

Measurement template

Field	Notes
Short title	Cost of running the rail network
Technical definition	<p>Two components are included for this indicator:</p> <ul style="list-style-type: none"> a) total costs incurred by operators including Track Access Charges and Performance Regime Payments. This excludes any premia paid or subsidy received. b) an allocation of the Network Grant (that is, payments made directly to Network Rail).
Rationale	This indicator has been designed to give the public information about the operating cost of running the railway network, which include costs incurred by train operators and also grant paid to Network Rail as part of the government subsidizing the Railways.
Formula	<p><u>a) Operating Costs</u></p> <p>Operating costs are taken from ORR <i>Costs and Revenues of Franchised Passenger Train Operators in the UK</i> publication, which used cost data from train operator's management accounts.</p> <p><u>b) Network Grant</u></p> <p>This is calculated by taking the total Network Grant, apportioned according to each franchise's share of Fixed Track Access Charges, charged by Network Rail to run trains on the network (http://www.rail-reg.gov.uk/upload/pdf/cp4-pl-fixed_track_charges_sched_181208.pdf)</p> <p><u>Example: c2c</u></p> <p>In 2010-11, c2c accounted for 1.4% of total fixed access charges paid to Network Rail (excl First Scotrail)</p> <p>1.4% of Network Grant = £42.2m</p>
Start date	October 2011
Latest data	Financial Year 2010/11
Behavioural impact	N/A

Comparability	<p>Comparisons across franchises need to be made with great care:</p> <ul style="list-style-type: none"> • the level of service provision varies greatly from franchise to franchise; • some operators may treat some aspects of costs differently; and • changes to franchise boundaries make year-on-year comparisons difficult.
Collection frequency	Annual
Time lag	Varies.
Data source	<p>a) Train operating companies' costs taken from ORR publication: <i>Costs and Revenues of Franchised Passenger Train Operators in the UK</i></p> <p>http://www.rail-reg.gov.uk/upload/pdf/toc-benchmarking-report-2012.pdf</p> <p>b) Network Grant data are supplied by DfT Finance. Fixed track access charges are published by ORR</p>
Type of data	<p>a) Operating costs are sourced primarily from operator management accounts.</p> <p>b) Network Grant data appear in DfT's audited published accounts.</p>
Robustness and data limitations	<ul style="list-style-type: none"> • Although we have aimed to be as consistent as possible, operators may not treat all aspects of operating costs in the same way in their accounts, and so care should be taken when using these figures. • There is no recognised rule for allocating the network grant across franchises. Using Fixed Track Access Charges to allocate the grant by train operator is an appropriate rule, albeit somewhat arbitrary
Collecting organisation	<p>Who collects and/or calculates the measure?</p> <p>a) Operating costs are calculated by the operators</p>

	<p>themselves and recorded in their management accounts. ORR uses these management accounts to calculate costs for each operator</p> <p>b) The allocation of the Network Grant has been calculated by DfT</p>
Return format	£millions.
Geographical coverage	DfT franchised train operators in England
How indicator can be broken down	<p>By train operator</p> <p>.</p>