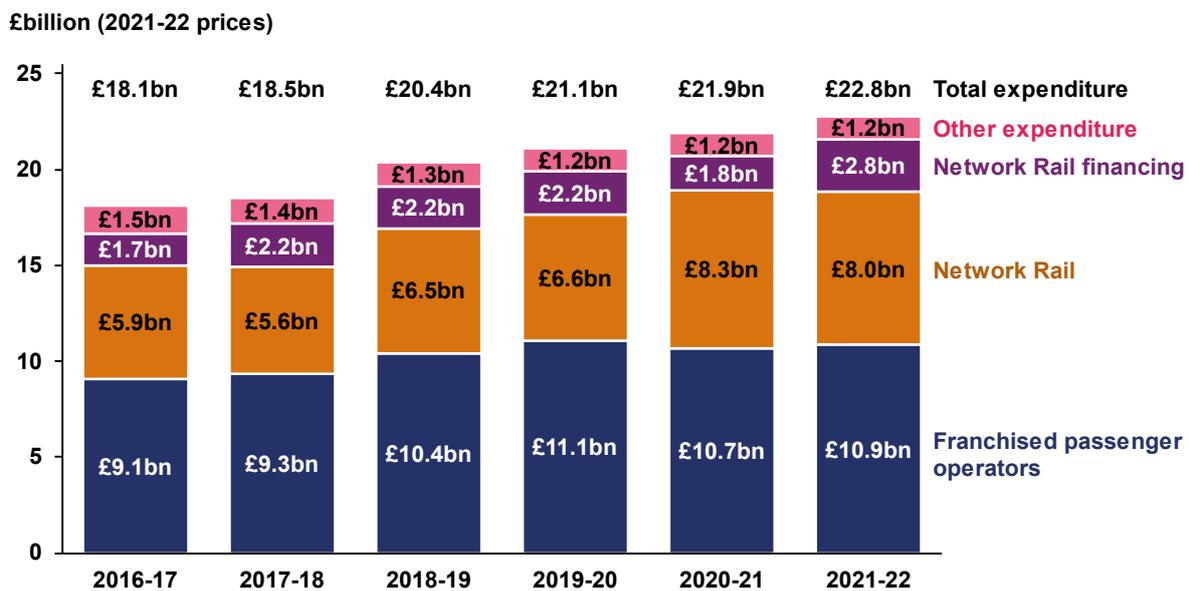
3) Industry costs, excluding financing costs, decreased by 0.8% to £20.0 billion.

Industry costs, excluding Network Rail’s financing costs, were £20.0 billion in the latest year (April 2021 to March 2022). This represents a £0.2 billion (0.8%) annual decrease. Network Rail’s expenditure (excluding financing costs) was £8.0 billion, an annual decrease of £0.3 billion (3.6%) largely due to reduced renewals costs within the latest year. Franchised train operator expenditure was £10.9 billion, an increase of £0.2 billion (1.6%) largely due to increases in fuel costs and other operating costs.

Total industry costs, including Network Rail’s financing costs, were £22.8 billion in the latest year, a 3.9% rise from the previous year. This increase is largely due to a £1.0 billion (57.8%) increase in Network Rail’s financing costs, which were £2.8 billion.

Network Rail’s increase in financing costs can largely be explained by its exposure to inflation on index linked bonds. These bonds are legacy debt held by the company before its reclassification to the public sector in September 2014. Although these costs are not due until the end of the loan period, they are still a cost to the industry and are recognised in the total each year.

Figure 3 Rail industry expenditure, UK, annual data, April 2016 to March 2022 (Tables 7210 and 7216)



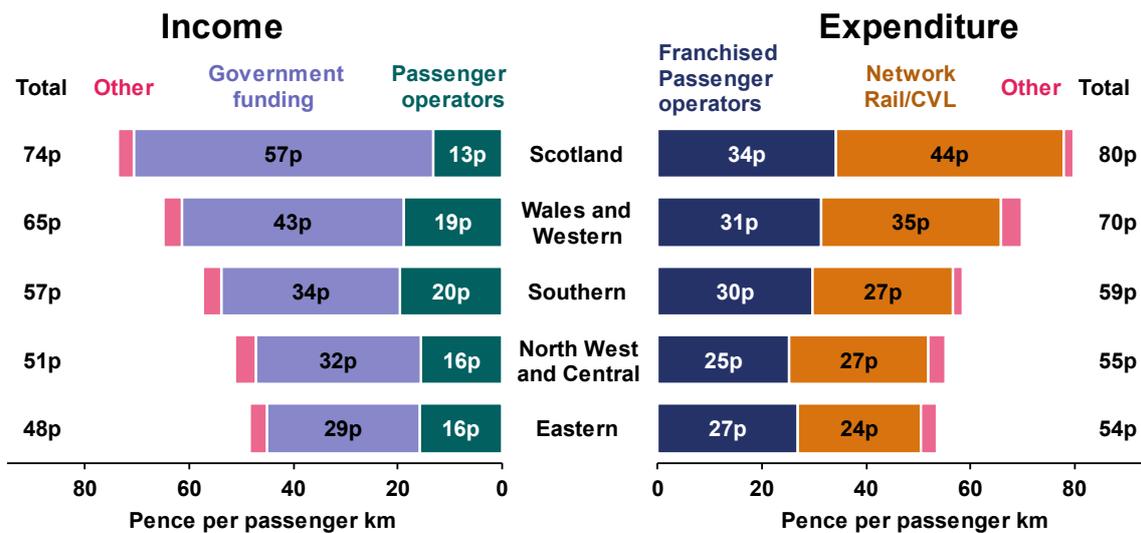
Compared with five years ago (April 2016 to March 2017) total industry costs have increased by 25.5%. These cost increases can largely be explained by additional expenditure on the mainline network, new rolling stock and inflation increases affecting Network Rail’s financing costs.

4) There are substantial regional differences across the rail industry.

Figure 4 shows the income and expenditure of each of the five regions that the network is divided into for operational purposes.

The size, complexity, and usage by passengers and freight are some of the factors influencing regional differences.

Figure 4 Rail industry income and expenditure by Network Rail region normalised by passenger kilometres, Great Britain, April 2021 to March 2022 (Tables 7210 and 7216)



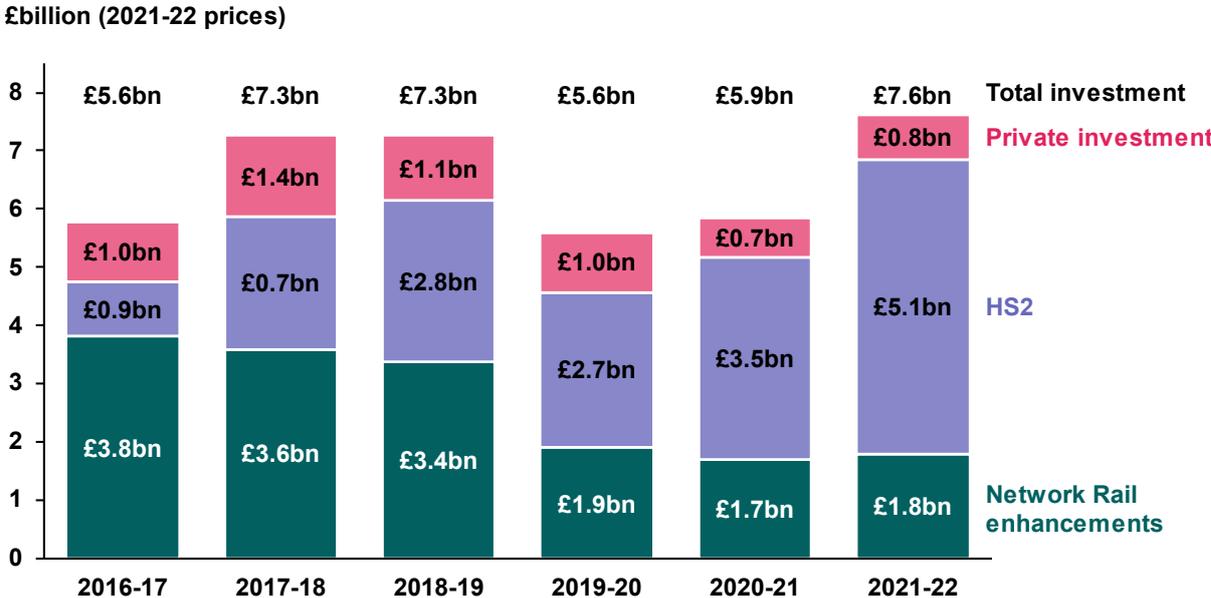
5) Investment in new and enhanced rail infrastructure and rolling stock increased by £1.8 billion to £7.6 billion, of which the HS2 project accounted for the majority of the rise (£1.6 billion).

Investments to existing rail infrastructure consisted of £1.8 billion for enhancements to the mainline network and a further £5.1 billion toward the continued development of the High Speed 2 (HS2) project. The remaining £0.8 billion was private investments on the railways.

Total investment in the latest year increased by £1.8 billion (30.1%), largely due to the additional investment in the HS2 project which accounted for 89.0% (£1.6 billion) of the rise.

Enhancements to the mainline network of £1.8 billion were largely due to the investments in the [Transpennine Route Upgrade](#) (£0.4 billion) and East West Rail Phase 2 (£0.3 billion). Private investments of £0.8 billion relate to investments in track and signalling, rolling stock, stations and other expenditure associated with the railway from rolling stock companies.

Figure 5 Investment in the rail industry, Great Britain, annual data, April 2016 to March 2022 (Tables 7270 and 7290)¹



A breakdown of private investment is available in Figure 2.8 on page 27.

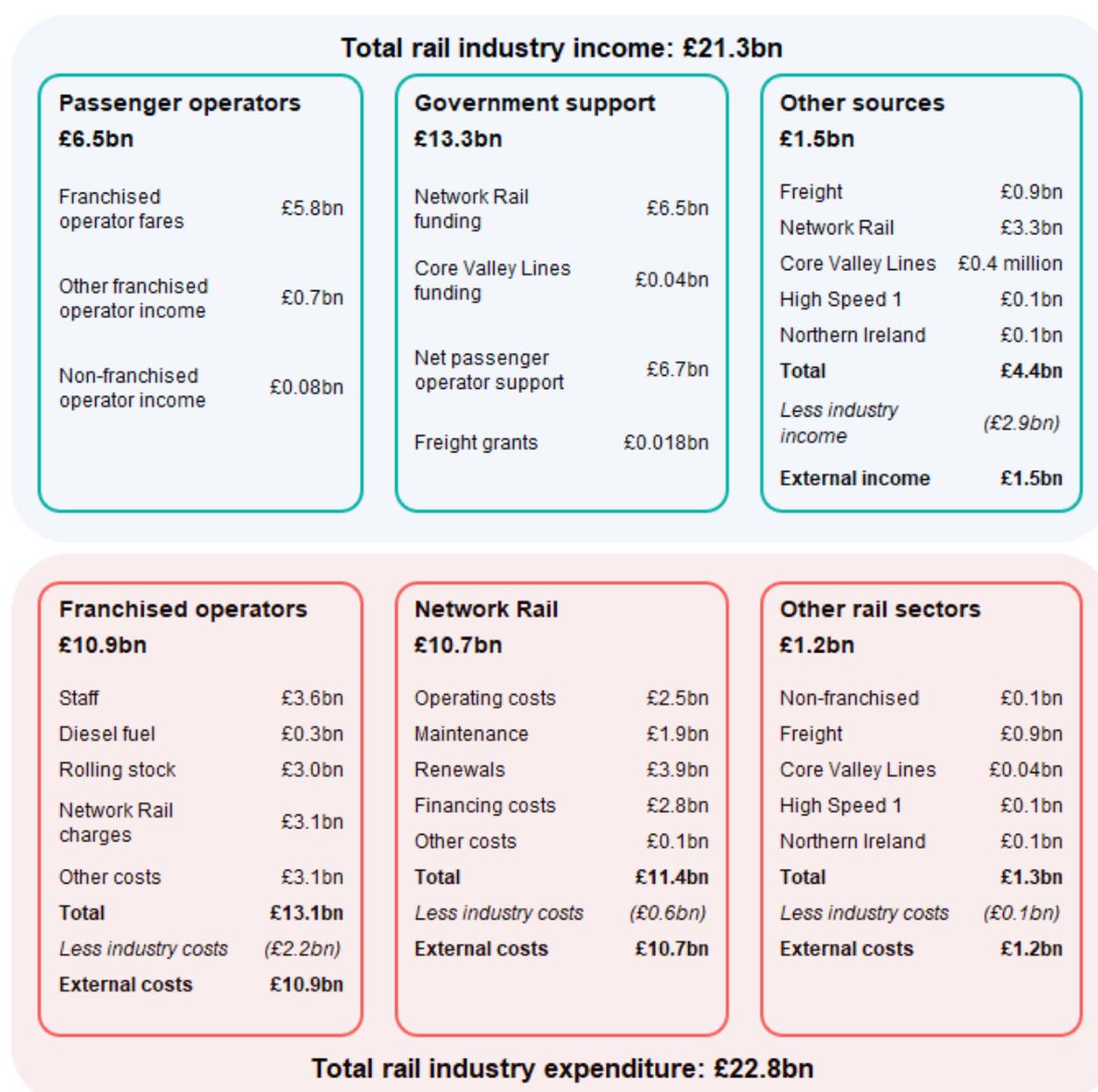
¹ Figure 5 does not include Crossrail funding.

Rail industry finances summary

Figure 6 shows the total income and expenditure of the UK rail industry in the year April 2021 to March 2022. It shows total rail industry income of £21.3 billion and total industry expenditure of £22.8 billion.

Note: The data in this report are compiled from many different industry accounts. There are variations and timing differences in the basis of these accounts along with increases in inflation affecting Network Rail's finance costs. For more information, please see the accompanying [quality and methodology report](#).

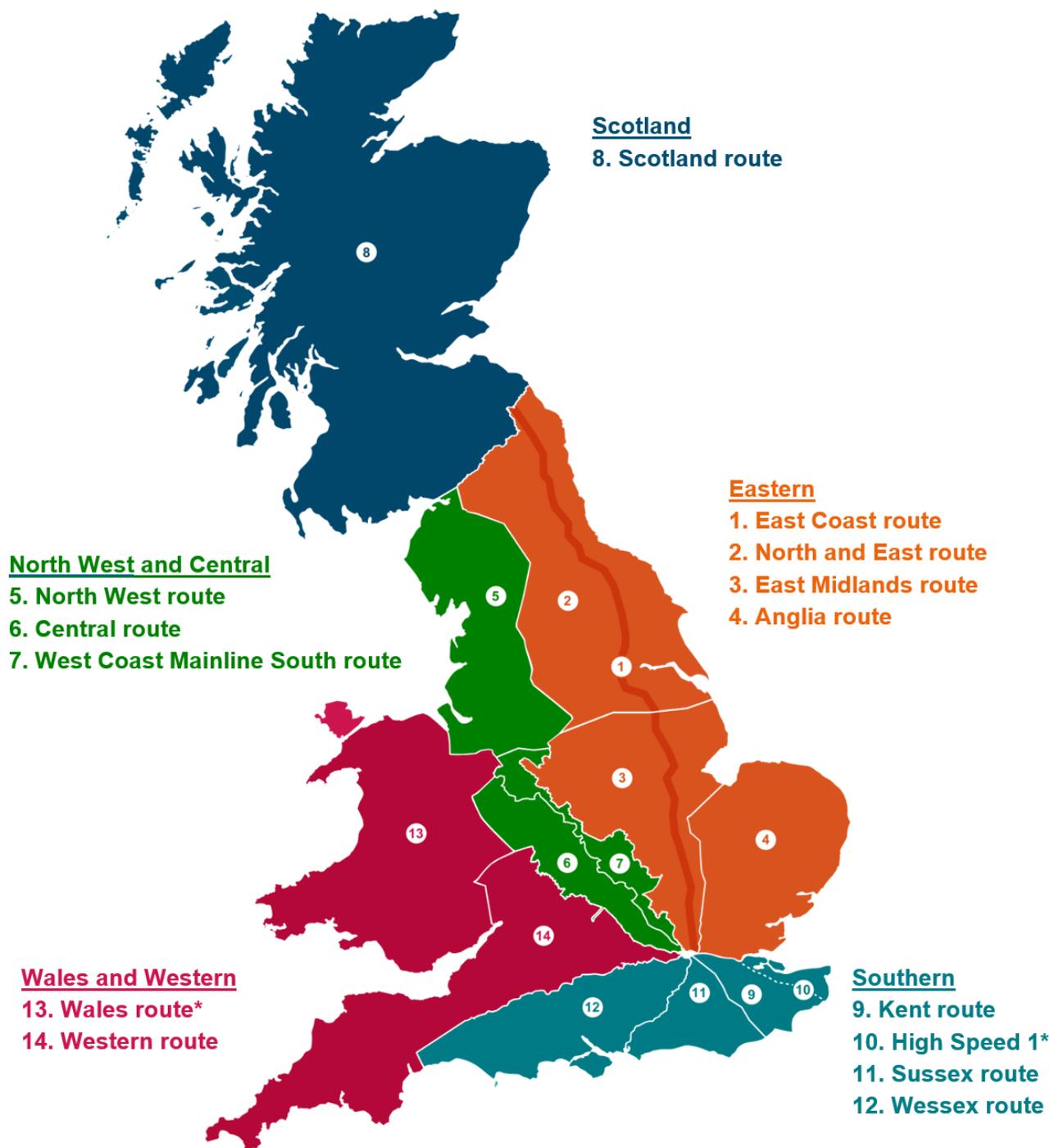
Figure 6 Rail industry income and expenditure, UK, April 2021 to March 2022 (Tables 7210, 7216 and 7271)



1. Introduction

- 1.1 This report summarises the income, expenditure, and government funding of the UK rail industry for the financial year 1 April 2021 to 31 March 2022. It provides an analysis of changes to the industry's finances over the last five years (i.e. compared with April 2016 to March 2017) 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 (see Annex 2 for more information on data 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, Northern Ireland Railways and rolling stock companies.
 - (d) Bespoke requests for Amey Infrastructure Wales (Core Valley Lines infrastructure manager), TfL Rail, Arriva Rail London, Merseyrail and non-franchised operators (Eurostar, Grand Central, Heathrow Express, Hull Trains and Lumo).
 - (e) Government (DfT and Transport Scotland) information on grants, HS2 funding and other miscellaneous expenditure.
- 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 [data portal](#).

Figure 1.1 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.

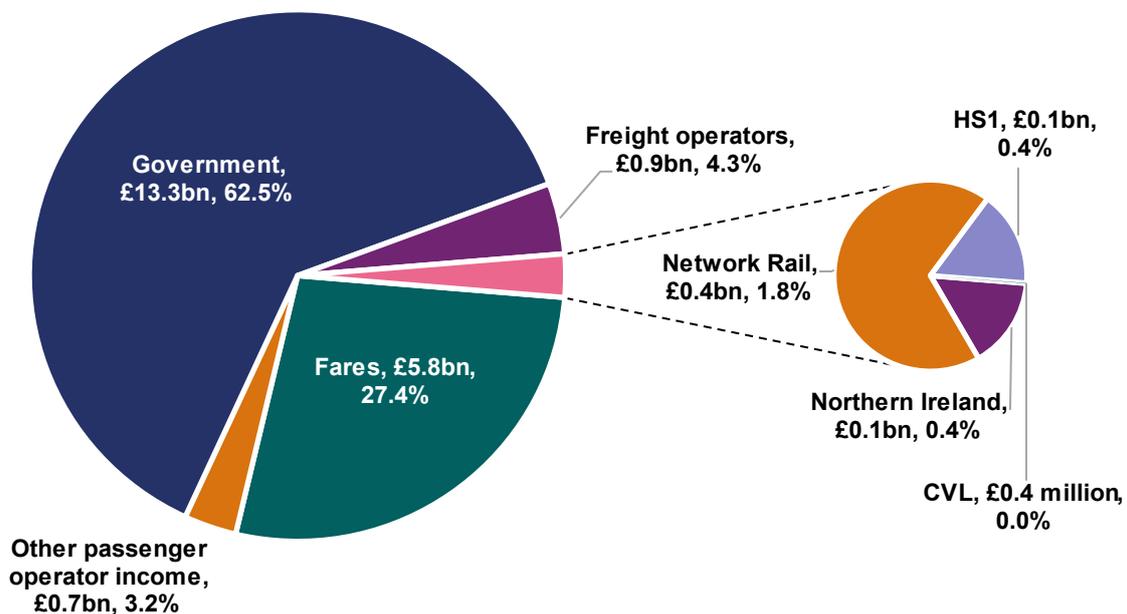
* Core Valley Lines are operated, maintained and renewed by [Amey Infrastructure Wales Limited](#), the figures for which are not included in the Wales route in this report. Income and expenditure for Core Valley Lines are presented separately in Table 7265.

2. Rail industry finances

Rail industry income

- 2.1 Rail industry income in the latest year (April 2021 to March 2022) was £21.3 billion, a £0.2 billion (0.9%) decrease from the previous year (April 2020 to March 2021). The £21.3 billion includes government funding of £13.3 billion, fares income of £5.8 billion, other passenger operator income of £0.7 billion, and income from other sources of £1.5 billion.
- 2.2 Financial information for freight operators in the latest year was not available at the time of publication. The data presented in Figure 2.1 below includes an estimate based on freight income for the previous year (April 2020 to March 2021) adjusted for inflation and the increased freight kilometres in the latest year (April 2021 to March 2022).

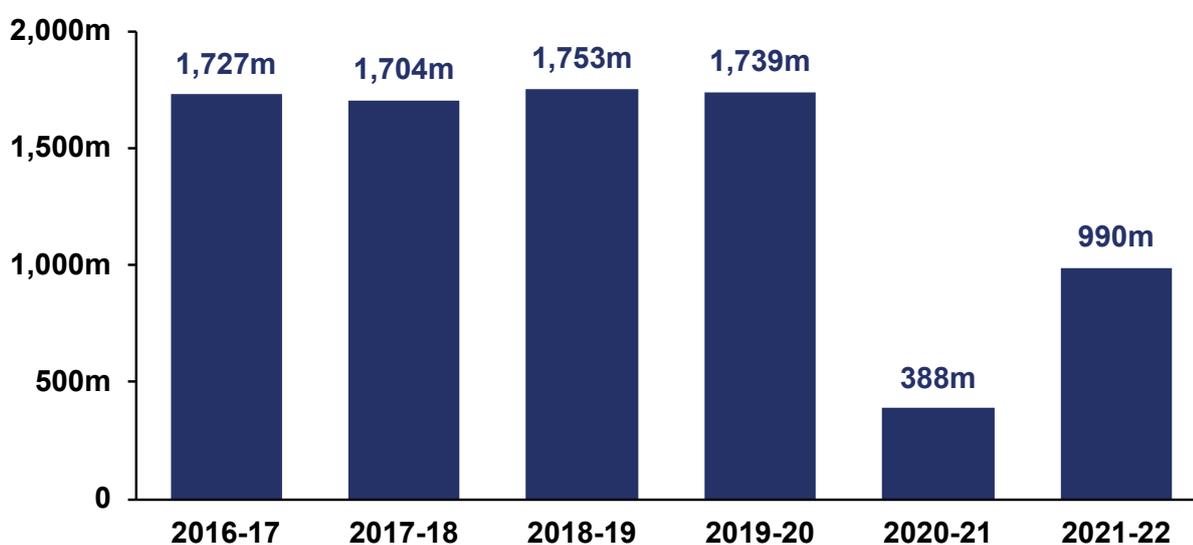
Figure 2.1 Rail industry income by source, UK, April 2021 to March 2022 (Tables 7210, 7216 and 7233)



Total fares income and passenger journeys

2.3 There were a total of 990 million passenger journeys made in Great Britain in the latest year (April 2021 to March 2022). This is more than double the 388 million journeys made in the previous year. However, this only represents 57.0% of the journeys made two years ago (April 2019 to March 2020). Prior to the pandemic, the five-year average for passenger journeys, was 1.7 billion per year. There were 33.8 million commercial [Freight train kilometres](#) (i.e. excluding infrastructure services) in the latest year, an annual increase of 12.5%.

Figure 2.2 Passenger journeys, Great Britain, annual data, April 2016 to March 2022 (Table 1221 - [passenger rail usage](#))



2.4 Passengers contributed £5.8 billion of fares income in the latest year. This represents a £3.9 billion annual increase which was driven by rail users returning to the railways following the easing of restrictions due to the pandemic.

2.5 The average passenger fare per journey in the latest year was £5.89 for all operators, an annual increase of 19.3%, largely caused by longer average journey lengths. The average journey length rose by 22.6% to 39.5 kilometres.

2.6 The average fare per kilometre travelled was 15p, this saw no change from the previous year (April 2020 to March 2021).

2.7 The average franchised passenger fare per passenger kilometre in the latest year was estimated to be 15p in England, 13p in Scotland and 14p in Wales.

2.8 For more information on passenger usage in the year April 2021 to March 2022, see the [passenger rail usage January to March 2022 statistical release](#).

Rail fares

- 2.9 Similar to the previous year, the annual change to rail fares was delayed until 1 March rather than the usual January change. [Rail fares](#) increased on average by 4.8% in March 2022 compared with a 9.0% increase in the Retail Prices Index² (RPI) over the same period (March 2021 to March 2022).
- 2.10 From March 2022, the average increase in regulated rail fares was 3.7%. This was slightly below the [3.8% price cap set by UK Government](#).

Government funding

Funding of the operational railway

- 2.11 Governments contributed £13.3 billion to the operational costs of the railway in the latest year, an annual decrease of £4.3 billion (24.4%). This included a £0.4 billion (5.7%) decrease in Network Rail funding and a £3.9 billion (36.7%) decrease in net government support to franchised train operators.
- 2.12 Core Valley Lines (CVL) around Cardiff are funded by the Welsh Government. Amey Infrastructure Wales, the infrastructure manager for the CVL, received £42 million of funding in the latest year, an annual increase of 21.9%.

Table 2.1 Government funding of the operational rail industry by recipient, Great Britain, April 2021 to March 2022 (Table 7271)

Government funding, £ billion	Total funding
Passenger and freight operators	6.7
Network Rail	6.5
Core Valley Lines (CVL)	0.04
Total	13.3

- 2.13 The £13.3 billion in government funding was split between DfT (£10.9 billion), Transport Scotland (£1.5 billion), Transport for Wales (£0.3 billion), Transport for London (£0.5 billion), and Passenger Transport Executives (£0.1 billion).

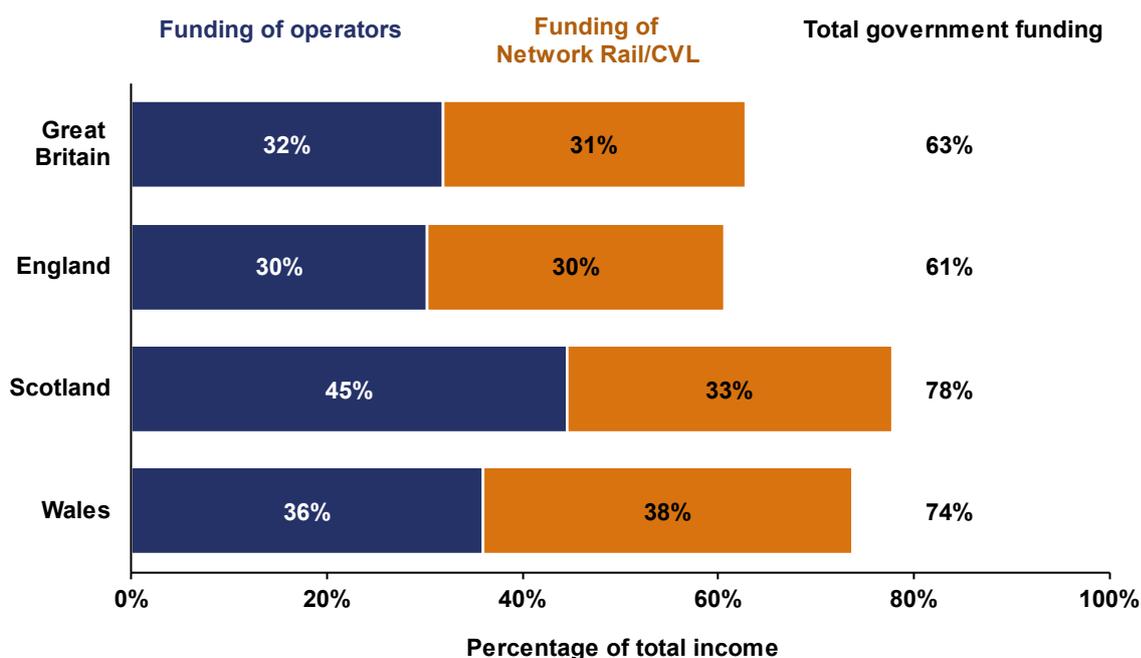
² Retail Price Index is the measure used for increasing regulated rail fares.

Table 2.2 Government funding of the operational rail industry by source, Great Britain, April 2021 to March 2022 (Table 7271)

Government funding, £ billion	Infrastructure managers (Network Rail and CVL)	Passenger and freight operators	Total funding
Department for Transport (DfT)	5.9	5.1	10.9
Transport Scotland	0.7	0.8	1.5
Transport for Wales	0.04	0.3	0.3
Transport for London	Not applicable	0.5	0.5
Passenger Transport Executives	Not applicable	0.1	0.1
Total	6.5	6.7	13.3

2.14 On average, government funding of the operational railway was 32.1p per passenger kilometre in England, 57.3p per passenger kilometre in Scotland and 59.3p per passenger kilometre in Wales.

Figure 2.3 Government funding of the operational railway as a percentage of total income by country, Great Britain, April 2021 to March 2022 (Tables 7210, 7216 and 7271)



Funding of rail infrastructure enhancements

- 2.15 Government funding of rail infrastructure enhancements was £6.9 billion in the latest year, which comprised £1.8 billion of Network Rail's enhancements to the mainline rail network and £5.1 billion for High Speed 2 (HS2). After adjusting for inflation, the £6.9 billion was £1.7 billion (32.3%) higher than the previous year (April 2020 to March 2021), due to increased expenditure on HS2.
- 2.16 Network Rail enhancements are funded by DfT (£1.6 billion for England and Wales projects) and Transport Scotland (£0.2 billion). The HS2 project is funded by DfT.

Other industry income

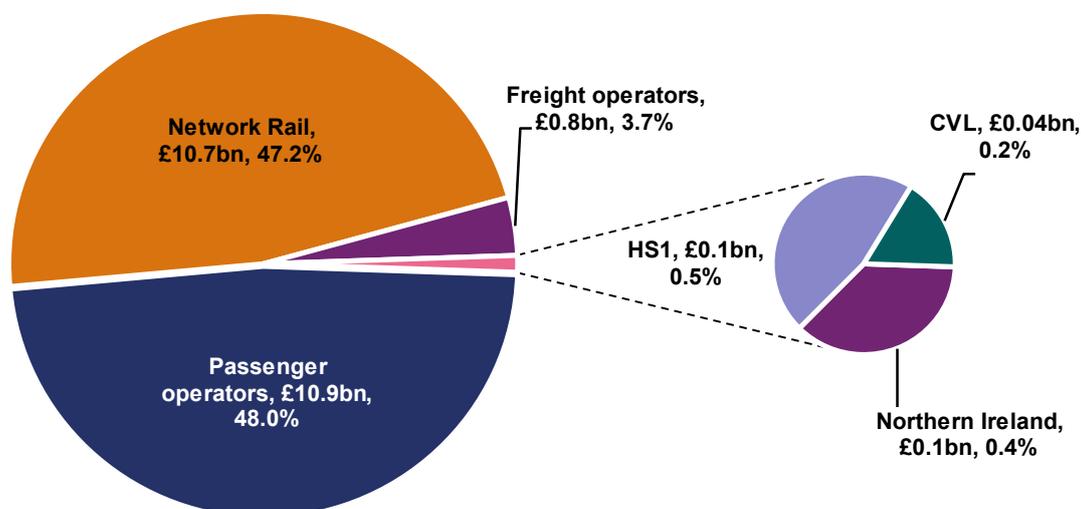
Network Rail property income

- 2.17 Network Rail received £260 million of property income in the latest year, an annual increase of £132 million. Property rental income was £177 million (a £93 million annual increase) and income from the sale of assets was £83 million (a £39 million annual increase).
- 2.18 The increase in property rental income is largely due to the easing of restrictions due to the pandemic, leading to higher footfall at stations. The main increase in income from the sale of assets is largely due to the sale of a Network Rail office at Cannon Place for £22 million.

Rail industry expenditure

- 2.19 Rail industry expenditure in the UK in the latest year (April 2021 to March 2022) was £22.8 billion, a £0.9 billion (3.9%) increase from the previous year (April 2020 to March 2021). This consisted of expenditure for franchised train operators of £10.9 billion, Network Rail of £10.7 billion, freight operators of £0.8 billion, HS1 Ltd of £0.1 billion, non-franchised operators of £0.1 billion and Northern Ireland Railway of £0.1 billion.

Figure 2.4 Rail industry expenditure, UK, April 2021 to March 2022 (Tables 7210 and 7216)



Franchised train operator expenditure

2.20 This section relates to the 20 franchised train operators in Great Britain. It does not include the expenditure of non-franchised (open access) operators.

2.21 Franchised train operator expenditure in the latest year, was £10.9 billion, a £0.2 billion (1.6%) annual increase. The £10.9 billion includes staff costs (£3.6 billion), rolling stock leasing costs (£3.0 billion), diesel fuel costs (£0.3 billion), traction electricity costs (£0.5 billion), other operating costs³ (£3.4 billion) and tax and non-operational costs (£0.1 billion, these are included in franchised train operator 'other costs' in Figure 6).

2.22 In addition to the £10.9 billion, train operators had a further £2.8 billion⁴ of industry costs that are excluded from this analysis. These were £2.5 billion of access charges (to Network Rail and HS1) and £0.3 billion of schedule 4 and 8 costs.

³ Other operating costs of £3.4 billion includes the £3.1 billion of franchised train operator 'other costs' in Figure 6 less the £0.1 billion of tax and non-operational costs plus £0.4 billion of access charges that cannot be excluded from the analysis due to a lack of detail in the available data.

⁴ Note that this is £0.5 billion more than the £2.2 billion removed from the overall analysis in Figure 6 due to the treatment of traction electricity costs, for more detail see table 3 in the [quality and methodology report](#).

Table 2.3 Franchised operator costs in April 2021 to March 2022 and comparisons (adjusted for inflation) with one year ago (April 2020 to March 2021) and five years ago (April 2016 to March 2017) (Tables 7210 and 7226)

Expenditure category, £ billion	Apr 2021 to Mar 2022	Change from one year ago	Change from five years ago
Staff costs	3.6	- 0.1	+ 0.3
Rolling stock leasing costs	3.0	- 0.1	+ 1.0
Diesel fuel and electricity	0.8	+ 0.1	+ 0.1
Other operational expenditure	3.4	+ 0.3	+ 0.4
Tax and other non-operational costs	0.1	0.0	0.0
Total expenditure	10.9	+ 0.2	+ 1.8

Staff costs

- 2.23 Franchised train operator staff costs were £3.6 billion in the latest year, a decrease of £99.3 million (2.7%) from the previous year (April 2020 to March 2021). This includes basic salary costs, holiday pay, sickness pay, overtime and other associated staff costs.
- 2.24 Franchised train operators [full time equivalent \(FTE\) staff numbers](#) decreased by 788 (1.3%) to 61,433 in the latest year. The average staff cost per FTE was £58,879, a decrease of 1.4% from the previous year (April 2020 to March 2021).
- 2.25 The number of FTE staff at franchised operators has grown by 3,395 (5.8%) compared with five years ago (April 2016 to March 2017). Over the same period, the average staff cost per FTE has increased by £2,253 (4.0%).
- 2.26 ORR recently published a [Review of rail industry employment costs report](#), which found that whilst pay across the rail industry is broadly in line with wider market rates for comparable roles, it is close to the top end of the market (9% above the market median for total reward⁵). At franchised train operating companies, 44 key roles were grouped into six categories, with the result showing that total reward is

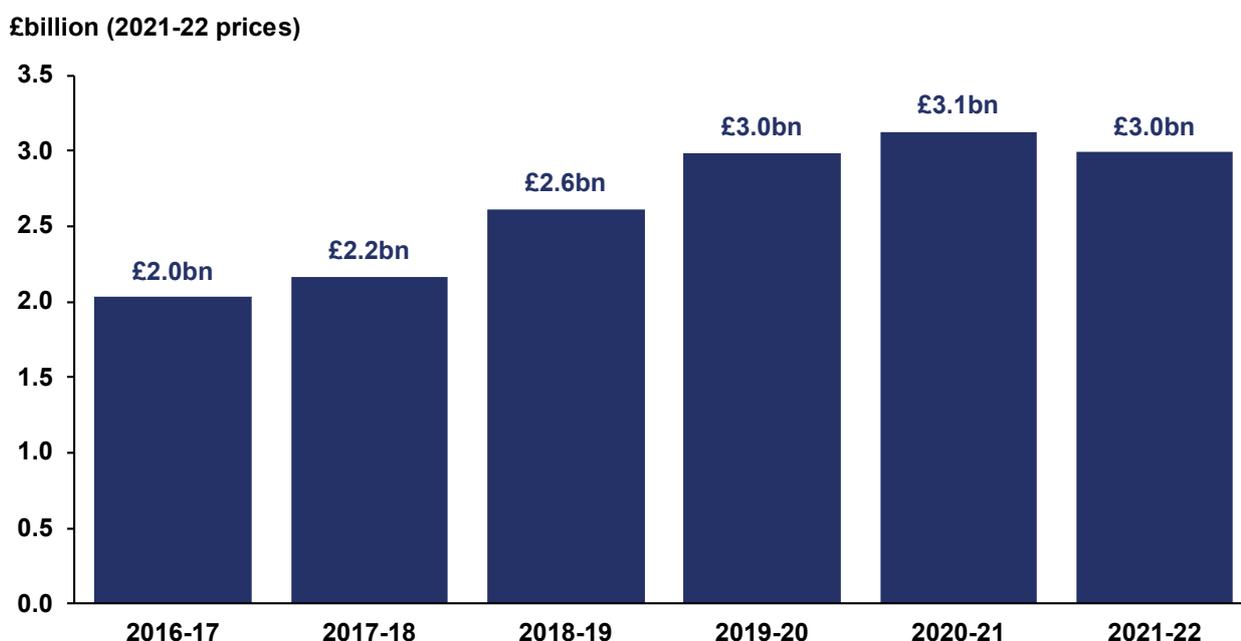
⁵ Total reward includes basic, shift and bonus pay, pension contributions and any other cost to the employer.

largely within wider market rates, with the exception of the station staff category⁶, who are paid above market rates and the operational management staff category⁷, who are paid below market rates. The majority of roles in these broad categories are within market rates, with a small proportion driving the variations. Further details can be found in the report.

Rolling stock costs

2.27 Franchised passenger operators paid rolling stock companies £3.0 billion in the latest year to lease rolling stock (railway vehicles), a £0.1 billion (4.5%) decrease from the previous year (April 2020 to March 2021). This may be due in part to a change in the composition of rolling stock at some operators. For example, the removal of class 442 vehicles at South Western Railway contributed to a reduction of rolling stock costs of £74 million (41.1%) to £106 million in the latest year.

Figure 2.5 Rolling stock costs, annual data, April 2016 to March 2022 (Table 7226)



2.28 The average age of total rolling stock in the latest year decreased by 0.2 years (1.2%) to 16.9 years. For more information on the changes to rolling stock in the latest year, see the [Rail infrastructure and assets statistical release](#).

⁶ The roles driving the variance for the station staff category are ticket office team leader, gateline and revenue protection, customer information assistant and station train dispatcher.

⁷ The roles driving the variance for the operational management staff category are station manager and train running controller.

- 2.29 Rolling stock companies (ROSCOs)⁸ total net profit margins increased by 0.5 percentage points to 14.4% in the latest year. Compared with two years ago (April 2019 to March 2020) net profit margins increased by 4.2 percentage points.
- 2.30 Compared with five years ago (April 2016 to March 2017) total income for ROSCOs decreased by 19.4%, total costs decreased by 13.7% and total net profit margin decreased by 5.7 percentage points.
- 2.31 Total dividends paid to shareholders by ROSCOs in the latest year was £111.1 million. This is up from the £104.0 million paid in the previous year (April 2020 to March 2021). Compared to five years ago (April 2016 to March 2017), total dividends payments are down by 64.0%.

⁸ Five rolling stock companies' income, expenditure and dividends were used as part of the analysis. These were: Angel Trains Limited, Beacon Rail Leasing Limited, Eversholt Rail Limited, Porterbrook Leasing Company Limited and Rock Rail Holdings Limited.

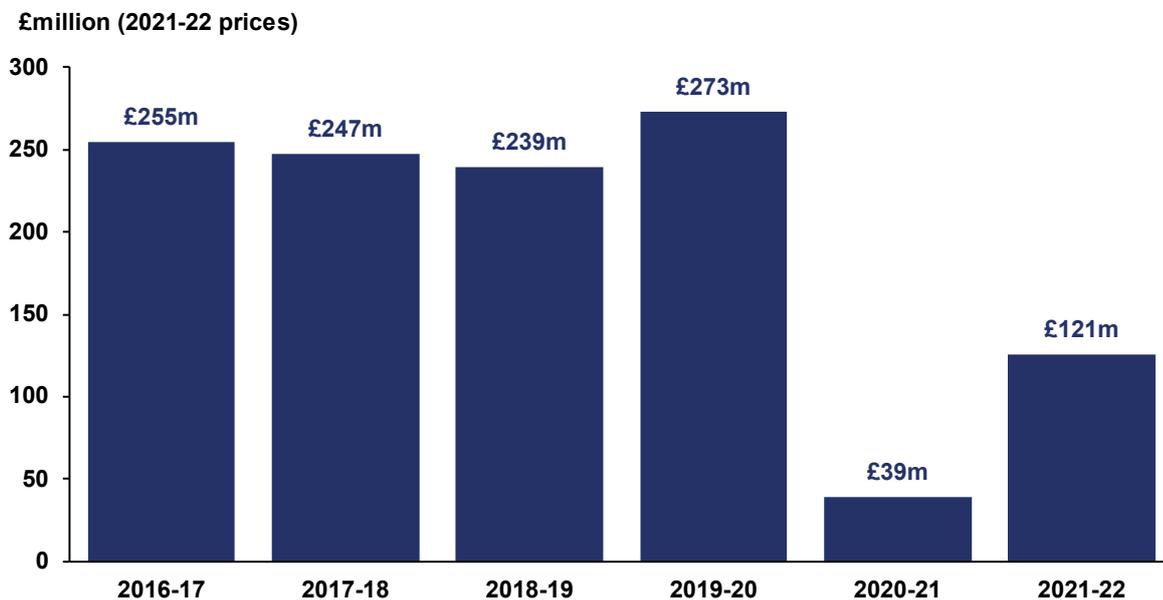
Other train operator costs

- 2.32 Diesel fuel costs were £0.3 billion in the latest year, a £65 million (30.3%) annual increase, largely due to train operators running additional services. Fuel costs have decreased by £15 million (4.9%) compared with five years ago.
- 2.33 Traction electricity costs were £0.5 billion in the latest year, a £37 million (8.4%) annual increase. Traction electricity costs were up by £0.1 billion (43.4%) compared with five years ago. In that time, [the electrification of the mainline rail network increased by 4.1 percentage points to 38.1%](#).
- 2.34 A further £3.4 billion was spent by train operators in the latest year, categorised as other operating expenditure, e.g. station costs. Other operating expenditure increased by £0.3 billion (10.4%) compared with the previous year and by £0.4 billion (12.0%) compared with five years ago. The rise is due to increases in other additional Network Rail charges and other station operation costs.

Train operator dividends (Revised 22 December 2022 - see page 32)

2.35 Six out of the 20 franchised train operators were expected⁹ to pay dividends totalling £121 million for the latest year (April 2021 to March 2022), this is equivalent to 0.9% of total franchised operator income and represents an annual increase of £82 million. Compared to two years ago (April 2019 to March 2020), total dividends payments are down by 55.5%. This did not include those train operators which operate under DfT's operator of last resort (London North Eastern Railway and Northern Trains) as they are not required to pay dividends.

Figure 2.6 Franchised train operator dividends (proposed and paid), Great Britain, annual data, April 2016 to March 2022 (Table 7226)



Network Rail expenditure

2.36 Network Rail expenditure on the mainline rail network in the latest year (April 2021 to March 2022) was £10.7 billion, a £0.7 billion (7.2%) annual increase. The £10.7 billion includes operating costs of £2.1 billion (in Figure 6 this is £2.5 billion, here we exclude the £0.5 billion of traction electricity costs), maintenance costs of £1.9 billion, renewals costs of £3.9 billion, and financing costs of £2.8 billion.

⁹ Although train operating companies declare their proposed dividend payments for the year, these are not always paid.

2.37 In addition to the £10.7 billion, Network Rail also spent £0.5 billion on traction electricity and had £0.1 billion of net costs under the schedules 4 and 8 performance regimes. These are industry costs and excluded from this analysis.

Table 2.4 Network Rail costs in April 2021 to March 2022 and comparisons (adjusted for inflation) with one year ago (April 2020 to March 2021) and five years ago (April 2016 to March 2017) (Tables 7210 and 7226)

Expenditure category, £ billion	Apr 2021 to Mar 2022	Change from one year ago	Change from five years ago
Operating costs ¹⁰	2.1	– 0.1	+ 0.8
Maintenance	1.9	0.0	+ 0.5
Renewals	3.9	– 0.1	+ 0.8
Financing costs	2.8	+ 1.0	+ 1.1
Corporation tax	0	– 0.1	0.0
Total expenditure	10.7	+ 0.7	+ 3.2

Staff costs

2.38 Network Rail's staff expenditure in the latest year was £2.7 billion, a 3.1% annual decrease. The average cost for an FTE member of staff was £61,807, an annual decrease of 2.9%. This was due to a 0.1% decrease in total FTEs from 44,523 to 44,461 and cost savings in performance related pay.

2.39 Network Rail's total staff expenditure includes, salary costs (£1.8 billion), allowances, bonuses and overtime (£0.4 billion), pension and National Insurance costs (£0.4 billion) and agency costs (£0.1 billion).

2.40 ORR recently published a [Review of rail industry employment costs report](#), which found that whilst pay across the rail industry is broadly in line with wider market rates for comparable roles, it is close to the top end of the market (9% above the

¹⁰ Excluding £0.5 billion of traction electricity costs which are largely passed through to train operators and shown as train operator expenditure, for more detail see table 3 in the [quality and methodology report](#).

market median for total reward¹¹). At Network Rail, 108 key roles were grouped into three categories, with the results showing that total reward is largely within wider market rates, with the exception of the maintenance staff category, who are paid above market rates. The majority of roles in these broad categories are within market rates, with a small proportion driving the variations. Further details can be found in the report.

Operating, maintenance and renewals costs

- 2.41 In the latest year, Network Rail's operating, maintenance and renewals costs were £8.0 billion, which is £0.2 billion (4.9%) lower than the previous year (April 2020 to March 2021) but £1.4 billion (20.5%) higher than two years ago (April 2019 to March 2020).
- 2.42 Operating costs (excluding traction electricity costs of £0.5 billion) were £2.1 billion, a 4.9% annual decrease. Maintenance costs were £1.9 billion, a 1.0% annual decrease. Renewals costs were £3.9 billion, a 2.9% annual decrease.
- 2.43 The reduction in renewals costs can largely be explained by higher than expected levels of renewals expenditure in the previous year, due to additional funding being made available from savings in other budgets (in particular, the enhancement budgets).
- 2.44 For a detailed assessment of Network Rail's finances for the year April 2021 to March 2022, see ORR's [Annual efficiency and financial assessment of Network Rail April 2021 to March 2022](#).

Financing costs

- 2.45 Financing costs were £2.8 billion in the latest year (April 2021 to March 2022), an annual increase of £1.0 billion (57.8%).
- 2.46 Network Rail's interest on UK Government borrowing was £0.9 billion, interest on debt raised on the financial markets (including index-linked bonds) was £1.8 billion and there were other financing costs of £0.1 billion¹².
- 2.47 Network Rail continues to hold legacy debt, including financial instruments issued to investors before the company's reclassification to the public sector in September 2014.

¹¹ Total reward includes basic, shift and bonus pay, pension contributions and any other cost to the employer.

¹² 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.

2.48 The annual rise in financing costs can largely be explained by Network Rail's exposure to inflation on index-linked bonds in the latest year.

Expenditure on rail infrastructure enhancements and rolling stock

2.49 In the latest year, £7.6 billion was spent on rail infrastructure enhancements and rolling stock, including £1.8 billion of Network Rail enhancements, £5.1 billion on the HS2 project and £0.8 billion of private investment, largely in new rolling stock.

2.50 This was £1.8 billion (30.1%) higher than the previous year (April 2020 to March 2021), due to increased expenditure of £1.6 billion (44.9%) on HS2, a £0.1 billion (6.1%) increase in Network Rail enhancements expenditure and a £0.1 billion (13.5%) increase in private investment expenditure.

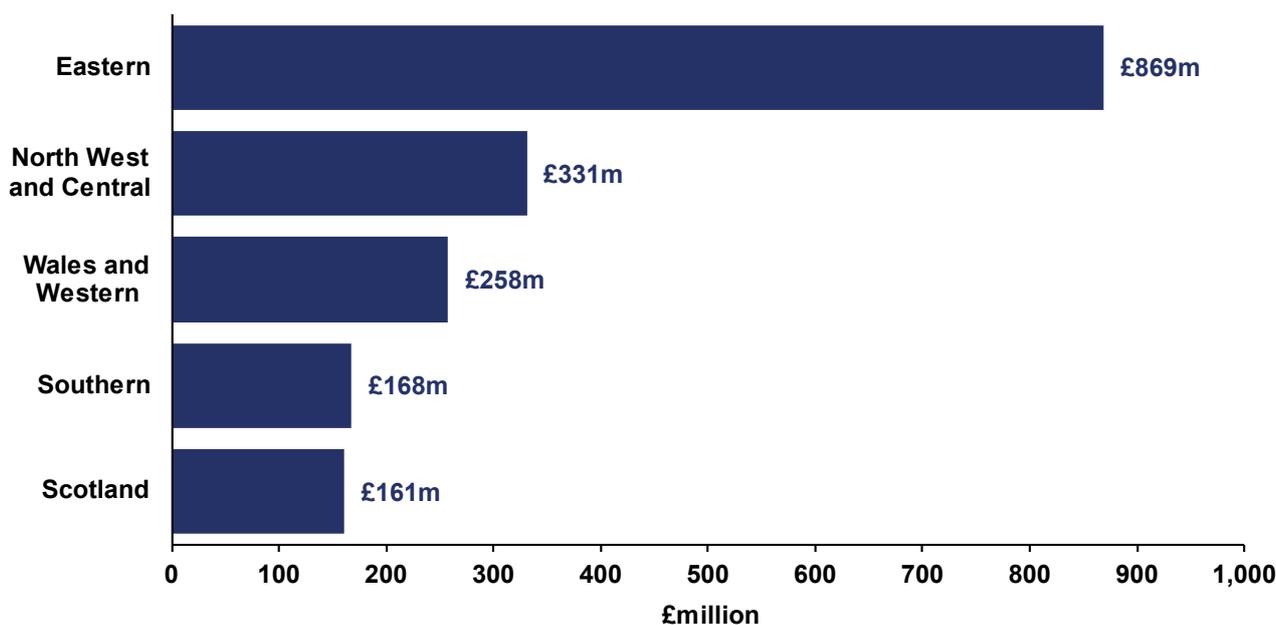
2.51 Since April 2016, £39.4 billion has been spent on rail infrastructure enhancements and rolling stock, an average of £6.6 billion each year. Of this there was £16.2 billion of Network Rail enhancements, £17.2 billion of expenditure on HS2 and £6.0 billion of private investment.

Network Rail enhancements

2.52 Network Rail spent £1.8 billion¹³ on enhancements to its network in the latest year, £0.1 billion (6.1%) higher than the previous year. Enhancements are funded by DfT (for projects in England and Wales) and Transport Scotland (for projects in Scotland).

- (a) DfT funded £1.6 billion of enhancements in the latest year, including the Midland Main Line programme (£0.1 billion), the East Coast upgrade (£0.1 billion) and the [Transpennine Route Upgrade](#) (£0.4 billion). Other large projects included the East West Rail Phase 2 project (£0.3 billion) and the East Coast Digital Programme (£0.1 billion).
- (b) Transport Scotland funded £161 million of enhancements, including the Feeder Station and Power Modelling electrification (£19 million) and the Busby Junction to Barrhead Electrification project (£15 million).

Figure 2.7 Network Rail enhancements spend by region, April 2021 to March 2022 (Network Rail data)



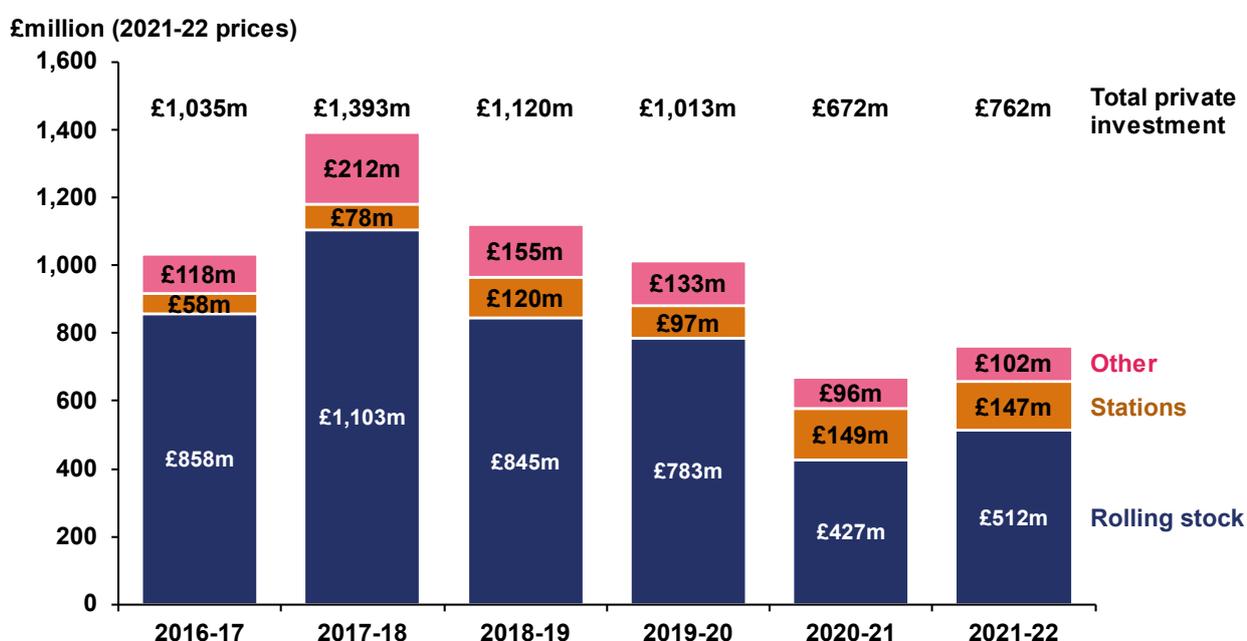
¹³ Network Rail enhancements of £1.8 billion does not include other third party funded schemes of £0.4 billion. £0.2 billion of this was for HS2 enabling works, reflected in the £5.1 billion of HS2 funding. The remaining £0.2 billion was third party funded. For more information see [Network Rail's regulatory financial statements](#).

Private investment in rolling stock, stations and other

2.53 A net total of £762 million was invested by private companies in the rail industry during the latest year (April 2021 to March 2022), a 13.5% increase on the previous year.

2.54 Private investment data are collected by the Office for National Statistics (ONS) annually on behalf of ORR. We select up to 40 rail industry companies, such as ROSCOs and passenger 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 2.8 Private investment in the rail industry (excludes Network Rail investment), Great Britain, annual data, April 2016 to March 2022 (Table 7290)



2.55 In the latest year, £512 million was spent on rolling stock, which accounts for 67.3% of net private investment. This includes investment in new rolling stock as well as refurbishment of existing stock.

2.56 Private investment in stations during the latest year was £147 million, which was the second highest portion of the total private investments at 19.3%.

2.57 Other investment expenditure was £102 million. This was an increase of 7.1% from the previous year (April 2019 to March 2020) and accounted for 13.4% of the net private investment. These comprised of track and signalling, and other 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 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 2021 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 2021 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).
- **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.

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 ORR's CP6 regulatory accounting guidelines and are audited.

Other rail sectors

Data are provided to ORR on a bespoke basis from four non-franchised operators: Eurostar, Grand Central, Heathrow Express, Hull Trains and Lumo. 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 for the latest year (April 2021 to March 2022) were not available at the time of publication. An estimate of freight income and expenditure was made to complete Table 7210, the methodology for which can be found in the quality and methodology report. No estimates were made for Hull Trains in the latest year.

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 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 the 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 for the UK.

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 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 £1.5 billion difference 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 the 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 for the April 2021 to March 2022 publication:

- Freight income and expenditure for April 2020 to March 2021 have been revised as actual data which is now available. At the GB level, the actual income was £21 million lower than estimated and the actual expenditure was £34 million higher than estimated (Table 7210).
- Core Valley Lines income between April 2020 and March 2021 has been revised down by £2 million with this now included in government support. Only track access charges are included for Core Valley Lines income with all other funding included in total government funding (Table 7210, Table 7270, Table 7271 and Table 7265).
- Franchised passenger operator income between April 2020 and March 2021 has been revised down by £8 million with this now included in government support. This was due to some parts of government support to Merseyrail being included in fare income (Table 7210, Table 7216, Table 7270, Table 7271 and Table 7226).
- The consolidated industry data between April 2020 and March 2021 now include income and expenditure for Hull Trains (Table 7210).
- The distribution of franchised passenger operator finances by Network Rail regions and routes has been revised for each year from April 2015. This was due to the improvement in the coverage of the passenger train kilometre data used to allocate the income and expenditure. The largest changes were for franchised operator income for the year April 2015 to March 2016 with Eastern region increasing by £131 million and the Southern region decreasing by £122 million (Table 7210 and Table 7216).
- Private track and signalling investment between April 2020 and March 2021 has been revised up by £1.4 million. This was due to the incorrect inclusion of data in the previous published figure (Table 7290).

A revision was made to this report on 22 December 2022. The total dividends paid by franchised passenger operators for April 2021 to March 2022 was £121 million rather than £126 million. This was due to London Overground providing revised data. Originally, a dividend of £4.5 million had been stated. This was revised with no dividend having been paid by the operator for the latest year.

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 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).



- 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

- 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

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](#).

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 eight 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, ORR also publishes a number of Official Statistics, which consist five annual publications: **Common Safety Indicators; Passenger satisfaction with complaints handling; Train operating company key statistics; Occupational health; Rail statistics compendium**; and four quarterly publications: **Signals passed at danger (SPADS); Delay compensation claims; Disabled Person’s Railcards (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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